

**LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.**

September 30, 2025

**LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.**

For the Year Ended September 30, 2025

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Certified Public Accountants, PC

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Independent Auditors' Report

To the Board of Directors
Lawrenceville Plasma Physics, Inc.
D/B/A LPPFusion, Inc.
Middlesex, New Jersey

We have audited the accompanying financial statements of Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.), which comprise the Balance Sheet as of September 30, 2025, and the related Statements of Operations, Changes in Stockholders' Equity and Cash Flows for the year then ended, and the related Notes to the Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.) as of September 30, 2025, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lawrenceville Plasma Physics, Inc. (D/B/A LPPFusion, Inc.)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



BKC, CPAS, PC

March 12, 2026
Flemington, New Jersey

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Balance Sheet
September 30, 2025

ASSETS

Current assets		
Cash	\$	38,389
Noncurrent assets		
Property and equipment, net of accumulated depreciation of \$1,145,490		248,968
Right-of-use asset - operating leases		32,794
Total noncurrent assets		281,762
Total assets	\$	320,151

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$	15,540
Current portion of lease liability - operating leases		25,351
Total current liabilities		40,891
Long-term liabilities		
Lease liability - operating leases, net of current portion		8,599
Total liabilities		49,490
Stockholders' equity		
Capital stock		
Class A voting, no par value, 20 shares authorized, issued and outstanding		1
Class B non-voting, no par value, 4,000,000 shares authorized, 3,356,411 shares issued and outstanding		12,032,002
Accumulated deficit		(11,761,342)
Total stockholders' equity		270,661
Total liabilities and stockholders' equity	\$	320,151

See accompanying notes to the financial statements.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Statement of Operations
For the Year Ended September 30, 2025

Operating expenses	
Salaries and wages	\$ 655,915
Professional fees	116,151
Employee benefits	84,962
Depreciation expense	52,154
Payroll taxes	46,114
Computer related expenses	36,323
Materials and supplies	29,390
Advertising	25,933
Rent expense	24,859
Office expense	16,387
Bank fees and charges	13,529
Telephone	10,928
Travel	10,925
Contractor	9,255
Insurance	6,873
Training	3,000
Dues and subscriptions	2,772
Total operating expenses	<u>1,145,470</u>
Other income (expense)	
Donation income	5,100
Interest income	1,783
Processing fees for crowdfunding	(24,418)
Total other expense	<u>(17,535)</u>
Net loss before provision for income taxes	(1,163,005)
Provision for income taxes	<u>500</u>
Net loss	<u><u>\$ (1,163,505)</u></u>

See accompanying notes to the financial statements.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended September 30, 2025

	Class A Stock		Class B Stock		Accumulated Deficit	Total Stockholders' Equity
	Number	Amount	Number	Amount		
Balance at October 1, 2024	20	\$ 1	3,338,106	\$ 11,576,773	\$ (10,597,837)	\$ 978,937
Issuance of stock	-	-	18,305	455,229	-	455,229
Net loss	-	-	-	-	(1,207,963)	(1,207,963)
Balance at September 30, 2025	<u>20</u>	<u>\$ 1</u>	<u>3,356,411</u>	<u>\$ 12,032,002</u>	<u>\$ (11,805,800)</u>	<u>\$ 226,203</u>

See accompanying notes to the financial statements.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Statement of Cash Flows
For the Year Ended September 30, 2025

Cash flows from operating activities	
Net loss	\$ (1,163,505)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	52,154
Non-cash lease expense	24,122
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(22,106)
Principal repayments of lease liability - operating leases	(24,444)
Total adjustments	<u>29,726</u>
Net cash used in operating activities	<u>(1,133,779)</u>
 Cash flows from financing activities	
Proceeds from sale of capital stock	<u>455,229</u>
Net cash provided by financing activities	<u>455,229</u>
 Net decrease in cash	 (678,550)
 Cash - beginning of year	 <u>716,939</u>
 Cash - end of year	 <u><u>\$ 38,389</u></u>

See accompanying notes to the financial statements.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

Description of the Company

Lawrenceville Plasma Physics, Inc., D/B/A LPPFusion, Inc. (the Company), incorporated in 2003, is a research and development company. The Company's main technology is Focus Fusion, a fusion energy generator. This technology uses a Dense Plasma Focus device, fueled by hydrogen and boron, and converts energy directly into electricity.

The Company has already achieved major experimental milestones. Of the three factors that serve as an indicator of fusion energy yield (temperature, density, and confinement time), the Company has so far achieved adequate temperature and confinement time for net energy. It plans to carry out scientific experiments to demonstrate the scientific feasibility of its approach and develop a prototype fusion generator. The Company expects that it will achieve profitable operation after that time primarily by selling licenses for the manufacture of the generators and from the royalties from those licenses.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers cash to be all highly liquid investments with an original maturity of three months or less.

Property and equipment

Property and equipment are stated at cost. Repairs and maintenance costs are expensed, while additions and betterments are capitalized. Depreciation is being provided for principally by the straight-line method over estimated useful lives of the related assets.

	<u>Estimated Useful Life</u>
Leasehold improvements	39 years
Machinery and equipment	10 years
Software	3 years

Lease accounting

The Company adopted ASU 2016-02, *Leases* (Topic 842) effective October 1, 2022. The leasing guidance has a requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the Balance Sheet. The Company evaluates its leases for proper classification as either finance or operating lease when the annual lease cash payments are over \$5,000 per year. All other leases are considered immaterial or qualify for the short-term lease exclusion.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Revenue recognition

Revenue consists of subscription payments and sponsored research agreement provided by a non-profit organization.

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax benefit of those differences which will be utilized when the assets are settled. Deferred taxes are subject to a valuation allowance based on the probability that they will be fully realized.

With few exceptions, the Company is no longer subject to the U.S. Federal, state or local income tax examinations by tax authorities for years before 2021.

Note 2 - Concentration of credit risk

The Company maintains its cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, these cash balances may be in excess of the insurance limitation. At September 30, 2025, the company had no uninsured cash.

Note 3 - Property and equipment

Property and equipment as of September 30, 2025 is summarized as follows:

Leasehold improvements	\$	114,592
Software		22,681
Machinery and equipment		1,257,185
Total property and equipment		<u>1,394,458</u>
Less: accumulated depreciation		<u>(1,145,490)</u>
Property and equipment, net	\$	<u>248,968</u>

Depreciation expense for the year ended September 30, 20255 totaled \$52,154.

Note 4 - Patents

The Company has been granted patents in the United States, Australia, Canada, China, and the European Union.

Note 5 - Stock option plan

Pursuant to the Company's stock option plan, the Company will issue from time to time, to employees, officers, directors and consultants of the Company, options to purchase shares of the Company's common stock.

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Notes to the Financial Statements

Note 5 - Stock option plan (continued)

Options are granted with an exercise price equal to the fair value of the Company's stock at the date of the grant; the options generally vest immediately. The exercise price for the options range from \$10 to \$22. The options generally have ten-year contractual terms. The fair value of each option award was the market price of the stock as determined arbitrarily by the management of the Company on the date of the issuance. At September 30, 2025, there were 59,907 options outstanding.

There was no compensation expense recorded for any of the options because management of the Company, using qualitative inputs, has determined the fair value to be negligible.

Note 6 - Lease arrangements

Effective February 1, 2022, the Organization entered a five-year contract for office space.

The Organization rents office facilities from a nonrelated party, Impact Associates, LLC. The lease calls for monthly payments of \$1,990 with a 2 percent escalation for each subsequent year, expiring February 2027.

The following summarizes the items on the balance sheet as of September 30, 2025:

Operating lease ROU assets	<u>\$</u>	<u>32,794</u>
Operating lease liabilities		
Current portion		25,351
Long-term portion		<u>8,599</u>
Total operating lease liabilities	<u>\$</u>	<u>33,950</u>

The Organization did not have the rate implicit in all the leases, as such they utilized the risk-free rate as the discount rate. The following summarizes other information related to the leases as of September 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	25,176
Weighted-average remaining lease term in years for operating leases		1.33
Weighted-average discount rate for operating leases		1.62%

LAWRENCEVILLE PLASMA PHYSICS, INC.
D/B/A LPPFUSION, INC.
Notes to the Financial Statements

Note 6 - Lease arrangements (continued)

Future minimum payments required under the operating leases are as follows for the years ended September 30:

2026		\$	25,680
2027			8,616
	Total minimum payments		34,296
	Less: present value discount		(346)
	Total lease liabilities	\$	33,950

Lease expense for the year ended September 30, 2025 totaled \$24,855.

Note 7 - Income taxes

The provision for income taxes for the year ended September 30, 2025, is as follows:

State taxes	\$	500
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As of September 30, 2025, the Company has available a cumulative net operating loss carryforward of approximately \$11,480,000 and a general business credit of approximately \$310,000 which begins to expire in 2027 and a book to tax temporary difference of approximately \$230,000 arising from the recognition of accelerated depreciation for income tax purposes. Because of the more likely than not assessment that the deferred tax asset will not be used, an allowance equal to the amount of the deferred tax asset has been recorded.

Note 8 - Risk and uncertainties

The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Company's current technology before another company develops similar technology.

Note 9 - Subsequent events

The Company's management has determined that no material events or transactions occurred subsequent to September 30, 2025 and through March 12, 2026 the date of the Company's financial statement issuance, which require additional disclosure in the Company's financial statements.