UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: **September 30, 2022**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________________ to __________________

Commission File Number: **000-56166**

Laser Photonics Corporation

(Exact name of registrant as specified in its charter)

Delaware	**84-3628771**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1101 N. Keller Road, Suite G Orlando, FL	**32810**
(Address of Principal Executive Offices)	Zip Code

(407) 804 1000
Registrant's Telephone Number, Including Area Code

Not Applicable
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: **NONE**

COMMON STOCK, $0.01 PAR VALUE

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LASE	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting Company, or an emerging growth Company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting Company," and "emerging growth Company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	☒	Smaller reporting Company	☒
		Emerging growth company	☒

If an emerging growth Company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of November 15, 2022, the registrant had 7,878,417 shares of common stock, par value $.01 per share, issued and outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LASER PHOTONICS CORPORATION
CONDENSED BALANCE SHEETS

	September 30, 2022	December 31, 2021
	Unaudited	
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 231,986	$ 615,749
Accounts Receivable, Net	1,248,045	84,365
Inventory	1,682,472	1,790,952
Total Current Assets	3,162,504	2,491,066
Other Assets	10,568	3,000
Property, Plant, & Equipment, Net	619,069	698,580
Intangible Assets, Net	2,995,846	3,167,945
Operating Lease Right-of-Use Asset	371,581	499,758
Total Assets	**$ 7,159,569**	**$ 6,860,350**
Liabilities & Stockholders' Equity		
Current Liabilities:		
Accounts Payable	$ 198,304	$ 113,443
Deferred Revenue	5,000	91,775
Current Portion of Operating Lease	175,602	171,757
Loans Payable, Current Portion	100,000	-
Sales Tax Payable	18,787	15,456
Total Current Liabilities	497,693	392,431
Long Term Liabilities:		
Loans Payable	-	579,012
Operating Lease Liability, less Current Portion	195,979	328,001
Total Long Term Liabilities	195,979	907,013
Total Liabilities	**693,673**	**1,299,444**
Commitments and Contingencies (Note 3)		
Stockholders' Equity:		
Common Stock Par Value $0.01: 100,000,000 shares authorized, 4,878,417 issued and outstanding as of September 30, 2022 and December 31, 2021	48,783	48,783
Additional Paid in Capital	5,242,832	5,242,832
Retained Earnings	1,174,280	269,291
Total Stockholders' Equity	**6,465,896**	**5,560,906**
Total Liabilities & Stockholders' Equity	**$ 7,159,569**	**$ 6,860,350**

See accompanying notes to financial statements

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LASER PHOTONICS CORPORATION
STATEMENTS OF PROFIT AND LOSS
(UNAUDITED)

	3 Months Ending September 30, 2022	3 Months Ending September 30, 2021	9 Months Ending September 30, 2022	9 Months Ending September 30, 2021
Net Sales	$ 1,224,450	$ 1,098,590	$ 3,790,176	$ 2,989,106
Cost of Sales	513,163	453,438	1,504,080	1,217,731
Gross Profit	711,287	645,152	2,286,096	1,771,375
Operating Expenses:				
Sales & Marketing	74,266	93,279	251,024	285,565
General & Administrative	323,253	186,474	839,969	507,113
Depreciation & Amortization	84,853	98,640	258,894	295,919
Total Operating Expenses	482,372	378,393	1,349,887	1,088,597
Operating Income	228,915	266,759	936,209	682,779
Other Income (Expenses):				
Interest Expense	(10,000)	(10,847)	(24,426)	(43,300)
Other Income	-	(97,245)	7,031	(97,245)
Total Other Income (Expense)	(10,000)	(108,092)	(17,394)	(140,545)
Income (Loss) Before Tax	218,915	158,667	918,815	542,234
Tax Provision	13,825	-	13,825	68
Net Income	$ 205,089	$ 158,667	$ 904,990	$ 542,166
Income per Share:				
Basic	$ 0.04	$ 0.03	$ 0.19	$ 0.11
Fully Diluted	$ 0.04	$ 0.03	$ 0.19	$ 0.11
Weighted Average Shares Outstanding (September 30, 2021 is reflective of a 1/6 reverse stock split):				
Basic	4,878,417	4,878,417	4,878,417	4,878,417
Fully Diluted	4,895,084	4,878,417	4,883,973	4,878,417

See accompanying notes to financial statements

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LASER PHOTONICS CORPORATION
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	9 Months Ending September 30, 2022	9 Months Ending September 30, 2021
Cash Flows From:		
OPERATING ACTIVITIES		
Net Income (Loss)	$ 904,990	$ 542,166
Adjustments to Reconcile Net Income (Loss) to Net Cash Flow from Operating Activities:		
Depreciation & Amortization	258,894	295,919
Net Change, Right-of-Use Asset & Liabilities	-	(28,755)
Change in Operating Assets & Liabilities:		
Accounts Receivable	(1,163,680)	(533,658)
Inventory	108,480	229,896
Prepaids & Other Current Assets	(7,568)	-
Accounts Payable	84,861	(39,331)
Customer Deposits	(86,775)	(128,783)
Sales Tax Payable	3,331	(3,579)
Net Cash From (Used In) Operating Activities	**102,532**	**333,875**
INVESTING ACTIVITIES		
Purchase of Equipment	-	(2,750)
Purchase of Computers	(3,089)	-
Purchase of R&D Equipment	-	(6,920)
Purchase of Intangible Assets	(4,195)	(2,995)
Net Cash From (Used In) Investing Activities	**(7,284)**	**(12,665)**
FINANCING ACTIVITIES		
Proceeds from (Repayment of) Notes	(161,684)	(251,569)
Proceeds from (Repayment of) PPP Loan	(317,328)	198,750
Net Cash From (Used In) Financing Activities	**(479,012)**	**(52,819)**
Net Cash Flow for Period	**$ (383,763)**	**$ 268,391**
Cash - Beginning of Period	615,749	326,713
Cash - End of Period	**$ 231,986**	**$ 595,105**
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash Paid During the Period for:		
Income Taxes	$ 13,825	$ 68
Interest	$ 24,426	$ 43,300

See accompanying notes to financial statements

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LASER PHOTONICS CORPORATION
STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

Nine Months Ended September 30, 2022

	Common Stock		Additional Paid In	Accumulated	Stockholders'
	Shares	Amount	Capital	Deficit	Equity Total
Balance, January 1, 2022 after 1/6 split. 100,000,000 authorized at 0.001	4,878,417	$ 48,783	$ 5,242,832	$ 269,290	$ 5,560,906
Net income for the nine months ended September 30, 2022	-	-	-	904,990	904,990
Balance, September 30, 2022	4,878,417	$ 48,783	$ 5,242,832	$ 1,174,280	$ 6,465,896

Nine Months Ended September 30, 2021

	Common Stock		Additional Paid In	Accumulated	Stockholders'
	Shares	Amount	Capital	Deficit	Equity Total
Balance, January 1, 2021	29,270,502	$ 292,705	$ 4,998,911	$ (4,824)	$ 5,286,792
Net income for the nine months ended September 30, 2021	-	-	-	542,166	542,166
Balance, September 30, 2021	29,270,502	$ 292,705	$ 4,998,911	$ 537,342	$ 5,828,957

See accompanying notes to financial statements

LASER PHOTONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Laser Photonics Corporation (the "Company") was formed under the laws of Wyoming on November 8, 2019. The Company changed its domicile to Delaware on March 5, 2021. The Company is a vertically integrated manufacturing Company for photonics based industrial products and solutions, primarily disruptive laser cleaning technologies. The vertically integrated operation allows the Company to reduce development and advanced laser equipment manufacturing time, offer better prices, control quality and protect proprietary knowhow and technology compared to other laser cleaning companies and companies with competing technologies.

The Company's accounting year end is December 31.

Basis of Presentation

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

Impact of the Novel Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID 19 outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which is expected to depress our asset values, including long-lived assets, intangible assets, etc.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on our results of future operations, financial position, and liquidity in fiscal year 2022.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the financial statements and the reported amounts of revenue and expenses during the periods. Actual results could differ from these estimates. Our significant estimates and assumptions include depreciation and the fair value of our stock, stock-based compensation, debt discount and the valuation allowance relating to the Company’s deferred tax assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

Accounts Receivable

Trade accounts receivable are recorded net of allowance for expected uncollectible accounts. The Company extends credit to its customers in the normal course of business and performs on-going credit evaluations of its customers. All accounts, or portions thereof, that are deemed uncollectible are written off to bad debt expense, as incurred. In addition, most sales orders are not accepted without a substantial deposit. As of September 30, 2022, the balance of collectible accounts was $1,248,045.

Inventory

Inventories are stated at the lower of cost or net realizable value using the first-in first-out (FIFO) method. The Company has four principal categories of inventory:

Sales demonstration inventory - Sales demonstration inventory represents completed product used to support our sales force for demonstrations and held for sale. Sales demonstration inventory is held in our demo facilities or by our sales representatives for up to three years, at which time it would be refurbished and transferred to finished goods as used equipment, stated at the lower of cost or net realizable value. The Company expects these refurbished units to remain in finished goods inventory and sold within 12 months at prices that produce reduced gross margins.

Equipment parts inventory - This inventory represents components and raw materials that are currently in the process of being converted to a certifiable lot of saleable products through the manufacturing and/or equipment assembly process. Inventories include parts and components that may be specialized in nature and subject to rapid obsolescence. The Company periodically reviews the quantities and carrying values of inventories to assess whether the inventories are recoverable. Because of the Company’s vertical integration, a significant or sudden decrease in sales activity could result in a significant change in the estimates of excess or obsolete inventory valuation. The costs associated with provisions for excess quantities, technological obsolescence, or component rejections are charged to cost of sales as incurred.

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Work in process inventory **-** Work in process inventory consists of inventory that is partially manufactured or not fully assembled as of the date of these financial statements. This equipment, machines, parts, frames, lasers and assemblies are items not ready for use or resale. Costs are accumulated as work in process until sales ready items are compete when it is moved to finished goods inventory. Amounts in this account represent items at various stages of completion at the date of these financial statements.

Finished goods inventory - Finished goods inventory consists of purchased inventory that were fully manufactured, assembled or in salable condition. Finished goods inventory is comprised of items that are complete and ready for commercial application without further cost other that delivery and setup. Finished goods inventory includes demo and other equipment, lasers, software, machines, parts or assemblies.

At September 30, 2022 and December 31, 2021, respectively, our inventory consisted of the following:

	September 30, 2022	December 31, 2021
Inventory		
Equipment Parts Inventory	789,060	731,863
Finished Goods Inventory	195,239	161,918
Sales Demo Inventory	647,790	885,514
Work in process Inventory	50,384	11,657
Total Inventory	1,682,472	1,790,952

Fixed Assets - Plant Machinery and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Machinery and Equipment

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Category	**Economic Useful Life**
Office furniture and fixtures	3-5 years
Machinery and equipment	5-7 years
Intangible Assets	7-12 years

Capital Assets	September 30, 2022	December 31, 2021
Equipment and Furniture		
Accumulated Depreciation	(269,126)	(186,526)
Machinery & Equipment	797,695	797,695
Office and Computer Equipment	11,509	8,420
Office Furniture	31,029	31,029
R&D Equipment	37,973	37,973
Vehicles	9,989	9,989
Total Capital Assets	619,069	698,580

Intangible Assets

Intangible assets consist primarily of capitalized equipment design documentation, software costs for equipment manufactured for sale, research and development, as well as certain patent, trademark and license costs. Capitalized software and equipment design documentation development costs are recorded in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed," with costs amortized using the straight-line method over a ten-year period. Patent, trademark and license costs are amortized using the straight-line method over their estimated useful lives of 12 years. On an ongoing basis, management reviews the valuation of intangible assets to determine if there has been impairment by comparing the related assets' carrying value to the undiscounted estimated future cash flows and/or operating income from related operations.

Intangible Assets	June 30, 2022	December 31, 2021
Accumulated Amortization	(412,424)	(236,130)
Customer Relationships	211,000	211,000
Equipment Design Documentation	2,675,000	2,675,000
Operational Software & Website	305,470	301,275
Trademarks	216,800	216,800
Total Intangible Assets	2,995,846	3,167,945

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. In instances where impairment is determined to exist, the Company will write down the asset to its fair value based on the present value of estimated future cash flows.

Current Liabilities

Our current liabilities consist of accounts payable, accrued liabilities, sales tax payable, current portion of operating lease payable and deferred revenue. Sales tax liability is created when the Company sells equipment and services to another entity located in the State of Florida. Currently the sales tax rate in Orange County, our place of business, is 6.5%. As of September 30, 2022, our sales tax liability was recorded at $18,787.

Deferred Revenue

The Company requires deposits for most sales orders. These deposits are recorded as deferred revenue until such time as the revenue recognition criteria for that project or order is completed. As of September 30, 2022, our deferred revenue was recorded at $5,000 compared to $91,775 recorded at December 31, 2021.

Liquidity and Capital Resources

For the nine months ended September 30, 2022, our liquidity needs were met through cash from our operations.

The following is a summary of our cash flows provided by (used in) operating, investing and financing activities:

	For the Nine Months Ending September 30,	
	2022	**2021**
Net cash provided by Operating Activities	102,532	333,875
Net cash provided by Investing Activities	(7,284)	(12,665)
Net cash provided by Financing Activities	(479,012)	(52,819)

As of September 30, 2022, the Company had $231,986 in cash, $2,930,518 in current assets (without cash and cash equivalents) and $497,693 in current liabilities.

As a result, on September 30, 2022, the Company had $2,664,811 in total working capital, compared to $2,098,635 of total working capital at December 31,2021.

Net Earnings/Loss per Share

Basic *Earnings/Loss* per share is calculated by dividing the *Earnings/Loss* attributable to stockholders by the weighted-average number of shares outstanding for the period. Diluted *Earnings/Loss* per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings (loss) of the Company. Diluted *Earnings/Loss* per share is computed by dividing the *Earnings/Loss* available to stockholders by the weighted average number of shares outstanding for the period and dilutive potential shares outstanding unless such dilutive potential shares would result in anti-dilution.

Revenue Recognition

Under Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received by customers prior to our satisfying the above criteria are recorded as unearned income in the combined balance sheets.

All revenues were reported net of any sales discounts or taxes.

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Long Term Liabilities

In January 2021, the Company issued a promissory note to ICT in the principal amount of $439,990 bearing 6% annual interest with a maturity date of January 31, 2023. This note may be prepaid in whole or in part. As of December 31st, 2021, this note was paid in full.

In October 2021, the Company issued a second promissory note to ICT in the principal amount of $745,438 bearing 6% annual interest with a maturity date of December 31, 2023. This note may be prepaid in whole or in part. As of December 31st, 2021, the unpaid principal amount of this note was $261,684 and as of March 31, 2022, this note was paid in full.

Fair Value of Financial Instruments

The Company applies the accounting guidance under Financial Accounting Standards Board ("FASB") ASC 820-10, "Fair Value Measurements", as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from m selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- ☐ Level 1 - quoted market prices in active markets for identical assets or liabilities.

- ☐ Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- ☐ Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount of our financial instruments approximates their fair value as of September 30, 2022, due to the short-term nature of these instruments.

Tax Loss Carryforwards

The Company recognizes deferred tax assets and liabilities for the tax effects of differences between the financial statement and tax basis of assets and liabilities. A valuation allowance is established to reduce the deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Off-Balance Sheet Arrangements

During the quarter ended September 30, 2022, the Company did not engage in any off-balance sheet arrangements as defined in item 303(a)(4) of the SEC's Regulation S-K.

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

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Recent Accounting Pronouncements

In June 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-10, “Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation”. The update removes all incremental financial reporting requirements from GAAP for development stage entities, including the removal of Topic 915 from the FASB Accounting Standards Codification. In addition, the update adds an example disclosure in Risks and Uncertainties (Topic 275) to illustrate one way that an entity that has not begun planned principal operations could provide information about the risks and uncertainties related to the Company’s current activities. Furthermore, the update removes an exception provided to development stage entities in Consolidations (Topic 810) for determining whether an entity is a variable interest entity-which may change the consolidation analysis, consolidation decision, and disclosure requirements for a Company that has an interest in a Company in the development stage. The update is effective for the annual reporting periods beginning after December 15, 2014, including interim periods therein. Early application with the first annual reporting period or interim period for which the entity’s financial statements have not yet been issued (Public business entities) or made available for issuance (other entities). The Company adopted this pronouncement for the year ended December 31, 2014.

In June 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-12, “Compensation – Stock Compensation (Topic 718); Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period”. The amendments in this ASU apply to all reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. For all entities, the amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. Entities may apply the amendments in this ASU either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. If retrospective transition is adopted, the cumulative effect of applying this Update as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance at that date. Additionally, if retrospective transition is adopted, an entity may use hindsight in measuring and recognizing the compensation cost. This updated guidance is not expected to have a material impact on our results of operations, cash flows or financial condition. The Company is currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In August 2014, the FASB issued Accounting Standards Update “ASU” 2014-15 on “Presentation of Financial Statements Going Concern (Subtopic 205-40) – Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. Currently, there is no guidance in U.S. GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments are intended to reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The Company is currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Company has committed to the Landlord to lease 18,000 SF of manufacturing space for a monthly cost of $14,242 plus 6% sales tax, with a 3% escalator each year in November. The lease commitment expires on October 20, 2024.

NOTE 4 – SUBSEQUENT EVENTS

On April 29, 2022, we entered into a Forbearance Agreement with Axiom Bank regarding an unpaid PPP loan totaling $203,458 as of March 31, 2022, comprised of the in the unpaid principal amount of $198,750, unpaid interest of $2,208 and $2,500 in attorneys’ fees and costs. Under the terms of the Forbearance Agreement, we satisfied the obligation in three equal payments during the quarter, thereby eliminating the liability as of June 30, 2022.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and the notes to those financial statements appearing elsewhere in this Report.

Certain statements in this Report constitute forward-looking statements. These forward-looking statements include statements, which involve risks and uncertainties, regarding, among other things, (a) our projected sales, profitability, and cash flows, (b) our growth strategy, (c) anticipated trends in our industry, (d) our future financing plans, and (e) our anticipated needs for, and use of, working capital. They are generally identifiable by use of the words "may," "will," "should," "anticipate," "estimate," "plan," "potential," "project," "continuing," "ongoing," "expects," "management believes," "we believe," "we intend," or the negative of these words or other variations on these words or comparable terminology. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The "Company," "we," "us," or "our," are references to the business of Laser Photonics Corporation, a Wyoming corporation.

Corporation Information

Laser Photonics Corporation was formed under the laws of Wyoming on November 8, 2019. We changed our domicile to Delaware on March 5, 2021. We are a vertically integrated manufacturing Company for photonics based industrial products and solutions, primarily disruptive laser cleaning technologies. Our vertically integrated operations allow us to reduce development and advanced laser equipment manufacturing time, offer better prices, control quality and protect our proprietary knowhow and technology compared to other laser cleaning companies and companies with competing technologies.

Our principal executive offices are located at 1101 N Keller Rd, Orlando FL, 32810, and our telephone number is (407) 804 1000. Our website address is www.laserphotonics.com. The Company's annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), and other information related to the Company, are available, free of charge, on that website as soon as we electronically file those documents with, or otherwise furnish them to, the SEC. The Company's website and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Quarterly Report on Form 10-Q.

We intend to continue to stay ahead of the technology curve by researching and developing cutting edge products and technologies for both large and small businesses. We view the small companies as an attractive market opportunity since they were previously unable to take advantage of laser processing equipment due to high prices, significant operating costs and the technical complexities of the laser equipment. As a result, we are developing an array of laser cleaning equipment that we have named the CleanTech™ product line, which we believe represents a new generation of high-power laser cleaning systems applicable to numerous material processing operations.

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Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the accompanying consolidated financial statements and related notes. These estimates and assumptions have a significant impact on our financial statements. Actual results could differ materially from those estimates. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. Our significant accounting policies are disclosed in Note 1 to the Financial Statements included in this Quarterly Report on Form 10-Q. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material effect on our financial statements.

CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT

On March 27, 2020, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act includes various income and payroll tax provisions. The Company has analyzed the tax provisions of the CARES Act and determined they could have a significant financial impact on our financial statements.

On April 27, 2020, the Company received a First Draw loan in the amount of $198,750 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, and on March 26, 2021, the Company received a Second Draw loan from Axiom Bank, N.A., headquartered in Central Florida, in the amount of $198,750 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. The total aggregate amount of PPP Loans received by the Company by March 31, 2022 was $397,500. Under the terms of the PPP, PPP loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. We were not approved for forgiveness in the full amount, and have completely repaid the balance due as of June 30, 2022.

Liquidity and Capital Resources

For the nine months ending September 30, 2022, our liquidity needs were met through cash from our operations.

The following is a summary of our cash flows provided by (used in) operating, investing and financing activities:

	For the Nine Months ending September 30,	
	2022	**2021**
Net cash provided by Operating Activities	102,532	333,875
Net cash provided by Investing Activities	(7,284)	(12,665)
Net cash provided by Financing Activities	(479,012)	(52,819)

As of September 30, 2022, the Company had $231,986 in cash, $2,930,518 in current assets (without cash and cash equivalents) and $497,693 in current liabilities.

As a result, on September 30, 2022, the Company had $2,664,811 in total working capital, compared to $2,098,635 of total working capital at December 31,2021.

We will have to meet all the financial disclosure and reporting requirements associated with being a publicly reporting Company. Our management will have to spend additional time on policies and procedures to make sure it is compliant with various regulatory requirements, especially that of Section 404 of the Sarbanes-Oxley Act of 2002. This additional corporate governance time required of management could limit the amount of time our management has to implement our business plan and may delay our anticipated growth plans.

Quantitative and Qualitative Disclosures about Market Risk.

We have not utilized any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures. We believe that adequate controls are in place to monitor any hedging activities. We do not have any borrowings and, consequently, we are not affected by changes in market interest rates. We do not currently have any sales or own assets and operate facilities in countries outside the United States and, consequently, we are not affected by foreign currency fluctuations or exchange rate changes. Overall, we believe that our exposure to interest rate risk and foreign currency exchange rate changes is not material to our financial condition or results of operations.

Promissory Notes

In January 2021, the Company issued a promissory note to ICT in the principal amount of $439,990 bearing 6% annual interest with a maturity date of January 31, 2023. This note may be prepaid in whole or in part. As of December 31st, 2021, this note was paid in full.

In October 2021, the Company issued a promissory note 2 to ICT in the principal amount of $745,438 bearing 6% annual interest with a maturity date of December 31, 2023. This note may be prepaid in whole or in part. As of December 31, 2021, the unpaid principal amount of this note was $261,684 and as of March 31, 2022, this note was paid in full.

In September 2022, the Company issued a promissory note to ICT in the principal amount of $100,000 bearing 10% annual interest with a maturity date of September 29, 2023. This note may be prepaid in whole or in part.

Lease Liability

As of September 30, 2022, the amount of the recorded lease liability less the current portion was $195,979.

The Company has committed to the Landlord to lease 18,000 SF of manufacturing space for a monthly cost of $14,242 plus 6% sales tax, with a 3% escalator each year in November. The lease commitment expires on October 20, 2024.

The maturity amounts of our remaining lease liabilities are as follows:

2022	$	43,580
2023	$	176,909
2024	$	151,092
Deferred rent	$	-
Total lease payments	$	371,581
Less imputed interest	$	-
Total	$	371,581

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

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Results of Operations

For the three months ending September 30, 2022

Revenues

We generate revenues through sales of our laser blasting and laser cleaning products, particularly with introduction of new models covering the whole range of roughing, conditioning, and finishing laser systems, including laser blasting systems cabinets and the development of new applications for our products.

We develop our products to standard specifications and use a common set of components within our product architectures. Our major products are based upon a common technology platform. We continually enhance these and other products by improving their components and developing new product designs.

Sales of our products are generally recognized upon shipment, provided that no obligations remain and collection of the receivable is reasonably assured.

For the three months ending September 30, 2022, we recognized revenue of $1,224,450, as compared to $1,098,590 in revenue for the same period in 2021, an increase of $125,860. The increase is primarily due to a step up to higher power units, and the expansion of our reach into foreign markets.

	Three Months ending September 30,	
	2022	**2021**
Revenue	1,224,450	1,098,590

For the three months ending September 30, 2022, our net income was $205,089 as compared to $158,667 in the same period of 2021.

We are entering into laser equipment sales agreements with customers for specific equipment based upon purchase orders and our standard terms and conditions of sale.

Under our customer contracts or/and purchase orders, we transfer title and risk of loss to the customer and recognize revenue upon shipment. Our customers do not have extended payment terms or rights of return under these contracts.

Revenue Recognition

We generate revenue from the production and sale of laser equipment, OEM laser products and service and repair. We recognize revenue according to ASC 606. When the customer obtains control over the promised equipment or services, we record revenue in the amount of consideration that we receive or can expect to receive in exchange for those goods and services. We apply the following five-step model to determine revenue recognition:

- identification of a contract with a customer;
- identification of the performance obligations in the contact;
- determination of the transaction price;
- allocation of the transaction price to the separate performance allocation; and
- recognition of revenue when performance obligations are satisfied.

We only apply the five-step model when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception and once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assesses whether each promised good or service is distinct. Our contracts contain a single performance obligation, and the entire transaction price is allocated to the single performance obligation. We recognize as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Accordingly, we recognize revenues (net) when the customer obtains control of our product, which typically occurs upon shipment of the product.

The Company recorded revenues when the following criteria were met: (i) persuasive evidence of an arrangement existed; (ii) delivery had occurred; (iii) the price to the customer was fixed or determinable; and (iv) collection of the sales price was reasonably assured. Delivery occurs when goods are shipped and title and risk of loss is passed to the customer. Revenue was deferred in all instances where the earnings process was incomplete. The Company recognized revenue from distribution sales when all contingencies were satisfied and upon persuasive evidence of a sale to end users until such time that historical sell through ratios had been developed. Payments received before all of the relevant criteria for revenue recognition were satisfied were recorded as deferred revenue in the accompanying balance sheets. Revenues and costs of revenues from consulting contracts were recognized during the period in which the service was performed. All revenues were reported net of any sales discounts or taxes.

We also apply the percentage-of-completion method to certain arrangements covered under ASC 360, when the sale has been consummated, when we have transferred the usual risks and rewards of ownership to the buyer, when the initial or continuing investment criteria have been met, when we have the ability to estimate our costs and progress toward completion, and when other revenue recognition criteria have been met. Such estimates include significant judgment. Depending on the value of the initial and continuing payment commitment by the buyer, we may align our revenue recognition and release of project assets to cost of sales with the receipt of payment from the buyer for sales arrangements accounted for under ASC 360.

The Company recognizes revenue from contracts when specific progress defined by contract terms are met, or when the contract has been completed to specifications. The Company recognizes revenue for product when shipped. Contracts or purchase orders, according to the terms and conditions of the sale, are not cancellable and deposits are not refundable unless the Company cannot perform on the contract. The Company has no obligation to provide upgrades, enhancements or customer support subsequent to the sale, other than warranty obligations.

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Unshipped product on received purchase orders by customers prior to our satisfying the above criteria are recorded as deferred revenue on the balance sheets.

All revenues were reported net of any sales discounts or taxes.

Cost of Sales

Our cost of sales includes the cost of raw materials and components that are incorporated into our finished products, including: OEM laser modules; electronic and optical components such as optical generators, scan heads, tempered glass, protective back sheet, semiconductor laser cells, connector assemblies and wires; edge seal and adhesives; junction boxes; and structural material such as raw aluminum and aluminum extrusions, steel for tilt brackets, and frames. Our cost of sales also includes direct manufacturing labor, as well as manufacturing overhead such as: supervisory labor; R&D; equipment maintenance; production and quality control; inventory adjustments; and procurement costs such as freight, fuel, and import duties. We also accrue warranty costs into our cost of sales. Note that our cost of sales does not include depreciation of manufacturing plant and equipment or facility-related expenses.

Over the next several years, we expect our cost of sales as a percent of gross sales to decline due to; an increase in worldwide capacity in fiber laser parts and components, an increase in availability of optical generators, an increase in unit output per production line, and a more efficient absorption of fixed costs due to economies of scale. This expected decrease in the cost of laser technology may not materialize during periods in which our manufacturing capacity is underutilized.

For the three months ending September 30, 2022, we recorded cost of sales of $513,163 in comparison to $453,438 for the three months ending September 30, 2021.

Research and Development

R&D consists primarily of: salaries and personnel-related costs; the cost of products, materials, and outside services used in our R&D efforts; and product R&D activities. We maintain a number of programs and activities to improve our technology and processes in order to enhance the performance and reduce the costs of our cleaning laser systems.

All of our R&D costs for the three months ending September 30, 2022 were expensed rather than capitalized. We may establish a separate accounting for capitalized R&D costs in the future, if such costs can be directly associated with additional increases in revenue.

Gross Profit

Gross profit is affected by numerous factors, including our module average selling prices, foreign exchange rates, the existence and effectiveness of subsidies and other economic incentives, competitive pressures, market demand, market mix, our manufacturing costs, product development costs, the effective utilization of our production facilities, and the ramp-up of production on new products.

For the three months ending September 30, 2022 and 2021, we recorded gross profit of $711,287 and $645,152 respectively. The increase in gross profit for the three months ending September 30, 2022 was largely the result of increased sales.

Operating Expenses

Selling, General, and Administrative

Selling, general, and administrative expenses consist primarily of: salaries and other personnel-related costs; professional fees; insurance costs; SEC filing, compliance, and other public Company costs; travel expenses; and other selling and marketing expenses. In the near term, we expect selling and marketing expenses to increase as we expand our sales and marketing efforts to support the planned growth of our business. In the long run, we expect selling, general, and administrative expense as a percent of sales to decline as our business grows.

Our business has certain of its own dedicated administrative key functions, such as accounting, legal, finance, project finance, human resources, procurement and marketing. Costs for such functions are recorded and included within selling, general and administrative costs for our systems segment. Our corporate key functions consist primarily of Company-wide corporate tax, corporate treasury, corporate accounting/finance, corporate legal, investor relations, corporate communications, and executive management functions.

For the three months ending September 30, 2022 and 2021, we recorded operating expenses of $482,372 and $378,393, respectively. The increase in expenses for the three months ending September 30, 2022 was largely driven by SEC and IPO-related expenses.

For the nine months ending September 30, 2022

Revenues

We generate revenues through sales of our laser blasting and laser cleaning products, particularly with introduction of new models covering the whole range of roughing, conditioning, and finishing laser systems, including laser blasting systems cabinets and the development of new applications for our products.

We develop our products to standard specifications and use a common set of components within our product architectures. Our major products are based upon a common technology platform. We continually enhance these and other products by improving their components and developing new product designs.

Sales of our products are generally recognized upon shipment, provided that no obligations remain and collection of the receivable is reasonably assured.

For the nine months ending September 30, 2022, we recognized revenue of $3,790,176, as compared to $2,989,106 for the same period in 2021, an increase of $801,070. The increase is primarily due to a step up to higher power units, greater recognition of our products on the part of automakers, and the expansion of our reach into foreign markets.

	Nine Months ending September 30,	
	2022	**2021**
Revenue	3,790,176	2,989,106

For the nine months ending September 30, 2022, our net income was $904,990 as compared to $542,166 in the same period of 2021.

We are entering into laser equipment sales agreements with customers for specific equipment based upon purchase orders and our standard terms and conditions of sale.

Under our customer contracts or/and purchase orders, we transfer title and risk of loss to the customer and recognize revenue upon shipment. Our customers do not have extended payment terms or rights of return under these contracts.

Our largest sales were to Detroit Diesel, Perimmo Inc. (Canada), Phoenix Laser Cleaning (Australia), and Sustainable Solutions (Japan).

Revenue Recognition

We generate revenue from the production and sale of laser equipment, OEM laser products and service and repair. We recognize revenue according to ASC 606. When the customer obtains control over the promised equipment or services, we record revenue in the amount of consideration that we receive or can expect to receive in exchange for those goods and services. We apply the following five-step model to determine revenue recognition:

- identification of a contract with a customer;
- identification of the performance obligations in the contact;
- determination of the transaction price;
- allocation of the transaction price to the separate performance allocation; and
- recognition of revenue when performance obligations are satisfied.

We only apply the five-step model when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception and once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assesses whether each promised good or service is distinct. Our contracts contain a single performance obligation, and the entire transaction price is allocated to the single performance obligation. We recognize as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Accordingly, we recognize revenues (net) when the customer obtains control of our product, which typically occurs upon shipment of the product.

The Company recorded revenues when the following criteria were met: (i) persuasive evidence of an arrangement existed; (ii) delivery had occurred; (iii) the price to the customer was fixed or determinable; and (iv) collection of the sales price was reasonably assured. Delivery occurs when goods are shipped and title and risk of loss is passed to the customer. Revenue was deferred in all instances where the earnings process was incomplete. The Company recognized revenue from distribution sales when all contingencies were satisfied and upon persuasive evidence of a sale to end users until such time that historical sell through ratios had been developed. Payments received before all of the relevant criteria for revenue recognition were satisfied were recorded as deferred revenue in the accompanying balance sheets. Revenues and costs of revenues from consulting contracts were recognized during the period in which the service was performed. All revenues were reported net of any sales discounts or taxes.

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We also apply the percentage-of-completion method to certain arrangements covered under ASC 360, when the sale has been consummated, when we have transferred the usual risks and rewards of ownership to the buyer, when the initial or continuing investment criteria have been met, when we have the ability to estimate our costs and progress toward completion, and when other revenue recognition criteria have been met. Such estimates include significant judgment. Depending on the value of the initial and continuing payment commitment by the buyer, we may align our revenue recognition and release of project assets to cost of sales with the receipt of payment from the buyer for sales arrangements accounted for under ASC 360.

The Company recognizes revenue from contracts when specific progress defined by contract terms are met, or when the contract has been completed to specifications. The Company recognizes revenue for product when shipped. Contracts or purchase orders, according to the terms and conditions of the sale, are not cancellable and deposits are not refundable unless the Company cannot perform on the contract. The Company has no obligation to provide upgrades, enhancements or customer support subsequent to the sale, other than warranty obligations.

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Unshipped product on received purchase orders by customers prior to our satisfying the above criteria are recorded as deferred revenue on the balance sheets.

All revenues were reported net of any sales discounts or taxes.

Cost of Sales

Our cost of sales includes the cost of raw materials and components that are incorporated into our finished products, including: OEM laser modules; electronic and optical components such as optical generators, scan heads, tempered glass, protective back sheet, semiconductor laser cells, connector assemblies and wires; edge seal and adhesives; junction boxes; and structural material such as raw aluminum and aluminum extrusions, steel for tilt brackets, and frames. Our cost of sales also includes direct manufacturing labor, as well as manufacturing overhead such as: supervisory labor; R&D; equipment maintenance; production and quality control; inventory adjustments; and procurement costs such as freight, fuel, and import duties. We also accrue warranty costs into our cost of sales. Note that our cost of sales does not include depreciation of manufacturing plant and equipment or facility-related expenses.

Over the next several years, we expect our cost of sales as a percent of gross sales to decline due to; an increase in worldwide capacity in fiber laser parts and components, an increase in availability of optical generators, an increase in unit output per production line, and a more efficient absorption of fixed costs due to economies of scale. This expected decrease in the cost of laser technology may not materialize during periods in which our manufacturing capacity is underutilized.

For the nine months ending September 30, 2022, we recorded cost of sales of $1,504,080 in comparison to $1,217,731 for the nine months ending September 30, 2021.

Research and Development

R&D consists primarily of: salaries and personnel-related costs; the cost of products, materials, and outside services used in our R&D efforts; and product R&D activities. We maintain a number of programs and activities to improve our technology and processes in order to enhance the performance and reduce the costs of our cleaning laser systems.

All of our R&D costs for the three months ending September 30, 2022 were expensed rather than capitalized. We may establish a separate accounting for capitalized R&D costs in the future, if such costs can be directly associated with additional increases in revenue.

Gross Profit

Gross profit is affected by numerous factors, including our module average selling prices, foreign exchange rates, the existence and effectiveness of subsidies and other economic incentives, competitive pressures, market demand, market mix, our manufacturing costs, product development costs, the effective utilization of our production facilities, and the ramp-up of production on new products.

For the nine months ending September 30, 2022 and 2021, we recorded gross profit of $2,286,096 and $1,771,375 respectively. The increase in gross profit for the nine months ending September 30, 2022 was entirely the result of increased sales.

Operating Expenses

Selling, General and Administrative

Selling, general, and administrative expenses consist primarily of: salaries and other personnel-related costs; professional fees; insurance costs; SEC filing, compliance, and other public Company costs; travel expenses; and other selling and marketing expenses. In the near term, we expect selling and marketing expenses to increase as we expand our sales and marketing efforts to support the planned growth of our business. In the long run, we expect selling, general, and administrative expense as a percent of sales to decline as our business grows.

Our business has certain of its own dedicated administrative key functions, such as accounting, legal, finance, project finance, human resources, procurement and marketing. Costs for such functions are recorded and included within selling, general and administrative costs for our systems segment. Our corporate key functions consist primarily of Company-wide corporate tax, corporate treasury, corporate accounting/finance, corporate legal, investor relations, corporate communications, and executive management functions.

For the nine months ending September 30, 2022 and 2021, we recorded operating expenses of $1,349,887 and $1,088,597, respectively. The increase in expenses for the nine months ending September 30, 2022 was largely driven by recruiting, SEC, and IPO-related expenses.

Critical Accounting Polices and Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the financial statements and the reported amounts of revenue and expenses during the periods. Actual results could differ from these estimates. Our significant estimates and assumptions include depreciation and the fair value of our stock, stock-based compensation, debt discount and the valuation allowance relating to the Company’s deferred tax assets.

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Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* was issued by the FASB in July 2018 and allows for a cumulative-effect adjustment transition method of adoption. The new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years.

We adopted ASU 2016-02 effective as of January 1, 2021 utilizing the cumulative-effect adjustment transition method of adoption, which resulted in the recognition on our balance sheet as of June 30, 2022 of $454,469 of right-of-use assets for operating leases.

The adoption of ASU 2016-02 also required us to include any initial direct costs, which are incremental costs that would not have been incurred had the lease not been obtained, in the right-of-use assets. The recognition of these costs in connection with our adoption of this guidance did not have a material impact on our financial statements.

Amounts related to our reporting segment information for the nine months ending September 30, 2022 have been restated throughout this Quarterly Report on Form 10-Q to reflect the changes in our reporting segments.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

Summary Financial Information – Non-GAAP EBITDA

	3 Months Ending September 30,		9 Months Ending September 30,	
	2022	2021	2022	2021
Other financial data (unaudited):				
EBITDA[1]	$ 313,767	$ 268,153	$ 1,202,134	$ 881,453
Adjusted EBITDA[2]	$ 313,767	$ 268,153	$ 1,202,134	$ 881,453

In addition to providing financial measurements based on generally accepted accounting principles in the United States ("GAAP"), we provide the following additional financial metrics that are not prepared in accordance with GAAP (non-GAAP): EBITDA and adjusted EBITDA. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance. We believe that these non-GAAP financial measures help us to identify underlying trends in our business that could otherwise be masked by the effect of certain expenses that we exclude in the calculations of the non-GAAP financial measures.

Accordingly, we believe that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

These non-GAAP financial measures do not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other non-GAAP measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

(1) EBITDA is a non-GAAP financial measure used by management, lenders, and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial position and core operating performance. Investors sometimes use EBITDA, as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation and amortization. EBITDA also does not include changes in major working capital items, such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not necessarily a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of our core operations and for planning purposes. We calculate EBITDA by adjusting net income to exclude net interest expense, income tax expense or benefit, depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

(2) Adjusted EBITDA is defined as net income (loss) as reported in our consolidated statements of income excluding the impact of (i) interest expense; (ii) income tax provision; (iii) depreciation and amortization; (iv) stock-based compensation expense; (v) accretion of debt discounts; (vi) other income - forgiveness of Paycheck Protection Program loan; (vii) other financing costs; (viii) loss on extinguishment of debt; (ix) warrant inducement expense; (x) amortization of right-of-use assets; and (xi) change in fair value of derivative liabilities. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Our definition of Adjusted EBITDA may differ from similarly titled measures used by other companies, and any such differences could be material.

We believe EBITDA and Adjusted EBITDA are helpful for investors to better understand our underlying business operations. The following table adjusts Net Income to EBITDA and Adjusted EBITDA for the three months ending September 30, 2022 and 2021 and for the nine months ending September 30, 2022 and 2021, respectively:

	3 Months Ending September 30,		**9 Months Ending September 30,**	
	2022	**2021**	**2022**	**2021**
Reconciliation of EBITDA:				
Net Income	**$ 205,089**	**$ 158,667**	**$ 904,990**	**$ 542,166**
Add:				
Interest expense	10,000	10,847	24,426	43,300
Taxes	13,825	--	13,825	68
Other	-	--	--	--
Depreciation & Amortization	84,853	98,640	258,894	295,919
EBITDA	$ 313,767	$ 268,153	$ 1,202,134	$ 881,453
Other adjustments	--	--	--	--
Adjusted EBITDA	$ 313,767	$ 268,153	$ 1,202,134	$ 881,453

Subsequent Events

On October 4, 2022, the Company closed on an IPO in which it issued 3,000,000 additional shares of common stock at an offer price of $5.00 per share. The shares trade on the NASDAQ under the ticker symbol “LASE.” Including this issuance, there were 7,878,417 shares outstanding as of October 4, 2022.

Related Party Transactions

ICT Investments owns 4,688,695 shares of the Company’s common stock. Prior to the closing of the Company’s IPO on October 4, 2022, this represented 96.1% of the total shares outstanding. As of November 15, 2022, ICT Investments owns 59.5% of the total shares outstanding. Dmitriy Nikitin is the Managing Partner of ICT Investments, and has been an advisor to the Company since its inception.

During the three months ending September 30, 2022 and 2021, the Company paid $27,909 and $31,817, respectively, to Dmitriy Nikitin for advisory fees and allowances. During the nine months ending September 30, 2022 and 2021, the Company paid $82,386 and $60,006, respectively, to Dmitriy Nikitin for advisory fees and allowances.

During the three months ending September 30, 2022, the Company paid $5,690 to ICT Investments for accounting services and SEC filing work. During the nine months ending September 30, 2022, the Company paid $55,194 to ICT Investments for accounting services and SEC filing work.

During the three months ending September 30, 2022, the Company paid $50,046 to ICT Investments for product components and raw materials. During the nine months ending September 30, 2022, the Company paid $86,460 to ICT Investments for product components and raw materials.

Off-Balance Sheet Arrangements

As of September 30, 2022, we did not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting Company," as defined by Rule 229.10(f)(1).

We have not utilized any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures. We believe that adequate controls are in place to monitor any hedging activities. We do not have any borrowings and, consequently, we are not affected by changes in market interest rates. We do not currently have any sales or own assets and operate facilities in countries outside the United States and, consequently, we are not affected by foreign currency fluctuations or exchange rate changes. Overall, we believe that our exposure to interest rate risk and foreign currency exchange rate changes is not material to our financial condition or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosures Control and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of August 15, 2022, our President and our Vice President of Finance evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Disclosure controls and procedure include, without limitations, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. Our management is responsible for monitoring the process pursuant to which information is gathered and analyze such information to determine the extent to which such information requires disclosure in the reports filed with the Securities and Exchange Commission ("SEC"). Based on such evaluation, our President and Vice President of Finance concluded that as of June 30, 2022, the Company's disclosure controls and procedures were not effective. Specifically, the Company has filed a registration statement (File No. 333-261129) on Form S-1 (the "Registration Statement") for an initial public offering of its common stock (the "IPO"), and during the SEC review process, the Company detected errors in is financial statements for the year ended December 31,2021 and for the three months ended March 31, 2022. The errors were corrected in the Registration Statement in pre-effective amendments filed with the SEC during the quarter ended June 30, 2022. Steps taken to remediate our disclosure controls and procedures are discussed below.

Changes in internal controls over financial reporting

As described above, during the quarter ended June 30, 2022, the Company discovered errors in its historical financial statements. Management has taken, continues to work with, and plans to implement the following to improve its internal control over financial reporting:

- In January 2021, we launched a comprehensive management software system that is initially being utilized to track sales orders, purchase orders and inventory. This system is scalable, and we plan to expand this system and integrate this with our accounting systems to strengthen our internal controls and disclosure controls and procedures.

- In February 2022, we engaged MKA CPAs & Advisors, a regional advisory firm that provides outsourced accounting services, to assist us with month end closing activities and financial statement preparation, including compilation of monthly and annual balance sheets and statements of operations, in accordance with Statements on Standards for Accounting Review Services promulgated by the AICPA.

- In April 2022, we engaged CFO Systems, LLC, an outsourced CFO consultancy, to assist with the preparation of, and revisions to, the financial information presented in the Registration Statement, as well as to implement any improvements or enhancements to such financial information as incorporated into our periodic reports, such as this Form 10-Q.

- In July 2022, we hired for the first time a Vice President of Finance with extensive financial planning and reporting experience in manufacturing and distribution, including larger public Company settings, to serve as both our Principal Accounting Officer and Principal Financial Officer. Recently promoted to CFO, he establishes strict financial reporting leadership and assumes responsibility for the development of a comprehensive system of reporting controls, including the onboarding of additional specialized accounting expertise as the business grows and evolves.

- We plan to use a portion of the proceeds of the IPO to expand our financial reporting group, provide training on public Company financial reporting to relevant personnel, and to enhance our accounting systems, as mentioned in the previous bullets.

Management believes these changes in our internal controls over financial reporting have materially affected, and are reasonably likely to continue to materially affect, our internal controls over financial reporting in a positive way going forward. We will continue to evaluate our internal controls and make adjustments and enhancements as necessary and appropriate to remediate any deficiencies in our internal control over financial reporting.

This quarterly report does not include an attestation report of the Company's registered independent public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered independent public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report on Form 10-Q.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not involved in any legal proceedings, including routine litigation arising in the normal course of business that we believe will have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

Not applicable to a smaller reporting Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of unregistered securities during the reported period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

31.1	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer
31.2	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial and accounting officer
32.1	Section 1350 Certification of principal executive officer
32.2	Section 1350 Certification of principal financial and accounting officer
101*	XBRL data files of Financial Statements and Notes contained in this Quarterly Report on Form 10-Q.

* In accordance with Regulation S-T, the Interactive Data Files in Exhibit 101 to the Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed."

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Laser Photonics Corporation
Date: November 14, 2022	By: /s/ Wayne Tupuola Name: Wayne Tupuola Title: President and CEO (Principal Executive Officer)
Date: November 14, 2022	By: /s/ Tim Schick, CFA Name: Tim Schick, CFA Title: CFO (Principal Accounting Officer and Principal Financial Officer)