

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Cyberlux Corporation
800 Park Offices Drive, Suite 3209
Research Triangle, NC 27709
984-363-6894
www.cyberlux.com
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Amended Annual Report
For the period ending:
December 31, 2023
(the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

5,728,914,810 as of December 31, 2023 *(Current Reporting Period Date or More Recent Date)*

5,587,666,363 as of December 31, 2022 *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

reporting period:

Yes: No:

⁴ “Change in Control” shall mean any events resulting in:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The name of the issuer is Cyberlux Corporation. ("Cyberlux," "Company," "we" or "us").
The Company has no predecessor.

Current State and Date of Incorporation or Registration: Nevada; May 15, 2000.

Standing in this jurisdiction (e.g., active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Effective May 18, 2023, the Company effected a repurchase of 20,000,000 of its Series B Preferred Shares. See Item 3 – Issuance History, below.

Cyberlux and Kreatx Shpk, FBD Shpk and Havas SAS (previously reported as wholly-owned subsidiaries and collectively the "Foreign Subsidiaries") entered into Agreements of Business Separation, effective on or before June 30, 2023, terminating the business relationships between the parties, in exchange for certain payments and common stock issued.

On September 16, 2023, the Company acquired 100% of the outstanding stock of Datron World Communications, Inc. ("Datron"), a provider of communications solutions to government, militaries, and industrial users globally.

Address(es) of the issuer's principal executive office:

800 Park Offices Drive, Suite 3209 Research Triangle, NC 27709

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Standard Registrar and Transfer Company, Inc.
Phone: 801-571-8844
Email: amy@standardregistrar.com
Address: 440 E 400 S Suite 200, Salt Lake City, UT 84111

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	CYBL		
Exact title and class of securities outstanding:	Common		
CUSIP:	23247M205		
Par or stated value:	\$0.001		
Total shares authorized:	7,000,000,000	as of date:	December 31, 2023
Total shares outstanding:	5,728,914,810	as of date:	December 31, 2023
Total number of shareholders of record:	346	as of date:	December 31, 2023

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

None.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of security:	Preferred Series A		
Par or stated value:		\$0.001	
Total shares authorized:	200	as of:	December 31, 2023
Total shares outstanding:	26.9806*	as of:	December 31, 2023
Total number of shareholders of record:	8	as of:	December 31, 2023

* Please see Note H to the Financial Statements below, in respect of the automatic conversion of all shares of Series A Preferred of the Company. The Company will be issuing 6,745 shares of common stock to these shareholders.

Exact title and class of security:	Preferred Series B		
Par or stated value:	\$0.001		
Total shares authorized:	99,000,000	as of date:	December 31, 2023
Total shares outstanding:	87,300,000	as of date:	December 31, 2023
Total number of shareholders of record:	4	as of date:	December 31, 2023

Exact title and class of security:	Preferred Series C		
Par or stated value:	\$0.001		
Total shares authorized:	150,000	as of date:	December 31, 2023
Total shares outstanding:	150,000	as of date:	December 31, 2023
Total number of shareholders of record:	2	as of date:	December 31, 2023

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

No special rights attach to the Common Stock.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Series A Preferred Stock:

Dividends. None declared by the Board of Directors. If the Board declared a dividend, it would be paid in Common Stock on a semi-annual basis.

Voting Rights. The Certificate of Designations for the Series A provides that holders of the Series A Preferred would have the right to vote on any of the following matters: (i) the creation, authorization, or issuance of any class or series of shares ranking on a parity with or senior to the Series A Preferred with respect to dividends or upon the liquidation, dissolution, or winding up of the Corporation, and (ii) any agreement or other corporate action which would adversely affect the powers, rights, or preferences of the holders of the Series A Preferred.

Conversion. The Certificate of Designations for the Series A provides conversion price of \$.10 per share is subject to certain anti-dilution provisions. Each share of

Series A Preferred is convertible for 250 shares of the Company's common stock. The Company may, and has determined to, effect the conversion.

Liquidation. The Certificate of Designations for the Series A provides that upon dissolution or winding up of the Company, whether voluntary or involuntary, and after payment of any senior liquidation preferences of any series of Preferred Stock and before any distribution or payment is made with respect to any Common Stock, holders of each share of the Series A Preferred shall be entitled to be paid an amount equal in the greater of (a) the face value denominated thereon subject to adjustment for stock splits, stock dividends, reorganizations, reclassification or other similar events plus, in the case of each share, an amount equal to all dividends accrued or declared but unpaid thereon, computed to the date payment thereof is made available, or (b) such amount per share of the Series A Preferred immediately prior to such liquidation, dissolution or winding up, or (c) the liquidation preference of \$5,000.00 per share, and the holders of the Series A Preferred shall not be entitled to any further payment.

Series B Convertible Preferred Stock.

Dividends. None declared by the Board of Directors. If the Board declared a dividend, it would be paid in Common Stock on a semi-annual basis.

Voting rights. The Certificate of Designations for the Series B originally provided for voting rights of 10 votes per Series B Preferred share. In 2010, the Board of Directors of the Company voted to amend the Certificate of Designations to provide for 200 votes per share of Series B Preferred.

Conversion. The Certificate of Designations for the Series B originally provided that Series B Convertible Preferred stock was convertible into 10 shares of common stock, subject to certain anti-dilution adjustments. In 2010, the Board of Directors of the Company voted to amend the Certificate of Designations to provide for conversion of each share of Series B Preferred into 200 shares of the Company's common stock.

Liquidation. The Certificate of Designations for the Series B provides that upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, and after payment of any senior liquidation preferences of any series of Preferred Stock and before any distribution or payment is made with respect to any Common Stock, holders of each share of the Series B Preferred shall be entitled to be paid an amount equal in the greater of (a) the face value denominated thereon subject to adjustment for stock splits, stock dividends, reorganizations, reclassification or other similar events plus, in the case of each share, an amount equal to all dividends accrued (at a rate of 12% per annum) or declared but unpaid thereon, computed to the date payment thereof is made available, or (b) such amount per share of the Series B Preferred immediately prior to such liquidation, dissolution or winding up, or (c) the liquidation preference of \$1.00 per share, and the holders of the Series B Preferred shall not be entitled to any further payment.

Series C Convertible Preferred Stock.

Dividends. None declared by the Board of Directors. If determined by the Board, holders of record of the Series C Preferred shall be entitled to receive cumulative dividends at the rate of five percent per annum (5%), compounded quarterly, on the face value (\$25.00 per share) and would be paid in cash.

Voting rights. The shares of the Series C Preferred are non-voting.

Conversion The shares of the Series C Preferred are convertible, at the option of the holder, into common shares one year from issuance. The number of common shares to be issued per Series C share is calculated by dividing \$25.20 by the 10 DMA (daily moving average), adjusted for the 200:1 reverse split effected in 2010. That formula computes as: $(\$25.20/10DMA)/200$.

Liquidation. Liquidation rights for Series C are the same as Series B.

3. Describe any other material rights of common or preferred stockholders.

None.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A) Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding							*Right-click the rows below and select "Insert" to add rows as needed.			
Date <u>12/31/2021</u> Common: <u>Opening Balance</u> 5,751,417,345 Preferred: A: 26.9806* B: 100,000,000 C: 150,000										
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to: *** You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) OR Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.	
10/13/2023	New	10,000,000	Common	0.001	Yes	Kasey Cooper	Advisory Board Agreement Terms	Restricted	4(a)(2)	
07/10/2023	New	5,000,000	Common	0.05	Yes	Phillip Tucker	Catalyst Machineworks Acquisition Agreement	Restricted	4(a)(2)	
07/10/2023	New	5,000,000	Common	0.05	Yes	/ Neill Whiteley	Catalyst Machineworks Acquisition Agreement	Restricted	4(a)(2)	
07/07/2023	New	10,000,000	Common	0.001	Yes	Matt Jones	Advisory Board Agreement Terms	Restricted	4(a)(2)	
06/21/2023	New	9,000,000	Series B	0.001	Yes	Mark D. Schmidt, President and CEO	Management Incentive and Voting Control / Hostile Takeover Protection	Restricted	4(a)(2)	
06/21/2023	New	5,000,000	Series B	0.001	Yes	Larson J. Isely, EVP, CTO, and GM-UAS	Management Incentive and Voting Control / Hostile Takeover Protection	Restricted	4(a)(2)	
05/22/2023	New	25,000,000	Common	0.001	Yes	Kreatx SHPK/ Enor Nakuçi Lejdi Koçi	Business Separation Agreement Terms	Restricted	4(a)(2)	
05/18/2023	Return to Treasury	-20,000,000	Series B	0.001	Yes	Richard P. Brown	Affidavit of Lost Certificates / Returned to Treasury in 2010 but Transfer Agent never received.	Restricted	4(a)(2)	

05/18/2023	New	10,000,000	Common	0.001	Yes	Igor Stanisavljev	Termination Agreement Terms	Restricted	4(a)(2)
05/18/2023	New	10,000,000	Common	0.001	Yes	Chris Damvakaris	Termination Agreement Terms	Restricted	4(a)(2)
05/11/2023	New	15,000,000	Common	0.001	Yes	Back Forty Strategies, LLC/ LTG Paul Ostrowski	Advisory Board Agreement Terms	Restricted	4(a)(2)
04/19/2023	New	10,000,000	Common	0.001	Yes	Julio Cordoba	Settlement Agreement	Restricted	4(a)(2)
04/05/2023	New	248,447	Common	0.001	Yes	Angela Gooding	Stock Purchase Agreement	Restricted	4(a)(2)
03/23/2023	New	12,000,000	Common	0.001	Yes	Jeremy Shrock	Teaming Agreement Terms	Restricted	4(a)(2)
03/23/2023	New	12,000,000	Common	0.001	Yes	Spencer Peterson	Teaming Agreement Terms	Restricted	4(a)(2)
03/23/2023	New	2,000,000	Common	0.001	Yes	Lukas Zuvac	Teaming Agreement Terms	Restricted	4(a)(2)
03/23/2023	New	5,000,000	Common	0.001	Yes	Troy Williams	Teaming Agreement Terms	Restricted	4(a)(2)
03/16/2023	New	5,000,000	Common	0.001	Yes	Rezart Spahia	Acquisition Representation Agreement Terms	Restricted	4(a)(2)
01/20/2023	New	5,000,000	Common	0.001	Yes	Bernard Bell	Stock Purchase Agreement	Restricted	4(a)(2)
01/20/2023	New	30,000,000	Series B	0.001	Yes	Montague Capital Partners LLC/ Denis Kalenja	Stock Purchase Agreement	Restricted	4(a)(2)
01/19/2023	Return to Treasury	-7,200,000	Series B	0.001	Yes	Returned Executive Mgmt Stock / David Downing	Outstanding Series B Share Reduction	Restricted	4(a)(2)
12/27/2022	New	10,000,000	Common	0.001	Yes	Cameron Holt	Advisory Board Agreement Terms	Restricted	4(a)(2)
12/27/2022	New	20,000,000	Common	0.001	Yes	Michael N. Porter	Employment Agreement Terms	Restricted	4(a)(2)
12/27/2022	New	10,000,000	Common	0.001	Yes	Martin Moore	Advisory Board Agreement Terms	Restricted	4(a)(2)
12/22/2022	New	10,000,000	Common	0.001	Yes	Robert Bret Velicovich	Advisory Board Agreement Terms	Restricted	4(a)(2)
12/22/2022	New	20,000,000	Common	0.0025	Yes	Aaron Goodman	Stock Purchase Agreement	Restricted	4(a)(2)

12/06/2022	New	62,500,000	Common	0.0016	Yes	Roman Investments PR, LLC / Roman Vinfield	Note conversion	Unrestricted	4(a)(2)
11/22/2022	New	41,700,000	Common	0.012	Yes	Roman Investments PR, LLC / Roman Vinfield	Equity incentive to debt holder	Restricted	4(a)(2)
11/08/2022	New	15,000,000	Common	0.0025	Yes	Roman Investments PR, LLC / Roman Vinfield	Equity incentive to debt holder	Restricted	4(a)(2)
11/08/2022	New	15,000,000	Common	0.0025	Yes	Rosewood Theater, LLC / Michael Sinensky	Equity incentive to debt holder	Restricted	4(a)(2)
08/15/2022	New	200,000,000	Common	0.00125	No	RB Capital Partners, Inc. / Brett Rosen/ Deborah Braun	Note conversion	Unrestricted	4(a)(2)
07/15/2022	New	10,000,000	Common	0.05	No	Phillip Tucker	Catalyst Machineworks Acquisition Agreement	Restricted	4(a)(2)
07/15/2022	New	10,000,000	Common	0.05	No	Neill Whiteley	Catalyst Machineworks Acquisition Agreement	Restricted	4(a)(2)
05/05/2022 (06/14/2021 basis)	New	20,833,333	Common	0.0012	Yes	Matt Rivett	Stock Purchase Agreement	Restricted	4(a)(2)
05/04/2022	Return to Treasury	-700,000,000	Common	0.001	Yes	4 Certificates Cancelled For: (700,000,000) Critical Flow Capital, LLC / Brian Kraman	Shares Issued in Error from an unfulfilled financial transaction from 2014. The 700M restricted common stock shares required Management to complete complex process of legally fulfilling the consent and compliance process required by its transfer agent and the representatives of the prior shareholder to remove these	Restricted	4(a)(2)

							shares from the Outstanding Share list.		
03/18/2022	New	2,000,000	Common	\$0.001	Yes	Anthony Gonzalez	Distributor Partnership Agreement Terms	Restricted	4(a)(2)
03/16/2022	New	5,882,353	Common	\$0.01	Yes	North Equities USA LTD Ernest Chuang	Consulting Agreement (Public Relations Services) Terms	Restricted	4(a)(2)
02/11/2022	Return to Treasury	-20,000,000	Series B	0.001	Yes	Returned Executive Mgmt Stock / John Ringo	Outstanding Series B Share Reduction	Restricted	4(a)(2)
02/07/2022	Return to Treasury	-9,500,000	Series B	0.001	Yes	Returned Executive Mgmt Stock / Alan Ninneman	Outstanding Series B Share Reduction	Restricted	4(a)(2)
01/07/2022	New	20,833,333	Common	0.0012	Yes	Priyanka Saxena	Stock Purchase Agreement	Restricted	4(a)(2)
01/07/2022	New	20,833,333	Common	0.0012	Yes	William Ferrell	Stock Purchase Agreement	Restricted	4(a)(2)
01/07/2022	New	20,833,333	Common	0.0012	Yes	Salahuddin Siddiq	Stock Purchase Agreement	Restricted	4(a)(2)
01/07/2022	New	20,833,333	Common	0.0012	Yes	Clay DeNicola	Stock Purchase Agreement	Restricted	4(a)(2)
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>12/31/23</u>	Common: 5,728,914,810								
	Preferred: A: 26.9806*								
	B: 87,300,000								
	C: 150,000								

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

B) Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder <small>*** You must disclose the control person(s) for any entities listed</small>	Reason for Issuance (e.g., Loan, Services, etc.)
10/22/2021	1,588,767	1,500,000	88,767	10/22/2023	\$0.25 Conversion per share	RB Capital Partners Brett Rosen Deborah Braun	Loan
11/08/2022	1,586,096	1,500,000	86,096	11/08/2023	\$0.25 Conversion per share	RB Capital Partners Brett Rosen Deborah Braun	Loan
11/22/2021	1,583,219	1,500,000	83,219	11/22/2023	\$0.25 Conversion per share	RB Capital Partners Brett Rosen Deborah Braun	Loan
05/03/2022	515,274	500,000	15,274	05/23/2024	\$0.25 Conversion per share	RB Capital Partners Brett Rosen Deborah Braun	Loan
07/12/2022	255,925	250,000	5,925	07/12/2024	\$0.25 Conversion per share	RB Capital Partners Brett Rosen Deborah Braun	Loan
09/29/2022	104,627	100,000	*4,627	09/29/2025	85% of VWAP	Bilal Maadarani	Loan
09/29/2022	104,380	100,000	*4,380	09/29/2025	85% of VWAP	Bilal Maadarani	Loan
09/29/2022	104,216	100,000	*4,216	09/29/2025	85% of VWAP	Bilal Maadarani	Loan
09/29/2022	103,914	100,000	*3,914	09/29/2025	85% of VWAP	Bilal Maadarani	Loan
01/22/2023	104,558	100,000	4,558	01/22/2027	85% of VWAP	Bassam Pharaon	Loan
04/06/2023	103,616	100,000	3,616	04/06/2026	\$0.0035 Conversion per share	Matt Jones	Loan
05/09/2023	110,000	100,000	10,000	05/09/2024	\$0.0043 Conversion per share	Andras Forgacs	Loan
05/22/2023	102,986	100,000	2,986	05/22/2026	85% of VWAP	Robert Miller	Loan
06/12/2023	102,740	100,000	2,740	06/12/2026	85% of VWAP	Christopher Whitehead	Loan
06/14/2023	27,500	25,000	2,500	06/14/2024	\$0.0013 Conversion per share	Jeryl S. Rawls Revocable Trust	Loan
06/15/2023	16,500	15,000	1,500	06/15/2024	\$0.0016 Conversion per share	John W. Dixon FLP	Loan
07/23/2023	62,500	50,000	12,500	07/23/2024	\$0.0013 Conversion per share	Giorgios Bakatsias	Loan
07/23/2023	31,250	125,000	31,250	07/23/2024	\$0.0013 Conversion per share	Fly Rite LLC Barbara Settle	Loan
07/23/2023	31,250	125,000	31,250	07/23/2024	\$0.0013 Conversion per share	Hayek Ventures, LLC William G. Settle	Loan
08/26/2023	2,750	2,500	250	08/26/2024	\$0.0016 Conversion per share	Charles Yessaian	Loan
08/26/2023	2,750	2,500	250	08/26/2024	\$0.0016 Conversion per share	Ferdinand Irizarry	Loan
09/13/2023	2,017,753	2,000,000	17,753	09/13/2026	90% of VWAP	Datron Holdings, Inc. Arthur Barter	Acquisition note

09/13/2023	2,029,589	2,000,000	29,589	09/13/2026	85% of VWAP	Datron Holdings, Inc. Arthur Barter	Acquisition note
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*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

* Interest accrued from date of funding, which post-date note issuance dates.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Founded in 2000, Cyberlux Corporation is a Defense Industry technology solutions company comprised of three primary business units: Unmanned Aircraft Solutions (UAS), Datron Military Communications (DMC), and Special Activities (SA) Business Unit. The Company generates revenues from its sale of products and services through its Business Units.

Unmanned Aircraft Solutions Business Unit

Cyberlux Unmanned Aircraft Solutions (UAS) is an innovative leader in advanced Group 1, Group 2, and Group 3 'vertical takeoff and landing' (VTOL) drones and fixed wing technology development, manufacturing, and sales. The business unit designs, manufactures, and distributes its products and airframe systems to leading 'first person viewing' (FPV) and military UAS pilots on a global basis, with sales to both U.S. government agencies and allied nations through U.S. foreign military sales (FMS). Cyberlux UAS offers its customers best-in-class products and comprehensive services to satisfy the requirements of the global UAS military sector. The Cyberlux UAS team is widely recognized as the authority in the industry, offering high performance products with high quality components and superior capability, in support of warfighters worldwide.

Unmanned Aircraft Solutions Significant Business Developments

The Cyberlux UAS team of aircraft engineers, fabricators, and test pilots have advanced the business unit from its position as a world-wide leader in the FPV aircraft industry to a successful military sector UAS provider, delivering UAS solutions under multiple Department of Defense and U.S. foreign military sales contracts. Cyberlux Corporation's investment in innovative and novel Defense Industry UAS products has created market-changing solutions favored by end-users. Driven by a \$79 million UAS contract award by USNAVY, the UAS business unit has grown rapidly in 2023 and now has dedicated business unit management, new engineering leadership, and a dedicated, world-class software development team to propel Cyberlux to the cutting edge of unmanned aircraft technology.

In addition, Cyberlux UAS has scaled manufacturing capabilities that include in-house production of critical aircraft components, achieving improved supply chain resilience, as well as world-class control over product quality and delivery.

Datron Military Communications Business Unit

Datron World Communications, a wholly owned subsidiary of Cyberlux, is a world leader in voice and data radio communications. Datron designs, manufactures, and distributes its radio products and communications systems to leading government, military, and industrial organizations in over 100 countries worldwide through a network of local sales and service representatives. Datron Military Communications (DMC) offers its customers reliable equipment and comprehensive services to satisfy specific mission requirements. Datron is widely recognized as the “best value” supplier in the industry by offering high performance products with low overall life cycle cost.

Datron Military Communications Significant Business Developments

Datron has diligently upheld its global distribution network, focusing on strengthening its international presence. The DMC team has reinvested in the international sales team by appointing new sales directors for the Asia Pacific and Latin America regions, bolstering its outreach and support for customers in these key markets. Additionally, Datron has recertified its ISO 9001 accreditation, underscoring its commitment to maintaining high-quality standards in its operations [and manufacture]. Furthermore, the Datron operations team has diversified its manufacturing capabilities by internally producing critical components for its UAS drone lines and providing operational support for the Cyberlux Advance Lighting Systems, further enhancing Cyberlux supply chain and ensuring product quality and reliability.

Special Activities Business Unit Background

The Special Activities (SA) business unit specializes in all aspects of warfare and is Cyberlux Corporation’s action arm. The division provides on the ground support for a multitude of initiatives across all Cyberlux business verticals. Cyberlux Special Activities offers its customers subject matter expertise in all aspects of military training and advisement, UAS training and operations, munitions, heavy and light weapons, research and development, Soldier Systems, communications, technology integration, cyber, maritime operations, and air operations. The Special Activities team is composed of a world class staff ranging from retired Special Operations personnel to world ranked UAS Pilots, which enable Special Activities to develop scalable solutions for every client’s needs, and to meet a wide array of missions. Special Activities is adaptable and performs to meet the client’s business objectives with worldclass professionalism.

Special Activities Business Development

Cyberlux Special Activities has played a key role engaging our foreign and domestic customers at the ground level, understanding their challenges, and has provided comprehensive tactical/operational solutions. The division’s interface with clients at the user and ground level has been critical in capturing feedback, driving Cyberlux’s research and development for future products. Cyberlux Special Activities has conducted foreign UAS Pilot courses, supported numerous U.S. Special Operations Forces training and

testing events, and spearheaded multiple foreign and domestic business development initiatives.

B. List any subsidiaries, parent company, or affiliated companies.

Cyberlux operates through Cyberlux Corporation, and its three subsidiaries:

Datron World Communications, Inc.

Catalyst Machineworks, LLC, and

CMTC Drone Solutions, LLC

C. Describe the issuers' principal products or services.

The Company offers the products and services of its Unmanned Aircraft Solutions (UAS), Datron Military Communications (DMC), and Special Activities (SA) to U.S. government agencies and allied foreign nations, including USSOCOM, USNAVY, USCENTCOM, USEUCOM, USAFRICOM, and USINDOPACOM. These transactions are often facilitated by our relationships with various prime vendors such as Huntington Ingalls Industries (HII) and ADS, Inc, or through U.S. foreign military sales (FMS). The majority of the Company's products are shipped by common carrier resulting in recognition of revenues upon shipment at which time control passes to the customer.

The products and services include:

Unmanned Aircraft Solutions (UAS): Military-Grade unmanned aircraft hardware and software; advanced guidance system and targeting platforms; enhanced Intelligence, Surveillance and Reconnaissance (ISR) capability; Infrared Night Vision and Thermal Sensor technology; Eye-in-the-Sky Monitoring; LiDAR Mapping and Perception Attainment; and Advanced Kinetic Capabilities.

Datron Military Communications (DMC): Military-Grade voice and data radio communications, including the HH3100 multiband radio line products and the PRC7700 HF radio line products; and the Cyberlux Advanced Lighting Systems products.

Special Activities (SA): Cyberlux Special Activities offers training and security services to its customers with world-class subject matter expertise in all aspects of military training and advisement, UAS training and operations, munitions, heavy and light weapons, research and development, Soldier Systems, communications, battlefield technology integration, cyber, maritime operations, air operations, and unmanned aircraft systems operations and tactics training.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used, or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties, or facilities of the issuer. Describe of the location of office space, data centers, principal plants, and other property of the

issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

We maintain our principal headquarters office at 800 Park Offices Drive, Suite 3209, Research Triangle Park, NC 27709. This is a leased office suite for our headquarters staff, renewed annually.

Our Catalyst Machineworks subsidiary has its office and manufacturing facility located at 21631 Rhodes Road, Spring, TX 77388. This is a 21,450 square foot facility with a renewable three-year lease, with two years remaining.

Our Datron World Communications subsidiary has its office and manufacturing facility located at 995 Joshua Way, Vista CA 92081. This is a 47,174 square foot facility with a renewable five-year lease, with two years remaining.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling, or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors and Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of Control Person(s) if a corporate entity
Mark D. Schmidt	President	Durham, NC	230,642	Common	Less than 1%	
	Chief Executive Officer Director Chairman		47,000,000	Series B	53.84%	
Jon Kokkinos	Fractional CFO	Morristown, NJ	0			
David D. Downing	Co-CFO Director	Edinboro, PA	42,500	Common	Less than 1%	

			5,300,000	Series B	6.07%	
John W. Ringo	Secretary Director	Atlanta, GA	123,783	Common	Less than 1%	
Aaron Goodman	Chief Operating Officer Director	Waccabuc, NY	70,000,000	Common	1.253%	
Larry J. Isely	Chief Technology Officer	Denton, TX	5,000,000	Series B	5.73%	
Lon E. Bell	None	Altadena, CA	10.0000	Series A	37%	
Christina Crossman	None	Maitland, FL	4.0000	Series A	15%	
Neal M. Goldstein	None	Oxenard, CA	5.0000	Series A	19%	
John G. Hule	None	West Berlin, NJ	2.5806	Series A	10%	
Charles O'Brien	None	Altamonte Springs, FL	1.4000	Series A	5%	
Ward L. Snyder	None	Tucson, AZ	3.0000	Series A	11%	
Montague Capital Partners LLC	Strategic Consultant	Miami, FL	30,000,000 179,500,000	Series B Common	34.36% 3.019%	Denis Kalenja
Recovery Fund USA, LLC		Lutz, FL	148,000	Series C	98.667%	Jamie Rand

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None.

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None.

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None.

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a “yes” answer to part 3 above; or

None.

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person’s involvement in any type of business or securities activities.

None.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None.

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

A complaint was filed on August 22, 2022, in the Circuit Court for the city of Richmond, VA - Atlantic Wave Holdings, LLC and Secure Community LLC v. Cyberlux Corporation and Mark D. Schmidt. regarding a contractual dispute relating to licensed BrightEye lighting product intellectual property and business development performance. That litigation settled in 2023, and the Company fully complied with the terms of the settlement agreement. Nonetheless, Atlantic Wave and Strikepoints filed a lawsuit in California state court in December, 2023. Cyberlux successfully removed that case to federal court and has filed counter claims against Atlantic Wave and Strikepoints. In a filing on March 21, 2024, the attorney for Atlantic Wave and Strikepoints acknowledged that the suit in California was erroneously filed, and that he has moved to have the case dismissed. The parties are in discussions seeking to settle the matter out of court.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters)

Name: Carl P. Ranno
Firm: Law Office of Carl P. Ranno
Address: 2733 East Vista Drive
Phoenix, AZ 85032
Phone: 602.493.0369
Email: carlranno@cox.net

Accountant or Auditor

Name: John Pennett, Partner – Accounting consultant
Firm: Eisner Advisory Group LLC
Address: 733 Third Avenue
New York, NY 10017
Phone: 732-243-7140
Email: john.pennett@eisneramper.com

Investor Relations

Name: Brennan Smith
Firm: Flying V Group, Inc.
Address: 34 Executive Park, #260
Irvine, CA 92614
Phone: 949-940-8884
Email: bsmith@flyingvgroup.com

All other means of Investor Communication:

X (Twitter): <https://x.com/CyberluxC>

Discord: None

LinkedIn <https://www.linkedin.com/company/cyberlux-corporation/>

Facebook: None

[Other] Cyberlux Website, www.cyberlux.com

Other Service Providers

Provide the name of any other service provider(s) that **assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s),

advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Jennifer E.D. Clarke, Esq.
Firm: Tjong & Hsia LLP
Nature of Services: Legal Counsel
Address 1: 45 Rockefeller Plaza, 20th Floor
Address 2: New York, NY 10111
Phone: 516-801-1700
Email: jclarke@tjonghsia.com

Name: Edward W. Gray Jr., Partner
Firm: Thompson Coburn LLP
Nature of Services: Legal Counsel
Address 1: 1909 K Street N.W. Suite 600
Address 2: Washington, DC 20006-1167
Phone: 202-585-6910
Email: egray@thompsoncoburn.com

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9) Disclosures and Financial Information

A. The Disclosure Statement was prepared by (name of individual)¹:

Name: Mark Schmidt
Title: President and CEO
Relationship to Issuer: President and CEO

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual)²:

Name: Jon Kokkinos
Title: Fractional Chief Financial Officer
Relationship to Issuer: Engaged pursuant to consultancy agreement effective January 11, 2024.

Describe the qualifications of the person or persons who prepared the financial statements:⁵

Jon Kokkinos is a CPA and fractional CFO with more than 10 years of experience in preparing GAAP financial statements. Jon has also served as the comptroller for several small and mid-cap companies.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Condensed Consolidated Financial Statements

Cyberlux Corporation and Subsidiaries Condensed Consolidated Balance Sheet December 31, 2023 and 2022 (Unaudited)

	December 31, 2023	December 31, 2022 (restated)
Assets		
Current assets:		
Cash & cash equivalents	\$ 3,198,280	\$ 6,642
Accounts receivable, net of allowance for doubtful accounts	1,324,699	704,463
Inventory	16,818,126	331,408
Other current assets	<u>238,564</u>	<u>73,167</u>
Total current assets	21,579,669	1,115,680
Other Assets:		
Property and equipment, net of accumulated depreciation	1,034,033	37,002
Net assets of discontinued operations	-	7,924,300
Right of Use asset	428,556	-
Intangible assets, net of accumulated amortization	10,478,722	8,265
Investment in unconsolidated subsidiaries	<u>200,000</u>	<u>200,000</u>
Total Assets	<u><u>\$33,720,980</u></u>	<u><u>\$9,285,247</u></u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 2,251,426	\$2,039,533
Accrued interest	2,065,143	1,974,478
Notes payable, related parties	2,570,762	3,384,267
Notes payable, non-related parties	7,709,395	7,098,993
Liability for common stock to be issued	258,960	176,449
Customer deposits	23,939,170	-
Accrued liabilities	<u>4,381,195</u>	<u>728,577</u>
Total current liabilities	43,176,051	15,402,297
Long-term liabilities:		
Datron acquisition notes payable, net of discount	3,541,667	-
Lease liabilities and other	<u>759,672</u>	<u>79,342</u>
Total long-term liabilities	4,301,339	79,342
Commitments		
Stockholders' deficit:		
Class A Preferred shares, 0 shares issued and outstanding as of December 31, 2023 and 2022	-	-

Class B Preferred shares, 100,000,000 and 100,000,000 shares issued 87,300,000 and 70,500,000 outstanding as of December 31, 2023 and December 31, 2022 respectively	144,000	100,000
Class C Preferred shares, 150,000 shares issued and outstanding as of December 31, 2023 and 2022	150	150
Common stock, \$0.001 par value, 7,000,000,000 shares authorized, 5,728,914,810 and 5,587,666,363 shares issued and outstanding as of December 31, 2023 and December 31, 2022 respectively.	7,385,577	6,707,666
Treasury stock	(1,176,700)	(1,149,500)
Additional paid-in capital	19,889,914	18,634,605
Accumulated deficit	<u>(39,999,351)</u>	<u>(30,489,313)</u>
Deficiency in stockholders' equity	<u>(13,756,410)</u>	<u>(6,196,392)</u>
Total liabilities and stockholders' deficit	<u>\$ 33,720,980</u>	<u>\$ 9,285,247</u>

The results of operations of the foreign subsidiaries are presented as a discontinued operation for all periods presented. See notes A and M. The accompanying notes are an integral part of these financial statements.

Cyberlux Corporation and Subsidiaries
Condensed Statements of Operations
Years ended December 31, 2023 and 2022 (Unaudited)

	2023	2022 (restated)
Revenue	\$ 20,464,645	\$ 5,007,344
Cost of goods sold	(8,566,307)	(2,546,493)
	11,898,338	2,460,851
Gross profit		
Operating Expenses:		
Marketing and advertising	1,521,845	199,105
Depreciation and amortization	623,824	-
Research and development	157,203	5,041,295
General and administrative expenses	13,002,259	3,134,059
	15,305,131	8,374,459
Total operating expenses		
Loss from operations	(3,406,793)	(5,913,608)
Other income/(expense):		
Interest income and other	623,592	1,679
Interest expense	(309,754)	(661,700)
Loss on divestment of subsidiaries	(8,713,952)	-
	(8,400,114)	(660,021)
Net Loss from continuing operations	(11,806,907)	(6,573,629)
Net income from discontinued operations	2,296,869	4,763,870
Net loss available to common stockholders	\$(9,510,038)	\$(1,809,759)
Weighted-average common		
Shares outstanding - basic and diluted	5,674,543,296	5,483,106,902
Loss per share – basic and diluted	\$(0.002)	\$(0.000)

The results of operations of the foreign subsidiaries are presented as a discontinued operation for all periods presented. See notes A and M. The accompanying notes are an integral part of these financial statements.

Cyberlux Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flow
Years ended December 31, 2023 and 2022 (Unaudited)

	2023	2022 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss available to common stockholders	\$ (9,510,038)	\$ (6,573,630)
Adjustments to reconcile net loss to cash flow from operations		
Issuance of common stock in exchange for services or to debtholders	174,000	604,542
Noncash interest expense for accretion of debt discount	41,667	-
Loss on disposition of subsidiaries	8,713,952	-
Amortization and depreciation	623,824	-
Changes in assets and liabilities, net of impact from acquisition of Datron		
Accounts receivable	299,764	(2,309,808)
Inventories	(10,767,718)	(273,141)
Prepaid expenses	90,603	(279,669)
Right of use asset	363,655	-
Changes in working capital accounts of discontinued operations and other, net	(567,268)	4,738,870
Accounts payable	(1,726,110)	(531,925)
Accrued liabilities	(2,546,871)	2,716,245
Customer deposits	23,939,171	-
Other liabilities	(444,880)	-
Accrued interest	90,666	17,159
Net cash provided by (used in) operating activities	8,774,417	(1,891,357)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures to acquire subsidiaries	-	(2,706,292)
Expenditures for patents	(6,440)	(8,265)
Expenditures for fixed assets	(723,872)	(35,002)
Investment in Datron, net of cash acquired	(5,598,000)	-
Net cash used in investing activities	(6,328,312)	(2,749,559)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common and preferred stock	137,505	824,500
Net proceeds (payments) from borrowings	553,000	899,040
Net proceeds (payments) from notes payable, related parties	(846,972)	340,165
Net cash provided by (used in) financing activities	(156,467)	2,063,705
Net increase/(decrease) in cash and cash equivalents	2,289,638	(2,577,211)
Cash and cash equivalents at beginning of year	953,105	3,530,317
Cash and cash equivalents at end of year	\$3,198,280	\$953,105
SUPPLEMENTAL DISCLOSURES:		
Interest and income taxes paid	-	-
NON-CASH ACTIVITIES:		
Debt issued for acquisition of Datron	\$4,000,000	-
Accrual issued for dispositions of subsidiaries	\$500,000	-

The results of operations of the foreign subsidiaries are presented as a discontinued operation for all periods presented. See notes A and M. The accompanying notes are an integral part of these financial statements.

Cyberlux Corporation and Subsidiaries
Statement of Changes in Stockholders Equity (Deficit)
Years ended December 31, 2023 and 2022 (Unaudited)

	Class B Preferred		Class C Preferred		Common Shares		Treasury Stock	Additional Paid In Capital	Accumulated Deficit	Total
	Stock Amount	Outstanding Shares	Stock Amount	Outstanding Shares	Stock Amount	Outstanding Shares				
Balance December 31, 2021	\$ 100,000	70,500,000	\$ 150	150,000	\$ 6,171,417	5,751,417,344	-\$420,000	\$16,974,089	-\$28,679,553	-\$5,853,897
stock issued for acquisitions					20,000	20,000,000		980,000		\$1,000,000
stock issued to debtholders					312,500	292,500,000		280,659		\$593,159
stock issued for services					57,882	57,882,353				\$57,882
stock returned to treasury, net						(700,000,000)	(729,500)	57		-\$729,443
stock purchased by investors					104,167	104,166,666		399,800		\$503,967
Conversion of promissory note					41,700	41,700,000				\$41,700
net loss									(1,809,760)	-\$1,809,760
Balance December 31, 2022	\$ 100,000	70,500,000	\$ 150	150,000	\$ 6,707,666	5,587,666,363	\$ (1,149,500)	\$ 18,634,605	\$ (30,489,313)	-\$6,196,392

	Class B Preferred		Class C Preferred		Common Shares		Treasury Stock	Additional Paid In Capital	Accumulated Deficit	Total
	Stock Amount	Outstanding Shares	Stock Amount	Outstanding Shares	Stock Amount	Outstanding Shares				
Balance December 31, 2022, as restated	\$ 100,000	70,500,000	\$ 150	150,000	\$ 6,707,666	5,587,666,363	\$ (1,149,500)	\$ 18,634,605	\$ (30,489,313)	-\$6,196,392
Series B Shares returned to Treasury, net		(27,200,000)					27,200			\$27,200
Stock issued for service	14,000	14,000,000			71,248	71,248,447		34,000		\$119,248
Stock issue for acquisition					10,000	10,000,000		496,708		\$506,708
Common Stock purchased by investors	30,000	30,000,000			5,000	5,000,000		102,500		\$137,500
Stock issued for settlements and other					546,863	10,000,000	(54,399)	122,100		\$614,364
Stock issued for termination					20,000	20,000,000				\$20,000
Stock issued for business separation					25,000	25,000,000				\$25,000
Debt discount								500,000		\$500,000
Net loss									(9,510,038)	-\$9,510,038
Balance December 31, 2023	\$ 144,000	87,300,000	\$ 150	150,000	\$ 7,385,577	5,728,914,810	\$ (1,176,699)	\$ 19,889,913	\$ (39,999,351)	\$(13,756,409)

The results of operations of the foreign subsidiaries are presented as a discontinued operation for all periods presented. See notes A and M. The accompanying notes are an integral part of these financial statements.

Financial Notes

NOTE A-SUMMARY OF BUSINESS OPERATIONS

Business Operations

Cyberlux Corporation (the "Company" or "Cyberlux") was incorporated on May 17, 2000, under the laws of the State of Nevada. The Company had been focused on the development, manufacturing and marketing of long-term portable lighting products for government, commercial and industrial users. Starting in July 2022, the Company began expanding its defense industry product offerings. While the Company has generated revenues from its sale of products, the Company has incurred sustained losses. Consequently, its operations have been subject to all risks inherent in the establishment of a new business enterprise.

During the year ended December 31, 2023, the Company has refocused its operations through the following transactions:

1. Cyberlux and Kreatx Shpk, FBD Shpk and Havas SAS (collectively the "Foreign Subsidiaries") entered into Agreements of Business Separation, effective as of June 30, 2023, terminating the business relationship of between the parties, in exchange for certain payment and equity terms. The operations of these businesses for the period ended June 30, 2023, and December 31, 2022, are presented as discontinued operations in the consolidated statement of operations. The Company recognized a loss on the disposition of these subsidiaries, as presented in the consolidated statement of operations. See Note M.
2. On August 29, 2023, Cyberlux Corporation was awarded a contract of \$78.9 million to deliver *Cyberlux K8 Unmanned Aircraft Systems* as confirmed by the United States Department of Defense ("DoD") in the February 24, 2023, USAI announcement. The Company is required to comply with DoD rules and regulations with respect to the fulfillment of such contract, and the DoD may amend, delay or cancel the contract per the contractual terms. The Company received approximately \$39 million in advance payments from the DoD upon signing of the contract during 2023. During the year ended December 31, 2023, the Company shipped approximately \$15 million under such contract. As of December 31, 2023, the Company has remaining advance payments for the purchase of such systems from the DoD of \$23,145,000. The completion of shipment of the remaining Systems is subject to DoD acceptance of the product, including engineering and testing procedures, the timing of which is uncertain.
3. On September 16, 2023, the Company acquired 100% of the outstanding stock of Datron World Communications, Inc. ("Datron"), a provider of communications solutions to government, militaries, and industrial users globally. See Note E.

NOTE B - GOING CONCERN MATTERS

The accompanying statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, as of December 31, 2023, the Company incurred accumulated losses of approximately \$40 million. The Company's current liabilities exceeded its current assets by approximately \$22 million as of December 31, 2023. The Company has undergone significant transformation in 2023 refocusing its business, disposing certain businesses, acquiring Datron Worldwide Communications, and receiving a significant sales order from the DoD. While these factors among others may indicate that the Company will be unable to continue as a going concern, management is confident that

business performance in 2023 will ensure the Company is an ongoing growth business for the foreseeable future.

The Company is actively pursuing additional business growth through acquisitions, organic growth and new customers and products that are expected to increase the associated cash flow from operations. Obtaining additional financing to support the successful development of the Company's contemplated operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. If the Company is unable to raise additional funds, it will need to do one or more of the following:

- Delay research and development projects;
- License third parties to develop and commercialize products or technologies that it would otherwise seek to develop and commercialize itself;
- Seek strategic alliances or business combinations;
- Attempt to sell the Company;
- Cease operations; or
- Declare bankruptcy.

The Company may continue to raise additional funding from its current investors. In addition, the Company will continue to seek funds through debt or equity financings, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements, or other sources of financing. However, there can be no assurances that such financing or other strategic transactions will be available on acceptable terms, or at all.

NOTE C- SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

Basis of presentation

The unaudited condensed consolidated financial statements contained herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, the condensed consolidated financial statements reflect all normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of operations and may not include all disclosures required by accounting principles generally accepted in the United States ("GAAP"). The information as of December 31, 2023, and 2022 is unaudited. The Company has presented the results of the Foreign Subsidiaries as a discontinued operation for all periods presented.

Principles of consolidation

The accompanying consolidated financial statements and related notes to the consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition

The Company recognizes revenue under Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 606, "*Revenue from Contracts with Customers*" ("ASC 606"). The Company determines revenue recognition through the following steps:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

The Company records sales of its products and services to the commercial and U.S. government agencies and foreign nation ministries of defense when the products and services are billed against the associated contracts when performance obligations with customers are satisfied. The Company's performance obligation is a promise to transfer a distinct good to the customer and each distinct good represents a single performance obligation. Such performance obligations are satisfied at a point in time and revenues are recognized when all rights and rewards of ownership are transferred. The majority of the Company's products are shipped by common carrier resulting in recognition of revenues upon shipment at which time control passes to the customer. Revenue is measured at the amount of consideration the Company expects to receive in exchange for the transferring of products. Customers may be entitled to cash discounts, typically denoted at the time of invoicing and shipping. Such amounts are considered to be variable consideration under ASC 606. An estimate for cash discounts is included in the transaction price as a component of sales and is estimated based on the satisfaction of outstanding receivables and historical performance. The Company does not have any material financing terms as payment is received shortly after the transfer of control of the products to the customer within a period of 30-60 days.

Deferred revenue arises from amounts received in advance of the culmination of the earnings process and is recognized as revenue in future periods as performance obligations are satisfied. Deferred revenue expected to be recognized within the next twelve months is classified as a current liability.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity date of six months or less to be cash equivalents.

Foreign currency translation

The Company translates the foreign currency financial statements in accordance with the requirements of ASC 830, "*Foreign Currency Matters*." Assets and liabilities are translated at current exchange rates, and related revenue and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' equity. Foreign currency translation gains and losses are included in the consolidated statement of operations, within general and administrative expenses.

Use of estimates

In preparing the Company's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Our policy is to provide an allowance when an account becomes greater than 90 days past due. An account is charged off when it is determined by management to be uncollectible.

Inventories

Inventories are stated at the lower of cost or market determined by the average cost method. The Company provides inventory allowances based on estimates of obsolete inventories. Inventories consist of finished products available for sale to distributors and customers as well as raw materials. The work in progress inventory primarily relates to the products being built for the DoD as noted in Note A2 above.

Components of inventories as of December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Component parts	\$ 3,935,012	\$ 62,093
Work in progress	14,472,404	-
Finished goods	<u>322,873</u>	<u>269,315</u>
Less: allowance for obsolete inventory	<u>(1,912,163)</u>	-
	\$ <u>16,818,126</u>	\$ <u>331,408</u>

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Furniture and fixtures	7 years
Office equipment	3 to 5 years
Leasehold improvements	Lessor of 5 years of life of lease
Tooling	3 years
Manufacturing equipment	3 years

Advertising costs

The Company expenses all costs of marketing and advertising as incurred. Marketing and advertising costs totaled approximately \$76,000 and \$98,000 for the years ended December 31, 2023, and 2022, respectively.

Research and Development

The Company accounts for research and development costs in accordance with the ASC 730 "*Research and Development*". Under ASC 730, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company expenditures were approximately \$157,000 and \$5,041,000 on research and product development for the years ended December 31, 2023, and 2022, respectively.

Reclassification

Certain reclassifications have been made in prior year's financial statements to conform to classifications used in the current year.

Fair Values

ASC 820 “*Fair Value Measurements and Disclosures*” (“ASC Topic 820”) defines fair value, establishes a framework for measuring fair value, and enhances fair value measurement disclosure. The Company considers its cash and cash equivalents, accounts receivable, and accounts payable to meet the definition of financial instruments, and the carrying amounts of such instruments approximated their fair values due to the short maturities of these instruments. The Company believes the fair value of notes payable approximate its amortized cost.

The Company measures fair value as required by the ASC Topic 820, which defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. ASC Topic 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, there exists a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

Concentrations of Credit Risk

Financial instruments and related items which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be more than the FDIC insurance limit. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts. At December 31, 2023, and 2022, the Company did not have an allowance for doubtful receivables.

Segment reporting

The Company follows ASC 280 "*Segment Reporting*". The Company operates as a single segment – industrial products.

Share-based compensation

The Company has granted common shares to employees, non-employee consultants and non-employee members of our Board of Directors. The Company has also granted Class B Preferred shares to an officer of the Company. The Company measures the compensation cost associated with all share-based payments based on the grant date fair values.

Income taxes

The Company follows ASC 740 "*Income Taxes*" for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or

liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Valuation allowances are recognized to reduce deferred tax assets to the amount that will more likely than not be realized. In assessing the need for a valuation allowance, management considers all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies. When the Company changes its determination as to the amount of deferred tax assets that can be realized, the valuation allowance is adjusted with a corresponding impact to income tax expense in the period in which such determination is made. The Company has reserved its deferred tax assets in all periods presented.

The Company also accounts for uncertain tax positions in accordance with ASC Topic 740, which prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in the Company's income tax returns. As of December 31, 2023, and 2022, the Company had no uncertain tax positions which affected its financial position and its results of operations or its cash flows and will continue to evaluate for uncertain tax positions in the future. If at any time the Company should record interest and penalties in connection with income taxes, the interest and the penalties will be expensed within the general and administrative expenses category in the accompanying consolidated statement of operations.

Intangible assets

Patents are amortized on a straight-line basis over an estimated useful life of 7 years. Technology related assets are amortized on a straight-line basis over an estimated useful life of 5 years.

The Company evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment. As of December 31, 2023, and 2022 management has determined that these assets are not impaired.

Comprehensive Income (Loss)

The Company follows ASC 220 "*Comprehensive Income*". ASC 220 establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners' sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. ASC 220 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available for sale securities.

Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the sum of the weighted average number of common

shares outstanding, including common stock equivalents, during the period. For periods in which the Company reports a net loss, diluted net loss per share is the same as basic net loss per share.

For the year ended December 31, 2023, the number of shares excluded from diluted net loss per share included approximately 24 billion shares of common shares which would be issued upon the conversion of notes payable and approximately 22 billion shares which would be issued upon the conversion of preferred stock based upon the conversion rates currently in effect – see Note H. The shares issuable upon conversion of notes payable and preferred stock are not included in the denominator since their inclusion would be anti-dilutive.

For the year ended December 31, 2022, the number of shares excluded from diluted net loss per share included approximately 270 million shares of common shares which would be issued upon the conversion of notes payable and approximately 14 billion shares which would be issued upon the conversion of preferred stock based upon the conversion rates currently in effect – see Note H. The shares issuable upon conversion of notes payable and preferred stock are not included in the denominator since their inclusion would be anti-dilutive.

NOTE D - PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment at December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 932,599	\$ 24,819
Engineering and test equipment	3,852,176	-
Tooling	1,105,511	-
Office and computer equipment	1,796,673	24,265
Trade show booth	56,560	21,558
Leasehold improvements	613,546	58,992
Vehicles	<u>218,000</u>	<u>129,634</u>
Less: accumulated depreciation	(7,541,031)	(92,631)
	<u>\$ 1,034,033</u>	<u>\$ 37,002</u>

During the years ended December 31, 2023, and 2022, depreciation expense charged to operations was approximately \$67,000 and \$20,000, respectively.

NOTE E – INTANGIBLE ASSETS

Intangible assets at December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Patents	\$ 469,783	\$ 3,689,489
Technology	10,663,000	293,750
Total	<u>11,132,783</u>	<u>3,983,239</u>
Less: accumulated depreciation	(654,061)	(3,974,974)
	<u>\$ 10,478,722</u>	<u>\$ 8,265</u>

During the years ended December 31, 2023, and 2022, amortization expense charged to operations was approximately \$683,000 and \$20,000, respectively. During 2023, certain fully amortized patents and technology intangible assets were written off. Annual amortization expense of intangibles will approximate \$2,600,000 for the next 4 years, and then \$1,800,000 thereafter.

Acquisition of Datron

On September 16, 2023, the Company acquired 100% of the outstanding stock of Datron World Communications, Inc. (“Datron”), a provider of communications solutions to government, militaries, and industrial users globally. The purchase price consisted of the payment of \$3.0 million at closing, issuance of a \$2.0 million note payable (1st note), the issuance of a \$2.0 million note payable (2nd note) and the cancellation of a \$3.5 million advance previously made to Datron.

The 1st note payable bears interest at 3% per annum and is due September 2026. The holder can elect to convert the note into shares of common stock at 90% of the VWAP after September 2024.

The 2nd note payable bears interest at 5% per annum and is due September 2026. The holder can elect to convert the note into shares of common stock at 85% of the VWAP after September 2024.

The acquisition was accounted for as an acquisition of a business, and the purchase price of approximately \$10.5 million was allocated to net operating assets of \$0.1 million and the remaining \$10.4 million was allocated to technology based intangible assets, which will be amortized over 5 years. The Company has not yet completed the purchase price allocation and valuation of the identifiable intangible assets as required by ASC 805, but expects to have it completed for the December 31, 2024, reporting period.

Datron had significant deferred tax assets as a result of net operating loss carryforwards and certain timing assets which exceeded the deferred tax liability which would have been record as a result of the basis difference in the intangible assets resulting from the acquisition. No net deferred tax assets or liabilities were recognized from the acquisition – See Note J.

NOTE F- ACCRUED EXPENSES

Current liabilities as of December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Accrued payroll, payroll taxes and other	\$ 1,677,835	\$ 728,577
Taxes and other	100,000	-
Commissions payable	<u>2,628,360</u>	-
Total	\$ <u>4,406,195</u>	\$ <u>728,577</u>

NOTE G – NOTES PAYABLE

The Company has borrowed money from affiliates and non-affiliates over the past few years. The Company has also settled certain obligations through the issuance of promissory notes and settled certain past-due notes payable through cash payments or equity issuances. Interest expense for the years ended December 31, 2023, and 2022 was approximately \$310,000 and \$662,000, respectively, including amortization of debt discount of \$41,000 in 2023. Accrued interest was approximately \$2,065,000 and \$1,974,000 at December 31, 2023, and 2022.

Non-affiliate loans

At December 31, 2023, and 2022, the notes payable to non-related parties consist of the following:

	<u>Balance outstanding at December 31, 2023</u>	<u>Balance outstanding at December 31, 2022</u>	<u>Interest rate</u>	<u>Due date</u>	<u>Conversion terms</u>
Datron acquisition -note 1	\$2,000,000	\$0	3%	September 2026	90% VWAP
Datron acquisition -note 2	2,000,000	0	5%	September 2026	85% VWAP
Less: unamortized debt discount	<u>(458,333)</u>	<u>0</u>			
Total long- term debt	<u>\$3,541,667</u>	<u>\$0</u>			
Note payable RB Capital	\$5,250,000	\$5,250,000	5%	July 2024	\$0.25 per share
Others	<u>2,459,395</u>	<u>1,848,993</u>	5%	Various	\$1,245,000 is convertible at various rate
Total short-term debt	<u>\$7,709,395</u>	<u>\$7,098,993</u>			

The Company has recognized a debt discount of approximately \$500,000 representing the discount provided on the Datron acquisition notes. Such discount will be accreted to interest expense over the term of the note and amounted to approximately \$41,000 of interest expense during the year ended December 31, 2023. The remaining debt discount of approximately \$459,000 will be accreted into interest expense over the next 2.7 years.

Related party loans

From time to time, the Company's principal officers have advanced funds to the Company for working capital purposes in the form of unsecured promissory notes, accruing interest at 10% per annum, summarized as follows. There is no scheduled repayment terms for most of these notes.

Loans from Affiliates			
Officer	Principal Due December 31, 2023	Interest Rate	Principal Due December 31, 2022
David Downing	\$1,133,606	10%	\$1,442,656
Mark Schmidt	679,599	10%	919,789
John Ringo	405,361	10%	405,361
All others	<u>352,195</u>	10%	<u>616,461</u>
Total at December 31,	<u>\$2,570,761</u>		<u>\$3,384,267</u>

NOTE H - STOCKHOLDER'S EQUITY

Common stock

The Company has authorized 7,000,000,000 shares of common stock, with a par value of \$.001 per share. As of December 31, 2023, and 2022, the Company had 5,728,914,810 and 5,587,666,363 shares outstanding, respectively.

At December 31, 2023, 2022 and 2021, the Company had outstanding obligations to issue approximately 57.1 million, 30.5 million and 4.1 million, common shares, respectively, in respect of agreements entered into from 2021 through 2023. Further, as noted below, the Company has an obligation to issue the 6,745 common shares issuable upon the mandatory conversion of the Series A preferred shares. The Company's transfer agent will be instructed to issue such shares of common stock. The Company has recorded a liability to recognize the obligation.

Among other provisions of the Certificate of Designations of the Series B and C preferred stock, the Company is required to reserve a sufficient number of shares of common stock of the Company for the conversion of all shares of preferred stock. The Company is not currently observing this requirement.

Series A - Convertible Preferred stock

The Company has authorized 100,000,000 shares of Preferred Stock, with a par value of \$.001 per share. The Company filed a Certificate of Designation creating a Series A Convertible Preferred Stock classification for 200 shares. The Series A Preferred stated conversion price of \$.10 per share was subject to certain anti-dilution provisions. The Series A Preferred Stock became converted into 6,745 shares of common stock pursuant to its terms, however such common shares have not yet been issued to the shareholders. The Company is instructing the transfer agent to issue an aggregate of 6,745 common shares to the remaining record holders of Series A Preferred stock. This obligation is included in the liability for common stock to be issued on the accompanying consolidated balance sheet.

Series B - Convertible Preferred stock

There are 100,000,000 shares of Series B Preferred authorized, and 87,300,000 and 70,500,000 shares of Series B Preferred shares issued and outstanding as of December 31, 2023, and 2022, respectively. A Board of Directors resolution indicates that the conversion ratio is 200:1.

The holders of the Series B Preferred shall have the right to vote, separately as a single class, at a meeting of the holders of the Series B Preferred or by such holders' written consent or at any annual or special meeting of the stockholders of the Corporation on any of the following matters: (i) the creation, authorization, or issuance of any class or series of shares ranking on a parity with or senior to the Series B Preferred with respect to dividends or upon the liquidation, dissolution, or winding up of the Corporation, and (ii) any agreement or other corporate action which would adversely affect the powers, rights, or preferences of the holders of the Series B Preferred.

The holders of record of the Series B Preferred shall be entitled to receive cumulative dividends at the rate of twelve percent per annum (12%) on the face value (\$1.00 per share) when, if and as declared by the Board of Directors, if ever. All dividends, when paid, shall be payable in cash, or at the option of the Company, in shares of the Company's common stock. Dividends on shares of Series B Preferred that have not been redeemed shall be payable quarterly in arrears, when, if and as declared by the Board of Directors, if ever, on a semi-annual basis. No dividend or distribution other than a dividend or distribution paid in

common stock or in any other junior stock shall be declared or paid or set aside for payment on the common stock or on any other junior stock unless full cumulative dividends on all outstanding shares of the Series B Preferred shall have been declared and paid. These dividends are not recorded until declared by the Company. As of December 31, 2023, the liquidation preference of the Series B preferred stock is approximately \$295 million, including dividends in arrears.

Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, and after payment of any senior liquidation preferences of any series of Preferred Stock, and before any distribution or payment is made with respect to any common stock, holders of each share of the Series B Preferred shall be entitled to be paid an amount equal in the greater of (a) the face value denominated thereon subject to adjustment for stock splits, stock dividends, reorganizations, reclassification or other similar events plus, in the case of each share, an amount equal to all dividends accrued or declared but unpaid thereon, computed to the date payment thereof is made available, or (b) such amount per share of the Series B Preferred immediately prior to such liquidation, dissolution or winding up, or (c) the liquidation preference of \$1.00 per share, and the holders of the Series B Preferred shall not be entitled to any further payment.

Series C - Convertible Preferred stock

On November 13, 2006, the Company filed a Certificate of Designation creating a Series C Convertible Preferred Stock classification for 100,000 shares. This was subsequently amended on January 11, 2007, to allow the issuance of 150,000 shares.

The shares of the Series C Preferred are non-voting and convertible, at the option of the holder, into common shares after one year from issuance. The number of common shares to be issued per Series C share is calculated by dividing \$25.20 by the 10 DMA (daily moving average), adjusted for the 200:1 reverse split effected in 2010. That formula computes as: $(\$25.20/10DMA)/200$. Neither of the Series C Preferred shareholders have exercised their conversion right and there are 150,000 shares of Series C Preferred shares issued and outstanding on December 31, 2023, and 2022.

The holders of record of the Series C Preferred shall be entitled to receive cumulative dividends at the rate of five percent per annum (5%), compounded quarterly, on the face value (\$25.00 per share) when, if and as declared by the Board of Directors, if ever. All dividends, when paid, shall be payable in cash, or at the option of the Company, in shares of the Company's common stock. Dividends on shares of the Series C Preferred that have not been redeemed shall be payable quarterly in arrears, when, if and as declared by the Board of Directors, if ever, at the time of conversion. These dividends are not recorded until declared by the Company. As of December 31, 2023, no dividends have been declared. As of December 31, 2023, the liquidation preference of the Series C preferred stock is approximately \$3 million, including dividends in arrears.

NOTE I - RELATED PARTY TRANSACTIONS

The Company has borrowed money from related parties from time to time – See Note G.

The Company has paid consulting fees to shareholders in the amount of approximately \$1.6 million and \$0.6 million for the years ended December 31, 2023, and 2022, respectively.

NOTE J – INCOME TAXES

The Company has no significant current income taxes due because of the losses generated in each period. The reconciliation of the Federal statutory income tax provision to the Company's effective income tax provision is as follows:

	Year Ended December 31,	
	2023	2022
Federal statutory income tax	21.0%	21.0%
State income taxes, net of federal tax benefit	10.4%	2.0%
Other permanent items	(21.6)%	—
Valuation allowance	(9.8)%	(23.0)%
Effective income tax rate	0.0	0.0

Significant components of the Company's net deferred tax assets are as follows:

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	\$ 16,558,000	\$ 8,121,000
Accruals & reserves	500,000	—
Stock compensation and other	263,000	—
Total deferred tax assets	17,321,000	8,121,000
Deferred tax liabilities:		
Intangibles	(2,581,000)	—
Total deferred tax liabilities	(2,581,000)	—
Valuation allowance	\$ (14,740,000)	\$ (8,121,000)
Net deferred tax assets	\$ —	\$ —

At December 31, 2023, the Company had Federal net operating loss (NOL) carryforwards of approximately \$62 million. The federal NOL carryforwards begin to expire in 2024. Of the total Federal net operating losses, the amounts incurred after 2017 of approximately \$23 million will carry forward indefinitely. Sections 382 and 383 of the Internal Revenue Code, and similar state regulations, contain provisions that may limit the NOL carryforwards available to be used to offset income in any given year upon the occurrence of certain events, including changes in the ownership interests of significant stockholders. In the event of a cumulative change in ownership in excess of 50% over a three-year period, the amount of the NOL carryforwards that the Company may utilize in any year may be limited. Although the Company has not undertaken a formal analysis, an ownership change may have occurred prior to December 31, 2023, which would reduce the NOL available for use in future periods.

Prior to 2022, taxpayers had the option under Section 174 of the Internal Revenue Code to either deduct their research and development costs or capitalize and amortize such costs over a period of not less than 60 months. As part of the tax law changes in the Tax Act enacted in 2017, starting with tax years beginning after December 31, 2021, Congress requires taxpayers to capitalize expenditures that qualify as Section 174 research and development costs and recover them over 5 years for expenditures attributed to domestic research and 15 years for expenditures attributed to foreign research. The tax effect of this legislation was immaterial for 2023.

Deferred tax assets resulting from the net operating losses and certain temporary differences were partially offset by a deferred tax liability resulting from a basis difference in the intangible assets of Datron. In accordance with ASC 740, the Company recorded a valuation allowance to fully offset the gross deferred tax asset because it is not "more likely than not" that the Company will realize future benefits associated with these deferred tax assets at December 31, 2023, and 2022. The valuation allowance increased by approximately \$6,618,000 (including acquired valuation allowance from Datron of \$5,700,00) and \$500,000 for the years ended December 31, 2023, and 2022, respectively.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's financial statements as of December 31, 2023, or 2022. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. No tax audits were commenced or were in process for the taxable periods that ended December 31, 2023, or 2022. No tax related interest or penalties were incurred during the years ended December 31, 2023, or 2022.

NOTE K – LEASE

The Company leases offices and manufacturing space in California and Texas under a 5-year lease terminating in December 2025, with a monthly rental payment of approximately \$2,000 per month.

Operating leases are presented in the Company's consolidated balance sheets as right-of-use assets from leases, current lease liabilities and long-term lease liabilities. The assets and liabilities from our leases are recognized at the lease commencement date based on the present value of remaining lease payments over the lease term using the Company's incremental borrowing rates. Short-term leases, which have an initial term of 12 months or less, are not recorded on the balance sheet. As the Company's operating leases do not provide implicit rates, the Company has utilized its incremental borrowing rate, determined based on the long-term borrowing costs of companies with similar credit profiles, to record its lease obligations. For operating leases, the Company recognizes the minimum rental expense on a straight-line basis based on the fixed components of a lease arrangement. The Company will amortize this expense over the term of the lease beginning with the lease commencement date.

The following table presents information about the amount and timing of liabilities arising from the Company's operating leases as of December 31, 2023:

Total undiscounted operating lease payments	\$859,212
Less: Imputed interest	<u>(66,502)</u>
Present value of operating lease liabilities	\$792,710
Weighted average remaining lease term in years	2.0
Discount rate	11.75%

The Right of Use Asset at December 31, 2023, of approximately \$428,000 will be amortized over the three years remaining under lease term. The Right of Use liability balance at December 31, 2023, was

approximately \$439,000. Rent expense was approximately \$ 294,000 and \$ 152,000 for the years ended December 31, 2023, and 2022 respectively.

NOTE L - COMMITMENTS AND CONTINGENCIES

Consulting Agreements

The Company has consulting agreements with outside contractors, certain of whom are also Company stockholders. The Agreements are generally for a term of 12 months from inception and renewable automatically from year to year unless either the Company or Consultant terminates such engagement by written notice.

Litigation

The Parties involved in the Atlantic Wave Holdings, LLC and Secure Community LLC (“Plaintiff”) v. Cyberlux Corporation and Mark D. Schmidt had reached a settlement of the litigation. The amounts payable pursuant to the settlement agreement were included in accounts payable in the accompanying condensed consolidated financial statements, and payments are being made pursuant to the settlement agreement. The Plaintiff has initiated further complaints, but the Company believes such complaints are without merit.

The Company is subject to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its consolidated financial position, results of operations or liquidity.

NOTE M – DISCONTINUED OPERATIONS

The Company acquired three electronic component companies located overseas - Kreatx Shpk, FBD Shpk and Havas SAS (“Foreign Subsidiaries”) – during 2020 and 2021. The Company and these Foreign Subsidiaries entered into Agreements of Business Separation, effective as of April 1, 2023, (Kreatx) and June 30, 2023, (FBD and Havas), terminating the business relationships between the parties, in exchange for certain payment and equity terms. The operations of these businesses for the years ended December 31, 2023, and 2022 are presented as discontinued operations in the consolidated statement of operations, summarized as follows:

	For period from January 1, 2023 to June 30, 2023	For year ended December 31, 2022
Revenues	\$10,917,000	\$22,664,000
Expenses	<u>8,620,000</u>	<u>17,900,000</u>
Net profit	<u>\$2,297,000</u>	<u>\$4,764,000</u>

At December 31, 2022, the net assets of the foreign subsidiaries have been classified as Net Assets of Discontinued Operations on the accompanying consolidated balance sheet summarized as follows:

Operating assets	\$7,970,000
Intangible assets	2,956,000
Liabilities	<u>3,002,000</u>
Net assets	<u>\$7,924,000</u>

The Company recognized a loss on the disposition of these subsidiaries of approximately \$8,714,000, as presented in the consolidated statement of operations, including shares and cash payments made to terminate these relationships. There is \$500,000 due under the FBD separation agreement at December 31, 2023, which is included in accrued expenses on the consolidated balance sheet.

NOTE N – RESTATEMENT

The Company corrected errors in the calculation of stock-based expenses and certain accruals. The impact of such restatements was to increase the net loss for the year ended December 31, 2022, by approximately \$2.2 million.

NOTE O - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the consolidated financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements, except as follows:

In February 2024, a portion of the note payable due to RB Capital in the amount of \$1,654,685, including accrued interest, was converted into 6,618,740 shares of common stock.

In March 2024, an officer of the Company provided a loan of \$100,000 to the Company.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Mark D. Schmidt, certify that:

1. I have reviewed this Disclosure Statement, for Cyberlux Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/26/2024

/s/ Mark D. Schmidt

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, David Downing certify that:

1. I have reviewed this Disclosure Statement for Cyberlux Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/26/2024

/s/ David Downing

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)