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

FORM 10-K

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

For the fiscal year ended December 31, 2025

OR

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

For the transition period from to

Commission File Number: 001-41276

SKYX Platforms Corp.
(Exact name of registrant as specified in its charter)

Florida	**46-3645414**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2855 W. McNab Road
Pompano Beach, Florida 33069
(Address, including zip code, of principal executive offices)

(855) 759-7584
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	**SKYX**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $87,129,729 based on the closing price as reported on The Nasdaq Stock Market LLC as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter.

As of March 18, 2026, the registrant had 133,281,119 shares of common stock, no par value per share, issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Form 10-K") of SKYX Platforms Corp. (the "Company," "Sky Technologies," "we," "us," or "our") contains forward-looking statements that are based on management's beliefs and assumptions and on information currently available to management. All statements other than statements of historical facts contained in this Form 10-K, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management, outlook, and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements by the following words: "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "aim," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," "target," "seek" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements involve risks, uncertainties and other factors, many of which have outcomes that are difficult to predict and may be outside our control, which may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Forward-looking statements in this Form 10-K include, but are not limited to, statements about:

- our ability to successfully launch, develop additional features and achieve market acceptance of our smart products and technologies, access and integrate our products and technologies with third-party platforms or technologies, respond to rapidly changing technology and customer demands, and compete in our industry;
- our ability to successfully manage and grow the operations of Belami, Inc. ("Belami") with our business;
- our ability to expand, operate and successfully manage our operations, including managing our business transformation in connection with evolving our business strategy to focus on smart products and technologies and integrating new lines of business;
- our ability to raise additional financing to support and continue our operations as needed;
- our ability to comply with the terms of, and timely repay, our current debt financing;
- our reliance on a limited number of third-party manufacturers and suppliers and our ability to successfully reduce our production costs;
- our potential dependence upon a limited number of customers and/or on contracts awarded through competitive bidding processes;
- any downturn in the cyclical industries in which our customers operate;
- our ability to acquire other businesses, license rights, form alliances or dispose of operations when desired;
- our ability to comply with regulations relating to applicable quality standards;
- our ability to maintain, protect and enhance our intellectual property and retain rights to use intellectual property owned by third parties;
- the potential outcome of any legal proceedings;
- compliance with various tax laws and regulations, including income and sale taxes;
- our ability to successfully sell and distribute our products and technologies;
- our ability to attract and retain key executives and qualified personnel;
- guidance provided by management, which may differ from our actual operating results;
- our ability to successfully manage our planned development and expansion, including the additional costs of being a public company;
- our estimated total addressable market;
- our ability to maintain effective internal control over financial reporting and disclosure controls and procedures;
- the potential impact of unstable market and economic conditions on our business, financial condition, and stock price, including the effects of governmental regulations such as trade and monetary policies, geopolitical conflicts, including conflicts in the Middle East and potentially deteriorating relationships with China, trade barriers or restrictions, inflation, labor shortages, supply chain constraints and shortages, including availability of affordable electronic microchips, instability in the global banking system and the possibility of an economic recession;
- the potential impact of cybersecurity breaches or disruptions to our or our third-party vendors' information systems, including our cloud-based infrastructure;
- risks related to our use of artificial intelligence capabilities in our product offerings, including operational and reputational risks;

- the potential impact of widespread outages, interruptions, or other failures of operational, communication, and other systems;
- the potential impact of natural disasters and other catastrophic events;
- risks related to ownership of our common stock;
- the potential impact of anti-takeover and director and officer liability provisions in our charter documents and under Florida law; and
- other risks and uncertainties, including those listed under the section titled "Risk Factors."

These forward-looking statements represent our intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties, and other factors, including unpredictable or unanticipated factors that we have not discussed in this Form 10-K. Investors should refer to the "Risk Factors" section of this Form 10-K for a discussion of other important factors, many of which are outside of our control, that may cause actual results to differ materially from those expressed or implied by the forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Form 10-K will prove to be accurate. Furthermore, if the forward-looking statements prove to be inaccurate, the inaccuracy may be material. Considering the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. The forward-looking statements in this Form 10-K represent our views as of the date of this Form 10-K. We anticipate that subsequent events and developments will cause our views to change; however, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by U.S. federal securities laws. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Form 10-K.

RISK FACTORS SUMMARY

The following is a summary of the principal risks that could materially adversely affect our business, results of operations and financial condition, all of which are more fully described in the section titled "Risk Factors." This summary should be read in conjunction with the "Risk Factors" section and should not be relied upon as an exhaustive summary of the material risks facing our business, as it does not address all of the risks that we face.

- We have a history of operating losses, will likely incur losses in the future and may be unable to generate sufficient revenue to support our operations.
- If we are unable to successfully launch our smart products and technologies as planned, integrate them with third-party products and technologies, further develop them to include new features and to respond to customer demands, or otherwise are unable to realize our product strategy or compete in our industry, our business, results of operations and financial condition would be adversely affected.
- If we are unable to successfully manage and grow Belami's e-commerce operations, or if global economic conditions and the effect of economic pressures and other business factors negatively impact discretionary consumer spending, our business, results of operations and financial condition would be adversely affected.
- Our success depends on our ability to develop, expand and manage our operations and effectively and timely develop and implement our strategic business initiatives, which may include engaging in strategic transactions, including acquisitions, and involve substantial risks.
- We may need to raise additional financing to support our operations, and any inability to do so may adversely affect or terminate our operations. We also face risks related to our current debt financing.
- We depend on a limited number of third-party manufacturers and suppliers.
- We face substantial risks relating to the intellectual property we rely upon, including any inability to protect our intellectual property and maintain rights to use intellectual property owned by third parties, potential litigation and the expiration or loss of patent protection and licenses.
- We could face significant liabilities or may be subject to legal claims that could adversely affect our business and financial condition.
- We have limited product distribution experience and expect to rely on third parties, who may not successfully sell our products.
- We have incurred, and will continue to incur, increased costs as a result of operating as a public company.
- Our future success depends on our ability to retain key executives and qualified personnel.
- Any failure to maintain effective internal control over financial reporting or disclosure controls and procedures could negatively impact us.
- Unstable market and economic conditions, including monetary and trade policies, as well as natural disasters, geopolitical events and other highly disruptive events, including ongoing and potential future conflicts in the Middle East, could materially adversely affect us.
- Unauthorized breaches or failures in cybersecurity measures adopted by us or third parties on which we rely and/or are included in our products and technologies, or any disruption to our cloud-based infrastructure, could have a material adverse effect on our business.
- We are in the initial stages of incorporating artificial intelligence capabilities into certain product offerings, which could present new operational and reputational risks.
- Our executive officers, directors, principal stockholders and their affiliates exercise considerable influence over us.
- We are a smaller reporting company, and the reduced reporting requirements applicable to smaller reporting companies may make our common stock less attractive to investors.
- Anti-takeover provisions in our charter documents and under Florida law could discourage, delay or prevent a change in control of us and may affect the trading price of our common stock.

PART I

ITEM 1. BUSINESS

Our Mission

As electricity is a standard in every home and building, our mission is to make homes and buildings become safe advanced and smart as the standard.

Overview

Sky Technologies has a series of highly disruptive advanced-safe-smart platform technologies, with almost 100 U.S. and global patents and patent pending applications. Our technologies place an emphasis on high quality and ease of use, while significantly enhancing both safety and lifestyle in homes and buildings. We believe that our products are a necessity in every room in both homes and other buildings in the U.S. and globally. In addition, during 2023, we expanded our operations by acquiring an online retailer and e-commerce provider specializing in home lighting, ceiling fans, and other home furnishings.

Our first- and second-generation technologies enable light fixtures, ceiling fans and other electrically wired products to be installed safely and plugged into a ceiling's electrical outlet box within seconds, and without the need to touch hazardous wires. The plug and play technology method is a universal power-plug device that has a matching receptacle that is simply connected to the electrical outlet box on the ceiling, enabling a safe and quick plug and play installation of light fixtures and ceiling fans in just seconds. The plug and play power-plug technology eliminates the need of touching hazardous electrical wires while installing light fixtures, ceiling fans and other hardwired electrical products. In recent years, we have expanded the capabilities of our power-plug product, to include advanced safe and quick universal installation methods, as well as advanced smart capabilities. The smart features include control of light fixtures and ceiling fans by the SkyHome App, through WIFI, Bluetooth Low Energy ("BLE") and voice control connections. The SkyHome App allows scheduling, energy saving-eco mode, dimming, back-up emergency light, night light, light color changing and much more.

We believe that due to safety, convenience, cost, and time all hard-wired electrical products, such as light fixtures, ceiling fans and other products, should become plug and play and smart, as the standard, enabling consumers to plug their fixtures and control them through their smartphones at any time.

Our third-generation technology is an all-in-one safe and smart advanced platform (the "Smart Sky Platform") that is designed to enhance all-around safety and lifestyle of homes and other buildings.

We believe that our patented advanced, safe and smart home platform technologies will enhance and promote safety in homes and buildings and make them smart, as a standard, in a fraction of the time and cost, as compared to other market products.

We believe that our smart home products will enable builders to deliver smart homes as a standard, in the same way they deliver electricity and appliances as a standard.

As our products, including our advanced, safe and smart products, can be easily implemented and installed in both existing and new homes and buildings in just minutes, installing our products is expected to save a major part of the cost and time associated with installation of smart home products. As many people spend the majority of time at their homes, we believe that they should have an affordable, easily installed, standard solution to make their homes safe, secure and smart. Similar to how smartphones serve people as an all-in-one personal smart platform, we believe that our all-in-one Smart Sky Platform will enable every room in homes and other buildings to include a smart platform as a standard.

The Smart Sky Platform technology is an open system that can integrate with both existing and new smart home features, devices, and systems. The Smart Sky Platform is designed and built in a way that it can accommodate additional smart home features, enabling the platform to serve as a gateway for safe and smart technologies into rooms/homes, buildings, and that it can act like a "Panama-Canal" that can accommodate other type of software systems, wireless systems, electronic chips and more.

Substantially most of our revenues come from the resale of third-party products, which include ceiling fans, heaters, light fixtures, paired, to the extent possible, with our standard "plug and play" feature either built in or with an adaptive kit. The products with the plug and play built in feature are described further below under "Products-Our First Product Gen-1: The Weight Bearing Power-Plug". Our newer line of products, include a universal "plug and play" adapter kit, Our smart products, which will include smart light fixtures and ceiling fans with our smart "plug and play" features, and our Sky Smart Gen-3 All-in-One Smart Home Platform. Additional information regarding our newer line of products is described below under "Products-Advanced Products" and "-Smart Products- Gen-2." We shifted to smart products because we believe that the market has great demand for smart advanced products, and that we will be able to generate significant sales from our new line of advanced and smart products from direct sales as well as from licensing. All advanced and smart products, other than our Smart Sky Platform, were available during 2023 and we expect our Smart SKY Platform will be available within the next few months. We also expect to continually expand the collection of third-party products that can be paired with our "plug and play" technology.

E-Commerce

On April 28, 2023, we completed our acquisition (the "Closing") of all of the issued and outstanding shares of Belami, an online retailer and e-commerce provider specializing in home lighting, ceiling fans, and other home furnishings. Many of the sixty websites acquired serve as marketing and growth platforms for our smart products and provide several distribution channels, including to retail customers, builders, and professionals.

Safety

We believe that safety is a necessity and the top priority in all aspects of life. Therefore, our technologies and products emphasize human safety, home, building and property safety and security, while combining safety features with high demand smart home features. We believe our products should contribute to the elimination of many cases of hazardous incidents, including ladder falls, electric shock/electrocutions, fires, carbon monoxide poisonings, injuries and deaths, as management believes that our products will result in easier installation processes and enhance the use of life saving products such as smoke detectors, carbon monoxide detectors, and emergency lights, among other products. Our products, including the Smart Sky Platform, incorporate our "plug and play" technology, which eliminates the need to touch wires during the later plug-in installation, replacement and maintenance, and cleaning and, accordingly, could result in reduced incidents of electrical shocks and fires resulting from faulty wiring. While the installation of our products and retrofitting of electrical services does not require the services of a licensed electrician, it does not preclude the services of a licensed electrician. As more individuals engage in do-it-yourself (DIY) lighting projects, using our products rather than traditional lighting products could reduce incidents of incorrect wiring, shocks, injury and even death. In addition, we believe installing our products will allow installers to spend less time on a ladder during initial installation. Installers often wire light fixtures and fans while also holding such fixture or fan; with our products, including the Smart Sky Platform, the initial receptacle installation will be completed on the ladder and, afterwards, the fixture can simply be plugged into place, resulting in a faster and, we believe, much safer process, as installers can focus on wiring without also holding potentially heavy or breakable fixtures. Further, the Smart Sky Platform will incorporate a hard-wired smoke detector with battery back-up and a carbon monoxide monitor, which we believe could reduce injuries and deaths from fire and carbon monoxide poisoning.

Products

Our products are designed to improve all around home and building safety and lifestyle. We are continuing to refine our products and began manufacturing certain advanced and smart products during 2023 and expect to manufacture and make commercially available our Smart Sky Platform within the next few months.

Our First Product Gen-1: The Weight Bearing Power-Plug

Our first patented technology was the Gen-1 Power-Plug, a weight bearing power plug that acts as a safe and quick installation device, designed for "plug and play" installation of weight bearing electronics, such as light fixtures, ceiling fans and other electrical products, into ceiling electrical outlet boxes.
Our patented technology consists of a fixable socket and a revolving plug (the Power-Plug) for conducting electric power and supporting an electrical appliance attached to a wall or ceiling. The socket is comprised of a non-conductive body that houses conductive rings connectable to an electric power supply through terminals in its side exterior. The Power-Plug, which is comprised of a non-conductive body that houses corresponding conductive rings, attaches to the socket via a male post and can feed electric power to an appliance. The Power-Plug also includes a second structural element allowing it to revolve with a releasable latch that, when engaged, provides a retention force between the socket and the Power-Plug to prevent disengagement. The socket and Power-Plug can be detached by releasing the latch, disengaging the electric power from the Power-Plug. The socket is designed to replace the support bar incorporated in electric junction boxes, and the Power-Plug can be installed in light fixtures, ceiling fans, wall sconce fixtures and other electrical devices and products. Once installed, the socket can remain affixed to the junction box, enabling any electronic fixture installed with the Power-Plug to be connected and/or removed in seconds. The combined socket and Power-Plug technology are referred to throughout this Form 10-K as the "Sky Plug & Receptacle".

We previously sold products with the Sky Plug & Receptacle built in, including ceiling fans and light fixtures. We wound down the sales of our standard products by discontinuing production of light fixtures and ceiling fans that include the older version of our standard Sky Plug & Receptacle in favor of launching our new line of products described below.

Advanced Gen-1 Products

Sky Universal Power-Plug & Receptacle: Our universal "plug and play" Sky Plug & Receptacle technology is comprised of two devices. The first device is a male Power-Plug Retrofit Kit, which can be easily embedded in the base of light fixtures and ceiling fans. The second device is a Ceiling Receptacle, which can be connected to a ceiling outlet box. After a one-time installation of the Ceiling Receptacle to a ceiling outlet box, a light fixture or ceiling fan that includes the Power-Plug Retrofit Kit can be plugged into the Ceiling Receptacle within seconds. The Universal Power-Plug & Receptacle should contribute to the elimination of hazardous incidents in homes and buildings including ladder falls, electric shock/electrocutions, fires, injuries, and deaths, etc.

Smart Products

Our Gen-2 Smart Products have advanced smart and safety technologies, have unique modern designs and are controlled by our proprietary SkyHome App or through voice control. All these products can be linked to the SkyHome application that works with both iPhones and Android phones to control features and specifications of connected devices, such as scheduling and eco/energy-saving mode. Gen-2 products also integrate with AI home assistants Siri, Alexa, Google Home, Samsung SmartThings, and more. Our SkyHome App and Gen-2 products are an open system that can integrate with other smart home devices and systems.

<u>SkyHome App</u>: Our proprietary SkyHome Application works with both iPhones and Android phones. The SkyHome App controls products through WIFI and BLE and is designed to control our products through additional communication methods as needed. The SkyHome App controls various products, features and specifications, including scheduling, safety features, security features, lifestyle features, sound, lights, dimming, emergency back-up battery and much more.

<u>Sky Smart Gen-2 - Universal Power-Plug & Receptacle</u>: Our Sky Smart Universal Power-Plug & Receptacle system contains two devices. First, the male Smart Power-Plug, which includes a smart electronic board, comes as a Retrofit Kit, which can be simply embedded to the base of light fixtures and ceiling fans, enabling them to become both "plug and play" and smart. The second device is a Ceiling Receptacle that can be simply connected to a ceiling outlet box. After a one-time simple installation of the Ceiling Receptacle to a ceiling outlet box, a light fixture or ceiling fan that includes the male Smart Power-Plug Retrofit Kit can be plugged into the Ceiling Receptacle within seconds. Our Smart Power-Plug is controlled by our proprietary SkyHome App or through voice control and is an open system that can integrate with other smart home devices and systems. Our Smart Power-Plug is connected through WIFI and BLE,

and includes numerous smart features, including scheduling, energy saving-eco mode, dimming, back-up emergency light, night light, light color changing and more. We believe that, due to safety, convenience, cost and time, all hard-wired electrical products, such as light fixtures and ceiling fans, should become plug and play and smart, as the standard, enabling consumers to plug their fixture and control them through their smartphones at any time. The Smart Universal Power-Plug & Receptacle should contribute to the elimination of hazardous incidents in homes and buildings including ladder falls, electric shock/electrocutions, fires, injuries, and deaths, etc.

Sky - Smart Gen2 for Plug and Play Ceiling Fans: Our line of high-end smart plug and play ceiling fans can be installed to our matching ceiling receptacle within seconds. Our smart ceiling fans incorporate advanced technologies, have unique modern designs, and are controlled by our proprietary SkyHome App or through voice control, and are an open system that can integrate with other smart home devices and systems. Our Smart Plug and Play Ceiling Fan is connected through WIFI and BLE, and includes numerous smart features, including scheduling, energy saving-eco mode, dimming, back-up emergency light, night light, light color changing and more. We believe that, due to safety, convenience, cost and time, all hard-wired electrical products, such as ceiling fans, should become plug and play and smart, as the standard, enabling consumers to plug their fixture and control them through their smartphones at any time. The Smart Plug and Play Ceiling Fan should contribute to the elimination of hazardous incidents in homes and buildings including ladder falls, electric shock/electrocutions, fires, injuries, and deaths, etc.

Sky - Smart Gen-2 for Plug and Play Lighting: Our line of high-end Smart Plug and Play light fixtures can be installed to our matching ceiling receptacle within seconds. Our smart light fixtures incorporate advanced technologies, have unique modern designs, and are controlled by our proprietary SkyHome App or through voice control, and are an open system that can integrate with other smart home devices and systems. Our smart light fixture is connected through WIFI and BLE, and includes numerous smart features, including scheduling, energy saving-eco mode, dimming, back-up emergency light, night light, light color changing and more. We believe that, due to safety, convenience, cost and time, all hard-wired electrical products, such as light fixtures, should become plug and play and smart, as the standard, enabling consumers to plug their fixture and control them through their smartphones at any time. The Smart Plug and Play Lighting should contribute to the elimination of hazardous incidents in homes and buildings including ladder falls, electric shock/electrocutions, fires, injuries, and deaths, etc.

Sky - All-In-One Smart Sky Platform: As most people spend a majority of their time in their homes, we believe that they should have an easy solution to make their homes safe, secure, and smart in a simple way and as the standard. We believe that our patented advanced-safe-smart home platform technologies will make homes and buildings safer and have numerous technological features and smart as a standard, in a fraction of time and cost, compared to other market products. Our all-in-one Smart Sky Platform is designed to enhance the all-around safety and lifestyle of homes and other buildings and can be easily implemented and installed to the ceiling receptacle in both existing and new homes and other buildings within minutes. Our Smart Sky Platform includes advanced smart and safety technologies, has unique modern designs and is controlled by our proprietary SkyHome App or through voice control. It is an open system that can integrate with other smart home devices and systems.

As smartphones serve people as an all-in-one personal smart platform, we believe that our all-in-one Smart Sky Platform technology will enable every room in homes and buildings to have a smart platform as a standard. Our Smart Sky Platform is connected through WIFI and BLE, includes numerous smart and safety features, including a smart smoke detector, a smart carbon monoxide detector, time scheduling, temperature sensor, humidity sensor, WIFI extender, energy saving-eco mode, high quality speakers, and a back-up battery that can power back-up internet and an emergency light, as well as dimming, night light, light color changing and more. The platform's electrical power and transformer, combined with the size of our platform's data storage space, which represents vast electronic "Real-Estate" in terms of today's technology, driven by microchips, enables the platform to accommodate a significant amount of software as well as electronic microchips, while the unique ceiling location of the platform significantly enhances the performance of the platform's features, including WIFI and BLE, as well as the performance of sensors and alarms.

The Smart Sky Platform is inconspicuous to the decor. It is designed to install in only minutes over existing ceiling electrical outlet boxes while allowing any pre-existing fixture to reconnect to the same box utilizing our Retrofit Kits. This innovation gives our products access to the best location for the gathering and distribution of electronic signals, virtually unlimited power for our low-voltage safety and smart features, and a vast amount of electronic real estate.

This open-system Smart Sky Platform Gen-3 is intended to seamlessly integrate unrelated safe and smart products into a single, spatially designed unit whose functionality is controlled by an all-in-one app, the SkyHome App. The Smart Sky Platform is intended to eliminate the need for installation of numerous stand-alone devices and their integration into a single working unit.

The adoption of the Smart Sky Platform should contribute to the elimination of hazardous incidents in homes and buildings including ladder falls, electric shock and electrocutions, fires, carbon monoxide poisonings, injuries, and deaths.

Sustainability

We aim to provide safe and sustainable solutions to consumers, who increasingly consider sustainability and energy efficiency when purchasing products. We believe that creating sustainable products and streamlining our operations drives efficiency, innovation and, ultimately, long-term value-creation. In designing and improving our products, we consider and apply sustainability strategies, as appropriate. For example, our products' features include an energy savings economical mode, which can help users reduce their energy consumption, and we generally use LED lighting in our ceiling fans and light fixtures, which are more energy-efficient than traditional lighting products.

Cybersecurity

We have implemented measures and protocols to ensure that our users' information is safe and protected. We implement advanced cybersecurity measures and protocols to ensure that our software, technologies, servers, products, platform, and devices are all protected to prevent any type of unauthorized or illegal access or interference to our software, technologies, servers, products, platforms, and devices.

Our products, platforms and devices communicate over MQTT and are encrypted over Transport Layer Security, with each individual product, platform and device having its own set of certificates, keys, and universally unique identifiers, which ensures that each device can only communicate with its own topic. This ensures that even in extreme cases of illegally gaining control over a specific device, it will not affect other devices.

Each login to the platform generates the user a temporary token that grants access to the services for a limited amount of time, which ensures that there is no permanent access token that can be used by hackers for unauthorized access. Each token has permissions to access only the user's resources.

Our solutions are designed in a way that the user will need to conduct a restricted set of permissions, thus minimizing the risk of unwanted users gaining control over other locations.

Sky Plug & Receptacle - NEC Code

The National Electrical Code ("NEC") is the U.S. electrical safety building code, and is the benchmark for safe electrical design, installation, and inspection to protect people and property from electrical hazards. It has been adopted in some form in all fifty states in the United States and is intended to improve safety in U.S. homes and buildings.

Based on the safety aspects of the Sky Plug & Receptacle, it was voted into the NEC and is represented by ten different segments in the NEC Code Book. The Company has provided data relating to safety aspects of its receptacle as to electrocutions, fires and ladder falls to NEC.

One of the key votes and segments relating to our technologies in the NEC Code Book was the change of the definition of "receptacle" in the Code Book, which we believe is one of the most significant additions to the NEC in the past 120 years. The NEC leads the United States and globally with respect to electrical safety standards; as such, we believe the reputable standards of the NEC can assist with the adoption of our technology in additional countries.

Pursuant to these NEC provisions, the Sky Plug & Receptacle enables builders to expedite and obtain a Certificate of Occupancy without the need to install a light fixture to the ceiling.

During the third quarter of 2022, the Company received NEC generic name approval for its weight-bearing safe plug and play outlet/receptacle for ceilings as WSCR (Weight-Supporting Ceiling Receptacle) for its universal ceiling outlet and WSAF (Weight-Supporting Attachment Fitting) for its ceiling plug. The specifications for the WSCR and WSAF received a standardization approval vote by the American National Standards Institute (ANSI) and the National Electrical Manufacturers Association (NEMA), leading U.S. standardization organizations. The American National Standards Institute's and the National Electrical Manufacturers Association's vote for the standardization of the Company's weightbearing plug and outlet/receptacle for ceilings does not guarantee approval by the National Fire Protection Association's (NFPA) Committee on the National Electrical Code (which consists of multiple code-making panels and a technical correlating committee and develops the NEC) or any other trade or regulatory organization and does not guarantee that any of the Company's products will become NEC mandatory in any jurisdiction, or that any of the Company's current or future products or technologies will be adopted by any state, country, or municipality, within any specific timeframe or at all.

We filed an application with the NEC seeking mandatory safety standardization for our ceiling outlet receptacle platform in September 2023. The filing of the Company's application for a mandatory safety standardization with the NEC does not guarantee approval within any specific timeframe or at all.

Intellectual Property

Developing and maintaining a strong intellectual property position is one of the most principal elements of our business. We rely on a combination of patents, copyright, trademarks, and trade secret laws, as well as confidential procedures and contractual provisions, to protect our proprietary technology and our brands. We enter into confidentiality and proprietary rights agreements with our employees, consultants and other third parties. We have sought, and will continue to seek, patent protection for our technology and for improvements to our technology, as well as for any of our other technologies where we believe such protection will be advantageous. In addition, certain intellectual property and proprietary information held by a third party is central to our products and technologies. If we lose our rights to use such intellectual property and proprietary information in the future, our business or operating results and our ability to compete could be adversely impacted.

We protect our intellectual property through various aspects and strategies including broad and particular intellectual property claims. We have in excess of 100 U.S. and global patents and patent applications, including in China, India, and Europe, as well in other countries around the world. These patents and patent applications protect various aspects of our technologies. We sought intellectual property protection of our technologies in China due to our current manufacturing operations and prospective sales in China's market, and we sought protection in India in anticipation of future growth into India's developing market, both with respect to the sales of our products and our potential operations. We intend to diligently maintain and vigorously defend our intellectual property and to enhance our patent protections actively and continuously in the U.S. and globally. The issued patents are directed to various aspects of our platform technologies, including our smart and standard plug and play products, as well as our safe and smart platform technologies. As further innovations are developed, we intend to seek additional patent protection to enhance and maintain our competitive advantage.

Employees

Our management members include leading executives from various industries and have joined us as they believe in our vision, technology, and strategy. Many of our key personnel are employed pursuant to an employment agreement or a consulting agreement.

As of December 31, 2025, we had 73 employees, including 71 full-time employees. We also employ independent contractors to support our operations. We have never had a work stoppage, and none of our employees are represented by a labor union. We consider our relations with our employees to be good. We expect to continue to expand our staff and team of engineers to develop our products and operate our e-commerce websites.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our current and future employees. We encourage and support the growth and development of our employees. Continual learning and career development is advanced through ongoing performance and development conversations with employees, and reimbursement is available to employees for seminars, conferences, formal education, and other training events employees attend in connection with their job duties.

Our core values of accountability, openness, and integrity underscore everything we do and drive our day-to-day interactions. The safety, health and wellness of our employees is a top priority.

Business Strategy

We believe that our advanced-safe-smart platform technologies will disrupt and positively influence various industries, both in the U.S. and globally, and that, due to ease of installation, time savings, cost savings on installations and the safety aspect of our product, our product provides a competitive advantage within the light fixture, ceiling fan, and smart home industries:

- *Lighting Industry*: We believe that all light fixtures should become plug and play, smart and controlled by an app as a standard, and that light fixtures should be installed to the ceiling within seconds, safely and without the need to touch dangerous electrical wires. Our product is intended to help prevent most of ladder-related falls, electric shock/electrocutions, fires, carbon monoxide poisonings, injuries, and deaths.

- *Ceiling Fan Industry*: We believe that all ceiling fans should become plug and play, smart and controlled by an app as a standard, and that ceiling fans should be installed to the ceiling within seconds, safely and without the need to touch dangerous electrical wires. Our product is intended to help prevent most of ladder-related falls, electric shock/electrocutions, fires, carbon monoxide poisonings, injuries, and deaths.

- *Smart Home Industry*: We believe that homes and buildings should become safe and smart as a standard. Our Advanced All-In-One Safe Smart Sky Platform enables rooms, homes, and buildings to become safe and smart.

Our Advanced All-In-One Smart Sky Platform significantly enhances smart home products' performance, including the speed and range of both WIFI and Bluetooth, as well as the performance of sensors and alarms. We believe that widespread adoption of the All-In-One Smart Sky Platform should contribute to the elimination of most related hazardous incidents in homes and buildings including ladder falls, electric shock/electrocutions, fires, carbon monoxide poisonings, injuries, and deaths. Therefore, we believe our product is a necessity in rooms, homes, and buildings.

Our Advanced All-In-One Safe Smart Sky Platform can be used in existing homes and buildings, by builders, rental properties, hotels, cruise ships, elder living facilities, schools, hospitals, offices, commercial, retail, and other.

We launched our new universal power plug, our SkyHome App, and our smart universal plug, as well as the smart ceiling fans and lighting fixtures containing such plug, in 2023 and expect to launch our Smart Sky Platform within the next few months. Bringing our products to market will require us to take certain steps, including, but not limited to, the following:

- *Manufacturing*: We have manufactured and sold our prior products and intend to continue to use the third-party manufacturers with which we have an ongoing relationship. It typically takes less than 60 days to complete manufacturing of our new universal power plug and/or our smart universal plug after we place an order. However, it may take longer than expected due to, among other things, difficulties finding suppliers, shipping delays resulting in late deliveries of necessary supplies and materials, chip shortages, and geopolitical matters.

- *Marketing and Public Relations*: We will need to gain brand awareness and attract customers. In connection with our product launch, we plan to educate retail and commercial consumers about our products through a coordinated public relation campaign that will cover the safety aspects of our products and all the related hazardous incidents and property damage that our products can contribute to preventing, as well as our advanced smart technology features. We sell our products on our e-commence websites. We currently rely, and plan to rely primarily, on product distribution arrangements with third parties. We also expect to enter in additional sales, distribution, and/or licensing agreements in the future, and we may not be able to enter into these agreements on terms that are favorable to us, if at all. We may also need to hire additional sales personnel.

- *Government Approval*: While we have received a variety of final electrical code approvals, including Underwriters Laboratories ("UL"), Underwriters Laboratories of Canada (cUL) and Conformite Europeenne (CE), and 2017 and 2020 inclusion in the NEC Code Book, we may need or desire to obtain additional certifications for new product configurations, which may increase the time and costs to complete our product launches. In addition, we may be unable to obtain new certifications or NEC mandatory status for our product offerings within a reasonable time, or at all.

Expected Revenue Stream

We believe our products will enable us to access a global market with multiple revenue streams, including the following:

- ***Royalties from the Sky Plug & Receptacle.*** Management has agreed to license products in the U.S. and globally through the efforts of its GE agreement. We anticipate we will also license our smart technologies products currently in development.

- ***Selling/Licensing Country Rights.*** Management is considering selling and licensing marketing rights to certain countries in exchange for payment and on-going royalties.

- ***Product and E-Commerce Sales.*** We currently primarily generate revenue from our e-commerce sales. Management will strive to achieve strong market penetration worldwide for our advanced and smart Sky Technologies products. We have previously sold our standard products in the United States, Canada, and Mexico, and began selling our new smart products in the United States in 2023. We intend to expand our sales footprint in certain countries in Latin America, Europe, and Asia. We may be unable to gain market acceptance in such markets and cannot provide any assurance that we will be successful in our efforts to expand our market reach.

- ***Subscription & Monitoring Services.*** Our future plans include offering subscription services as part of our Smart Sky Platform, including, among other services, communications, fire alarms, home intrusion alerts, emergency response services, and monitoring services. Our Smart Sky Platform will include, among other features, a smart smoke detector, a smart carbon monoxide detector, and a WIFI extender. We intend to expand our operations to enable us to provide services relating to these functions, including high-speed internet services, monitoring systems designed to sense movement, smoke, fire, carbon monoxide, temperature, and other environmental conditions and hazards, monitoring home access and visitors and addressing personal emergencies such as injuries and other medical emergencies. We intend to market such services to homeowners and other types of facilities, including rental properties, hotels, cruise ships, elder living facilities, schools, hospitals, offices, commercial, and retail. Our ability to provide such services depends on a variety of factors, including, but not limited to, subscriber interest and financial resources, any applicable licensing and regulatory compliance, our ability to manage our anticipated expansion and to hire, train and retain personnel, and general economic conditions. We may partner with other businesses to provide such services. We expect to begin providing such services in 2026 but cannot provide any assurance that we will be able to do so.

Our History

We began in 2004 and started developing the Sky Plug & Receptacle technology in 2007 for installation of light fixtures and ceiling fans during manufacturing and as a Retrofit Kit for installing the Sky Technology in existing light fixtures and ceiling fans. Historically, we have sold hundreds of thousands of units of the Sky Plug & Receptacle technology through original equipment manufacturing and through other channels to lighting manufacturers and retailers who installed the Sky Plug & Receptacle technology into their lighting fixtures for sale at retail stores. We also sold, directly to retailers, approximately hundreds of thousands of Sky Plugs & Receptacles embedded with ceiling fans. We wound down our standard product sales by discontinuing production of light fixtures and ceiling fans that include the older version of our standard Sky Plug & Receptacle, in favor of licensing our product and developing our Smart Power-Plug and Smart Sky Platform technologies. In addition, in April 2023, we acquired Belami, an online retailer and e-commerce provider specializing in home lighting, ceiling fans, and other home furnishings.

Third-Party Manufacturing and Suppliers

Our business model entails the use of third-party manufacturers to produce the Sky Technology product. The manufacturers currently used by us are in China. To further ensure that quality specifications are maintained, we maintain an office in the Guangdong province in China that is staffed with GE trained auditors who regularly inspect the products that are being produced by third-party manufacturers.

Raw materials used in our products include copper, aluminum, zinc, steel, acrylonitrile butadiene styrene (ABS) plastic, and wood. We also purchase integrated circuit chip sets or other electronic components from third-party suppliers or rely on third-party independent contractors, some of which are customized or custom made for us. While we have experienced shortages in obtaining necessary materials, including zinc, copper, and steel, as well as integrated circuit chips to be used in our products, we have been able to make other arrangements and find additional suppliers as necessary. Going forward, we believe we can obtain more chips and other materials as needed within a reasonable time period and may be able to replace components with assorted products or modify our design if necessary. Geopolitical matters, including the impact of tariffs and other trade sanctions or barriers, may also impact our manufacturing.

We also rely on third-party suppliers to provide fans, lighting fixtures, and heaters to generate recurring revenues. Such suppliers generally offer their products through multiple resellers if not directly to consumers. There is no guarantee that the third-party suppliers will continue to market their products through us. While some suppliers provide larger volume than others, we do not believe that the loss of any of such third-party suppliers would have a near-term critical impact on our operations.

We use several suppliers to manufacture SKYX products, some of which have their principal operations in China. A sizable portion of such suppliers have or are expected to move their manufacturing relevant to our products to other countries in Southeast Asia within the next year.

Competition

We believe our technologies are highly disruptive and innovative compared to other market technologies. Our competitors for Sky Technologies products vary based on our products, market, and industry.

- Competitors for our Universal Power-Plug & Receptacle product: We believe we do not have significant direct competition at this point to our Universal Power-Plug & Receptacle product, although all lighting and ceiling fan manufacturers are potential competitors.
- Competitors for our Smart Universal Power-Plug & Receptacle product: We believe we do not have significant direct competition at this point to Smart Universal Power-Plug & Receptacle product, although all lighting and ceiling fan manufacturers are potential competitors.
- Competitors for our Smart Plug and Play Light Fixture products: We believe we do not have significant direct competition at this point to our Smart Plug and Play Light Fixtures, although there are lighting manufacturers that have smart lights that are controlled through smart wall switches/app or other, including companies such as Casainc, Global Electric, Designers Fountain, Enbrighten, Minka, Hampton Bay and others. To the best of our knowledge, there are no other light fixtures that have an all-in-one combination of light fixtures that have both plug and play and smart.
- Competitors for our Smart Plug and Play Ceiling Fan Products: We believe we do not have significant direct competition at this point to our Smart Plug and Play Ceiling Fan products, although there are ceiling fan manufacturers that have smart fans that are controlled through smart wall switches/app or other, including companies such as Hunter, Minka, Home Decorators, Fanimation, Modern Fan Co., Hampton Bay and others.
- Competitors for our Smart Sky Platform product: We believe we do not have direct competition at this point to our Smart Sky Platform product, although there are many smart home companies that can be our

competitors, including companies such as Control4, Vivint, Apple, Google, Microsoft, Amazon, ADT, Blue by ADT, Cove Security and many others, and many other smart home companies that have a variety of smart home products. To the best of our knowledge, there are no other Plug and Play All-In-One Safe-Smart Platform products.

Our competitors for our e-commerce websites, some of which have substantially greater resources than us, range from other online-only retailers specializing in lighting and other home decor items, such as Wayfair and Overstock.com, to retailers with both online and physical presences specializing in home decor, such as Pottery Barn and Crate and Barrel, to retailers that sell home decor items as part of a much larger assortment of items, such as Amazon, Target, Home Depot and Lowe's.

Government and Environmental Regulation

Although not legally required to do so, we strive to obtain certifications for substantially all our products, both in the United States, and, where appropriate, in jurisdictions outside the United States. Products certified by a Nationally Recognized Testing Laboratory ("NRTL"), such as UL, Intertek Testing Lab (ETL) or Canadian Standards (CSA), bear a certification mark signifying that the product complies with the requirements of the product safety standard. UL Standards are used for evaluation of U.S. products, CSA Standards for Canada and IEC (International Electrotechnical Commission) Standards for European countries. We use UL as our main third-party NRTL safety laboratory. While we have received a variety of safety certifications on our products, including UL, Underwriters Laboratories of Canada (cUL), Conformite Europeenne (CE) and International Electrotechnical Commission for Electrical Equipment Certification Body (the IECEE CB scheme), we may need or desire to obtain additional certifications for new product configurations, which will increase the time and costs to complete our product launches and which we may be unable to obtain within a reasonable time, or at all. In addition, certain electronic products require Federal Communications Commission ("FCC") certification, and we have obtained FCC certification on applicable products to ensure electromagnetic interference compliance. Although we believe that our broad knowledge and experience with electrical codes and safety standards have facilitated certification approvals, we cannot provide any assurance that we will be able to obtain any such certifications for our new products or that, if certification standards are amended, we will be able to maintain such certifications for our existing products.

Our facilities and operations are subject to federal, state, and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose strict, joint and several liabilities on certain persons for the cost of investigation or remediation of contaminated properties. These persons may include former, current or future owners or operators of properties and persons who arranged for the disposal of hazardous substances. Our leased real property may give rise to such investigation, remediation and monitoring liabilities under environmental laws. In addition, anyone disposing of certain products we distribute, such as fluorescent lighting, must comply with environmental laws that regulate certain materials in these products. We believe that we are complying, in all material respects, with applicable environmental laws. As a result, we do not anticipate making significant capital expenditures for environmental control matters either in the current year or in the near future.

Corporate History and Information

We were originally organized in May 2004 as a Florida limited liability company under the name of Safety Quick Light, LLC. We converted to a Florida corporation on November 6, 2012. Effective August 12, 2016, we changed our name from "Safety Quick Lighting & Fans Corp." to "SQL Technologies Corp.," and, effective June 14, 2022, we changed our name to "SKYX Platforms Corp." We currently do business as "Sky Technologies." Our principal executive offices are located at 2855 W. McNab Road, Pompano Beach, Florida 33069, and our telephone number is (855) 759-7584. Our website can be found at www.skyplug.com. The information contained in or accessible from our website is not incorporated into this Form 10-K, and you should not consider it part of this Form 10-K. We have included our website address in this Form 10-K solely as an inactive textual reference.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Exchange Act requires us to file periodic reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at http://www.sec.gov.

We maintain a website at www.skyplug.com, and we make our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports available on our website, free of charge, as soon as reasonably practicable after such reports have been filed with or furnished to the SEC. Information contained on or accessible through our website is not a part of, and is not incorporated by reference into, this Annual Report on Form 10-K or any other report or document we file with the SEC. Our Code of Business Conduct and Ethics, as well as any waivers from and amendments to the Code of Business Conduct and Ethics, is also posted on our website.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this Form 10-K, including our consolidated financial statements and related notes included elsewhere in this Form 10-K, before making an investment decision. Our business, financial condition and results of operations, as well as the trading price of our common stock, could be materially and adversely affected by any of these risks or uncertainties. There may be additional risks that are not presently material or known. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.

These disclosures reflect the Company's beliefs and opinions as to factors that could materially and adversely affect the Company and its securities in the future. References to past events are provided by way of examples only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future.

Risks Related to Our Business

We have incurred net losses since inception, and we cannot assure you that we will ever generate sustainable revenue; in addition, our business has evolved, which makes it difficult to predict our future operating results.

We have incurred net losses since inception. In addition, in recent years, we have shifted our business strategy to transition to developing and manufacturing smart products and technologies and further evolved our strategy by acquiring an online retailer and e-commerce provider specializing in home lighting, ceiling fans, and other home furnishings during 2023. As a result of these recent changes to our business strategy, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. It is difficult to predict our future revenues and appropriate budget for our expenses, and we may have limited insight into trends that may emerge and affect our business. Rather than relying on historical information, financial or otherwise, to evaluate us, you should evaluate us in light of your assessment of the growth potential of our business and the expenses, delays, uncertainties and complications typically encountered by businesses in the early stage of their product development and launch, many of which will be beyond our control. We are subject to the substantial risk of failure facing businesses seeking to develop and commercialize new products and technologies, as well as integrating additional operations, as well as the following risks, among others:

- unanticipated problems, delays and expenses relating to (i) the development and implementation of our business plans, such as potential manufacturing delays resulting from, among other things, difficulties finding suppliers, shipping disruptions and delays resulting in late deliveries of necessary supplies and materials, chip shortages, tariffs and other trade barriers or restrictions, increases in expected costs due to inflationary pressures and material shortages, or delays resulting from a need or desire to obtain additional certifications for new product configurations, or (ii) our e-commerce operations, such as the potential for reduced

discretionary consumer spending, shipping disruptions or delays, or our products not meeting consumer expectations;
- operational difficulties, including continuing to integrate our retail operations with our Sky Technologies product and technologies operations;
- lack of sufficient capital;
- competition from more advanced enterprises, including our need to gain brand awareness and attract customers, areas where our competitors may have an advantage; and
- uncertain revenue generation.

If our assumptions regarding these risks and uncertainties are incorrect or change due to changes in our industry, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We have a history of operating losses and will likely incur losses in the future as we continue our efforts to transition our product lines, achieve our strategic initiatives, grow our business and streamline our operations at a profitable level.

We have incurred substantial losses in the past and reported net losses from operations of $33.4 million and $35.8 million during 2025 and 2024, respectively. As of December 31, 2025, we had an accumulated deficit of $216.2 million.

We cannot assure you that we can achieve or sustain profitability in the future. For us to operate our business profitably, we need to successfully launch and market our new products and technologies, grow our sales, including our retail operations, maintain cost control discipline while balancing development of our enhanced “all-in-one” Smart Sky Platform, manage costs relating to our retail operations and potential long-term revenue growth, continue our efforts to reduce product cost, drive operating efficiencies and execute our key strategic initiatives. Our planned expense levels are, and will continue to be, based in part on our expectations, which are difficult to forecast accurately based on our stage of development, our acquisition of the retail business, and factors outside of our control. Developing and marketing our products and technologies is costly, and we anticipate our costs will increase in the future as we continue to invest in our research and development efforts, expand our operations, and make additional expenditures to develop and market our products and technologies, including new features, integrations, capabilities, and enhancements. Our expenditures may not result in improved business results or profitability over the long term, and our expenses may be greater than we anticipate, including due to, among other things, an increase in legal risk from the use of our products and technologies due to evolving laws, regulations or standards and from our expansion into retail operations, an inability to timely and cost-effectively introduce and sell successful smart products and other products and technologies, a security incident or our failure, for any reason, to capitalize on growth opportunities. In addition, we may be unable to adjust spending in a timely manner to compensate for any unexpected developments. There is a risk that our strategy to operate profitably may not be as successful as we contemplate or occur as quickly as we expect. We may not achieve our business objectives, and the failure to achieve such goals would have an adverse impact on us. To the extent that our revenues do not increase commensurate with our costs, our business, operating results, and financial condition will be materially and adversely affected.

We will require additional financing in the near-term, and if our operations do not achieve, or we experience an unanticipated delay in achieving, our intended level and pace of profitability, we will continue to need additional funding, which may not be available on favorable terms, or at all, and could require us to sell certain assets or discontinue or curtail our operations.

We expect to derive a substantial portion of our future revenue from a portfolio of related products and technologies; if we cannot successfully launch our products or further develop them to include additional features, our products and technologies fail to satisfy customer demands or achieve market acceptance, our business, operating results, financial condition, and growth prospects would be adversely affected.

We expect to derive a substantial portion of our future revenue from smart products incorporating our “plug and play” technologies. Our ability to launch our smart products and obtain market acceptance of, and grow market demand for, our products and technologies is critical to our success. We may not be able to launch or manufacture our products and technologies in a timely manner, within budget or in a manner that gains market acceptance. The failure to successfully produce and market an all-in-one Smart Sky Platform would result in the loss of a substantial amount of investment dollars. Furthermore, developing and marketing our enhanced Smart Sky Platform takes management's time and attention away from other opportunities. A failure to successfully develop and market our Smart Sky Platform could result in a material adverse impact on our business.

In addition, we have limited experience in manufacturing our smart products. We may be unable to develop efficient, cost-efficient manufacturing capability and processes or obtain reliable sources of component supplies that will enable us to meet our quality, price, design, and production standards, as well as the production volumes required to successfully mass market our products and technologies. These are complex processes that may be subject to delays, cost overruns and other unforeseen issues. Any failure to develop such manufacturing capabilities and processes within our projected costs and timelines could stunt our growth and impair our ability to produce, market, service and sell our products and technologies successfully.

Even if we can bring our smart products and technologies to market as planned and on budget, there can be no assurance that consumers will embrace our smart products and technologies in significant numbers. Our success depends on attracting potential customers to purchase our products and, in the future, the associated services we intend to provide to our customers. If our existing and prospective customers do not perceive our products to be of sufficiently high value and quality, cost competitive and appealing in aesthetics or performance, we may not be able to retain our current customers or attract new customers, and our business, prospects, financial condition, results of operations, and cash flows would suffer as a result. In addition, we may incur significantly higher and more sustained advertising and promotional expenditures than we have previously incurred to attract customers. Although some of our smart products are now commercially available, there is still significant uncertainty as to customer demand for our smart products and technologies and whether we will be able to achieve additional sales. Further, demand for our products and technologies is and will continue to be affected by a number of factors, many of which are beyond our control, such as our ability to obtain market acceptance; declines in consumer discretionary spending; the development and acceptance of new features, integrations and capabilities for our products and technologies; the timing of development and release of competing new products and technologies; consumer preferences; the perception of ease of use, reliability and security of our products and technologies; price or product changes by us or our competitors; technological changes and developments within the markets we serve; developments in data privacy regulations; growth, contraction and rapid evolution of our market; supply chain disruptions and shortages, including the potential impact of tariffs and other trade barriers and restrictions; and general economic conditions and trends.

If we are unable to successfully release all of our planned smart products and technologies, enhance their capabilities, meet demands of our customers or trends in preferences or achieve widespread market acceptance of our products and technologies, our business, results of operations and financial condition could be harmed. In addition, competitors may develop or acquire their own products or technologies, and people may continue to rely on traditional products and technologies or existing smart home products, which would reduce or eliminate the demand for our smart products. If demand declines for any of these or other reasons, our business could be adversely affected.

We may be adversely impacted by monetary and trade policies.

Monetary and trade policies impact in varying degrees our industry market participants (from manufacturer to user). The reaction(s) by market participants to such policies or changes in policies may impact our operations. While all market participants react to such policies, very few economists have been able to accurately forecast the short-term impact of the trade policies in particular. Relatively high interest rates and rapidly changing trade policies and postures create different reactions from the market participants. For the most part so far, our manufacturers have substantially reduced their prices to offset the increased tariffs related to the products we market. Also, a significant portion of the products we market are manufactured in the United States. The Chinese manufacturers we use are all looking at alternatives to move away their production from China. Some of the third-party manufacturers we use are located in countries which are not severely impacted by the trade policies postures. We are also looking at repatriating the manufacturing of certain components and assembly of our smart and advanced products to the United States. Accordingly, with a few exceptions, we do not believe that there will be increased pressure from customer demands to reduce our gross profit per unit. There are no guarantees that it will remain so. Changing trade policies and reactions by market participants are impossible to predict at this point. On February 20, 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Economic Emergency Powers Act ("IEEPA") were unconstitutional. Following the U.S. Supreme Court's decision, on February 24, 2026, the Trump Administration implemented a global 10% tariff on all countries for a period of 150 days. Significant uncertainty remains regarding the status of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended.

We believe that the macroeconomic conditions in the United States will improve once interest rates are lowered and trade policies are effective and predictable. Impact from the monetary and trade policies, such as tariffs, increases in interest rates, supply and overhead costs and transportation costs, may adversely affect our operating results, and we may not be able to offset increased costs with increased sales price per unit, particularly as we work toward commercial manufacturing of our products. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience some effect in the near future (especially if tariffs are significantly increased and are not absorbed by the manufacturers). Accordingly, these monetary and trade policies, and the uncertainty around them, could materially adversely affect our business, financial condition, and results of operations.

Global economic conditions and the effect of economic pressures and other business factors on discretionary consumer spending and consumer preferences may have a material adverse effect on our business, results of operations and financial condition.

Uncertainties in global economic conditions that are beyond our control could materially adversely affect our business, results of operations, financial condition, and stock price. These adverse economic conditions include inflation, slower growth or recession, new or increased tariffs and other trade barriers and restrictions and other changes to fiscal and monetary policy, higher interest rates, high unemployment, decreased consumer confidence in the economy, armed hostilities, such as the ongoing military conflict between Russia and Ukraine and conflict in the Middle East, foreign currency exchange rate fluctuations, conditions affecting the retail environment for products we sell, and other matters that influence consumer spending and preferences. In addition, consumer confidence and spending can be materially adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, including home equity loans and consumer credit, changes in net worth based on market changes and uncertainty, energy shortages and cost increases, labor and healthcare costs, government actions and general uncertainty regarding the overall future economic environment.

Consumers may view the products we offer as discretionary items rather than necessities. As a result, our operating results are sensitive to changes in macroeconomic conditions that impact consumer spending, including discretionary spending. Declines in consumer spending has resulted in, and could in the future result in, decreased demand for our products and services, which has adversely affected the results of our operations in the past and may do so in the future.

We invest significantly in research and development, and to the extent our research and development investments are not directed efficiently or do not result in material enhancements to our products and technologies, our business and results of operations would be harmed.

A key element of our strategy is to invest significantly in our research and development efforts to enhance the features, functionality, performance and ease of use of our products and technologies to address additional applications that will broaden the appeal of our products and technologies and facilitate their broad use. Research and development projects can be technically challenging and expensive. As a result of the nature of research and development cycles, there will be delays between the time we incur expenses associated with research and development activities and the time we are able to offer compelling enhancements to our products and technologies and generate revenue, if any, from those activities.

Our research and development efforts remain subject to all the risks associated with the development of new products and technologies based on emerging and innovative technologies, including, for example, unexpected technical problems or the possible insufficiency of funds for completing development. If we expend a sizable number of resources on research and development efforts that do not lead to the successful introduction of new products, functionality or improvements that are competitive in our current or future markets, our business and results of operations will suffer. If technical problems or delays arise, further improvements in our products and technologies and the introduction of future products or technologies could be adversely impacted, we could incur significant additional expenses, and the Sky Technologies platform business may fail.

If we are unable to introduce new features or services successfully or make enhancements to our products and technologies or fail to integrate our products and technologies with a variety of third-party technologies, our business and results of operations could be adversely affected.

Our ability to attract customers and increase revenue from our products and technologies depends in part on our ability to enhance and improve such products and technologies and to introduce new features and services. To grow our business and remain competitive, we must continue to enhance our products and technologies with features that reflect the constantly evolving nature of technology and our customers' evolving needs. The success of new products, technologies, enhancements and developments depends on several factors, including, but not limited to: our anticipation of market changes and demands for product features, adequate quality testing, integration of our products and technologies with existing technologies and applications and updates to integrate new technologies and applications, sufficient customer demand, cost effectiveness in our product development efforts and the proliferation of new technologies that are able to deliver competitive products, technologies and services at lower prices, more efficiently, more conveniently or more securely.

In addition, because we intend for our smart products to operate with a variety of systems, applications, data and devices, we will need to continuously modify and further upgrade our products and technologies to keep pace with changes in such systems. We may not be successful in developing these modifications and enhancements. Furthermore, the addition of features and solutions to our products and technologies will increase our research and development expenses. Any new features that we develop may not be introduced in a timely or cost-effective manner or may not achieve the market acceptance necessary to generate sufficient revenue to justify the related expenses. It is difficult to predict customers' adoption of new features. Such uncertainty limits our ability to forecast our future results of operations and subjects us to a number of challenges, including our ability to plan for and model future growth. If we cannot address such uncertainties and successfully develop new features, enhance our products and technologies, or otherwise overcome technological challenges and competing technologies, our business and results of operations could be adversely affected.

We have experienced, and may in the future experience, delays in the planned release dates of our products and technologies and enhancements to our products and technologies. Delays could result in adverse publicity, loss of sales or delay in market acceptance of our products and technologies, any of which could cause us to lose existing customers or impair our ability to attract new customers. In addition, the introduction of new products and services by competitors or the development of entirely innovative technologies to replace existing offerings could make our products and technologies obsolete or adversely affect our ability to compete. Any delay or failure in the introduction of enhancements, functionality or infrastructure developments could harm our business, results of operations and financial condition.

Some of our products and technologies are intended to be integrated with a variety of third-party technologies and applications, and we will need to continuously modify and improve such products and technologies to adapt to changes in such integrated technologies and applications. Third-party services and products are constantly evolving, and we may not be able to modify our products and technologies to be compatible with that of other third parties. In addition, some of our competitors may be able to disrupt the operations or compatibility of our products and technologies with their products or services. Should any of our competitors modify their products, technologies or standards in a manner that degrades the functionality of our products and technologies or gives preferential treatment to competitive products, technologies or services, whether to enhance their competitive position or for any other reason, the interoperability of our products and technologies with these products and/or technologies could decrease, and our business, results of operations and financial condition would be harmed. If we are not permitted or able to integrate with these and other third-party products, technologies and applications in the future, our business, results of operations and financial condition will be harmed. Further, any undetected errors or defects in third-party technologies or applications, cybersecurity threats or attacks related to such technologies or applications or widespread outages of such third-party technologies or applications, could impair the functionality of our products and technologies, result in increased costs and injure our reputation. Any failure of our products and technologies to operate effectively with existing or future technologies, or any failure of a third-party cloud infrastructure partner to support one or more of the features of our products and technologies, could cause customer dissatisfaction and reduce the demand for our products and technologies, resulting in harm to our business. In addition, because some of our products and technologies will be cloud-based, we need to continually enhance and improve our products and technologies to keep pace with changes in internet-related hardware, software, communications and database technologies and standards. Any failure of our products and technologies to operate effectively with future hardware or software technologies, or to comply with new industry standards, could reduce the demand for our products and technologies and harm our business, results of operations, and financial condition.

Our smart products and technologies will depend in part on access to third-party platforms or technologies, and if any such access is withdrawn, denied, or is not available on acceptable terms, or if the platforms or technologies change without notice, our business and operating results could be adversely affected.

With the growth of mobile devices and personal voice assistants, cloud services and artificial intelligence, the number of supporting platforms has grown, and with it the complexity and increased need for us to have business and contractual relationships with the platform owners to produce products and technologies compatible with these platforms and enable access to and use of these platforms with our products and technologies. Our products strategy includes the sale of smart products and technologies controlled by a mobile application and designed for use with third-party platforms or software, such as iPhone, Android phones, Google Assistant and Amazon Alexa. The SkyHome mobile application is compatible with, and has been granted full access by, each of the foregoing platforms. Our ability to market such products and technologies will rely on our access to the platforms of third parties, some of which may be our competitors. Platform owners that are competitors may limit or decline access to their platforms, and in any case have a competitive advantage in designing products and technologies for their own platforms and may produce products and technologies that work better, or are perceived to work better, than our products and technologies in connection with those platforms. As we expand the number of platforms and software applications with which our products and technologies are compatible, we may not be successful in fully integrating the capabilities of those platforms or software applications and/or we may not be successful in establishing strong relationships with the new platform or software owners, which could negatively impact our ability to develop and produce our products and technologies. We may otherwise fail to navigate various new relationships, which could adversely affect our relationships with existing platform or software owners.

Any access to third-party platforms may also require paying a royalty or licensing fee, which would lower our product margins, or may otherwise be on terms that are not acceptable to us. In addition, the third-party platforms or technologies used to interact with our products and technologies can be delayed in production or can change without prior notice to us, which could result in our having bugs or defects in our products and technologies.

If we are unable to access third-party platforms or technologies, or if our access is withdrawn, denied or is not available on terms acceptable to us, or if the platforms or technologies are delayed or changed without notice to us, our business and operating results could be adversely affected.

If we fail to maintain and improve our methods and technologies, or anticipate new methods or technologies, for data collection, organization, and cleansing, competing products and services could surpass ours in depth, breadth or accuracy of our insights or in other respects.

Current or future competitors may seek to develop new methods and technologies for more efficiently gathering, cataloging, or updating business information, which could allow a competitor to create a product comparable or superior to ours, or that takes substantial market share from us or that creates or maintains databases to produce insights at a lower cost than we experience. We can expect continuous improvements in computer hardware, network operating systems, programming tools, programming languages, operating systems, data matching, data filtering, data analysis tools and other technologies and the use of the internet. These improvements, as well as changes in customer preferences or regulatory requirements, may require changes in the technology used to gather and process our data. Our future success will depend, in part, upon our ability to:

- internally develop and implement new and competitive technologies;
- use leading third-party technologies effectively; and
- respond to advances in data collection and cataloging and creating insights.

If we fail to respond to changes in data technology and analysis to create insights, competitors may be able to develop solutions that will take market share from us, and the demand for our solutions, the delivery of our solutions or our market reputation could be adversely affected.

If our smart products and technologies are not compatible with some or all leading third-party internet of things ("IoT") products and protocols, we could be materially adversely affected.

A core part of our product strategy is the creation of products and technologies with interoperability with third-party IoT products and protocols. Our products and technologies are intended to seamlessly integrate with third-party IoT products and protocols. If these third parties were to alter their products, we could be adversely impacted if we fail to timely create compatible versions of our products and technologies, and such incompatibility could negatively impact the adoption of our products and technologies. A lack of interoperability could also result in significant redesigning costs and harm relations with our customers. Further, the mere announcement of an incompatibility problem relating to our products and technologies could materially adversely affect our business, results of operations and financial condition.

In addition, to the extent our competitors supply products and technologies that compete with our own, it is possible these competitors could design their technologies to be closed or proprietary systems that are incompatible with our products and technologies or work less effectively with our products and technologies than their own. As a result, end-users may have an incentive to purchase products that are compatible with the products and technologies of our competitors over our products and technologies.

The success of our business, and our ability to achieve our desired revenue and profitability goals, depends on our ability to develop, expand and successfully manage our operations and effectively and timely develop and implement our strategic business initiatives.

Our success depends on our ability to design and market products and technologies popular with customers and consumers, effectively manufacture our products, and successfully manage our operations, including our retail business, as well as our ability to develop and execute our strategic business initiatives. Our ability to successfully accomplish these objectives will depend upon a number of factors, including the following:

- signing with strategic distribution partners with established retail and wholesale relationships;
- the continued development of our business, both producing and marketing our smart products and technologies and operating our retail websites;
- the hiring, training and retention of competent personnel;
- the ability to generate customer demand;
- the ability to enhance our operational, financial and management systems;
- the availability of adequate financing;
- competitive factors; and
- general economic and business conditions.

In addition, our ability to achieve our desired revenue and profitability goals depends on how effectively and timely we execute on our key strategic initiatives, including development and production of an enhanced Smart Sky Platform, and develop and implement new strategic business initiatives. Our current key strategic initiatives include the following:

- successfully launching our Smart Sky Platform;
- executing and marketing our products and technologies to both industry and retail customers, such as real estate developers and individuals who desire safer lighting fixtures and smart home capabilities, including increasing our market penetration in these sectors;
- continuing our product innovation;
- leveraging our products and technologies to support IoT applications, including integrations with third-party applications;
- improving our distribution sales channels, including our retail websites; and
- profitably operating our retail websites.

We also may identify and pursue strategic acquisition candidates that would help support these initiatives, such as the 2023 acquisition of Belami, an e-commerce platform that carries a variety of home decor items, including lighting.

Developing and implementing various strategic business initiatives requires us to incur additional expenses and capital expenditures and also requires management to divert a portion of its time from day-to-day operations. These expenses and diversions could have a significant impact on our operations and profitability and could lead to weaknesses in our infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. There can be no assurance that we will be able to successfully implement these or future initiatives or, even if implemented, that they will result in the anticipated benefits to our business. Moreover, if we are unable to implement an initiative in a timely manner, or if any initiatives are ineffective or are executed improperly, our business and operating results would be adversely affected.

As we continue to implement our business strategy to focus on our smart products and technologies and retail websites, our results of operations, financial condition and cash flows may be materially adversely affected.

Our future growth and profitability are tied in part to our ability to successfully bring to market new and innovative smart products and technologies, as well as to profitably operate our retail websites. We are currently focused on producing smart products and technologies using our "plug and play" technologies, which also includes pursuing projects to develop recurring revenue streams, such as subscription services. We have invested, and plan to continue to invest considerable time, resources, and capital into expanding our products and technologies with no expectation that they will provide material revenue in the near term and without any assurance they will succeed or be profitable. In fact, these efforts have reduced our profitability, and will likely continue to do so, at least in the near term. We cannot provide any assurance that the operation of our retail websites will offset such reduced profitability. We may also be unable to launch or manufacture our products and technologies or develop recurring revenue streams, such as anticipated subscription services, in a timely manner, which would further negatively impact on our ability to become profitable. Moreover, as we continue to explore, develop and refine our smart products and technologies, we expect that market preferences will continue to evolve, and, accordingly, our products and technologies may not generate sufficient interest by end-user customers, and we may be unable to compete effectively with existing or new competitors, generate significant revenues or achieve or maintain acceptable levels of profitability.

Additionally, our experience providing smart technology is limited. If we do not successfully execute our strategy or anticipate the needs of our customers, our credibility as a provider of smart home solutions could be questioned, and our prospects for future revenue growth and profitability from such products and technologies may never materialize.

If we fail to successfully launch and/or market our smart products and technologies or manage and maintain our business strategy, our future revenue growth and profitability would likely be limited and our results of operations, financial condition and cash flows would likely be materially adversely affected.

We will need to raise additional financing to support our operations, but we cannot provide any assurance that we will be able to obtain additional financing on terms favorable to us, or at all. If we are unable to obtain additional financing to meet our needs, our operations may be adversely affected or terminated.

We have limited financial resources, and we expect that our ongoing implementation of our strategy and expansion of business activities will require additional working capital, as we anticipate we will not generate sufficient cash flows from our operations to sustain our operations or to allow us to effectively develop our smart products and technologies or pursue our strategic initiatives. We are currently generating revenue primarily from the e-commerce platform that we acquired in 2023, and to a lesser extent, increased sales of our smart and standard plug and play technology to large retailers. We expect that the release of additional smart products and technologies, including the Smart Sky Platform, will require working capital to finish product development and manufacturing, and to support market release and provide technical customer support upon its commercial release.

In the future, we will need to seek additional equity or debt financing to provide for our working capital needs. There can be no assurance that we will obtain funding on acceptable terms, in a timely fashion or at all. Obtaining additional financing contains risks, including:

- additional equity financing may not be available to us on satisfactory terms, and any equity we are able to issue could lead to dilution for current stockholders and have rights, preferences and privileges senior to our common stock;
- loans or other debt instruments may have terms and/or conditions, such as interest rates, restrictive covenants and control or revocation provisions, which are not acceptable to management or our board of directors (the "board" or "board of directors");
- debt financing increases expenses, and we must repay the debt regardless of our operating results; and
- our ability to obtain additional capital may be adversely impacted by factors beyond our control, such as the market demand for our securities, the state of financial markets generally and other relevant factors, including high inflation and interest rates, ongoing supply chain disruptions and shortages, labor shortages, geopolitical conditions, including the impact of tariffs and other trade barriers or restrictions, any disruptions to, or volatility in, the credit and financial markets in the United States and worldwide, and a potential economic downturn or recession.

As of December 31, 2025, we had approximately $10.1 million in cash and cash equivalents, including restricted cash. As we develop our revenue base, we have raised additional funds through the sale of our common stock through either private placements or at the market offerings (sometimes referred as "ATM"), preferred stock and warrants and issuance of debt. During January 2026, we generated proceeds of $29.3 million from the issuance of shares of our common stock. For additional information regarding our financing arrangements, see the "Liquidity and Capital Resources" heading in the "Management's Discussion and Analysis" section of this Form 10-K.

If we fail to obtain required additional financing to sustain our business before we are able to produce levels of revenue to meet our financial needs, we may be unable to continue to develop our business activities to achieve our objectives or may need to delay, scale back or eliminate our business plan and further reduce our operating costs, each of which would have a material adverse effect on our business, future prospects and financial condition. A lack of additional financing could also result in our inability to continue as a going concern and force us to sell certain assets or discontinue or curtail our operations and, as a result, our investors could lose their entire investment.

We face risks associated with financing our operations related to our debt financing.

We are subject to the normal risks associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest and the risk that we will not be able to renew, repay or refinance our debt when it matures or that the terms of any renewal or refinancing will not be as favorable as the existing terms of that debt. In addition, to the extent that we are unable to pay our obligations under our outstanding secured debt, the applicable creditor could proceed against any or all the collateral securing our indebtedness to it.

Our marketing efforts to help grow our retail business may not be effective, and failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our e-commerce channel.

If the online market for home goods does not continue to gain acceptance, a sizable portion of our business may suffer. Our success will depend, in part, on our ability to attract consumers who have historically purchased home goods through traditional retailers. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures to attract additional online consumers to our sites and convert them into purchasing customers online. Specific factors that could impact consumers' willingness to purchase home goods from us online include concerns about buying products without a physical storefront, face-to-face interaction with sales personnel and the inability to physically handle, examine and compare products; delivery time associated with online orders; actual or perceived lack of security of online transactions and concerns regarding the privacy or protection of personal information; delayed shipments or shipments of incorrect or damaged products; inconvenience associated with returning or exchanging items purchased online; usability, functionality and features of our sites; and our reputation and brand strength. In addition, if we do not have a clear and relevant promotional calendar to engage our customers, especially in the current macroeconomic environment, our customers may purchase fewer goods from us, or we may have to increase our promotional activities. If the shopping experience we provide does not appeal to consumers or meet the expectations of existing customers, we may not acquire new customers at sustainable rates, acquired customers may not become repeat customers and existing customers' buying patterns and levels may decrease. In addition, we may experience surges in online traffic and orders associated with promotional activities and seasonal trends, which could cause fluctuations in our results of operations from quarter to quarter.

We operate in a highly competitive industry, and if we are unable to compete successfully, our business may be adversely affected.

Both our products and technologies and our e-commerce platform operate in competitive industries. Our products and technologies face strong competition from manufacturers and distributors of lighting and ceiling fan manufacturers, and, with respect to our smart products and technologies, from manufacturers and distributors of products addressing certain smart technologies, features or markets for the home and office worldwide. To remain competitive, we need to invest in research and development and marketing. Many of our competitors have stronger capitalization than we do, strong existing customer relationships and more extensive engineering, manufacturing, sales, and marketing capabilities. Competitors' products and technologies may be more effective, more effectively marketed or sold or have lower prices or superior performance features than our products and technologies. Competitors could focus their substantial resources on developing competing products and technologies that may be potentially more attractive to customers than our products and technologies or offer competitive products and technologies at reduced prices to improve their competitive positions. We may also face competition from other products with existing technologies and from other smart home devices, and consumers may prefer individual device solutions that provide more narrowly targeted functionality instead of a more comprehensive integrated smart home solution. In addition, our e-commerce channel faces competition from other online retailers, as well as traditional retailers, many of which have larger platforms and greater resources than us, and some of which sell a wider array of products, which could attract a wider array of customers. Any of these competitive factors could make it more difficult for us to attract and retain customers, require us to lower our prices to remain competitive or reduce our revenue and profitability, any of which could have a material adverse effect on our results of operations and financial condition. We may not have sufficient financial or other resources available to continue to make the investments necessary to maintain our competitive position.

We depend on third parties to provide integrated circuit chip sets and other critical components for use in our products.

We do not manufacture the integrated circuit chip sets or other electronic components used in our products. Instead, we purchase them from third-party suppliers or rely on third-party independent contractors for these integrated circuit chip sets and other critical components, some of which are customized or custom made for us. We also use third parties to assemble all or portions of our products. Some of these third-party contractors and suppliers are small companies with limited financial resources. If any of these third-party contractors or suppliers were unable or unwilling to supply these components, our ability to manufacture our products may decrease. As the availability of components decreases, the cost of acquiring those components ordinarily increases. High growth product categories such as the consumer electronics and mobile phone markets have experienced chronic shortages of components during periods of exceptionally high demand. Geopolitical conditions, including other trade barriers or restrictions, have also negatively impacted on the availability of and/or the price of certain electronic components. While we experienced shortages in obtaining necessary integrated circuit chips to be used in our products, we were able to find additional suppliers for such components. Going forward, we believe we can obtain more chips as needed within a reasonable time and may be able to replace difficult to acquire components with assorted products or modify our design if necessary. If we do not properly anticipate the need for or procure critical components, we may pay higher prices for those components, our gross margins may decrease and we may be unable to meet the demands of our customers, which could reduce our competitiveness, cause a decline in our market share and have a material adverse effect on our results of operations.

We rely on a limited number of third-party manufacturers to produce our products. We may be unable to achieve our growth and profitability objectives if we cannot secure acceptable third-party manufacturers or existing third-party manufacturer relationships dissolve. In addition, our financial results could be adversely affected if we fail to successfully reduce our current or future production costs.

We depend on certain key manufacturers for our products. If these relationships become strained, our results of operations and financial condition could be materially adversely affected. We also cannot predict whether our current or future manufacturing arrangements will be able to develop efficient, low-cost manufacturing capabilities and processes that will enable us to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market our products. Even if we are successful in developing manufacturing capabilities and processes, we cannot provide any assurance that we will do so in time to meet market demand. Our failure to develop such manufacturing processes and capabilities, if necessary, in a timely manner could prevent us from achieving our growth and profitability objectives. In addition, our results of operations, financial condition and cash flows could be materially adversely affected if our third-party manufacturers were to experience problems with product quality, credit or liquidity issues, labor or materials shortages, or disruptions or delays in their manufacturing process or delivery of the finished products and components or the raw materials used to make such products and components.

We may also need to hire and train a sizable number of employees to engage in full-scale commercial manufacturing operations. There are various risks and challenges associated with hiring, training and managing a large workforce in time for us to commence our planned commercial production and sale of our smart products and technologies, including that the workforce will not have experience with manufacturing our smart products and therefore will require significant training.

Additionally, a sizable portion of our product strategy will rely upon our ability to successfully rationalize and improve the efficiency of our operations. In particular, our product strategy relies on our ability to reduce our production costs in order to remain competitive. As there is limited historical basis for estimating the demand for our smart products and technologies, or our ability to develop, manufacture and deliver our smart products, we may be unable to accurately estimate our inventory and production requirements, which would affect our ability to successfully implement cost reduction measures. If we overestimate our requirements, we may have excess inventory, which would increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt the manufacture of the smart products and result in delays in shipments and revenues. We may also rely on a limited number of suppliers; during 2025, we had less than 10 major vendors that accounted for a majority of our cost of sales. For additional information regarding our suppliers, see “Item 1. Business - Third-Party Manufacturing and Suppliers.” In addition, lead times for materials and components may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each component at a given time. If we are unable to successfully implement cost reduction measures, if these efforts do not generate the level of cost savings that we expect going forward or result in higher-than-expected costs, or if we fail to order sufficient quantities of components in a timely manner, our business, financial condition, results of operations or cash flows could be materially adversely affected.

Our third-party manufacturers and many of our suppliers are located in China, which exposes us to additional risks.

Some of our third-party manufacturers are in China, which exposes us to additional risks that could negatively impact our business and operations. We are subject to risks associated with shipping products across borders, including shipping delays, customs duties, export quotas and other trade restrictions that could have a significant impact on our revenue and profitability. The new U.S. administration has imposed additional tariffs and other trade barriers and restrictions on certain products imported into the United States with China as the country of origin. While these tariffs have not had a significant impact on the shipment of our products to international markets to date, as we are continuing to transition our business, we cannot predict the impact of future tariffs on our products and technologies, and the costs of supplies and manufacturing may increase. If we cannot deliver our products on a competitive and timely basis, our relationships with customers will be damaged and our financial condition could also be harmed. The future imposition of, or significant increases in, tariffs, custom duties, export quotas and other barriers and restrictions by the U.S. on China or other countries could disrupt our supply chain, increase the cost of our raw materials and therefore our pricing, and impose the burdens of compliance with foreign trade laws, any of which could potentially affect our bottom line and sales. We cannot assure you that we will not be adversely affected by changes in the trade laws of foreign jurisdictions where we sell and seek to sell our products.

In addition, the prosecution of intellectual property infringement and trade secret theft in China is more difficult than in the United States. Although we take precautions to protect our intellectual property, using Chinese manufacturers could subject us to an increased risk that unauthorized parties will be able to copy or otherwise obtain or use our intellectual property, and we may be unsuccessful in monitoring and enforcing our intellectual property rights against them, which could harm our business. We may also have limited legal recourse in the event we encounter patent or trademark infringers, which could adversely affect our business, results of operations, and financial condition.

Further, such manufacturers may be subject to disruption by natural disasters, public health crises, and political, social or economic instability, including geopolitical conditions. The temporary or permanent loss of the services of any of our contract manufacturers could cause a significant disruption in our product supply chain and operations and delays in product shipments.

Certain goods that we import are sourced from third-party suppliers in China. Our ability to successfully import such materials may be adversely affected by changes in U.S. laws. For example, in December 2021, the U.S. Congress passed the Uyghur Forced Labor Prevention Act ("UFLPA"), which imposed a presumptive ban on the import of goods to the U.S. that are made, wholly or in part, in the Xinjiang Uyghur Autonomous Region of China ("XUAR") or by persons that participate in certain programs in XUAR that entail the use of forced labor. U.S. Customs and Border Protection ("CBP") has published both a list of entities that are known to utilize forced labor, and a list of commodities that are most at risk, such as cotton, tomatoes, and silica-based products. Although none of our Chinese suppliers are in the XUAR, we do not currently have full visibility to the entirety of each supplier's separate supply chains to be able to ensure that the raw materials or other inputs they use to manufacture their goods are not produced in XUAR. As a result of the UFLPA, products and materials we import into the U.S. could be held by the CBP based on a suspicion that inputs used in such materials originated from the XUAR or that they may have been produced by Chinese suppliers accused of participating in forced labor, pending our providing satisfactory evidence to the contrary. Among other consequences, such an outcome could result in negative publicity that harms our brand and reputation and could result in a delay or complete inability to import such materials, which could result in inventory shortages and greater supply chain compliance costs.

Additional risks may include, but are not limited to, the potential impact of fluctuations in foreign currency exchange rates, other rules and regulations adopted by the Chinese government or provincial or local governments, and the potential impact of global market and economic conditions on the financial stability of our manufacturers, including the impact of tariffs and other trade barriers, as well as increasing trade tensions between the United States and China.

We may acquire other businesses, license rights to technologies or products, form alliances, or dispose of assets or operations, which could cause us to incur significant expenses and could negatively affect profitability.

We may pursue acquisitions, technology-licensing arrangements, and strategic alliances, or dispose of some of our assets or operations as part of our business strategy. For instance, we acquired Belami, an e-commerce platform, in 2023. We may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and if such transactions are completed, we may not realize the expected benefits. If we are successful in completing an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. We may not be able to integrate acquisitions successfully into our existing business and could incur or assume significant debt and unknown or contingent liabilities. In addition, we may experience diversion of our management's attention from our existing business and initiatives in pursuing such a strategic transaction and could also experience negative effects on our reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume, or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense; for instance, in connection with the acquisition of Belami, during 2023, we sold convertible notes and warrants and issued common stock as consideration for the Belami acquisition. Moreover, we may not be able to locate suitable acquisition opportunities, and this inability could impair our ability to grow or obtain access to technologies or products that may be important to the development of our business. We may also be subject to transaction-related litigation in connection with proposed acquisitions. Any of the foregoing may materially harm our business, financial condition, results of operations, stock price and prospects.

Our products business may become substantially dependent on contracts that are awarded through competitive bidding processes.

We may obtain a sizable portion of our products revenues pursuant to contracts that are subject to competitive bidding, including contracts with municipal authorities. Competition for, and negotiation and award of, contracts present varied risks, including, but not limited to:

- investment of substantial time and resources by management for the preparation of bids and proposals with no assurance that a contract will be awarded to us;
- the requirement to certify as to compliance with numerous laws (for example, socio-economic, small business and domestic preference) for which a false or incorrect certification can lead to civil and criminal penalties;
- the need to estimate accurately the resources and cost structure required to service a contract; and
- the expenses and delays that we might suffer if our competitors protest a contract awarded to us, including the possibility that the contract may be terminated and a new bid competition may be conducted.

If we are unable to win contracts awarded through the competitive bidding process, we may not be able to operate in the market for products and services that are provided under those contracts for several years. If we are unable to consistently win new contract awards over any extended period, or if we fail to anticipate all of the costs and resources that will be required to secure and perform such contract awards, our growth strategy and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to develop our brand, our business may suffer.

We believe that developing and maintaining awareness of our brand is critical to achieving widespread acceptance of our products and technologies and is an essential element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand. Promotion and enhancement of our brand will depend largely on our success in being able to provide high quality, reliable and cost-effective products and technologies. If customers do not perceive our products and technologies as meeting their needs, or if we fail to market our products and technologies effectively, we will likely be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our products and technologies.

Our inability to protect our intellectual property, or our involvement in damaging and disruptive intellectual property litigation, could adversely affect our business, results of operations and financial condition or result in the loss of use of the related product or service.

We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as third-party nondisclosure and assignment agreements. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

Some of our products, systems, business methods and technologies are covered by United States and international patents and patent applications. At this time, we do not own all of the intellectual property and proprietary information used in our products and technologies, and we do not have any contracts or agreements pending to acquire such intellectual property and proprietary information. If our relationship with the owner of the intellectual property and proprietary knowledge we use is impaired or we otherwise lose our ability to incorporate such intellectual property and proprietary knowledge in our products and technologies, our ability to manufacture and sell our products and technologies would be materially adversely affected. We offer no assurance about the degree of protection which existing or future patents may afford us. Likewise, we offer no assurance that our patent applications will result in issued patents, that our patents will be upheld if challenged, that competitors will not develop similar or superior business methods or products outside the protection of our patents, that competitors will not infringe our patents, or that we will have adequate resources to enforce our patents. Effective protection of our United States patents may be unavailable or limited in jurisdictions outside the United States, as the intellectual property laws of foreign countries sometimes offer less protection or have onerous filing requirements. In addition, because some patent applications are maintained in secrecy for a period of time, we could adopt a technology without knowledge of a pending patent application, and such technology could infringe a third party's patent.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise learn of our unpatented technology. To protect our trade secrets and other proprietary information, we generally require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot provide any assurance that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected.

We rely on our trademarks, trade names, and brand names to distinguish us and our products and services from our competitors. Some of our trademarks may conflict with the trademarks of other companies. Failure to obtain trademark registrations could limit our ability to protect our trademarks and impede our sales and marketing efforts. Further, competitors may infringe on our trademarks, and we may not have adequate resources to enforce our trademarks.

In addition, third parties may bring infringement and other claims that could be time-consuming and expensive to defend. Parties making infringement and other claims against us may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our products, technologies, services or business methods and could cause us to pay substantial damages. In the event of a successful claim of infringement, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, or at all. It is possible that our intellectual property rights may not be valid or that we may infringe existing or future proprietary rights of others. Any successful infringement claims could subject us to significant liabilities, require us to seek licenses on unfavorable terms, prevent us from manufacturing or selling products, technologies, services and business methods and require us to redesign or, in the case of trademark claims, rebrand our business or products, any of which could have a material adverse effect on our business, financial condition or results of operations.

The expiration or loss of patent protection and licenses may affect our future revenues and operating income.

Much of our business relies on patent and trademark and other intellectual property protection. Although most of the challenges to the intellectual property we rely upon would likely come from other businesses, governments may also challenge intellectual property protections. To the extent intellectual property we rely upon is successfully challenged, invalidated or circumvented, or to the extent it does not allow us to compete effectively, our business will suffer. To the extent that countries do not enforce our intellectual property rights or to the extent that countries require compulsory licensing of intellectual property upon which we rely, our future revenues and operating income will be reduced.

We are, or may be in the future, subject to substantial regulation related to quality and safety standards applicable to our products and technologies. Our failure to comply with applicable quality or safety standards could have an adverse effect on our business, financial condition or results of operations.

Our products are subject to regulation related to quality and safety standards, including safety certification and evaluation to specific safety standards depending on the product type, region and country. Products certified by a NRTL, such as UL, Intertek Testing Lab (ETL) or Canadian Standards (CSA), bear a certification mark signifying that the product complies with the requirements of the product safety standard. UL Standards are used for evaluation of U.S. products, CSA Standards for Canada and IEC (International Electrotechnical Commission) Standards for European countries. We use UL as our main third-party NRTL safety laboratory. While we have received a variety of safety certifications on our products, including UL, Underwriters Laboratories of Canada (cUL), Conformite Europeenne (CE) and International Electrotechnical Commission for Electrical Equipment Certification Body (the IECEE CB scheme), we may need or desire to obtain additional certifications for new product configurations, which will increase the time and costs to complete our product launches and which we may be unable to obtain within a reasonable time, or at all. In addition, certain electronic products require FCC certification, and we have obtained FCC certification on applicable products to ensure electromagnetic interference compliance. Compliance with applicable regulatory requirements is subject to continual review and is monitored through periodic inspections and other review and reporting mechanisms. Although we believe that our broad knowledge and experience with electrical codes and safety standards have facilitated certification approvals, we cannot provide any assurance that we will be able to obtain any such certifications for our new products or that, if certification standards are amended, we will be able to maintain such certifications for our existing products.

While we endeavor to take all the steps necessary to comply with applicable laws and regulations, there can be no assurance that we can maintain compliance on a continuing basis. Failure by us or our partners to comply with current or future governmental regulations and quality and safety assurance guidelines could lead to product recalls or related field actions, or product shortages. Efficacy or safety concerns with respect to our products or those of our partners could lead to product recalls, fines, withdrawals, declining sales and/or our failure to successfully commercialize new products or otherwise achieve revenue growth.

We could face significant liabilities in connection with our products, technologies, and business operations, which, if incurred beyond any insurance limits, would adversely affect our business and financial condition.

We are subject to a variety of potential liabilities connected to our product and technology development and business operations, such as potential liabilities related to environmental risks and our e-commerce sales. As a business that markets products for use by consumers and institutions, we may become liable for any damage caused by our products, whether used in the manner intended or not. Any such claim of liability, whether meritorious or not, could be time-consuming and/or result in costly litigation. Although we have obtained insurance against certain of these risks, no assurance can be given that such insurance will be adequate to cover related liabilities or will be available in the future or, if available, that premiums will be commercially justifiable. If we were to incur any substantial liability and related damages were not covered by our insurance or exceeded policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, financial conditions, and results of operations could be materially adversely affected.

We are, from time to time, subject to legal claims against us or claims by us that could have a significant impact on our resulting financial performance.

At any given time, we may be subject to litigation or claims related to our products and technologies, e-commerce sales, intellectual property, customers, employees, stockholders, distributors and sales of our assets, among other things, the disposition of which may have an adverse effect upon our business, financial condition or results of operations. The outcome of litigation is difficult to assess or quantify. Lawsuits can result in the payment of substantial damages by defendants. If we are required to pay substantial damages and expenses as a result of these or other types of lawsuits, our business and results of operations would be adversely affected. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. We may not have adequate resources in the event of a successful claim against us, and insurance may not be available in sufficient amounts or at all to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims could adversely affect our business and the results of our operations.

We have limited product distribution experience for our Sky Technologies products and we expect to rely on third parties, who may not successfully sell our products and technologies.

Our ability to increase our customer base, achieve broader market acceptance of our products and technologies, grow our revenue and achieve and sustain profitability will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities, both for our Sky Technologies products and products distributed through our e-commerce websites. We have limited product distribution experience for our Sky Technologies products and currently rely, and plan to rely primarily, on product distribution arrangements with third parties. We also rely on product distribution arrangements for sales of products sold on our e-commerce websites. As a result, our future revenues will depend on the success of the efforts of these third parties. We may also license our technology to certain third parties for commercialization of certain applications relating to our Sky Technologies products. We expect to enter into additional distribution agreements and/or licensing agreements in the future, and we may not be able to enter into these agreements on terms that are favorable to us, if at all. In addition, we may have limited or no control over the distribution activities of these third parties. These third parties could sell competing products and technologies and may devote insufficient sales efforts to our products and technologies. We are also subject to the risks of distributors and resellers encountering financial difficulties, which could impede their effectiveness and also expose us to financial risk, for example, if they are unable to pay for their purchases, or ongoing disruptions in business, such as from natural disasters.

We rely on third parties maintaining open marketplaces to distribute our mobile application. If such third parties interfere with the distribution of our application, our business would be adversely affected.

We rely on third parties maintaining open marketplaces, including the Apple App Store and Google Play, to make the mobile application controlling our products and technologies available for download. We cannot assure you that the marketplaces through which we distribute our mobile application will maintain their current structures or that such marketplaces will not charge us fees to list our application for download. We will also depend on these third-party marketplaces to enable us and our users to update our mobile application timely, and to incorporate new features, integrations, and capabilities. We will be subject to requirements imposed by such marketplaces, which may change their technical requirements or policies in a manner that adversely impacts the way in which we or third parties collect, use and share data from users through our mobile application. If we do not comply with these requirements, we could lose access to the mobile application marketplace and users, and our business, results of operations, and financial condition may be harmed.

In addition, Apple, and Google, among others, for competitive or other reasons, could stop allowing or supporting access to our mobile application through their products, could allow access for us only at an unsustainable cost, or could make changes to the terms of access in order to make our mobile application less desirable or harder to access. If it becomes more difficult for our users to access and use the mobile application controlling our smart products on their mobile devices, if our users choose not to access or use the application on their mobile devices, or if our users choose to use mobile products that do not offer access to the application, our user growth, retention and engagement could be seriously harmed.

Our net sales, and ability to market and sell our new products and technologies, might be adversely impacted if our products and technologies do not meet certain certification and compliance standards.

Although not legally required to do so, we strive to obtain certifications for substantially all our Sky Technologies products, both in the United States, and, where appropriate, in jurisdictions outside the United States. For instance, we may seek certification of our products from UL, United Laboratories for Canada (cUL) and Conformite Europeenne (CE). Although we believe that our broad knowledge and experience with electrical codes and safety standards have facilitated certification approvals, we cannot ensure that we will be able to obtain any such certifications for our new products and technologies or that, if certification standards are amended, we will be able to maintain such certifications for our existing products. Moreover, although we are not aware of any effort to amend any existing certification standard or implement a new certification standard in a manner that would render us unable to maintain certification for our existing products or obtain ratification for new products and technologies, our net sales might be adversely affected if such an amendment or implementation were to occur.

Defects in our mobile application and the technology powering it may adversely affect our business.

Tools, code, subroutines, and processes contained within our mobile application may contain defects not yet discovered or contained in updates and new versions. Our introduction of updates and new versions with defects or quality problems may result in adverse publicity, reduced downloads and use, product redevelopment costs, loss of or delay in market acceptance of our products and technologies or claims by customers or others against us. Such problems or claims may have a material and adverse effect on our business, prospects, financial condition and results of operations.

Changes to tax laws or exposure to additional tax liabilities may have a negative impact on our operating results.

Continued developments in U.S. tax reform and changes to tax laws and rates in other jurisdictions where we may do business could adversely affect our results of operations and cash flows. It is also possible that provisions of U.S. tax reform could be subsequently amended in a way that is adverse to the Company.

In addition, we may undergo tax audits in the jurisdictions in which we operate. Although we believe that our income tax provisions and accruals are reasonable and in accordance with generally accepted accounting principles in the United States ("GAAP"), and that we prepare our tax filings in accordance with all applicable tax laws, the final determination with respect to any tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of any tax audit or litigation could materially affect our operating results and cash flows in the periods for which that determination is made. In addition, future period net income may be adversely impacted by litigation costs, settlements, penalties and interest assessments.

Certain U.S. state and local tax authorities may assert that the Company has a nexus with such states or localities and may seek to impose state and local income taxes on its income allocated to such state and localities.

There is a risk that certain state tax authorities where the Company does not currently file a state income tax return could assert that the Company is liable for state and local income taxes based upon income or gross receipts allocable to such states or localities. States and localities are becoming increasingly aggressive in asserting nexus for state and local income tax purposes. The Company could be subject to additional state and local income taxation, including penalties and interest attributable to prior periods, if a state or local tax authority in a state or locality where the Company does not currently file an income tax return successfully asserts that the Company's activities give rise to nexus for state income tax purposes. Such tax assessments, penalties and interest may adversely affect the Company's cash tax liabilities, results of operations and financial condition.

Taxing authorities may successfully assert that the Company should have collected or in the future should collect sales and use taxes for its services, which could adversely affect the Company's results of operations.

State taxing authorities may assert that the Company had an economic nexus with their state and were required to collect sales and use taxes with respect to past or future products and technologies that the Company has sold or will sell, which could result in tax assessments, penalties, and interest. The assertion of such taxes against the Company for past sales, or any requirement that the Company collect sales taxes on future sales, could have a material adverse effect on its business, cash tax liabilities, results of operations and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have significant U.S. net operating loss ("NOL") and tax credit carryforwards. Under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOLs and certain other tax attributes to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "five percent stockholders" that exceeds fifty percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Our ability to use NOLs and other tax attributes to reduce future taxable income and liabilities may be subject to annual limitations as a result of prior ownership changes and ownership changes that may occur in the future.

Under the Tax Cuts and Jobs Act of 2017 (the "TCJA"), as amended by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), NOLs arising in taxable years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but NOLs arising in taxable years beginning after December 31, 2020 may not be carried back. Additionally, under the TCJA, as modified by the CARES Act, NOLs from tax years that began after December 31, 2017 may offset no more than 80% of current taxable income annually for taxable years beginning after December 31, 2020, but the 80% limitation on the use of NOLs from tax years that began after December 31, 2017 does not apply for taxable income in tax years beginning before January 1, 2021. NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but NOLs generated in tax years beginning before January 1, 2018 will continue to have a two-year carryback and twenty-year carryforward period. In addition, for state income tax purposes, the extent to which states will conform to the federal laws is uncertain and there may be periods during which the use of NOL carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

The elimination of monetary liability against our directors, officers, and employees under Florida law and the existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers and employees.

Our articles of incorporation, as amended (the "articles of incorporation"), contain a provision permitting us to eliminate the personal liability of our directors and officers to our Company and stockholders for damages for breach of fiduciary duty as a director or officer to the extent provided by Florida law. Our third amended and restated bylaws (the "bylaws") also contain provisions regarding indemnification of our directors, officers and employees, including, under certain circumstances, against attorneys' fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. We will also bear the expenses of such litigation for any of our directors, officers, employees or agents, upon such person's promise to repay us therefore if it is ultimately determined that no such person shall have been entitled to indemnification. The foregoing obligations could result in our incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their fiduciary duties and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit us and stockholders.

Other factors could have a materially adverse effect on our future profitability and financial condition.

Many other factors can affect our profitability and financial condition, including:

- changes in, or interpretations of, laws and regulations, including changes in accounting standards and taxation requirements;
- changes in the rate of inflation, interest rates and the performance of investments held by us;
- changes in the creditworthiness of counterparties that transact business with us;
- changes in business, economic and political conditions, including: war, political instability, terrorist attacks in the U.S. and other parts of the world, the threat of future terrorist activity in the U.S. and other parts of the world and related military action; natural disasters; public health crises; the cost and availability of insurance due to any of the foregoing events or other unforeseen events; labor disputes, strikes, slow-downs or other forms of labor or union activity; increased tariffs or other trade barriers or restrictions; and pressure from third-party interest groups;
- changes in our business and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting from evolving business strategies, changing product mix, changes in tax rates and opportunities existing now or in the future;
- difficulties related to our information technology systems, or outages of third-party information technologies or software upon which we rely, any of which could adversely affect business operations, including any significant breakdown, invasion, destruction, or interruption of these systems;
- changes in credit markets impacting our ability to obtain financing for our business operations; or
- legal difficulties, any of which could preclude or delay commercialization of products or technologies or adversely affect profitability, including claims asserting statutory or regulatory violations, adverse litigation decisions and issues regarding compliance with any governmental consent decree.

Risks Related to Our Operations

Our actual operating results will differ significantly from guidance provided by our management.

From time to time, the Company may release guidance in its earnings releases, earnings conference calls, or otherwise, regarding its future performance that represent management's estimates as of the date of release. This guidance, if released, would include forward-looking statements, and would be based on projections prepared by the Company's management. The Company's guidance will not be prepared with a view toward compliance with published accounting and reporting guidelines, and neither its registered public accountants nor any other independent expert or outside party will compile or examine the projections and, accordingly, no such person will express any opinion or any other form of assurance with respect thereto. Guidance will be based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and are based upon specific assumptions with respect to future business decisions, some of which will change. The Company will generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to mean that actual results could not fall outside of the suggested ranges. The principal reason that the Company would release guidance would be to provide a basis for the Company's management to discuss its business outlook with analysts and investors. The Company will not accept any responsibility for any projections or reports published by analysts. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by the Company will not materialize or will vary significantly from actual results. Accordingly, the Company's guidance will only be an estimate of what management believes is realizable as of the date of release. Actual results will vary from the Company's guidance and the variations may be material. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on any such guidance. Any failure to successfully implement the Company's operating strategy or the occurrence of any of the events or circumstances discussed therein could result in the actual operating results being different from its guidance, and such differences may be adverse and material.

We have incurred, and will continue to incur, increased costs as a result of operating as a public company, and our management is required to devote substantial time to compliance initiatives.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition with the SEC. In addition, the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), as well as rules adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that required the SEC to adopt additional rules and regulations in these areas, such as "say on pay" and proxy access.

The rules and regulations applicable to public companies substantially increase our legal and financial compliance costs and make some activities more time-consuming and costly. If and when these requirements divert the attention of our management and personnel from other business concerns, our business, financial condition and results of operations could be materially adversely affected. The increased costs have increased our expenses and may require us to reduce costs in other areas of our business. We cannot currently predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. This could be compounded in the event these rules and regulations make it more expensive for us to obtain director and officer liability insurance, which, in the future, could require us to accept reduced coverage or incur substantially higher costs to obtain coverage.

In addition, there has been increased focus from regulatory authorities, investors and other stakeholders on companies' environmental, social and governance policies and practices. Public interest and legislative pressure related to public companies' environmental, social and governance practices continues to grow; for example, California has adopted certain climate-related disclosure requirements. At the same time, there exists anti-environmental, social and governance, including anti-diversity and equity, sentiment among some stakeholders and government institutions, and anti-environmental, social and governance policies or legislation enacted by the U.S. federal government or states may conflict with other laws and regulations applicable to us. Compliance with inconsistent environmental, social and governance-related rules and regulations, including those related to climate change, could increase compliance burdens and associated regulatory costs, as well as enhance the risk of claims and regulatory actions, which could adversely impact on our reputation and our efforts to raise capital, including as a result of public regulatory sanctions.

Our future success depends on our ability to retain key employees and to attract, retain and motivate qualified personnel.

Our success depends substantially on the efforts and abilities of our officers and other key employees and agents. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Recruiting and retaining qualified personnel will also be critical to our success. The loss of the services of our executive officers or other key employees or contractors could impede the achievement of our research and development objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key personnel may be difficult and may take an extended period of time, as competition for experienced personnel in our industry is substantial and we could be affected by labor shortages. In addition, if any of our officers or other key personnel join a competitor or form a competing company, we may lose some of our customers.

Our culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.

We believe that our culture has been and will continue to be a key contributor to our success. We expect to continue to hire additional personnel as we expand our business. If we do not continue to develop our company culture or maintain our core values as we grow and evolve, we may be unable to foster the innovation, creativity and teamwork we believe we need to support our growth.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a public company, we are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies. In particular, we are required to certify our compliance with Section 404 of the Sarbanes-Oxley Act, which requires us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. In addition, should we no longer qualify as non-accelerated filer, our independent registered public accounting firm will be required to report on the effectiveness of our internal control over financial reporting. We are also required to design our disclosure controls and procedures to reasonably assure that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

We may identify control deficiencies of varying degrees of severity under applicable SEC and PCAOB rules and regulations that remain unremedied. As a public company, we are required to report, among other things, control deficiencies that constitute a “material weakness” or changes in internal controls that, or that are reasonably likely to, materially affect internal controls over financial reporting. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A “significant deficiency” is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, if our independent registered public accounting firm determines that we have a material weakness or a significant deficiency in our internal control over financial reporting, or if we are unable to maintain proper and effective internal control over financial reporting, we may not be able to produce timely and accurate financial statements. As a result, our investors could lose confidence in our reported financial information, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities.

We believe that all internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. We may discover weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. For example, our directors or executive officers could inadvertently fail to disclose a new relationship or arrangement, causing us to fail to disclose a required related party transaction. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition, and stock price.

In recent years, global financial markets have experienced extreme volatility and disruptions, because of, among other factors, geopolitical conditions, including increased tariffs and other trade barriers and restrictions, high inflation and interest rates, fluctuating currency exchange rates, labor shortages and supply chain disruptions and constraints, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. In addition, inflationary factors, such as increases in interest rates, government regulations, and increases in tariffs and other supply and overhead costs and transportation costs, may adversely affect our operating results, and we may not be able to offset increased costs with increased sales price per unit, particularly as we continue to work toward commercial manufacturing of our products. Our general business strategy and ability to raise capital may be adversely affected by any economic downturn or recession, volatile business environment or continued unpredictable and unstable market conditions. Deterioration in the equity and credit markets may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon our strategic plans. In addition, there is a risk that one or more of our current service providers and other partners could go out of business, including as a result of unfavorable economic conditions, which could directly affect our ability to attain our operating goals on schedule and on budget.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, which has resulted in decreased or volatile stock prices for many companies, notwithstanding the lack of a fundamental change in their underlying business models or prospects. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, including potentially worsening economic conditions and other adverse effects or developments relating to geopolitical conditions and other political, regulatory and market conditions, may negatively affect the market price of shares of our common stock, regardless of our actual operating performance.

As of December 31, 2025, our cash and cash equivalents were approximately $10.1 million, including restricted cash. While we are not aware of any downgrades, material losses, or other significant deterioration in the fair value of our cash and cash equivalents since December 31, 2025**,** no assurance can be given that further deterioration of the global credit and financial markets would not negatively impact on our current portfolio of cash equivalents or our ability to meet our financing objectives. For instance, in March 2023, the FDIC took control and was appointed receiver of Silicon Valley Bank and New York Signature Bank. While the Company did not have any direct exposure to these banks, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our operations may be negatively impacted, including any inability on our part, or on our customers' parts, to access cash, cash equivalents or investments. Furthermore, our stock price has declined, and may decline in the future, as a result of the volatility of the stock market and any general economic downturn.

Conditions in Israel, including conflicts in the Middle East, may adversely affect our operations, which could negatively impact our revenues and cash flows.

With a number of our individuals working on the development of our product offerings located in Israel, our business and operations are directly affected by economic, political, geopolitical, and military conditions affecting Israel.

In March 2026, the U.S. and Israel engaged militarily with the Islamic Republic of Iran. This engagement's economic implications on the Company's business and operations and on Israel's economy in general is difficult to predict. This conflict, as well as actions that could be taken in the future, have created security concerns that may result in a greater or lasting regional conflict. To date, our operations have not been adversely affected by this situation. However, the individuals working on developing and improving our product offerings are not only within the range of rockets from the Gaza Strip, but also within the range of rockets that can be fired from neighboring countries If hostilities otherwise disrupt our Israeli operations, our ability to improve timely our product offerings could be materially and adversely affected... In addition, shifting economic and political conditions in the United States and in other countries may result in changes in how the United States and other countries conduct business and other relations with Israel, which may have an adverse impact on our Israeli operations and our business.

Our internal computer systems, or those of our third-party manufacturers or other contractors or consultants, may fail or suffer security breaches. If our information technology systems security measures are breached or fail, our products and technologies may be perceived as not being secure, customers may curtail or stop buying our products and technologies, we may incur significant legal and financial exposure, and our reputation, results of operations, financial condition and cash flows could be materially adversely affected.

The efficient operation of our business is dependent on our information technology systems, some of which may need enhancement, updating and replacement. We rely on these systems generally to manage day-to-day operations, manage relationships with our customers and maintain our research and development data and our financial and accounting records. Despite our implementation of security measures, our internal computer systems, and those of our third-party manufacturers, information technology suppliers and other contractors, vendors and consultants upon which we rely, experience from time to time, and are vulnerable to damage from, computer viruses and/or malicious or destructive code, criminal cyberattacks, security incidents due to employee or service provider error, insider attacks, natural disasters, terrorism, war, telecommunication and electrical failures, phishing or denial-of-service attacks, ransomware or other malware, social engineering, malfeasance, other unauthorized physical or electronic access, or other vulnerabilities. The failure of our information technology systems, our inability to successfully maintain, enhance and/or replace our information technology systems as needed, or any compromise of the integrity or security of the data we generate from our information technology systems could have a material adverse effect on our results of operations, disrupt our business and product and technology development and make us unable, or severely limit our ability, to respond to customer demands. Any interruption of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, customer dissatisfaction and potential lawsuits, any of which could have a material adverse effect on our results of operations, financial condition, and cash flows. We could also be adversely impacted by cybersecurity incidents that occur at third parties that lead to widespread technology outages, interruptions or other failures of operational, communication or other systems globally and across companies and industries.

Our information technology systems involve the storage of our confidential information and trade secrets, as well as our customers' personal and proprietary information, in our equipment, networks and corporate systems. Security breaches expose us to the risk of loss of this information, litigation and increased costs for security measures, loss of revenue, damage to our reputation and potential liability. Security breaches or unauthorized access may result in a combination of significant legal and financial exposure, increased remediation and other costs, theft and/or unauthorized use or publication of our trade secrets and other confidential business information, loss of funds, damage to our reputation and a loss of confidence in the security of our products, technologies, services and networks that could have an adverse effect upon our business. While we take steps to prevent unauthorized access to our corporate systems, the techniques used by criminals to obtain unauthorized access to sensitive data continue to evolve and become more sophisticated change frequently and often are not recognized until launched against a target; accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures, and future cyberattacks could go undetected and persist for an extended period of time. Furthermore, to the extent artificial intelligence capabilities continue to improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks, including the use of generative artificial intelligence to conduct more sophisticated social engineering attacks on the Company, suppliers or customers., and In addition, vulnerabilities may be introduced from the use of artificial intelligence by us, our financial services providers and other vendors and third-party providers. Further, the risk of a security breach or disruption, particularly through cyberattacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as cyberattacks have become more prevalent and harder to detect and fight against. In addition, hardware, software or applications we procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise network and data security or trigger a widespread outage. Any breach or failure of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, customer dissatisfaction and potential lawsuits, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our consultants, vendors and others to whom we entrust confidential data, and on whom we rely on to provide products and services, face similar threats and growing requirements. Because we do not control our vendors or service providers and our ability to monitor their cybersecurity is limited, we cannot ensure the cybersecurity measures they take will be sufficient to protect any information we share with them or prevent any disruption arising from a technology failure, cyberattack or other information or security breach. We depend on such parties to implement adequate controls and safeguards to protect against and report cyber incidents. If such parties fail to deter, detect, or report cyber incidents in a timely manner, we may suffer from financial and other harm, including to our information, operations, performance, employees, and reputation.

If we are unable to prevent or mitigate the impact of security or data privacy breaches, we could be exposed to litigation and governmental investigations, which could lead to a potential disruption to our business. In addition, we may not have adequate insurance coverage for security incidents or breaches. The successful assertion of one or more large claims against us that exceed our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

Further, if a high-profile security breach occurs with respect to another provider of smart home solutions, the public may lose trust in the security of our smart products and technologies or in the smart home space generally, which could adversely impact our ability to sell such products and technologies. Even in the absence of any security breach, concerns about security, privacy or data protection may deter consumers from using our smart products and technologies.

We have begun to incorporate artificial intelligence capabilities in our product offerings, which may present operational and reputational risks.

We are in the preliminary stages of incorporating artificial intelligence (sometimes referred to as “AI”) capabilities into certain product offerings. These features may become important in our operations over time. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, we could be subject to competitive risks, potential legal liability, and reputational harm, and our business, financial condition and results of operations may be adversely affected. The use of AI capabilities may also result in cybersecurity incidents, and any such cybersecurity incidents related to our use of AI capabilities could adversely affect our business. Furthermore, the legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, and compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to use AI technologies in our products. There can be no assurance that the measures we have taken to mitigate the potential risks related to the use of AI technologies in our products will be sufficient. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action or brand and reputational harm.

We may use artificial intelligence or machine learning technologies in certain business processes. These technologies may introduce risks related to algorithmic bias, reliability of outputs, evolving regulatory frameworks, and the collection and use of data, which could result in operational, compliance, or reputational harm if not properly managed.

Intentional or accidental actions or inactions by employees or other third parties with authorized access to our networks may result in the exposure of vulnerabilities that may be exploited or expose us to liability. Third parties may also conduct attacks designed to temporarily deny customers access to our cloud services.

Because there are many different security breach techniques and such techniques continue to evolve, we may be unable to anticipate attempted security breaches, react in a timely manner or implement adequate preventative measures. Third parties may also conduct attacks designed to temporarily deny users access to our cloud services. Any security breach or other security incident, or the perception that one has occurred, could result in a loss of user confidence in the security of our platform and damage to our brand, reduce the demand for our solutions, disrupt normal business operations, require us to spend material resources to investigate or correct the breach and to prevent future security breaches and incidents, expose us to legal liabilities, including litigation, regulatory enforcement and indemnity obligations, and adversely affect our business, financial condition and results of operations.

We use third-party technology and systems in a variety of contexts, including, without limitation, employee email, content delivery to customers, back-office support, credit card processing, and other functions. Although we have developed systems and processes that are designed to protect customer data and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party service provider, such measures cannot provide absolute security.

We rely upon third-party providers of cloud-based infrastructure to host our solutions. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business, financial condition, revenues, results of operations or cash flows.

We outsource substantially all of the infrastructure relating to our cloud solution to third-party hosting services, such as Amazon Web Services ("AWS"). Customers of our cloud-based solutions need to be able to access our platform at any time, without interruption or degradation of performance, and, in some cases, we need to provide them with service-level commitments with respect to uptime. Our cloud-based solutions depend on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centers, which is transmitted by third-party internet service providers. Any limitation on the capacity of our third-party hosting services could impede our ability to onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition, revenues, results of operations or cash flows. In addition, any incident affecting our third-party hosting services' infrastructure that may be caused by cyberattacks, natural disasters, such as fires, floods, severe storms, or earthquakes, power loss, telecommunications failures, terrorist or other attacks, public health crises and other similar events beyond our control could negatively affect our cloud-based solutions. A prolonged service disruption affecting our cloud-based solution for any of the foregoing reasons would negatively impact on our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party hosting services we use.

AWS provides the cloud computing infrastructure that we use to host our platform, manage data, mobile application and many of the internal tools we use to operate our business. Our platform, mobile application and internal tools use computing, storage capabilities, bandwidth and other services provided by AWS. Any significant disruption of, limitation of our access to or other interference with our use of AWS would negatively impact on our operations and could seriously harm our business. In addition, any transition of the cloud services currently provided by AWS to another cloud services provider would require considerable time and expense and could disrupt or degrade delivery of our platform. Our business relies on the availability of our platform for our customers, and we may lose customers if they are not able to access our platform or encounter difficulties in doing so. The level of service provided by AWS could affect the availability or speed of our platform, which may also impact on the usage of, and our customers' satisfaction with, our platform and could seriously harm our business and reputation. If AWS increases pricing terms, terminates or seeks to terminate our contractual relationship, establishes more favorable relationships with our competitors or changes or interprets its terms of service or policies in a manner that is unfavorable with respect to us, our business, financial condition, revenues, results of operations or cash flows may be harmed.

We may collect, store, process and use our customers' personal identifiable information and other data, which subjects us to governmental regulation and other legal obligations related to data privacy, information security and data protection. Any cybersecurity breaches or actual or perceived failure to comply with such legal obligations by us, or by our third-party service providers or partners, could harm our business.

We may collect, store, process and use our customers' personal identifiable information and other data in our transactions with them, and we may rely on third parties that are not directly under our control to do so as well. While we take reasonable measures intended to protect the security, integrity and confidentiality of the personal information and other sensitive information we collect, store or transmit, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information. If we or our third-party service providers were to experience a breach, disruption or failure of systems compromising our customers' data, or if one of our third-party service providers or partners were to access our customers' personal data without our authorization, our brand and reputation could be adversely affected, use of our products and technologies could decrease and we could be exposed to a risk of loss, litigation and regulatory proceedings.

We also incur costs in order to comply with cybersecurity or data privacy regulations or with requirements imposed by business partners. Data privacy and cybersecurity laws in the United States and internationally are constantly changing, and the implementation of these laws has become more complex. These laws often develop in ways we cannot predict and may materially increase our cost of doing business, particularly as we expand the nature and types of products and technologies we offer. These laws may impose stringent data protection requirements and provide for penalties for noncompliance. To comply with current or newly enacted laws, we may be subject to increased costs as a result of continually evaluating and modifying our policies and processes and adapting to new requirements that are or become applicable to us. For instance, many jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures.

Despite our compliance efforts, we may fail to achieve compliance with applicable privacy or data protection laws and regulations as they evolve, or adhere to contractual obligations regarding the collection, processing, storage and transfer of data (including data from our customers, prospective customers, partners and employees), either due to internal or external factors such as resource limitations or a lack of vendor cooperation. Any actual or perceived failure to comply with these laws or obligations could result in enforcement action against us, including fines, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to any existing customers and prospective customers), any of which could harm our business, results of operations, and financial condition. Further, privacy concerns may inhibit market adoption of our smart products and technologies, particularly in certain industries and foreign countries.

Natural disasters, geopolitical events, and other highly disruptive events could materially and adversely affect our business, financial condition and results of operations.

Natural disasters and other extreme weather events, the nature, frequency and severity of which may be negatively impacted by climate change, public health crises, geopolitical conditions, acts or threats of war or terrorism, international conflicts, such as the Russia-Ukraine war and conflict in the Middle East, power outages, fires, explosions, equipment failures, sabotage, political instability and the actions taken by governments could cause damage to or disrupt our business operations, or those of our manufacturers or our customers, and could create economic instability. Disruptions to our information technology infrastructure from system failures, shutdowns, power outages, telecommunication or utility failures, and other events, including disruptions at third party information technology and other service providers, could also interfere with or disrupt our operations. Although it is not possible to predict such events or their consequences, these events could increase our costs, result in physical damage to or destruction or disruption of properties used in connection with the manufacture of our products, the lack of an adequate workforce in part or all of our operations, supply chain disruptions and data, utility and communications disruptions. In addition, these events could indirectly result in increases in the costs of our insurance if they result in significant loss of property or other insurable damage. Furthermore, the insurance we maintain may not be adequate to cover our losses resulting from any business interruption, including those resulting from a natural disaster or other severe weather event, and recurring extreme weather events or other adverse events could reduce the availability or increase the cost of insurance. Any of these developments could have a material and adverse effect on our business, financial condition, and results of operations.

We are implementing a new enterprise resource planning system. Our failure to implement it successfully, on time and on budget could have a material adverse effect on us.

We are in the process of implementing a new enterprise resource planning ("ERP") system. ERP implementations are complex, time-consuming, and involve substantial expenditures on system software and implementation activities. The ERP system will be critical to our ability to provide valuable information to our management, obtain and deliver products, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business.

ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new computer system, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system have required, and will continue to require, the investment of significant financial and human resources and the implementation may be subject to delays and cost overruns. In addition, we may not be able to successfully complete the implementation of the new ERP system without experiencing difficulties. Any disruptions, delays or deficiencies in the design and implementation or the ongoing maintenance of the new ERP system could adversely affect our ability to process orders, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, including reports required by the SEC, and otherwise operate our business. New system implementations across the enterprise, such as the current implementation of our new ERP system, which includes a cloud-based solution, also pose risks of outages or disruptions, which could affect our suppliers, operations, and customers. Issues faced by us or our third-party "cloud" computing providers, including technological or business-related disruptions or prolonged third-party service outages, as well as cybersecurity threats, could adversely impact our business, results of operations and financial condition for future periods.

Additionally, if we do not effectively implement the ERP system as planned or the system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess it adequately could be delayed, which could cause us to incur significant additional expenses, damage our reputation, and have a material adverse effect on us.

Risks Related to Our Common Stock

We may not be able to maintain our Nasdaq listing and may incur additional costs as a result of our Nasdaq listing.

We are subject to certain Nasdaq continued listing requirements and standards, including, without limitation, minimum market capitalization and other requirements. We cannot provide any assurance that we will be able to continue to satisfy the requirements of Nasdaq's continued listing standards, and failure to maintain our listing, or delisting from Nasdaq, would make it more difficult for stockholders to dispose of our securities and more difficult to obtain accurate price quotations on our securities. This could have an adverse effect on the price of our common stock. Our ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing we may need in the future, may also be materially and adversely affected if our common stock and/or other securities are not traded on a national securities exchange.

The price of our common stock may be volatile and fluctuate substantially.

Our stock price has been, and is likely to continue to be, volatile and subject to wide fluctuations in response to numerous factors, some of which we cannot control. The stock market has experienced extreme volatility that has often been unrelated to the operating performance of companies. The market price for our common stock may be influenced by many factors, including, in addition to the factors discussed in this “Risk Factors” section and elsewhere in this Form 10-K, the following:

- our ability to successfully launch, and gain market acceptance of, our smart products and technologies;
- our reliance on product distribution arrangements with third parties;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to our research and development, marketing efforts, strategic initiatives, or other areas;
- actual or anticipated changes in governmental regulation, including taxation and tariff policies;
- actual or anticipated changes in estimates as to financial results or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the lighting, home decor and smart home sectors;
- conditions in the financial markets in general or changes in general economic conditions; and
- novel and unforeseen market forces and trading strategies.

In addition, due to one or more of the foregoing factors in one or more future quarters, our results of operations may fall below the expectations of securities analysts and investors. In the event any of the foregoing factors occur, the market price of our common stock could be highly volatile and may materially decline. Further, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs by defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

The conversion of outstanding convertible notes or preferred stock into shares of common stock could materially dilute our stockholders.

As of March 18, 2026, we had $18.2 million aggregate principal amount of convertible notes outstanding, convertible into shares of our common stock at a weighted average conversion rate of $1.28 and $13.8 million invested in our shares of Preferred Series A, A-1 and A-2, convertible at a weighted average rate of $1.25 per share.

The effective conversion price of the notes or preferred stock or exercise price of the warrants may be less than the market price of our common stock at the time of conversion or exercise If the entire principal amount of all the outstanding convertible notes and preferred shares is converted into shares of common stock, we would be required to issue an aggregate 25,679,364 shares of common stock. If we issue any or all of these shares, the ownership of our stockholders will be diluted.

The outstanding preferred stock has rights, preferences and privileges that will not be held by, and will be preferential to, the rights of holders of our common stock, which could adversely affect the liquidity and financial condition of the Company, and may result in the interests of the holders of our outstanding preferred stock differing from those of the holders of our common stock.

The Series A Preferred Stock, Series A-1 Preferred Stock, and Series A-2 Preferred Stock rank on parity with each other with respect to liquidation preferences. Upon any dissolution, liquidation or winding up, whether voluntary or involuntary, holders of such preferred stock will be entitled to receive distributions out of the Company’s assets in an amount per share equal to $25.00 plus all accrued and unpaid dividends, whether capital or surplus, before any distributions shall be made on any shares of common stock.

These dividend obligations to the holders of preferred stock could limit the Company's ability to obtain additional financing, which could have an adverse effect on its financial condition. The preferential rights described above could also result in divergent interests between the holders of shares of preferred stock and the holders of our common stock.

If securities analysts do not publish research or reports about our business, or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Our executive officers, directors, principal stockholders, and their affiliates exercise considerable influence over us, which will limit your ability to influence corporate matters and could delay or prevent a change in corporate control. In addition, our outstanding convertible preferred stock has voting rights, which reduce the relative voting power of holders of our common stock.

Our executive officers, directors, 5% holders of our common stock and their affiliates beneficially own, in the aggregate, approximately 23.6% of our outstanding common stock, or 23.6% of our total voting power, as of March 18, 2026. In addition, holders of our Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock, which includes certain of our officers, are entitled to vote on an as-converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock. As a result, the issuance of such preferred stock effectively reduced the relative voting power of the holders of our common stock. The holders of such preferred stock have approximately 7.1% of the Company's total voting power as of March 18, 2026.

These stockholders, if they act together, will be able to influence our management and affairs and the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. These stockholders may have interests that are different from those of other investors, and the concentration of voting power among these stockholders may have an adverse effect on the price of our common stock. In addition, this concentration of ownership might adversely affect the market price of our common stock by:

- delaying, deferring, or preventing a change of control of us;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Sales of a substantial number of shares of our common stock in the public market by our stockholders could cause our share price to fall.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

We are a smaller reporting company, and the reduced reporting requirements applicable to smaller reporting companies may make our common stock less attractive to investors.

We currently qualify as a "smaller reporting company," which allows us to take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including reduced disclosure obligations regarding executive compensation in this Form 10-K and our periodic reports and proxy statements. Decreased disclosures in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze the results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we may rely on these reduced reporting requirements. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

Market and economic conditions may negatively impact on our business, financial condition and share price.

Concerns over inflation, high interest rates, tariffs and other trade barriers and restrictions, energy costs, geopolitical issues, the U.S. mortgage market and a declining real estate market, unstable global credit markets and financial conditions, and labor and supply shortages have led to periods of significant economic instability, diminished liquidity and credit availability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth going forward, increased unemployment rates, and increased credit defaults in recent years. Our general business strategy may be adversely affected by any such economic downturns or recessions, volatile business environments and continued unstable or unpredictable economic and market conditions. If these conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance, and share price and could require us to delay or abandon development or commercialization plans.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our common stock. We currently anticipate that we will retain all of our future earnings, if any, to support operations, including to pay dividends on our outstanding preferred stock and interest on our outstanding debt, and to finance the growth and development of our business. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for our stockholders in the foreseeable future.

Anti-takeover provisions in our charter documents and under Florida law could discourage, delay or prevent a change in control of us and may affect the trading price of our common stock.

As a Florida corporation, we are subject to certain provisions of the Florida Business Corporation Act that have anti-takeover effects and may inhibit a non-negotiated merger or other business combination. Our articles of incorporation and bylaws also contain other provisions which could have anti-takeover effects. These provisions include, without limitation, the authority of our board of directors to designate and issue shares of preferred stock, including to fix the relative rights and preferences of the preferred stock without the need for any stockholder vote or approval; the requirement of a majority stockholder vote to remove directors from office or, if for cause, by a majority of the board of directors; and limitations on who may call special meetings of stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Organizations in our industry are frequently confronted with a broad range of cybersecurity threats, ranging from uncoordinated, individual attempts to gain unauthorized access to an organization's information technology ("IT") environment to sophisticated and targeted cyberattacks sponsored by foreign governments and criminal enterprises. Although we employ comprehensive measures to prevent, detect, address, and mitigate these threats, a cybersecurity incident could potentially result in the misappropriation, destruction, corruption, or unavailability of critical data, personal identifiable information, and other confidential or proprietary data (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include remediation and restoration costs, reputational damage, litigation with third parties, and diminution in the value of our investment in research and development, which in turn could adversely affect our competitiveness and results of operations. Accordingly, cybersecurity is an important part of our Enterprise Risk Management ("ERM") program, and the Company seeks to address cybersecurity risks through a comprehensive, cross-functional approach.

The Company's cybersecurity policies, standards, processes, and practices for assessing, identifying, and managing material risks from cybersecurity threats and responding to cybersecurity incidents are integrated into the Company's risk management program and are based on recognized frameworks established by the National Institute of Standards and Technology. The Company has established controls and procedures, including an Incident Response Plan, which provide for the identification, analysis, notification, escalation, communication, and remediation of data security incidents at appropriate levels so that so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner. In particular, the Company's Incident Response Plan (i) is designed to identify and detect information security threats through various mechanisms, such as through security controls and third-party disclosures, and (ii) sets forth a process to (a) analyze any such threats detected within the Company's IT environment or within a third-party's IT environment, (b) contain cybersecurity threats under various circumstances, and (c) better ensure the Company can recover from cybersecurity incidents to a normal state of business operations. The Company has established and maintains other incident response and recovery plans that address the Company's response to a cybersecurity incident.

As part of its cybersecurity program, the Company deploys measures to deter, prevent, detect, and respond to and mitigate cybersecurity threats, including firewalls, anti-malware, intrusion prevention and detection systems, identity and access controls, software patching protocols, and physical security measures. The Company periodically assesses and tests the Company's policies, standards, processes, and practices that are designed to address cybersecurity (including artificial intelligence-related) threats and incidents, including by assessing current threat intelligence, and conducting tabletop exercises and vulnerability and security testing. The Company has a process to report material results of such testing and assessments to the board and periodically adjusts the Company's cybersecurity program based on these exercises. The Company engages third parties to conduct part of such testing, including hiring consultants and third parties to conduct our threat assessments and supplement the monitoring of such threats by utilizing online data tools. The Company identifies and oversees cybersecurity risks presented by third parties and their systems from a risk-based perspective. The Company also conducts cybersecurity training for employees (including mandatory training programs for system users).

Many of the Company's IT systems operate with a hosted architecture or by third-party service providers, and if these third-party IT environments fail to operate properly, our systems could stop functioning for a period of time, which could put our users at risk. Accordingly, our ability to keep our business operating is highly dependent on the proper and efficient operation of IT service providers, and our vendor management process is an important part of our risk mitigation strategy. In particular, we obtain reports from our vendors handling sensitive data as to their efficacy and efficiency in managing cybersecurity issues and follow-up with them on any potential or actual issues. Notwithstanding, if there is a catastrophic event, such as an adverse weather condition, natural disaster, terrorist attack, security breach, or other extraordinary event, the Company, and our service providers, may be unable to provide our products or services for the duration of the event and/or a time thereafter.

Considering the pervasive and increasing threat from cyber attacks, the board and the audit committee, with input from management, assess the Company's cybersecurity threats and the measures implemented by the Company to mitigate and prevent cyberattacks. The audit committee consults with management regarding ongoing cybersecurity initiatives, and requests management to report to the audit committee or the full board regularly on their assessment of the Company's cybersecurity program and risks, including artificial intelligence. Both the audit committee and the full board receive regular reports from senior management on cybersecurity risks and timely reports regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. Our board has risk management experience.

In addition, the Company's information security and cybersecurity program is managed by our Chief Technology Officer ("CTO"), whose team is responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. The CTO provides periodic reports to our audit committee as well as our Chief Executive Officer and Chief Financial Officer and other members of our senior management as well as as appropriate. We have also established cross-functional teams to collaborate and communicate on cybersecurity-related issues. The reports to management include updates on the Company's cyber risks and threats, the status of projects to strengthen our information security systems, assessments of the information security program, and the emerging threat landscape. Our CTO, Mr. Eliran Ben-Zikri served in the one of the most elite computer units of the Israeli Defense Force and has over 10 years of experience in the cloud technology, previously holding senior positions in leading Israeli technology companies, including eToro and SimilarWeb.

As of the date of this report, the Company has not identified any cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition. However, there can be no assurance that the Company, or its third-party business partners or service providers, will not experience a cybersecurity threat or incident in the future that could materially adversely affect the Company, including its business strategy, results of operations, or financial condition. For further discussion of the risks related to cybersecurity, see the risk factors discussed under Item 1A. "Risk Factors" in this report.

ITEM 2. PROPERTIES

We lease office space in Sacramento, California, Johns Creek, Georgia, Miami, Florida, Pompano Beach, Florida, New York, New York, and Guangdong Province, China. We anticipate moving our principal executive offices from Pompano Beach, Florida to Miami, Florida during 2026. We believe that our facilities are adequate to meet our current needs and that suitable additional or substitute space at commercially reasonable terms will be available as needed to accommodate any future expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we become involved in legal proceedings arising in the ordinary course of our business. As of the date of this Form 10-K, we were not a party to any material legal matters or claims. Legal proceedings are inherently uncertain and, as a result, the outcome of a particular matter or a combination of matters may be material to our results of operations for a particular period, depending upon the size of the loss or our income for that particular period.

We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, we do not record an accrual, consistent with applicable accounting guidance.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on Nasdaq under the symbol "SKYX".

Holders

As of March 18, 2026, there were approximately 254 holders of record of our common stock. This number does not include beneficial owners whose shares may be held in the names of various security brokers, dealers, and registered clearing agencies.

Dividend Policy

We have never declared or paid any cash dividends on our common stock.

The terms of the Series A Preferred Stock, Series A-1 and Series A-2 Preferred Stock provide for cumulative dividends at an annual rate of 8% of the original investment of preferred stock, payable quarterly in arrears. The dividends of Series A and A-1 is payable in cash while the dividends of Series A-2 are payable in cash and shares of our common stock. In the event the full cumulative dividends are not paid on a dividend payment date, dividends will accrue on the sum of the original issue price, plus the amount of unpaid dividends, at an annual rate of 12%, until such date as the Company has paid all previously accrued but unpaid dividends. Holders of Series A Preferred Stock and Series A-1 and A-2 Preferred Stock are also entitled to participate in and receive any dividends declared or paid on the Company's common stock on an as-converted basis.

We anticipate that we will retain all available funds and future earnings, if any, for use in the operation of our business and do not anticipate paying cash dividends, other than those due to holders of our Series A Preferred Stock, Series A-1 and A-2 Preferred Stock, in the foreseeable future. In addition, future debt instruments may materially restrict our ability to pay dividends on our common stock. Payment of future cash dividends, if any, on our common stock will be at the discretion of the board of directors after considering numerous factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of then-existing senior equity and debt instruments and other factors the board of directors deems relevant.

Recent Sales of Unregistered Securities

The Company did not make any issuances of unregistered securities during the fourth quarter of 2025 which have not been previously disclosed in a Current Report on Form 8-K filed by the Company

Issuer Purchases of Equity Securities

There were no repurchases of the Company's common stock during the quarter ended December 31, 2025.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing elsewhere in this Form 10-K. This discussion and other parts of this Form 10-K contain forward-looking statements that involve risks and uncertainties, such as statements regarding our plans, objectives, strategy, expectations, outlook, intentions, and projections. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the "Risk Factors" section of this Form 10-K. Please also see the section entitled "Cautionary Note Regarding Forward-Looking Statements" contained in this Form 10-K.

Overview

We have a series of advanced-safe-smart platform technologies. Our first and second-generation technologies enable light fixtures, ceiling fans and other electrically wired products to be installed safely and plugged into a ceiling's electrical outlet box within seconds, and without the need to touch hazardous wires. The plug and play technology method is a universal power-plug device that has a matching receptacle that is simply connected to the electrical outlet box on the ceiling, enabling a safe and quick plug and play installation of light fixtures and ceiling fans in just seconds. The plug and play power-plug technology eliminates the need of touching hazardous electrical wires while installing light fixtures, ceiling fans and other hardwired electrical products. In recent years, we have expanded the capabilities of our power-plug product to include advanced-safe and quick universal installation methods, as well as advanced-smart capabilities. The smart features include control of light fixtures and ceiling fans by the SkyHome App, through WIFI, Bluetooth Low Energy and voice control. It allows scheduling, energy savings eco mode, dimming, back-up emergency light, night light, light color changing and much more. Our third-generation technology is an all-in-one safe and smart-advanced platform that is designed to enhance all-around safety and lifestyle of homes and other buildings. Our products are designed to improve all around home and building safety and lifestyle. We are continuing to refine our products and began manufacturing certain advanced and smart products in 2023 and expect additional products, including the third-generation smart-advanced platform to be available in 2026. We expect to manufacture the additional product offerings within the next six months. We hold over 100 U.S. and global patents and patent applications and have received a variety of final electrical code approvals, including UL, United Laboratories of Canada (cUL) and Conformite Europeenne (CE), and 2017 and 2020 inclusion in the NEC Code Book.

We believe our total addressable market in the United States exceeds $500 billion, based on the Company's internal calculations derived from the estimation of the total target user pool, projected average selling price, and projected units per household. We believe there are billions of installations of light and other electrical fixtures globally. Our estimates of the addressable market for our products may prove to be incorrect. The projected demand for our products could differ materially from actual demand. Even if the total addressable market for our products is as large as we have estimated and even if we are able to gain market awareness and acceptance, we may not be able to penetrate the existing market to capture additional market share.

Monetary and trade policies impact in varying degrees our industry market participants (from manufacturer to user). The reaction(s) by the market participants to such policies or changes in policies may have an impact on our operations. Those policies, such as tariffs, increases in interest rates, supply and overhead costs and transportation costs, may adversely affect our operating results, and we may not be able to offset increased costs with increased sales price per unit, particularly as we work toward commercial manufacturing of our products. Although we do not believe that monetary and trade policies have had a material impact on our financial position or results of operations to date, we may experience some effect in the near future as we continue to navigate changes in such policies. In addition, we may be negatively impacted because of supply chain constraints, consequences associated with government regulations, ongoing and potential geopolitical conflicts, instability in the global banking system, employee availability and wage increases.

Recent Developments

During 2025 and January 2026, we generated proceeds of $5.6 million pursuant to our ATM, $29.3 million pursuant to issuance of shares of our common stock, $5.4 million pursuant to issuance of our preferred stock, and $5.3 million pursuant to the issuance of convertible notes.

We have expanded our product lines to include an all-in-one plug and play combined heater, fan, and lighting product which will eventually accommodate the integration of our smart and advanced products.

Results of Operations

Years Ended December 31, 2025 and 2024

	For the year ended December 31, 2025	For the year ended December 31, 2024	Increase/ (Decrease)	Increase/ (Decrease) %
Revenue	$ 92,009,949	$ 86,276,876	$ 5,733,073	6.6%
Cost of revenues	64,173,870	61,682,934	2,490,936	4.0%
Selling and marketing expenses	25,701,665	25,353,172	348,493	1.4%
General and administrative expenses	31,246,804	31,353,009	(106,205)	(0.3)%
Total expenses	$ 121,122,339	$ 118,389,115	$ 3,164,224	23%
Operating loss	$ (29,112,390)	$ (32,112,239)	$ 2,999,849	(9.3)%
Other expense				
Interest expense, net	4,303,214	4,055,905	247,309	6.1%
Gain on extinguishment of debt	-	(400,000)	400,000	(100.0)%
Total other expense, net	$ 4,303,214	$ 3,655,905	$ 647,309	17.7%
Net loss	$ (33,415,604)	$ (35,768,144)	$ 2,352,540	(6.6)%

Revenue

	For the year ended December 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2025	2024		%
Revenue	$ 92,009,949	$ 86,276,876	$ 5,733,073	6.6%

The increase in revenues is primarily due to an increased number of units of lighting and heating products sold.

We believe that our revenues will be higher in 2026 than in 2025 primarily resulting from revenues from the sale of our advanced and smart products.

Cost of Revenues

	For the year ended December 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2025	2024		%
Cost of revenues	64,173,870	61,682,934	2,490,936	4.0%

The increase in cost of revenue is proportionate to the increase in revenues.

We believe that the cost of revenues will increase in 2026 compared to 2025, commensurate with an anticipated increase in revenues.

Selling and Marketing Expenses

	For the year ended December 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2025	2024		%
Selling and marketing expenses	$ 25,701,665	$ 25,353,172	$ 348,493	1.4%

Selling and marketing expenses consist primarily of sales and marketing compensation as well as sales and marketing programs.

The selling and marketing expenses are relatively unchanged.

We believe that our selling and marketing expenses in 2026 will remain relatively unchanged compared to 2025.

General and Administrative Expenses

	For the year ended December 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2025	2024		%
General and administrative expenses	31,677,804	31,353,009	324,795	1.0%

General and administrative expenses consist primarily of an allocation of product development, finance, legal, human resources, including salaries, wages, and benefits, and depreciation and amortization, including share-based payments.

The increase in general and administrative expenses is primarily due to increased share-based payments of approximately $1.6 million during the second quarter of 2025.

We believe that our general and administrative expenses in 2026 will remain relatively unchanged compared to 2025.

Other Expense (Income)

	For the year ended December 31,		Increase/	Increase/ (Decrease)
	2025	2024	(Decrease)	%
Other expense				
Interest expense, net	4,303,214	4,055,905	247,309	6.1)%
Gain on extinguishment of debt	-	(400,000)	400,000	(100.0)%

The interest expense is relatively unchanged. We recognized a non-recurring gain on extinguishment of debt related to our royalty obligations during 2024, none of which occurred during 2025.

Liquidity and Capital Resources

We had $10.1 million and $15.5 million in cash and cash equivalents, and restricted cash, as of December 31, 2025 and 2024, respectively.

Historically, we have raised funds through the issuances of common stock, preferred stock, securities convertible into common stock and notes payable. We have raised funds through the sale of our common stock and preferred stocks for gross proceeds of $10.9 million pursuant to placements and offerings during 2025. We also generated gross proceeds of $29.3 million pursuant to the issuance of shares of our common stock during January 2026.

These offerings included shares sold pursuant to our ATM offering program which provides us with additional access to capital, as needed, subject to market conditions. During the fourth quarter of 2025, we issued 368,110 shares of common stock under such program. From inception through December 31, 2025, we issued 12,138,022 shares of common stock under such a program for net proceeds of $19,219,347, net of brokerage fees and legal fees of $779,508. As of March 2, 2026, there are no significant remaining amount to be used under the ATM offering program.

During the year 2025, we sold an aggregate of 214,000 shares of two series of preferred stock, resulting in total gross proceeds of $5.1 million, pursuant to (i) a Securities Purchase Agreement entered into with an accredited investor, pursuant to which such investor purchased an aggregate of 154,000 shares of Series A-1 Preferred Stock, at a purchase price of $25.00 per share, and (ii) a Securities Purchase Agreement entered into with certain accredited investors, pursuant to which such investors purchased an aggregate of 60,000 shares of Series A-2 Preferred Stock, at a purchase price of $25.00 per share.

Our future capital requirements will depend on many factors, including the Belami integration of operations, our revenue growth rate, expenditures related to our headcount growth and manufacturing, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the price at which we are able to purchase parts to incorporate in our product offerings, the introduction of platform enhancements, and the market adoption of our platforms. We may continue to enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may, because of those arrangements, or the general expansion of our business, be required to seek additional equity or debt financing. If we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, results of operations, and financial condition.

We owe approximately $18.8 million under fixed rate obligations as of December 31, 2025. In addition, we owe GE royalty payments which amounted to $1.3 million as of December 31, 2025.

On March 29, 2024, and as amended in June 2025, we entered into a letter agreement with Belami sellers, modifying certain obligations under the Stock Purchase Agreement. In connection with the letter agreement, the Company issued convertible promissory notes to each of the Sellers (the "Seller Note(s)") in substitution of an aggregate of $3,117,909 in cash due to the Sellers on the first anniversary of the Closing. Each Seller received a Seller Note in the amount of $1,039,303 on the same date. In addition to other customary terms, the Seller Notes bear annual interest at 10%, with interest and principal coming due on January, 2026, and can be converted by the Sellers at any time at $3.00 per share of our share of our common stock.

As common with companies having a similar cash conversion cycle as ours, when sales are converted into cash rapidly, often referred to as the "Dell Working Capital Model," we leverage our trades payable to finance our operations to lower our cost of capital, and accordingly, we have negative working capital. This negative working capital is partly inherent to the relatively quick turnaround of finished goods inventory, quicker collection of accounts receivables, and longer payment cycle of trades payable. Our net working capital deficit, which consists of accounts receivable, inventory, net of trades payable, amounted to $8.4 million and $6.8 million as of December 31, 2025, and 2024, respectively.

The designations of each class of Series A, A-1 and A-2 Preferred stock are relatively similar and are as follows:

- Cumulative dividend of 8% annually, 12% if paid after dividend date;
- Original issue price of $25 per share;
- Conversion option at the holder's option at $1.20 per share for Series A and A-1, $2 per share for Series A-2;
- Redemption at the price of $25 per share at the Company's option after 5 years within the holder's control for Series A and 3 years outside the holder's control for Series A-1 and A-2, or upon change of control;
- Voting rights on as converted basis.

Please see below a summary of the primary components of our cash used in or provided by operating investing and financing activities during 2025 and 2024.

	2025	2024
Operations:		
Net loss	$ (33,415,604)	$ (35,768,144)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	4,320,338	5,185,706
Amortization of debt discount	1,113,996	1,211,974
Non-cash equity-based compensation expense	13,560,580	13,474,433
Non-cash equity-based interest payments	615,291	-
Gain on forgiveness of debt	-	(400,000)
Change in operating assets and liabilities		
Working capital changes	514,352	(1,964,339)
Net cash used in operating activities	(13,291,059)	(18,260,370)
Investing:		
Purchase of property and equipment	(1,932,873)	(981,428)
Acquisition, net of cash acquired	-	(750,000)
Net cash used in investing activities	(1,932,873)	(1,731,428)
Financing:		
Proceeds from issuance of stock	11,018,535	15,337,796
Dividends paid	(1,020,616)	-
Proceeds from line of credit	-	500,000
Proceeds from issuance of convertible notes	5,250,000	-
Principal repayments of notes payable	(5,421,861)	(2,775,756)
Net cash provided by financing activities	9,826,058	13,062,040
Change in cash and cash equivalents, and restricted cash	(5,397,874)	(6,929,758)
Cash, cash equivalents and restricted cash at beginning of the year	15,500,495	22,430,253
Cash, cash equivalents and restricted cash at end of year	$ 10,102,621	$ 15,500,495

The changes in working capital, net are primarily attributable to timing differences in accounts receivable, trade accounts payable and deferred revenues.

Non-GAAP Financial Measures

Management considers earnings (loss) before interest, taxes, depreciation and amortization, or EBITDA, as adjusted, an important indicator in evaluating our business on a consistent basis across various periods. Due to the significance of non-recurring items, EBITDA, as adjusted, enables our management to monitor and evaluate our business on a consistent basis. We use EBITDA, as adjusted, as a primary measure, among others, to analyze and evaluate financial and strategic planning decisions regarding future operating investments and potential acquisitions. We believe that EBITDA, as adjusted, eliminates items that are not part of our core operations, such as interest expense and amortization and impairment expense associated with intangible assets, or items that do not involve a cash outlay, such as share-based payments and non-recurring items, such as transaction costs. EBITDA, as adjusted, should be considered in addition to, rather than as a substitute for, pre-tax income (loss), net income (loss) and cash flows used in operating activities. This non-GAAP financial measure excludes significant expenses that are required by GAAP to be recorded in our financial statements and is subject to inherent limitations. Investors should review the reconciliation of this non-GAAP financial measure to the comparable GAAP financial measure included below. Investors should not rely on any single financial measure to evaluate our business.

	For the year ended December 31,	
	2025	**2024**
Net loss	$ (33,415,604)	$ (35,768,144)
Share-based payments	13,560,580	13,474,433
Interest expense	4,303,214	4,055,905
Impairment	-	1,118,750
Depreciation, amortization	4,320,338	4,066,957
EBITDA, as adjusted	$ (11,375,344)	$ (13,052,099)

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

Our significant accounting policies are disclosed in Note 2 to our consolidated financial statements for the year ended December 31, 2025, contained in this Annual Report on Form 10-K for the year ended December 31, 2025. The following is a summary of those accounting policies that involve significant estimates and judgment of management.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes.

Such estimates and assumptions impact both assets and liabilities, including but not limited to: net realizable value of accounts receivable and inventory, estimated useful lives and potential impairment of property and equipment, the valuation of intangible assets, estimate of fair value of share based payments and derivative liabilities, estimates of fair value of warrants issued and recorded as debt discount, estimates of tax liabilities and estimates of the probability and potential magnitude of contingent liabilities.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non-conforming events. Accordingly, actual results could differ significantly from estimates.

Fair Value of Financial Instruments

Disclosures about fair value of financial instruments require disclosure of the fair value information, whether recognized in the balance sheet, where it is practicable to estimate that value. As of December 31, 2025 and 2024, we believe the amounts reported for cash, prepaid expenses, accounts payable and accrued expenses and other current liabilities, accrued interest, notes payable and convertible note payable approximate fair value because of their short maturities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a three-tier fair value hierarchy, which prioritizes the input used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of ASC 718 - *"Compensation-Stock Compensation*", which requires recognition in the financial statements of the cost of employee, non-employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Stock-based compensation is measured at the grant date based on the value of the award granted using the Black-Scholes option pricing model based on projections of various potential future outcomes and recognized over the period in which the award vests. For stock awards no longer expected to vest, any previously recognized stock compensation expense is reversed in the period of termination. The stock-based compensation expense is included in general and administrative expenses.

Revenue Recognition

We account for revenues in accordance with Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606).

Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Recent Accounting Pronouncements

Although there is new accounting pronouncements issued or proposed by the Financial Accounting Standards Board, which we have adopted or will adopt, as applicable, we do not believe any of these accounting pronouncements have had or will have a material impact on our financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company", we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this report appear as indexed in the appendix to this report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures and any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving their control objectives.

As of the end of the period covered by this report, management, including our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. Based upon the evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive Officer and Principal Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of an issuer's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that an issuer's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of an issuer's assets that could have a material effect on the consolidated financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the application of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that compliance with the policies or procedures may deteriorate.

As required by Rule 13a-15(c) promulgated under the Exchange Act, our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2025. Management's assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013 Framework) (the COSO Framework). Based on management's assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

This Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this Form 10-K.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended December 31, 2025, none of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

2026 Annual Meeting of Stockholders

The Company's 2026 Annual Meeting of Stockholders is scheduled to be held on July 7, 2026. Stockholders of record as of May 11, 2026 will be entitled to receive notice of, and vote at, the annual meeting.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name and position of each of our executive officers and directors, and each person's age as of March 11, 2026.

Name	Age	Position(s)
Rani R. Kohen	60	Executive Chairman, Director
Leonard J. Sokolow	69	Chief Executive Officer, Director
Marc-Andre Boisseau	61	Chief Financial Officer
Steven M. Schmidt	72	President
Patricia Barron	65	Chief Operations Officer
Nancy DiMattia	65	Director
Gary N. Golden	71	Director
Efrat L. Greenstein Brayer	63	Director
Thomas J. Ridge	80	Director
Dov Shiff	78	Director

The following information provides a brief description of the business experience of each executive officer and director.

Rani R. Kohen founded the Company and invented our technologies. He has served as Executive Chairman of the board since 2016 and as Chairman of our board of directors since November 2012. Mr. Kohen also previously served as our Chief Executive Officer from 2004 through 2012. Mr. Kohen is a businessman, entrepreneur and inventor of our technologies. He brings strategic acumen with over 20 years of experience in business, as well as in advanced smart home technologies, product design, lighting, and other related businesses. Since founding the Company, he has succeeded in attracting and engaging accomplished board members, talented management and leading executives from various industries. He has led to every major milestone achieved by the Company to date, including securing substantial financing to support the Company's growth. The board of directors believes that with Mr. Kohen's leadership and qualifications, and the continuity that he brings with his advanced business strategies, he will continue to move us forward towards achieving our goals.

Leonard J. Sokolow has served as Chief Executive Officer of the Company since September 30, 2025 and previously served as co-Chief Executive Officer from September 2023 to September 30, 2025. Mr. Sokolow has also served as a director of the Company since November 2015. Mr. Sokolow previously served in various roles at Newbridge Financial, Inc. and its subsidiaries, including as Chief Executive Officer and President of Newbridge Financial, Inc. from January 2015 through August 2023; as Chief Executive Officer of Newbridge Financial, Inc.'s broker-dealer subsidiary, Newbridge Securities Corporation, and Chief Executive Officer of Newbridge Financial, Inc.'s registered investment adviser subsidiary, Newbridge Financial Services Group, Inc., from July 2022 through August 2023; and as Chairman of Newbridge Securities Corporation from January 2015 through July 2022. Mr. Sokolow previously served in a variety of roles at vFinance, Inc., a publicly traded financial services company, including as Chairman of the board of directors from January 2007, a member of the board of directors from November 1997 and Chief Executive Officer from January 2007 through July 2008, when it merged into National Holdings Corporation, a publicly traded financial services company. Mr. Sokolow also served as President of vFinance, Inc. from January 2001 through December 2006. From July 2008 until July 2012, Mr. Sokolow was President of National Holdings Corporation, and from July 2008 until July 2014, he was Vice Chairman of the board of directors of National Holdings Corporation. From July 2012 until December 2014, Mr. Sokolow was a consultant and partner at Caribou LLC, a strategic advisory services firm. Mr. Sokolow was Founder, Chairman and Chief Executive Officer of the Americas Growth Fund Inc., a closed-end management investment company elected to be treated as a Business Development Company (BDC), from 1994 to 1998. From 1988 until 1993, Mr. Sokolow was an Executive Vice President and the General Counsel of Applica Inc., a publicly traded appliance marketing and distribution company. From 1982 until 1988, Mr. Sokolow practiced corporate, securities and tax law and was one of the founding attorneys and a partner of an international boutique law firm. From 1980 until 1982, he worked as a Certified Public Accountant for Ernst & Young and KPMG Peat Marwick.

Mr. Sokolow has served on the board of directors of Consolidated Water Co. Ltd., a publicly traded developer and operator of advanced water supply and treatment plants and water distribution systems, since June 2006, where he currently serves as Chairman of the Audit Committee and as a member of the Nominations and Corporate Governance Committee. In addition, Mr. Sokolow has served on the board of directors of Vivos Therapeutics, Inc., a publicly traded medical technology company focused on developing and commercializing innovative diagnostic and treatment methods for patients suffering from breathing and sleep issues arising from certain dentofacial abnormalities, such as obstructive sleep apnea (OSA) and snoring in adults, since June 2020, where he currently serves as Chairman of the Audit Committee and as a member of the Nominating and Corporate Governance Committee. Mr. Sokolow previously served on the board of directors of, and as Chairman of the Audit Committee for, Agrify Corporation, a publicly traded provider of innovative cultivation and extraction solutions for the cannabis industry, and on the board of directors of, and as Chairman of the Audit Committee for, Marquee Energy Ltd. (formerly Alberta Oilsands Inc.), a then publicly traded energy company. Our Board believes Mr. Sokolow's qualifications to serve as a member of our Board include his extensive experience in the financial industry and in strategic planning, mergers, acquisitions, securities, and corporate development advisory services, his service on other public company boards and his history of executive leadership in developing and operating businesses.

Marc-Andre Boisseau has served as our Chief Financial Officer and as our principal financial officer and principal accounting officer since January 1, 2022. Mr. Boisseau is a partner of Boisseau, Felicione & Associates Inc., which provides advisory and tax services for public and private companies in a variety of industries and which he founded in February 2002. Among other positions, Mr. Boisseau served at Citrix Systems, Inc., a publicly-traded software development company, as Corporate Controller from 1995 to December 1999 and as Principal Accounting Officer from March 1997 to December 1999, and as a senior auditor at Ernst & Young. Mr. Boisseau is a Certified Public Accountant.

Steven M. Schmidt has served as our President since June 2021 and previously served as a consultant to the Company since August 2019. Mr. Schmidt formed Schmidt Family Investments LLC, which invests in early-stage companies, in May 2017, of which he is the sole principal. Mr. Schmidt previously served in a variety of roles at Office Depot, Inc., an office supply retailer, from July 2007 through May 2016, including as Executive Vice President and President, International from November 2011 to May 2016, Executive Vice President, Corporate Strategy and New Business Development from July 2011 until November 2011 and President, North American Business Solutions from July 2007 until November 2011. Prior to joining Office Depot, Inc., Mr. Schmidt spent 11 years with the ACNielsen Corporation, a marketing research firm, most recently serving as President and Chief Executive Officer. Prior to joining ACNielsen, Mr. Schmidt spent eight years at the Pillsbury Food Company, serving as President of its Canadian and Southeast Asian operations. He has also held management positions at PepsiCo and Procter & Gamble.

Patricia Barron has served as our Chief Operations Officer since June 2007. Prior to joining the Company, Ms. Barron was the President and owner of LTG Services, Inc., which focused on safety consulting services, specializing in the review and compliance of electrical products requiring UL, CSA, and CE certifications, since 1989. Prior to that, Ms. Barron worked as a consultant and engineer in the lighting, safety and approval industry and, from June 1977 to August 1984, worked as an engineering assistant for Underwriters Laboratories, Inc. (n/k/a UL) in the ceiling fan category. Ms. Barron received her MBA from Georgia State University. Ms. Barron has extensive industry and executive experience.

Nancy DiMattia has served as a director of the Company since February 2022. Ms. DiMattia has served as Chief Financial Officer of Island Stone North America, a manufacturer and supplier of natural stone and man-made tiles, from October 2022 to March 2026. Ms. DiMattia previously served as Senior Vice President and Chief Financial Officer of Tile Shop Holdings, Inc., a publicly traded specialty retailer of natural stone and man-made tiles, setting and maintenance materials, and related accessories, from September 2019 until January 2022, where she continued to serve in an advisory capacity through March 2022. She also previously provided consulting services to Tile Shop Holdings, Inc. from July 2019 until September 2019. Before joining Tile Shop Holdings, Inc., Ms. DiMattia gained over twenty-five years of experience in financial reporting and accounting processes in positions of increasing responsibility at Virginia Tile Company, a provider of ceramic, porcelain, glass and natural stone tiles, most recently serving as the Corporate Controller from 2005 until March 2019. During her tenure at Virginia Tile Company, she was responsible for establishing sound financial management, promoting effective internal accounting controls, developing and leading highly competent accounting teams, and maintaining a documented system of accounting policies and procedures. Our board believes Ms. DiMattia's qualifications to serve as a member of our board include her retail industry experience, including her experience overseeing retail-related information technology measures and working with a customer base that includes architects and designers, and financial expertise, including managing audits, internal controls and mergers and acquisitions.

Gary N. Golden has served as a director of the Company since February 2022. Mr. Golden served as the Chief Financial Officer of Media Culture, a brand response media agency, between June 2023 and February 2026. Mr. Golden was previously employed at vcfo, which offers fractional CFO and human resources services to clients who require advisors they can trust to guide them through major changes, from April 2022 through May 2023. During 2021, Mr. Golden served as interim Chief Financial Officer of ADB Companies, which provides strategy, design, execution and program management services for the communication, utility, and technology industries. Prior to that, during 2021, Mr. Golden served as a project manager and professional services contractor for MMC Group, Inc., which offers full-service workforce solutions, and as interim controller at SportClips Haircuts. During 2020, he served as a special project auditor for WebsterRogers LLP, a South Carolina-based accounting and consulting firm that provides a broad spectrum of assurance, tax and advisory services. From 2008 to 2019, Mr. Golden served as Chief Financial Officer at NBG Home, an affiliate of Nielsen & Bainbridge, LLC and one of the largest home decor manufacturing companies and importers globally. From 2008 to 2013, Mr. Golden served as Chief Financial Officer and Professional Services Contractor for MMC Group, Inc. Mr. Golden has served in a variety of other financial and operational roles, including as Vice President, Controller of Kinko's Inc., Senior Vice President and Corporate Controller of Blockbuster, Inc., and in controller and internal audit roles at Fuqua Industries and Qualex, Inc. Mr. Golden began his career at Arthur Andersen & Inc. Our board believes Mr. Golden's qualifications to serve as a member of our board include his financial expertise, including his status as an "audit committee financial expert," and his experience in the home goods and lighting industry. Mr. Golden is a Certified Public Accountant.

Efrat L. Greenstein Brayer has served as a director of the Company since February 2022. Ms. Greenstein Brayer currently serves as Co-Founder and Chief Executive Officer of Merkavah Inc. (d/b/a Ezzree), which provides online emotional and spiritual support care services, and has been principal attorney of the law office of Laura Greenstein since 2000, where she provides services as a corporate finance attorney. Ms. Greenstein Brayer previously served as a contract attorney with Holland & Knight LLP from 2006 through 2012, as associate counsel at Bank Hapoalim B.M. from 1996 through 2000, as an associate at Rogers & Wells (later acquired by Clifford Chance LLP) from 1993 through 1996, and as an associate at Haight, Gardner, Poor & Havens (later acquired by Holland & Knight LLP) from 1988 through 1993. Ms. Greenstein Brayer has also served as an officer or director of several private companies. Our board believes Ms. Greenstein Brayer's qualifications to serve as a member of our board include her corporate law expertise and her experience founding and serving as Chief Executive Officer of a private company, including her experience with customer service and technology innovation.

Governor Thomas J. Ridge has served as a director of the Company since June 2013. Mr. Ridge founded and has served at Ridge Global, LLC, a global strategic consulting company and provider of insurance and risk transfer solutions, since July 2006, where he currently serves as Chairman of the board and previously served as Chief Executive Officer and President. In 2014, Mr. Ridge co-founded Ridge Schmidt Cyber, an executive services firm addressing the increasing demands of cybersecurity. In April 2010, Mr. Ridge became a partner of Ridge Policy Group, a bipartisan, full-service government affairs and issue management group. From January 2003 to January 2005, Mr. Ridge served as the Secretary of the United States Department of Homeland Security, and from September 2001 through January 2003, Mr. Ridge served as the Special Assistant to the President for Homeland Security.

Mr. Ridge served two terms as Governor of the Commonwealth of Pennsylvania, from 1995 to 2001, and served as a member of the U.S. House of Representatives from January 1983 until January 1995. Mr. Ridge previously served as a member of the board of directors of The Hershey Company, a global confectionery leader, from November 2007 to May 2018, Advaxis, Inc., a then publicly traded clinical-stage biotechnology company, from August 2015 to March 2018, and LifeLock, Inc., a then publicly traded provider of identity theft protection, from March 2010 to February 2017, until its merger with a subsidiary of Symantec Corporation, as well as several other public companies. Mr. Ridge serves as Co-Chair of the Bipartisan Commission on Biodefense, as Chairman Emeritus of the board of the National Organization on Disability, and as a member of board of counselors of the Center for the Study of the Presidency and Congress, among other private organizations. Our board believes Mr. Ridge's qualifications to serve as a member of our board include his vast experience in both government and industry, his service on other public and private company boards and his expertise in risk management and cybersecurity.

Dov Shiff has served as a director of the Company since February 2014. Mr. Shiff is presently President and Chief Executive Officer of the Shiff Group of Companies. The Shiff Group owns and operates Shiff Group Assets Ltd., Shiff Group Investments Ltd., and Zvidan Investments Ltd. Our board believes Mr. Shiff's qualifications to serve as a member of our board include his experience in developing and operating new businesses.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Composition of our Board of Directors

Our business and affairs are managed under the direction of our board of directors, which currently consists of seven directors. The number of directors is determined by our board of directors or our stockholders, but will not be less than five persons, subject to the terms of our articles of incorporation and our bylaws. Each director is elected to a one-year term and holds office until his or her successor is duly elected and qualified or until his or her earlier death, resignation, retirement or removal. Vacancies and newly created directorships on the board of directors may be filled at any time by the remaining directors.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Each member of each standing committee of our board of directors qualifies as an independent director in accordance with the listing standards of Nasdaq. Our board of directors may from time to time establish other committees; for example, the board of directors has established a business strategy and development committee, which consists of Rani R. Kohen, Leonard J. Sokolow, and Nancy DiMattia.

Each standing committee operates pursuant to a charter adopted by our board of directors. The full text of our audit committee charter, compensation committee charter and nominating and corporate governance committee charter are posted on the investor relations section of our website at www.skyplug.com.

Audit Committee

Our audit committee consists of Ms. DiMattia, Ms. Greenstein Brayer, and Mr. Golden, who is the chair of the audit committee. The functions of the audit committee include:

- appointing, approving the compensation of and assessing the independence of our independent registered public accounting firm;
- pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing the overall audit plan with our independent registered public accounting firm and members of management responsible for preparing our financial statements;
- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- reviewing our disclosure controls and procedures, as well as reviewing disclosures regarding our internal control over financial reporting;
- establishing policies and procedures for the receipt, retention and treatment of accounting-related complaints and concerns;
- recommending to the board of directors, based upon the audit committee's review and discussions with management and our independent registered public accounting firm, whether our audited financial statements will be included in our annual reports on Form 10-K;
- discussing with management our policies with respect to risk assessment and risk management and our significant financial risk exposures, as well as information security and technology risks (including cybersecurity and artificial intelligence);
- preparing the audit committee report required by SEC rules to be included in our annual proxy statement;

- reviewing and overseeing all related person transactions for potential conflict of interest situations, as well as annually reviewing the related party transactions policy;
- overseeing compliance with, and annually reviewing, the Code of Business Conduct and Ethics; and
- reviewing quarterly earnings releases.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq listing standards. Our board of directors has determined that Mr. Golden qualifies as an "audit committee financial expert" within the meaning of applicable SEC regulations and meets the financial sophistication requirements of the Nasdaq listing standards. In making this determination, our board of directors considered Mr. Golden's prior experience, business acumen and independence. Both our independent registered public accounting firm and management periodically meet privately with our audit committee.

Compensation Committee

Our compensation committee consists of Ms. DiMattia, Ms. Greenstein Brayer and Mr. Golden, who is the chair of the compensation committee. The functions of the compensation committee include:

- annually reviewing our overall compensation policy as it applies to our employees generally, and the corporate goals and objectives relevant to compensation of the Executive Chairman, Chief Executive Officer and our other executive officers;
- reviewing and approving or recommending to the board of directors the compensation of our executive officers;
- reviewing and approving or recommending to the board of directors our incentive compensation plans and equity-based plans;
- reviewing and recommending to the board of directors the compensation of our non-management directors;
- reviewing the executive compensation disclosures and, if and when required, preparing the compensation committee report required by SEC rules to be included in our annual proxy statement or Form 10-K, as applicable;
- overseeing risks relating to our compensation policies, practices and procedures;
- reviewing and overseeing the application of the Company's policy for claw back, or recoupment, of incentive compensation;
- reviewing our strategies related to human capital management, including talent acquisition, development and retention and corporate culture; and
- reviewing and approving the retention, termination or compensation of any consulting firm or outside advisor to assist in the evaluation of compensation matters.

Each member of our compensation committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Ms. DiMattia, Mr. Golden and Ms. Greenstein Brayer, who is the chair of the nominating and corporate governance committee. The functions of the nominating and corporate governance committee include:

- identifying and evaluating individuals qualified to become members of the board of directors;
- recommending to the board of directors the persons to be nominated for election as directors and to each of the board's committees;
- considering, developing and recommending to the board of directors policies and procedures with respect to the nomination of directors or other corporate governance matters;
- reviewing disclosures relating to our corporate governance practices to be included in our annual proxy statement or Form 10-K, as applicable;
- reviewing our policies and practices regarding corporate social responsibility and environmental, social and governance matters and related risks;
- reviewing proposals submitted by stockholders for inclusion in our proxy materials; and
- overseeing the evaluation of our board of directors and board committees.

Each member of our nominating and governance committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act.

Insider Trading Policies and Procedures

The board has adopted an insider trading policy (the "Insider Trading Policy") that applies to all directors, officers and employees of the Company and its subsidiaries, as well as certain other designated persons, and provides guidelines with respect to transactions in the Company's securities and the handling of confidential information about the Company and the companies with which the Company engages in transactions or does business, and promotes compliance with the securities laws. Among other things, the Insider Trading Policy prohibits directors, officers and employees of the Company and its subsidiaries from the following: (i) engaging in transactions in Company securities on material non-public information, subject to certain exceptions, including pursuant to an approved trading plan under Rule 10b5-1 of the Exchange Act ("Rule 10b5-1"); (ii) disclosing material non-public information to other parties (or "tipping"); and (iii) engaging in transactions in securities based on material non-public information about other companies with which the Company does business, in which the Company has significant investments, or that is involved in a potential transaction or business relationship with the Company. The Insider Trading Policy also prohibits our employees, officers and directors from engaging in hedging or monetization transactions with respect to our securities, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds, transactions in derivative securities related to our securities, which include publicly traded call and put options, and short selling of our securities. The Insider Trading Policy additionally prohibits holding our securities in a margin account or otherwise pledging our securities as collateral, except with prior approval of the compliance officer designated under the Insider Trading Policy. Certain covered persons, including our directors and officers and their covered family members and controlled entities, are subject to blackout periods during which they are restricted from transacting in our securities and are required to receive approval from the compliance officer prior to engaging in transactions in our securities. The Insider Trading Policy also sets forth mandatory guidelines that apply to directors, officers and employees of the Company and its subsidiaries who adopt Rule 10b5-1 plans for transactions in Company securities, which are intended to ensure compliance with Rule 10b5-1. For additional information, see the Insider Trading Policy, which is included in the exhibit index to this Form 10-K and posted on the investor relations section of our website at www.skyplug.com.

It is also the policy of the Company that the Company will not engage in transactions in Company securities, or adopt any securities repurchase plans, while in possession of material non-public information relating to the Company or its securities other than in compliance with applicable law.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics, which applies to all of our directors, employees, and officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions). The full text of our Code of Business Conduct and Ethics is posted on the investor relations section of our website at www.skyplug.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website within four business days following the date of the amendment or waiver.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers were involved in any legal proceedings described in Item 401(f) of Regulation S-K in the past 10 years.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires all persons subject to such reporting requirements to file initial reports of ownership and reports of changes in ownership of our common stock and other equity securities with the SEC. To our knowledge, based solely on a review of these reports filed with the SEC and certain written representations furnished to us that no other reports were required, we believe that all Section 16 filing requirements applicable to our executive officers, directors and greater than 10% stockholders were complied with during the fiscal year ended December 31, 2025 and through the date of this Form 10-K, except as follows: a Form 4 filed by Dov Shiff on April 2, 2025, reporting the March 27, 2025 annual grant of restricted stock and stock options pursuant to the Director Compensation Program; a Form 4 filed by Rani Kohen on December 12, 2025, reporting the December 8, 2025 grant of options; and a Form 4 filed by Dov Shiff on January 5, 2026, reporting the December 30, 2025 amendment to a convertible promissory note.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

Compensation Overview

Our "named executive officers" for the year ended December 31, 2025 were:

- Leonard J. Sokolow, Chief Executive Officer;
- John Campi, Former Co-Chief Executive Officer; (1)
- Rani R. Kohen, Executive Chairman;
- Marc-Andre Boisseau, Chief Financial Officer;
- Steven M. Schmidt, President; and
- Patricia Barron, Chief Operations Officer.

(1) Messrs. Sokolow and Campi served as Co-Chief Executive Officers until September 30, 2025, when Mr. Campi retired as Co-Chief Executive Officer of the Company pursuant to the Company's succession and transition plan

Our executive compensation program reflects our continued growth and development-oriented focus. We recognize that our ability to excel depends on the knowledge, skill and teamwork of our employees. To this end, we strive to create an environment of mutual respect, encouragement, and teamwork that rewards commitment and performance and is responsive to the needs of our employees. The principles and objectives of our compensation and benefits programs for our employees generally, and for our named executive officers specifically, include to align our compensation program with our corporate strategies, financial objectives and the long-term interests of our stockholders; retain and reward executives whose knowledge, skills and performance ensure our continued success; and ensure that total compensation is fair, reasonable and competitive. The compensation received by our named executive officers is based primarily on their experience and knowledge as well as their responsibilities and individual contributions to the Company.

The compensation committee of our board of directors evaluates our executive compensation values and philosophy and executive compensation plans and arrangements as circumstances require. As part of this review process, we expect the compensation committee to apply our values and philosophy, while considering the compensation levels needed to ensure our executive compensation program remains competitive. We will also review whether we are meeting our retention objectives and the potential cost of replacing a key employee.

Executive Compensation Program Components

Base Salary

Our Named Executives' base salaries are set to align with the scope and complexity of their roles, their capabilities, and competitive market conditions.

Incentive and Bonus Compensation-Cash based and Equity Compensation Awards

We supplement our executive salaries with cash and share-based payments as additional incentive to grow our business to provide a competitive aggregate compensation package considering our size and scale. We try to prioritize share-based payments over cash-based payments incentive whenever possible.

We have an executive compensation recovery policy that provides for recoupment in the event of a restatement or misconduct to ensure accountability.

Certain named executive officers' employment agreements also provide for the receipt of incentive and/or bonus compensation, which may be paid annually in cash and/or stock. These incentive compensation and bonus awards are designed to focus our executive officers on our business objectives of increased growth.

Mr. Sokolow will receive a minimum bonus every six months during the term of his employment agreement equal to $40,000 in cash or stock, as elected by Mr. Sokolow, and is eligible to receive a performance-based bonus, payable in equity and/or cash, subject to the achievement of performance metrics and other criteria as determined by the Executive Chairman and approved by the compensation committee. Mr. Kohen is eligible to receive annual incentive compensation based on our annual gross revenue, which may be paid in cash, stock and/or options, as well as supplemental bonus compensation of performance-based stock options to purchase up to 15,000,000 shares of common stock at an exercise price ranging between $6.00 and $12.00 per share, determined based on the achievement of specified market capitalizations of the Company, and the potential to receive further options based on the achievement of additional specific market capitalizations of the Company, as described further below under "Agreements with Named Executive Officers." Mr. Schmidt may receive additional equity grants or other bonus or other incentive compensation, as determined by the Company. Mr. Boisseau is eligible to receive performance-based compensation in the form of a bonus, payable in equity and/or cash, as determined by the compensation committee, subject to the achievement of performance metrics and other criteria as determined by the Executive Chairman and approved by the compensation committee. The actual incentive and/or bonus compensation earned by each of our named executive officers during our most recent fiscal year is set forth in the "Summary Compensation Table" below.

Other Equity Compensation and Awards

Our named executive officers may also receive equity awards under our 2021 Stock Incentive Plan (as amended and restated, the “2021 Plan”). We use equity awards to align the interests of our named executive officers with those of our stockholders. We believe that equity awards, such as stock options, restricted stock units (“RSUs”) and non-vested restricted stock, encourage our named executive officers to focus on our long-term success as reflected in increases to our stock prices over a period of several years, growth in our profitability and other elements.

The compensation committee approved the following cash and equity awards during 2025:

On March 20, 2025, the compensation committee approved a cash bonus to Mr. Campi equal to $30,000.

On March 27, 2025, the compensation committee granted to Mr. Sokolow a five-year option to purchase 150,000 shares of the Company’s common stock at an exercise price of $1.26 per share, which vests in three equal annual installments, beginning on the grant date, subject to continued employment through the vesting date.

On August 8, 2025, the compensation committee approved the payment of a twelve-month bonus to Mr. Boisseau equal to $75,000, payable in equal monthly installments over twelve months, beginning on September 2025 and continuing through August 2026.

On August 15, 2025, the compensation committee granted to Ms. Barron a five-year option to purchase 500,000 shares of the Company’s common stock at an exercise price of $1.11 per share, which vests in four equal annual installments, beginning on the grant date subject to continued employment through the applicable vesting date.

On December 8, 2025, the compensation committee granted to Mr. Kohen a five-year option to purchase 1,500,000 shares of the Company’s common stock at an exercise price of $2.42 per share, which vests in six quarterly installments of 250,000 beginning on December 31, 2025, subject to continued employment through the vesting date.

On December 15, 2025, the compensation committee granted to Mr. Sokolow 150,000 restricted stock units (“RSUs”) representing a contingent right to receive one share of the Company’s common stock which vest in three equal annual installments beginning on January 1, 2026 and a five-year option to purchase 150,000 shares of the Company’s common stock at an exercise price of $2.15 per share, which vest in three equal annual installments beginning on January 1, 2026, subject to continued employment through the applicable vesting dates.

We may also grant equity-based sign-on bonuses when necessary and appropriate to advance our and our stockholders’ interests, including to attract or retain top executive-level talent.

Benefits and Perquisites

We offer health insurance to our full-time employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances.

Summary Compensation Table

The following table sets forth summary compensation information for the named executive officers and includes all compensation earned by the named executive officers for the respective period, regardless of whether such amounts were actually paid during the period.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)(2)	Option Awards ($)(1)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
John P. Campi	2025	118,750	75,000	-	-	-	137	193,887
Former Co-Chief Executive Officer	2024	150,000	45,000	-	-	-	-	195,000
Leonard J. Sokolow	2025	160,000	80,000	322,500	328,665	-	25,197	916,362
Chief Executive Officer	2024	160,000	125,000	-	-	-	21,909	306,909
Rani R. Kohen	2025	300,000	-	-	2,269,500	310,050	62,252	2,941,802
Executive Chairman	2024	300,000	-	-	-	281,384	69,256	650,640
Marc-Andre Boisseau	2025	144,000	75,000	-	-	-	23,828	242,828
Chief Financial Officer	2024	144,000	51,000	-	-	__	12,010	207,010
Patricia Barron	2025	150,000	55,750	-	387,300	-	19,866	612,916
Chief Operations Officer	2024	150,000	13,500	-	67,900	-	30,260	261,660
Steven M. Schmidt	2025	-	-	-	-	-	-	-
President	2024	-	10,300	334,750	235,530	-	-	580,580

(1) The value of stock awards and options in this table represents the fair value of such awards granted or modified during the fiscal year, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("Topic 718"). The assumptions used to determine the valuation of the awards are discussed in Note 2 and Note 11 to our consolidated financial statements for the year ended December 31, 2025.

(2) During 2025: (i) Ms. Barron received options to purchase 500,000 shares of common stock at an exercise price of $1.11 per share; (ii) Mr. Kohen received options to purchase 1,500,000 shares of common stock at an exercise price of $2.42 per share; and (iii) Mr. Sokolow received options to purchase 150,000 shares of common stock at an exercise price of $1.26 per share, 150,000 RSUs, and options to purchase 150,000 shares of common stock at an exercise price of $2.15.

During 2024: (i) Ms. Barron received options to purchase 100,000 shares of common stock at an exercise price of $1.09 per share; and (ii) Mr. Schmidt received 350,000 RSUs, options to purchase 250,000 shares of common stock at an exercise price of $0.90 per share, and options to purchase 100,000 shares of common stock at an exercise price of $1.09 per share.

(3) Non-Equity Incentive Plan Compensation reflects incentive compensation payable pursuant to each individual's respective employment agreement, typically as a percent of the Company's net revenue or sales earned, and in each case as described below under "Agreements with Named Executive Officers." In March 2024, Mr. Campi and Ms. Barron each entered into a commission termination agreement, terminating the incentive compensation-related provisions in their employment agreements and agreeing no amounts would be paid pursuant to such provisions for prior periods that had not previously been paid.

(4) All Other Compensation includes the amounts identified below for the applicable fiscal year:

Name and Principal Position	Year	Health Insurance Premiums ($)	401(k) Employer contributions ($)	Paid time-Off ($)	Car Allowance ($)(1)(2)		Total ($)
John P. Campi	2025	137	-	-	-	-	137
Former Co-Chief Executive Officer	2024	-	-	-	-	-	-
Leonard J. Sokolow	2025	25,197				-	25,197
Chief Executive Officer	2024	21,909	-	-	-	-	21,909
Rani R. Kohen	2025	25,252	-	25,000	12,000		62,252
Executive Chairman	2024	28,410	-	28,846	12,000		69,256
Marc-Andre Boisseau	2025	15,128	8,700	-	-		23,828
Chief Financial Officer	2024	4,210	7,800	-	-		12,010
Patricia Barron	2025	11,886	7,980	-	-		19,866
Chief Operations Officer	2024	10,720	7,040	12,500	-		30,260
Steven M. Schmidt	2025	-	-	-	-		-
President	2024	-	-	-	-		-

The following shows each named executive officer's 2025 compensation separated by cash-based compensation and stock-based compensation:

Name and Principal Position	Cash-Based Compensation ($)	Stock-Based Compensation ($)	Total Compensation ($)
John P. Campi *Former Co-Chief Executive Officer*	193,887	-	193,887
Leonard J. Sokolow *Chief Executive Officer*	265,197	651,165	916,362
Rani R. Kohen *Executive Chairman*	672,302	2,269,500	2,941,802
Marc-Andre Boisseau *Chief Financial Officer*	242,828	-	242,828
Patricia Barron *Chief Operations Officer*	225,616	387,300	612,916
Steven M. Schmidt *President*			

Outstanding Equity Awards at Fiscal Year End

The table below sets forth certain information regarding outstanding equity awards held by the named executive officers as of December 31, 2025. Mr. Campi did not hold any outstanding equity awards as of December 31, 2025.

	Option Awards					Stock Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) Not exercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)*	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Leonard Sokolow	150,000	-	-	3.00	4/19/2027	-	-	-	-
	150,000	-	-	4.00	4/19/2027	-	-	-	-
	100,000	-	-	12.00	12/31/2026	-	-	-	-
	17,500	-	-	12.34	3/11/2027	-	-	-	-
	17,500	-	-	3.28	4/5/2028	-	-	-	-
	220,000	230,000[1]	-	1.58	9/12/2028	-	-	-	-
	-	-	-	-	-	230,000 [1]	266,800	-	-
Rani R. Kohen[2]	800,000	340,000[3]	-	12.00	1/1/2027	-	-	-	-
	1,000,000		1,000,000	6.00	1/1/2027				
			2,000,000	7.00	1/1/2027				
			2,000,000	8.00	1/1/2027				
			10,000,000	12.00	1/1/2027				
Marc-Andre Boisseau	80,000	40,000[4]	-	3.28	4/5/2028	-	-	-	-
	-	-	-	-	-	40,000 [4]	46,400	-	-
Patricia Barron	50,000	-	-	3.00	4/19/2027	-	-	-	-
	50,000	-	-	4.00	4/19/2027	-	-	-	-
	50,000	50,000[5]	-	2.08	8/4/2028	-	-	-	-
	-	-	-	-	-	50,000 [5]	58,000	-	-
	-	100,000[6]	-	1.09	12/15/2029	-	-	-	-
Steven M. Schmidt	100,000	-	-	12.00	6/1/2026	-	-	-	-
	30,000	220,000[7]	-	0.90	9/15/2029	-	-	-	-
	-	-	-	-	-	220,000[7]	255,200		
	-	100,000[9]	-	1.09	12/15/2029	-	-	-	-
	-	-	-	-	-	100,000 [8]	116,000	-	-

* Based on the closing stock price of our common stock of $2.17 on December 31, 2025, the last trading day of 2025.

(1) These options and RSUs vest as follows: 200,000 will vest in four semi-annual instalments of 50,000, beginning on March 12, 2025, and 30,000 will vest on March 12, 2027.

(2) Pursuant to Mr. Kohen's chairman agreement, Mr. Kohen has the following options as supplemental bonus compensation, subject to the Company achieving the specified market capitalization (i) options to purchase 500,000 shares of common stock at an exercise price of $6.00 per share, upon the Company achieving each of the following market capitalizations: $1.5 billion and $2.0 billion; (ii) options to purchase 500,000 shares of common stock at an exercise price of $7.00 per share, upon the Company achieving each of the following market capitalizations: $3.0 billion, $4.0 billion, $5.0 billion and $6.0 billion; and (iii) options to purchase 500,000 shares of common stock at an exercise price of $8.00 per share, upon the Company achieving each of the following market capitalizations: $7.0 billion, $8.0 billion, $9.0 billion and $10.0 billion. Mr. Kohen also received supplemental bonus compensation such that, in the event the Company achieves a $10.0 billion valuation, for each valuation increase of $1.0 billion up to $30.0 billion Company valuation, Mr. Kohen will receive an option to purchase 500,000 shares at an exercise price of $12.00 per share.

(3) These options vest on January 1, 2025.

(4) These options and RSUs vest on April 5, 2025.

(5) These options and RSUs vest in two equal annual installments on each of August 4, 2025 and 2026.

(6) These options vest in three equal annual installments on each of January 1, 2025, 2026 and 2027.

(7) These options and RSUs vest in eleven equal quarterly installments of 20,000, beginning March 31, 2025.

(8) These options and RSUs vest in two equal annual instalments on each of January 1, 2025 and 2026.

Agreements with Named Executive Officers

John P. Campi (Former Co-Chief Executive Officer)

Prior to his retirement as Co-Chief Executive Officer on September 30, 2025, Mr. Campi was a party to an employment agreement with the Company.

Leonard J. Sokolow (Chief Executive Officer)

In connection with his employment as Co-Chief Executive Officer, the Company and Mr. Sokolow entered into an employment agreement, effective as of September 12, 2023 (the "Sokolow Agreement"). Pursuant to the Sokolow Agreement, Mr. Sokolow will receive a base salary of $160,000 per year, subject to annual review and adjustment by the compensation committee, and a minimum bonus every six months during the term of the Sokolow Agreement equal to $40,000 in cash or stock, as elected by Mr. Sokolow. In addition, Mr. Sokolow will be eligible to receive a performance-based bonus, payable in equity and/or cash, subject to the achievement of performance metrics and other criteria as determined by the Executive Chairman and approved by the compensation committee. Subject to the compensation committee's approval, the Company and Mr. Sokolow may agree on an annual bonus structure (in addition to the minimum bonus described above) based on performance metrics and other criteria, and such bonus payments could be a combination of stock, stock options, and cash.

Pursuant to the Sokolow Agreement, on September 12, 2023, the compensation committee granted to Mr. Sokolow (i) 450,000 RSUs, 120,000 of which vested on the date of grant, 300,000 of which will vest in six semi-annual installments of 50,000, beginning on March 12, 2024, and 30,000 of which will vest on March 12, 2027; and (ii) five-year stock options to purchase up to 450,000 shares of the Company's common stock at an exercise price of $1.58 per share, 120,000 of which vested on the date of grant, 300,000 of which will vest in six semi-annual installments of 50,000, beginning on March 12, 2024, and 30,000 of which will vest on March 12, 2027, in each case subject to continuous employment through the applicable vesting date. The awards were granted pursuant to the terms and conditions of the 2021 Plan and applicable equity award agreements.

Mr. Sokolow is also entitled to receive expense reimbursement for reasonable expenses, approved in writing by the Company, incurred in the performance of his duties. He is entitled up to four weeks of vacation per year and to participate in the Company's benefit programs for executive employees. The Sokolow Agreement also contains non-competition and non-solicitation covenants and provides for severance under certain circumstances as described in the Sokolow Agreement. In particular, in the event the Company terminates Mr. Sokolow's employment for any reason other than for Disability or Cause (as such terms are defined in the Sokolow Agreement), the Company gives notice of nonrenewal of the Sokolow Agreement, or if Mr. Sokolow terminates his employment for Good Reason (as defined in the Sokolow Agreement), the Company will provide the following benefits: (i) severance pay equal to six months of Mr. Sokolow's ending annual base salary, minus withholdings, (ii) a gross amount equal to six months of the cost of Mr. Sokolow's monthly health insurance premium for him and his eligible dependents (if any), conditioned on Mr. Sokolow electing to continue health insurance coverage through COBRA, and (iii) the portions of Mr. Sokolow's RSU and stock option awards that are due to vest during six months following his termination date will vest on their respective vesting dates.

The Sokolow Agreement has a three-year term, with automatic renewal annually following the initial three-year term for an additional one year unless terminated by either party by providing at least 30-days' written notice prior to the end of the then term.

Rani R. Kohen (Executive Chairman)

Effective September 1, 2019, the Company entered into an Executive Chairman Agreement with Rani R. Kohen (as amended, the "2019 Chairman Agreement") to serve as the Company's Executive Chairman and Chairman of the board of directors, which superseded Mr. Kohen's previous chairman agreement effective September 1, 2016. Effective as of January 1, 2022, the Company entered into a new Executive Chairman Agreement with Mr. Kohen (the "Chairman Agreement"), which superseded the 2019 Chairman Agreement and contains substantially the same terms. The Chairman Agreement provides that Mr. Kohen will serve for an initial term of three years and that the Chairman Agreement will automatically renew unless Mr. Kohen or the board of directors decide otherwise.

Subject to other customary terms and conditions of such agreements, the Chairman Agreement provides that Mr. Kohen will receive: (i) a base salary of $300,000 per year commencing January 1, 2022 (an increase from $250,000 per year under the 2019 Chairman Agreement), which will be increased by the Company in the event the Company has a significant cash raise; (ii) annual equity compensation consisting of options to purchase 1,020,000 shares of common stock at an exercise price of $12.00 per share, which vest in three equal annual instalments on each of January 1, 2023, 2024 and 2025 (subject to certain exceptions) and have a five-year term; (iii) a sign-on bonus stock option to purchase 120,000 shares of common stock at an exercise price of $12.00 per share, which vested in its entirety on January 1, 2023 and has a five-year term; (iv) supplemental bonus compensation of stock options to purchase up to 6,000,000 shares of common stock at an exercise price ranging between $6.00 and $8.00 per share, determined based on the achievement of specified market capitalizations of the Company, as described further below, which have a five-year term; (v) supplemental bonus compensation such that, in the event the Company achieves a $10.0 billion valuation, for each valuation increase of $1.0 billion up to $30.0 billion Company valuation, Mr. Kohen will receive an option to purchase 500,000 shares at an exercise price of $12.00 per share; and (vi) incentive compensation equal to 0.5% of the Company's gross revenue, which will be paid in cash, stock and/or options on an annual basis. In the event the Company exceeds a $30.0 billion valuation, the Company and Mr. Kohen will negotiate a mutually acceptable amendment to the Chairman Agreement.

Mr. Kohen is eligible for the following supplemental bonus compensation under the Chairman Agreement (in addition to the supplemental bonus compensation described in clause (v) above): (i) options to purchase 500,000 shares of common stock at an exercise price of $6.00 per share, upon the Company achieving each of the following market capitalizations: $500.0 million, $1.0 billion, $1.5 billion and $2.0 billion; (ii) options to purchase 500,000 shares of common stock at an exercise price of $7.00 per share, upon the Company achieving each of the following market capitalizations: $3.0 billion, $4.0 billion, $5.0 billion and $6.0 billion; and (iii) options to purchase 500,000 shares of common stock at an exercise price of $8.00 per share, upon the Company achieving each of the following market capitalizations: $7.0 billion, $8.0 billion, $9.0 billion and $10.0 billion. As of December 31, 2025, the following previously vested, and expired during 2024: (i) options to purchase 1.5 million shares at an exercise price of $3.00 per share; (ii) options to purchase 500,000 shares at an exercise price of $4.00 per share; and (iii) options to purchase 1.0 million shares at an exercise price of $6.00 per share.

Mr. Kohen is also entitled to receive a car allowance of $1,000 per month, reimbursement for cell phone costs and expense reimbursement for reasonable expenses, including travel and entertainment, incurred in the performance of his duties. In addition, in the event Mr. Kohen invents additional new products and applications for the Company, including products based on the Company's existing intellectual property, Mr. Kohen will be entitled to receive additional compensation, which will be determined by the board of directors.

Pursuant to the Chairman Agreement, Mr. Kohen may be terminated for "cause," which is defined as an act of fraud, embezzlement or theft; a material violation of the Chairman Agreement by Mr. Kohen that is not cured within 60 days of written notice; and Mr. Kohen's death, disability or incapacity. During the initial term of the Chairman Agreement, if Mr. Kohen is terminated without cause, (i) the Company will pay Mr. Kohen an amount calculated by multiplying Mr. Kohen's monthly salary at the time of such termination by the number of months remaining in the initial term; (ii) Mr. Kohen's annual equity compensation will vest on a pro rata basis; and (iii) Mr. Kohen will receive full payment of all unpaid incentive compensation. Following the expiration of the initial term, the Chairman Agreement may be terminated by the board of directors at its discretion, in which case Mr. Kohen will receive full payment for all incentives and will be entitled to compensation for his invented products. Mr. Kohen may terminate the Chairman Agreement at his discretion by providing at least 90 days' prior written notice to the Company. In the event Mr. Kohen's employment is terminated by reason of his death, the Company will pay Mr. Kohen's beneficiaries 12 months of Mr. Kohen's base salary or Mr. Kohen's base salary through the remainder of the year in which Mr. Kohen's death occurs, whichever is greater, and all annual stock compensation, incentive compensation and supplemental bonus compensation due to Mr. Kohen will be bequeathed to his beneficiaries.

In the event the Company is acquired, is the non-surviving party in a merger or sells all or substantially all of its assets, the Chairman Agreement will not be terminated, and the Company will ensure that the transferee or surviving company is bound by the provisions of the Chairman Agreement. All shares granted and any other compensation will vest and be paid immediately.

Patricia Barron (Chief Operations Officer)

Effective September 1, 2019, the Company entered into an Executive Employment Agreement with Patricia Barron, its Chief Operations Officer (the "Barron Agreement"), which superseded Ms. Barron's previous employment agreement effective July 1, 2016. The Barron Agreement provided for an initial term of one year, which term may be, and has been, renewed by the mutual agreement of Ms. Barron and the Company. Subject to other customary terms and conditions of such agreements, the Barron Agreement provides that Ms. Barron will receive: (i) a base salary of $150,000 per year, which may be adjusted each year at the discretion of the board; and (ii) a sign-on bonus of a stock option to purchase 100,000 shares of common stock at an exercise price of $6.00 per share, which vested in its entirety on December 31, 2020. Ms. Barron was previously eligible to receive cash incentive compensation equal to 0.25% of the Company's net revenue, payable on an annual or quarterly basis. In March 2024, Ms. Barron entered into a commission termination agreement, terminating the incentive compensation-related provisions in her employment agreement and agreeing no amounts would be paid pursuant to such provisions for prior periods. Ms. Barron is also entitled to receive expense reimbursement for reasonable expenses, including travel and entertainment, incurred in the performance of her duties.

Pursuant to the Barron Agreement, Ms. Barron may be terminated for "cause," which is defined as an act of fraud, embezzlement, theft or neglect of or refusal to substantially perform the duties of her employment that is materially injurious to the financial condition or business reputation of the Company; a material violation of the Barron Agreement by Ms. Barron that is not cured within 30 days of written notice; and Ms. Barron's death, disability or incapacity. Following the expiration of the initial term, the Barron Agreement may be terminated by the board of directors at its discretion, in which case Ms. Barron will receive one month of her then-applicable annual base salary for every year of employment by the Company, as well as any unpaid incentive compensation. In addition, Ms. Barron may terminate the Barron Agreement at her discretion by providing at least 30 days' prior written notice to the Company.

In the event the Company is acquired, is the non-surviving entity in a merger or sells all or substantially all of its assets, the Barron Agreement will survive, and the Company will use its best efforts to ensure that the transferee or surviving company is bound by the provisions of the Barron Agreement. All shares granted will vest immediately.

Steven M. Schmidt (President)

Effective December 20, 2024, the Company entered into a three-year employment agreement with Steven M. Schmidt, pursuant to which Mr. Schmidt agreed to serve as the Company's President (the "Schmidt Agreement"). Subject to other customary terms and conditions of such agreements, Mr. Schmidt received the following awards as compensation for his service as President: (i) a grant of 250,000 RSUs and five-year options to purchase up to 250,000 shares of common stock, each of which vested as to 10,000 RSUs or options on December 20, 2024, with the remaining 240,000 RSUs or options vesting in equal quarterly instalments of 20,000 RSUs or options beginning on December 31, 2024; and (ii) a grant of 100,000 RSUs and five-year options to purchase up to 100,000 shares of common stock, each of which vests in two equal annual instalments on January 1, 2025 and January 1, 2026. Mr. Schmidt may receive additional equity grants or other bonus or other incentive compensation, as determined by the Company. Mr. Schmidt is also entitled to up to four weeks of vacation per year and to receive expense reimbursement for reasonable expenses, approved in advance in writing by the Company, incurred in the performance of his duties. The Schmidt Agreement includes customary confidentiality and intellectual property provisions and post-employment non-solicitation and non-competition covenants. The Schmidt Agreement provides for a term ending December 31, 2027 and may be terminated by either party at any time, for any reason, upon 30 days' written notice or immediately and without notice in the event of any breach or default of a material term or condition of the Schmidt Agreement that is not remedied or cured within ten days after delivery of written notice thereof. Any portion of an award that has not vested as of the date Mr. Schmidt ceases to be an employee of the Company will be forfeited and terminated automatically.

Marc-Andre Boisseau (Chief Financial Officer)

Effective January 1, 2022, the Company entered into an employment agreement with Marc-Andre Boisseau, pursuant to which Mr. Boisseau agreed to serve as the Company's Chief Financial Officer (the "Boisseau Agreement"). Subject to other customary terms and conditions of such agreement, the Boisseau Agreement provides that Mr. Boisseau: (i) receives a base salary of $144,000 per year, subject to annual review and adjustment;; and (ii) will be eligible to receive performance-based compensation in the form of a bonus, payable in equity and/or cash, as determined by the compensation committee, subject to the achievement of performance metrics and other criteria as determined by the Executive Chairman and approved by the compensation committee. Mr. Boisseau is also entitled to receive expense reimbursement for reasonable expenses, approved in writing by the Executive Chairman and Chief Executive Officer, incurred in the performance of his duties. The Boisseau Agreement also contains customary non-competition and non-solicitation covenants and does not provide for any specified severance benefits. The Boisseau Agreement provides that Mr. Boisseau's employment is "at will," and either party may terminate his employment at any time and for any reason, without cause, upon 90 days' advance written notice.

Stock Incentive Plans

2021 Stock Incentive Plan (as Amended and Restated)

The 2021 Plan was originally adopted by our board of directors in December 2021 and approved by our stockholders in February 2022 and became effective February 9, 2022. On July 10, 2024, our stockholders approved the amendment and restatement of the 2021 Plan, increasing the number of shares authorized for issuance under the 2021 Plan by 20,000,000 shares. The 2021 Plan is the successor to the Company's 2018 Stock Incentive Plan (as amended and restated, the "2018 Plan"), and no further awards may be granted under the 2018 Plan. The following provides a summary of the 2021 Plan.

Eligibility and Types of Awards

The 2021 Plan authorizes the grant of equity-based compensation awards to those employees of, and consultants to, the Company and its subsidiaries who are selected by the compensation committee, and the 2021 Plan also authorizes the compensation committee to grant awards to non-employee directors of the Company. Awards under the 2021 Plan may be granted in the form of stock options, stock appreciation rights (sometimes referred to as "SARs"), restricted shares, RSUs, and other share-based awards.

Administration

The compensation committee, which is comprised of non-employee directors, will administer awards granted under the 2021 Plan. To the extent permitted by applicable law, the compensation committee may delegate its authority to one or more officers or directors of the Company. Further, the board of directors may reserve to itself any of the compensation committee's authority and may act as the administrator of the 2021 Plan.

Shares Available

Subject to adjustments as described below, the total number of shares that may be delivered under the 2021 Plan will not exceed 40,000,000 shares (all of which potentially may be issued pursuant to awards of incentive stock options). Shares tendered or withheld to pay the exercise price of a stock option or to cover tax withholding, and shares repurchased by the Company with stock option proceeds, will not be added back to the number of shares available under the 2021 Plan. Upon exercise of any stock appreciation right that may be settled in shares, the full number of shares subject to that award will be counted against the number of shares available under the 2021 Plan, regardless of the number of shares used to settle the stock appreciation right upon exercise. To the extent that any award under the 2021 Plan or any award granted under the 2018 Plan prior to the effectiveness of the 2021 Plan is forfeited, cancelled, surrendered, or terminated without the issuance of shares or an award is settled only in cash, the shares subject to such awards granted but not delivered will be added to the number of shares available for awards under the 2021 Plan. Shares available for awards under the 2021 Plan may consist of authorized and unissued shares, treasury shares (including shares purchased by the Company in the open market) or a combination of the foregoing.

Stock Options

Subject to the terms and provisions of the 2021 Plan, options to purchase shares may be granted to eligible individuals at any time and from time to time as determined by the compensation committee. Options may be granted as incentive stock options (to employees only) or as nonqualified stock options. The compensation committee will determine the number of options granted to each recipient. Each option grant will be evidenced by an award agreement that specifies whether the options are intended to be incentive stock options or nonqualified stock options and such additional limitations, terms and conditions as the compensation committee may determine, consistent with the provisions of the 2021 Plan.

The exercise price for each stock option may not be less than 100% of the fair market value of a share of common stock on the date of grant, and each stock option shall have a term no longer than 10 years. Stock options granted under the 2021 Plan may be exercised by such methods and procedures as determined by the compensation committee from time to time.

Stock Appreciation Rights

The compensation committee in its discretion may grant SARs under the 2021 Plan. A SAR entitles the holder to receive from the Company upon exercise an amount equal to the excess, if any, of the aggregate fair market value of a specified number of shares that are the subject of such SAR over the aggregate exercise price for the underlying shares. The exercise price for each SAR may not be less than 100% of the fair market value of a share on the date of grant, and each SAR shall have a term no longer than 10 years. The Company may make payment in settlement of the exercise of a SAR by delivering shares, cash or a combination of shares and cash as set forth in the applicable award agreement. Each SAR will be evidenced by an award agreement that specifies the date and terms of the award and such additional limitations, terms and conditions as the compensation committee may determine, consistent with the provisions of the 2021 Plan.

Restricted Shares

Under the 2021 Plan, the compensation committee may grant or sell restricted shares to participants (i.e., shares that are subject to a substantial risk of forfeiture based on continued service and/or the achievement of performance objectives and that are subject to restrictions on transferability) under the 2021 Plan. Except for these restrictions and any others imposed by the compensation committee, upon the grant of restricted shares, the recipient generally will have rights of a stockholder with respect to the restricted shares, including the right to vote the restricted stock and to receive dividends and other distributions paid or made with respect to the restricted shares. However, any dividends payable with respect to unvested restricted shares will be accumulated or reinvested in additional restricted shares until the vesting of the award. During the applicable restriction period, the recipient may not sell, transfer, pledge, exchange or otherwise encumber the restricted shares. Each award of restricted shares will be evidenced by an award agreement that specifies the terms of the award and such additional limitations, terms and conditions, which may include restrictions based upon the achievement of performance objectives, as the compensation committee may determine.

Restricted Share Units

The compensation committee may grant or sell RSUs to participants under the 2021 Plan. RSUs constitute an agreement to deliver shares (or an equivalent value in cash) to the participant at the end of a specified restriction period and/or upon the achievement of specified performance objectives, subject to such other terms and conditions as the compensation committee may specify, consistent with the provisions of the 2021 Plan. RSUs are not common shares and do not entitle the recipients to any of the rights of a stockholder. RSUs will be settled in cash, shares or a combination of cash and shares. Each RSU award will be evidenced by an award agreement that specifies the terms of the award and such additional limitations, terms and conditions as the compensation committee may determine, which may include restrictions based upon the achievement of performance objectives.

Other Share-Based Awards

The compensation committee may grant other share-based awards to participants under the 2021 Plan. Other share-based awards are awards that are valued in whole or in part by reference to shares of common stock, or are otherwise based on the value of the common stock, such as unrestricted shares or time-based or performance-based units that are settled in shares and/or cash. Each other share-based award will be evidenced by an award agreement that specifies the terms of the award and such additional limitations, terms and conditions as the compensation committee may determine, consistent with the provisions of the 2021 Plan.

Dividend Equivalents

As determined by the compensation committee in its discretion, RSUs and other share-based awards may provide the participant with a deferred and contingent right to receive dividend equivalents, either in cash or in additional shares. Any such dividend equivalents will be accumulated or deemed reinvested until such time as the underlying award becomes vested (including, where applicable, vesting based on the achievement of performance objectives). No dividend equivalents may be granted with respect to shares underlying any stock option or SAR.

Change in Control

If a participant is a party to an employment, retention, change in control, severance or similar agreement with the Company or a subsidiary that addresses the effect of a change in control on the participant's awards, then that agreement will control the treatment of the participant's awards under the 2021 Plan in the event of a change in control. In all other cases, the compensation committee retains the discretion to determine the treatment of awards granted under the 2021 Plan in the event of a change in control. For example, the compensation committee may determine (without the consent of any participant) to accelerate the vesting of any award (in whole or in part), to make cash payments in cancellation of vested awards, or to cancel any stock options or SARs without consideration if the price per share in the change of control transaction does not exceed the exercise price per share of the applicable award.

The 2021 Plan generally defines a change in control to include the acquisition of more than 50% of the Company's then-outstanding common stock, other than acquisitions directly from, or by, the Company or by any employee benefit plan sponsored or maintained by the Company, and the consummation of a reorganization, merger, consolidation, sale or other disposition of all or substantially all of the Company's assets, unless, following such transaction, the Company's stockholders own more than 50% of the common stock of the resulting entity in substantially the same proportions as their ownership of the Company's common stock prior to the transaction, no stockholder beneficially owns, directly or indirectly, 50% or more of the outstanding common stock of the entity resulting from such transaction (except to the extent that such ownership existed prior to the transaction), and at least a majority of the members of the board of directors of the resulting entity were members of the Company's board of directors at the time of the transaction. The 2021 Plan contains the complete, detailed definition of change in control.

Adjustments

In the event of any equity restructuring, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, the compensation committee will adjust the number and kind of shares that may be delivered under the 2021 Plan, the number and kind of shares subject to outstanding awards and the exercise price or other price of shares subject to outstanding awards, to prevent dilution or enlargement of rights. In the event of any other change in corporate capitalization, or in the event of a merger, consolidation, liquidation or similar transaction, the compensation committee may, in its discretion, make such an equitable adjustment, to prevent dilution or enlargement of rights. However, unless otherwise determined by the compensation committee, the number of shares subject to any award will always be rounded down to a whole number. Moreover, in the event of any such transaction or event, the compensation committee, in its discretion, may provide in substitution for any or all outstanding awards such alternative consideration (including cash) as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced.

The compensation committee, in its sole discretion, may also provide at any time for the exercisability of outstanding stock options and SARs, the lapse of time-based vesting restrictions and the satisfaction of performance objectives applicable to outstanding awards, or the waiver of any other limitation or requirement under any awards.

Transferability

Except as the compensation committee otherwise determines, awards granted under the 2021 Plan will not be transferable by a participant other than by will or the laws of descent and distribution. Except as otherwise determined by the compensation committee, stock options and SARs will be exercisable during a participant's lifetime only by him or her or, in the event of the participant's incapacity, by his or her guardian or legal representative. Any award made under the 2021 Plan may provide that any shares issued as a result of the award will be subject to further restrictions on transfer.

No Repricing of Stock Options or Stock Appreciation Rights

Except in connection with an adjustment involving a change in capitalization or other corporate transaction or event as provided for in the 2021 Plan, the compensation committee may not authorize the amendment of any outstanding stock option or stock appreciation right to reduce the exercise price, and no outstanding stock option or stock appreciation right may be cancelled in exchange for stock options or stock appreciation rights having a lower exercise price, or for another award or for cash, without the approval of the Company's stockholders.

Compensation Recovery Policy

Awards granted under the 2021 Plan are subject to forfeiture or recoupment pursuant to the Company's Compensation Recovery Policy.

Term of the 2021 Plan; Amendment and Termination

No awards may be granted under the 2021 Plan on or after February 9, 2032 (the tenth anniversary of the effective date of the 2021 Plan), or such earlier date as the 2021 Plan may be terminated by the board of directors. The board of directors may, without stockholder approval, amend or terminate the 2021 Plan, except in any respect as to which stockholder approval is required by the 2021 Plan, by law, regulation or the rules of an applicable stock exchange.

2018 Stock Incentive Plan (as Amended and Restated)

The board of directors initially approved the 2018 Plan on April 26, 2018, and in each of August 2019 and November 2021, the board of directors approved the amendment and restatement of the 2018 Plan. The Company no longer grants awards under the 2018 Plan as it was replaced by the 2021 Plan. However, any outstanding awards under the 2018 Plan continue to be governed by their existing terms.

If the Company is merged or consolidated with another entity or sells or otherwise disposes of substantially all of its assets to another company while options or stock awards remain outstanding under the 2018 Plan, unless provisions are made in connection with such transaction for the continuance of the 2018 Plan and/or the assumption or substitution of such options or stock awards with new options or stock awards covering the stock of the successor company, or parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices, then all outstanding options and stock awards that have not been continued or assumed, or for which a substituted award has not been granted, will, whether or not vested or then exercisable, unless otherwise specified in the stock option or stock award agreement, terminate immediately as of the effective date of any such merger, consolidation or sale.

2015 Stock Incentive Plan

The Company previously granted equity awards under the 2015 Stock Incentive Plan, which contained substantially the same terms as the 2018 Plan, described above. The Company no longer grants awards under the 2015 Stock Incentive Plan as it was replaced by the 2018 Plan. However, any outstanding awards under the 2015 Stock Incentive Plan continue to be governed by their existing terms.

Termination or Change in Control Benefits

Our named executive officers may become entitled to certain benefits or enhanced benefits in connection with a qualifying termination and/or a change in control of our Company. Our named executive officers' employment agreements entitle them to certain benefits upon certain terminations or in connection with a change in control of the Company. For additional discussion, see "Agreements with Named Executive Officers" above.

Each of our named executive officers holds equity awards that were granted subject to the general terms and termination and change in control provisions of our stock incentive plans. The forms of agreements governing outstanding awards granted under the plans contain additional such provisions. For additional discussion, please see "Stock Incentive Plans" above.

Compensation Recovery Policy

During 2023, the board of directors adopted the Company's Compensation Recovery Policy to comply with SEC and Nasdaq rules for the claw back of certain executive compensation in the event that we are required to prepare a restatement of our financial statements due to material noncompliance with any financial reporting requirement under the securities laws. In the event of such a restatement, the Compensation Recovery Policy provides that the compensation committee will cause the Company to promptly recover any erroneously awarded incentive-based compensation received by any covered executive officer during the three completed fiscal years immediately preceding the date on which the Company is required to prepare the accounting restatement. Covered executive officers include both current and former executive officers, and incentive-based compensation includes any compensation that is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure. Financial reporting measures are those that are determined and presented in accordance with the accounting principles used in preparing our financial statements, and any measures that are derived wholly or in part from such measures. The amount required to be recovered under the Compensation Recovery Policy in the event of an accounting restatement generally will equal the amount of incentive-based compensation received by the covered executive officer that exceeds the amount of such compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid. The Compensation Recovery Policy is effective with respect to covered incentive-based compensation received by a covered executive officer on or after October 2, 2023.

Policies and Practices Related to the Grant of Certain Equity Awards

We do not schedule the grant of stock options or other equity awards in anticipation of the disclosure of material nonpublic information, and we do not schedule the disclosure of material nonpublic information based on the timing of grants of stock options or other equity awards. We have not adopted any formal policy that would require the compensation committee or the board to grant, or to avoid granting, stock options or other equity awards to our named executive officers or other employees at certain times. During the year ended December 31, 2025, we did not award options to any of our named executive officers during the period beginning four business days before and ending one business after the filing of a periodic report on Form 10-Q or Form 10-K or the filing or furnishing of a Current Report on Form 8-K that discloses material nonpublic information, except as included in the table below. Under our Director Compensation Program (described below under the heading "Director Compensation"), annual awards of stock options and restricted stock are granted to our non-employee directors on the third trading day after the earlier of the date of the earnings release or the date the annual report is filed on Form 10-K.

Name	Grant Date	Number of securities underlying the award	Exercise price of the award ($/Share)	Grant date fair value of the award	Percentage change in the closing market price of the securities underlying the award between the trading day ending immediately prior to the disclosure of material nonpublic information and the trading day beginning immediately following the disclosure of material nonpublic information
Rani Kohen	12/8/2025	1,500,000	$ 2.42	$ 2,269,500	-0.8%

DIRECTOR COMPENSATION

Director Compensation

Under the director compensation program approved by the board in March 2023 (the "Director Compensation Program"), for service on our board, non-employee directors receive an annual cash retainer of $30,000, paid in quarterly instalments, or, if a director elects to receive payment in shares of common stock, a single annual distribution of common stock. For 2024, shares were granted on December 31, 2024, with the number of shares granted determined based on the opening price per share of common stock on Nasdaq on December 31, 2024. Messrs. Ridge and Shiff each elected to receive their 2024 annual cash retainer in shares of common stock. For 2025, all shares will be granted on December 31, 2025, with the number of shares granted to be determined based on the opening price per share of common stock on Nasdaq on such date. Messrs. Ridge and Shiff have each elected to receive their 2025 annual cash retainer in shares of common stock. For 2026, all shares will be granted on December 31, 2026, with the number of shares granted to be determined based on the opening price per share of common stock on Nasdaq on such date. Messrs. Ridge and Shiff have each elected to receive his 2026 annual cash retainer in shares of common stock.

In addition, on the third trading day after the earlier of the date of the earnings release or the date the annual report is filed on Form 10-K (the "Program Grant Date"), non-employee directors receive an annual grant of (i) 5,000 shares of restricted stock, which vest immediately on the Program Grant Date, and (ii) options to purchase up to 5,000 shares of common stock with an exercise price equal to the closing price of common stock on Nasdaq on the Program Grant Date, which will vest in twelve equal monthly instalments beginning on the last day of the month in which the options were granted and expire five years from the Program Grant Date.

For service as a member of the audit committee, compensation committee and/or nominating and corporate governance committee, non-employee directors each receive an additional annual grant of (i) 3,000 shares of restricted stock, which vest immediately on the Program Grant Date, and (ii) options to purchase up to 3,000 shares of common stock with an exercise price equal to the closing price of common stock on Nasdaq on the Program Grant Date, which will vest in twelve equal monthly instalments beginning on the last day of the month in which the options were granted and expire five years from the Program Grant Date.

For service as the Chair of the audit committee, compensation committee and/or nominating and corporate governance committee, non-employee directors each receive an additional annual grant of (i) 2,000 shares of restricted stock, which vest immediately on the Program Grant Date, and (ii) options to purchase up to 2,000 shares of common stock with an exercise price equal to the closing price of common stock on Nasdaq on the Program Grant Date, which will vest in twelve equal monthly instalments beginning on the last day of the month in which the options were granted and expire five years from the Program Grant Date.

For non-employee members of the business strategy and development committee of the board, non-employee directors each receive an additional annual grant of (i) 12,500 shares of restricted stock, which vest immediately on the Program Grant Date, and (ii) options to purchase up to 12,500 shares of common stock with an exercise price equal to the closing price of common stock on Nasdaq on the Program Grant Date, which will vest in twelve equal monthly installments beginning on the last day of the month in which the options were granted and expire five years from the Program Grant Date.

Non-employee directors also receive reimbursement of reasonable out-of-pocket expenses for attending meetings and carrying out duties as board members.

Director Compensation Table

The following table summarizes the compensation paid to each non-employee director who served during 2025. All compensation earned by Messrs. Kohen and Sokolow during 2025 has been reported in the "Summary Compensation Table" above under "Executive Compensation."

Name	Fees earned or paid in cash ($)	Stock awards ($)(1)	Option awards ($)(1)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Nancy DiMattia	30,000	33,390	20,962	-	-	-	84,352
Gary N. Golden	30,000	22,680	14,238	-	-	-	66,918
Efrat L. Greenstein Brayer	30,000	20,160	12,666	-	-	-	62,826
Thomas J. Ridge	-	37,597	3,956	-	-	-	41,553
Dov Shiff	-	37,597	3,956	-	-	-	41,553

(1) The table reflects the grant date fair value, as computed in accordance with Topic 718, of the restricted share awards and options granted to directors in 2025. The assumptions used to determine the valuation of the awards are discussed in Note 2 and Note 11 to our consolidated financial statements for the 2025 fiscal year. All stock options reported in the table above were granted with an exercise price of $0.79 per share and vest in twelve equal monthly instalments beginning March 2025.

There were no unvested stock awards held by non-employee directors as of December 31, 2025. The total number of unexercised option awards (vested and unvested) held by our non-employee directors as of December 31, 2025 was as follows: Ms. DiMattia, 87,500 options; Mr. Golden, 64,000 options; Ms. Greenstein Brayer, 57,000 options; Mr. Ridge, 545,000 options; and Mr. Shiff, 45,000 options.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information known to us regarding beneficial ownership of our issued and outstanding common stock as of March 18, 2026 for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock, Series A Preferred Stock, Series A-1 Preferred Stock or Series A-2 Preferred Stock.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Under those rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and includes securities that the individual or entity has the right to acquire, such as through the exercise of issued stock options or warrants, vesting of RSUs, or conversion of convertible notes or preferred stock, within 60 days of March 18, 2026. Except as noted by footnote, and subject to community property laws where applicable, we believe, based on the information provided to us, that the persons and entities named in the table below have sole voting and investment power with respect to all common stock shown as beneficially owned by them.

The percentage of beneficial ownership of common stock is based on 133,281,119 shares of common stock issued and outstanding as of March 18, 2026. The percentage of beneficial ownership of Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock is based on 200,000 shares, 253,000 shares and 60,000 shares, respectively, issued and outstanding as of March 18, 2026. The percentage of total voting power is based on the shares of common stock issued and outstanding as of March 18, 2026, plus the shares of common stock issuable upon the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock issued and outstanding as of March 18, 2026 based on the conversion price in effect for the preferred stock on March 18, 2026. Shares of our common stock that are subject to options or warrants exercisable, RSUs vesting, or notes or preferred stock convertible within 60 days of March 18, 2026 are deemed to be outstanding for computing the percentage ownership of common stock and total voting power of the person holding such options, warrants, RSUs, notes and/or preferred stock and the percentage ownership of any group in which the holder is a member, but are not deemed outstanding for computing the percentage of any other person, except that total voting power includes the shares of common stock issuable upon conversion of the Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock in determining percentage ownership, as noted above.

Except as otherwise indicated below, the address of each beneficial owner is c/o SKYX Platforms Corp., 2855 W. McNab Road, Pompano Beach, Florida 33069.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A Preferred Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A-1 Preferred Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A-2 Preferred Stock Beneficially Owned	Percentage of Class	Total Voting Power
Greater than 5% Stockholders									
Dov Shiff, Director[(1)]	5,483,237	11.76 %	-	-	-	-	-	-	10.8 %
Rani R. Kohen, Executive Chairman and Director[(2)]	1,899,970	8.8 %	-	-	-	-	-	-	8.2 %
Strul Associates Limited Partnership[(3)]	6,763,162	4.9 %	-	-	20,000	7.9 %	-	-	4.9 %
SKY Opportunity I LLC[(4)]	200,000	*	200,000	100.0%	-	-	-	-	3.1 %
Steven Siegelaub[(5)]	3,134,534	2.3 %	-	-	40,000	15.8 %	-	-	2.8 %
Michael and Zelene Fowler[(6)]	1,393	*	-	-	40,000	15.8 %	52,000	86.7%	1.0 %
MSD Family Partners II[(7)]	21	*	-	-	-	-	8,000	13.3%	*
Freeman Caribbean Investments, LLC[(8)]	290,000	*	-	-	20,000	7.9 %	-	-	*
Harry & Brenda Mittelman Revocable Living Trust[(9)]	2,123,166	1.6 %	-	-	14,000	5.5 %	-	-	1.7 %
Steven M. Schmidt, President[(10)]	673,664	*	-	-	20,000	7.9 %	-	-	*

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A Preferred Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A-1 Preferred Stock Beneficially Owned	Percentage of Class	Number of Shares of Series A-2 Preferred Stock Beneficially Owned	Percentage of Class	Total Voting Power
Directors and Named Executive Officers (not otherwise included above)						-	-	-	
Leonard J. Sokolow, Co-Chief Executive Officer, Director(11)	1,784,075	1.3 %	-	-	10,000	4.0 %	-	-	1.4 %
Marc-Andre Boisseau(12)	212,607	*	-	-	-	-	-	-	*
Thomas J. Ridge, Director(13)	1,608,193	1.2 %	-	-	-	-	-	-	1.1 %
Patricia Barron, Chief Operations Officer(14)	648,987	*	-	-	-	-	-	-	*
Nancy DiMattia, Director(15)	198,770	*	-	-	-	-	-	-	*
Gary N. Golden, Director(16)	128,000	*	-	-	-	-	-	-	*
Efrat L. Greenstein Brayer, Director(17)	114,000	*	-	-	-	-	-	-	*
All directors and current executive officers as a group (10 persons)(18)	**32,751,503**	**23.6%**	**-**	**-**	**30,000**	**11.9%**		**-**	**23.2%**

* Represents beneficial ownership of less than one percent.

(1) Based on a Form 4 and Schedule 13D/A filed by Mr. Shiff on January 2, 2026 and January 27, 2026, respectively. Includes 13,274,618 shares of common stock held by DZDLUX s.a.r.l., of which Mr. Shiff is a controlling person, 235,712 shares of common stock held by Shiff Group Assets Ltd., of which Mr. Shiff is a controlling person, 379,955 shares held by Shiff Group Investments Ltd., of which Mr. Shiff is the President and Chief Executive Officer, 1,507,952 shares of common stock held directly by Mr. Shiff, and 40,000 shares held by Mr. Shiff's spouse. Also includes 45,000 shares of common stock underlying stock options held by or vesting to Mr. Shiff that are exercisable within 60 days of March 18, 2026. As a result of his positions at DZDLUX s.a.r.l, Shiff Group Assets Ltd. and Shiff Group Investments Ltd., Mr. Shiff may be deemed to be the beneficial owner of the shares held by such entities and have voting and dispositive power over such shares.

(2) Based on a Form 4 and Schedule 13D/A filed by Mr. Kohen on December 12, 2025 and January 28, 2026, respectively. Includes 16,001 shares of common stock held directly by Mr. Kohen, 9,143,969 shares of common stock held by KRNB Holdings LLC and 100,000 shares of common stock held by Mr. Kohen's family member, as well as 2,640,000 shares of common stock underlying stock options are held by or vesting to Mr. Kohen that are exercisable within 60 days of March 18, 2026. As manager of KRNB Holdings LLC, Mr. Kohen may be deemed to be the beneficial owner of the shares held by KRNB Holdings LLC and have voting and dispositive power over such shares.

(3) Includes 416,667 shares of common stock issuable upon conversion of Series A-1 Preferred Stock held by Strul Associates Limited Partnership ("SALP"), 5,000,000 shares of common shares of common stock underlying a convertible promissory note held by SALP that are exercisable within 60 days of March 18, 2026, which contain a provision limiting the issuance of shares upon conversion to not exceed 4.99% of the Company's issued and outstanding shares of common stock, 125,000 shares of common stock issuable upon exercise of an outstanding warrant held by SALP, 988,162 shares of common stock held by held by SALP, 325,000 shares of common stock held by Aubrey Strul, and 325,000 shares of common stock underlying stock options held by or vesting to Mr. Strul that are exercisable within 60 days of March 18, 2026. Aubrey Strul, the manager of Strul Associates LLC, the general partner of SALP, may be deemed to be the beneficial owner of the shares held by SALP and has voting and dispositive power over such shares. The address of Mr. Strul and SALP is 20320 Fairway Oaks Drive, #362, Boca Raton, Florida 33434.

(4) Includes 4,166,667 shares of common stock issuable upon conversion of Series A Preferred Stock held by SKY Opportunity I LLC, 100,000 shares of common stock held by Lance T. Shaner or vesting within 60 days of March 18, 2026, and 100,000 options held by Mr. Shaner that are exercisable within 60 days of March 18, 2026. Mr. Shaner, the Manager of Shaner Sky LLC, which is the Manager of SKY Opportunity I LLC, may be deemed to be the beneficial owner of the shares held by SKY Opportunity I LLC and to have voting and dispositive power over such shares. The address for SKY Opportunity I LLC and Mr. Shaner is 1965 Waddle Road, State College, Pennsylvania 16803.

(5) Includes 833,334 shares of common stock issuable upon conversion of Series A-1 Preferred Stock held by Steven Siegelaub. Also includes 831,926 shares held by Safety Investors 2014 LLC, 1,016,591 shares held by Investment 2013, LLC, 104,622 shares held by 301 Office Ventures, LLC, 87,424 shares held by Enterprises 2013, LLC, 719,521 shares held by Investment 2018 LLC, 60,000 shares held by DRS Real Estate Ventures LLC, 92,872 shares held jointly by Mr. Siegelaub and his spouse, 63,244 shares held by Mr. Siegelaub, 58,334 shares of common stock issuable upon conversion of the principal amount of an outstanding convertible note held by Sky Technology Partners, LLC, and 100,000 shares of common stock underlying stock options held jointly by Mr. Siegelaub and his spouse that are exercisable within 60 days of March 18, 2026. As the managing member of each of 301 Office Ventures, LLC, Enterprises 2013, LLC, Investment 2013 LLC, Safety Investors 2014 LLC, Investment 2018 LLC, DRS Real Estate Ventures LLC and Sky Technology Partners, LLC, Mr. Siegelaub may be deemed to the beneficial owner of the shares held by such entities and to have voting and dispositive power over such shares. The address of Mr. Siegelaub and his affiliated entities is 361 E. Hillsboro Blvd., Deerfield Beach, Florida 33441.

(6) Includes 833,334 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, 650,000 shares of common stock issuable upon conversion of Series A-2 Preferred Stock, and 1,391 shares of common stock held by Michael and Zelene Fowler. The address of Michael and Zelene Fowler is 223 Woodland Grove Court, Westlake Village, California 91362.

(7) Includes 100,000 shares of common stock issuable upon conversion of Series A-2 Preferred Stock, and 231 shares of common stock held by MSD Family Partners II. The address for MSD Family Partners II is 12070 Summit Circle, Beverly Hills, California 90210.

(8) Includes 416,667 shares of common stock issuable upon conversion of Series A-1 Preferred Stock held by Freeman Caribbean Investments, LLC, 150,000 shares of common stock held by or vesting to Neil Freeman, and 140,000 options held by or vesting to Mr. Freeman that are exercisable within 60 days of March 18, 2026. Neil Freeman, the Manager of Freeman Caribbean Investments, LLC, may be deemed to be the beneficial owner of the shares held by Freeman Caribbean Investments, LLC and to have voting and dispositive power over such shares. The address of Freeman Caribbean Investments, LLC is c/o Aries Capital, 401 W. Ontario St., Suite 220, Chicago, Illinois 60654.

(9) Includes 291,667 shares of common stock issuable upon conversion of Series A-1 Preferred Stock held by the Harry & Brenda Mittelman Revocable Living Trust, UA DTD 9/17/2007, of which Harry Mittelman and Brenda Mittelman are the trustees, 177,000 shares held by Mr. Mittelman, 100 shares held by Ms. Mittelman and 1,946,066 shares held by trusts of which Mr. Mittelman or Ms. Mittelman is the trustee or a beneficiary. The address of Mr. Mittelman, Ms. Mittelman and the trusts is 12100 Kate Drive, Los Altos Hills, California 94022.

(10) Includes 416,667 shares of common stock issuable upon conversion of Series A-1 Preferred Stock held by Steven Schmidt, 343,664 shares of common stock held by or vesting to Mr. Schmidt, and 330,000 shares of common stock underlying stock options held by or vesting to Mr. Schmidt that are exercisable within 60 days of March 18, 2026.

(11) Includes 208,334 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, 766,615 shares of common stock held by or vesting to Mr. Sokolow, 955,000,000 shares of common stock underlying stock options held by or vesting to Mr. Sokolow that are exercisable within 60 days of March 18, 2026, and 83,334 shares of common stock issuable upon conversion of the principal amount of an outstanding convertible note held by Mr. Sokolow.

(12) Includes 92,607 shares of common stock and 120,000 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by Mr. Boisseau.

(13) Includes 1,063,193 shares of common stock and 545,000 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by or vesting to Mr. Ridge.

(14) Includes 282,321 shares of common stock and 266,666 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by or vesting to Ms. Barron.

(15) Includes 111,270 shares of common stock and 87,500 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by or vesting to Ms. DiMattia.

(16) Includes 64,000 shares of common stock and 64,000 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by or vesting to Mr. Golden.

(17) Includes 57,000 shares of common stock and 57,000 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, all held by or vesting to Ms. Greenstein Brayer.

(18) Includes 625,001 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, 27,478,877 shares of common stock issued or vesting, 5,210,166 shares of common stock underlying stock options that are exercisable within 60 days of March 18, 2026, and 83,334 shares of common stock issuable upon the conversion of the principal amount of outstanding convertible notes.

Changes in Control

We are unaware of any contract, or other arrangement or provision, the operation of which may at any subsequent date result in a change in control of our Company.

Stock Incentive Plan Information

The following table sets forth equity compensation plan information as of December 31, 2025:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights[3]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders[1][2]	36,349,790	$ 6.80	9,707,945
Equity compensation plans not approved by security holders[4]	248,110	$ 1.40	-
Total	36,597,900	$ 6.80	9,707,945

(1) Includes 36,349,790 shares of common stock issuable upon exercise of stock options and RSUs granted pursuant to our stock incentive plans and to our Executive Chairman under his employment agreement, all of which were approved by our security holders, at a weighted average exercise price of $6.81 per share, which includes: (a) 1,100,000 shares of common stock issuable upon exercise of stock options granted under the 2015 Stock Incentive Plan; (b) 2,738,500 shares of common stock issuable upon exercise of stock options granted under the 2018 Plan; (c) 11,972,286 shares of common stock issuable upon exercise of stock options granted under the 2021 Plan; (d) 4,539,004 shares of common stock issuable upon vesting of RSUs granted under the 2021 Plan; and (e) 16,000,000 shares of common stock issuable to our Executive Chairman upon vesting and exercise of performance-based stock options granted to our Executive Chairman pursuant to his employment agreement.

(2) The 2015 Stock Incentive Plan and 2018 Plan were previously replaced and terminated by the 2018 Plan and the 2021 Plan, respectively, and, as such, no securities remained available for issuance under such plans as of December 31, 2025 and no further awards will be granted under such plans. However, all outstanding awards will continue to be governed by their existing terms. All shares available for future issuance are under the 2021 Plan.

(3) Excludes the restricted stock and RSUs referred to in footnote 1 because they have no exercise price.

(4) Includes 148,110 shares of common stock issuable upon vesting of shares of restricted stock and 100,000 shares of common stock issuable upon exercise of stock options, granted by the Company's board of directors in connection with services agreements.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Director Independence

The rules and regulations of The Nasdaq Stock Market LLC ("Nasdaq") require that a majority of the members of a listed company's board of directors qualify as "independent," as affirmatively determined by the company's board of directors. Based upon information requested from and provided by each director concerning his or her background, employment, and affiliations, including family relationships, our board of directors has determined that all members of the board of directors, except Rani R. Kohen, Dov Shiff and Leonard J. Sokolow, are "independent" as that term is defined under applicable SEC rules and regulations and Nasdaq listing requirements and rules. In making such independence determinations, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances that our board of directors deemed relevant in determining their independence, including the transactions described below under "Certain Relationships and Related Party

Transactions" and beneficial ownership of our capital stock by each non-employee director. The composition of our board of directors and each of our committees complies with all applicable requirements of Nasdaq and the rules and regulations of the SEC, including applicable independence requirements.

Transactions with related persons

The following is a description of transactions or series of transactions since January 1, 2024, to which we were or will be a party, in which:

- the amount involved in the transaction exceeds the lesser of (i) $120,000 or (ii) 1% of the average of our total assets at year-end for the last two completed fiscal years; and

- in which any of our executive officers, directors, director nominees or holders of 5% or more of any class of our voting capital stock, or any immediate family member of any of the foregoing, had or will have a direct or indirect material interest.

Preferred Stock

pursuant to which such investors purchased an aggregate of 240,000 shares of Series A-1 Preferred Stock, at a purchase price of $25.00 per share, and 200,000 shares of Series A Preferred Stock, at a purchase price of $25.00 per share. During 2025, the Company entered into securities purchase agreements pursuant to which accredited investors purchased 154,000 shares of Series A-1 Preferred Stock and 60,000 shares of Series A-2 Preferred Stock, at a purchase price of $25.00 per share. The investors in the private placements have certain registration rights. The Series A Preferred Stock, the Series A-1 Preferred Stock and the Series A-2 Preferred Stock have substantially the same terms. All series of preferred stock have an original issue price of $25.00 per share and are convertible at any time, at the holder's option, into shares of the Company's common stock at an adjusted conversion price of $1.20 per share for the Series A Preferred Stock and Series A-1 Preferred Stock (or approximately 20.83 shares of common stock for each share of Series A or A-1 Preferred Stock) or $2.00 per share for the Series A-2 Preferred Stock (or 12.5 shares of common stock for each share of Series A-2 Preferred Stock), subject to adjustment provisions. The terms of the preferred stock provide for cumulative dividends at an annual rate of 8% of the original issue price of $25.00 per share, payable quarterly in arrears; in the event the full cumulative dividends are not paid on a dividend payment date, dividends will accrue on the sum of the original issue price, plus the amount of unpaid dividends, at an annual rate of 12%, until such date as the Company has paid all previously accrued but unpaid dividends. Dividends on Series A Preferred Stock and Series A-1 Preferred Stock are payable in cash. The dividends on Series A-2 Preferred Stock may be paid in cash, or up to 50% of the dividend may be paid in shares of the Company's common stock, valuing the common stock based on the average closing price per share for the 10 trading days immediately prior to the dividend record date, at the Company's election, or the full dividend may be paid in shares of Common Stock upon agreement by the Company and the holder. Notwithstanding the foregoing, upon a conversion any accrued and unpaid dividends are payable in shares of the Company's common stock at the conversion price of the preferred stock being converted. Holders of the preferred stock are also entitled to participate in and receive any dividends declared or paid on the Company's common stock on an as-converted basis. Until October 4, 2026, the preferred stock is subject to mandatory conversion by the Company upon the occurrence of certain specified events. In addition, the Company may redeem the Series A Preferred Stock and Series A-1 Preferred Stock for cash upon the occurrence of certain events or at any time beginning October 4, 2029 and October 4, 2027, respectively. The preferred stock has no expiration date.

The table below sets forth the officers and holders of 5% of more of the Company's common stock that participated in the offerings, the number of shares of Series A-1 Preferred Stock purchased, and the aggregate purchase price:

Name of Related Party	Shares of Series A-1 Preferred Stock Purchased	Aggregate Purchase Price
Leonard J. Sokolow - Chief Executive Officer and director of the Company	10,000	$ 250,000
John P. Campi - Former Co-Chief Executive Officer of the Company	10,000	$ 250,000
Steven M. Schmidt - President of the Company	20,000	$ 500,000

The Company paid dividends to the following parties during 2025:

Name of Related Party		
SKY Opportunity LLC	$	400,000

Notes Payable

2020 Notes

During 2020, certain related parties entered into securities purchase agreements with the Company, pursuant to which each agreed to purchase a three-year subordinated convertible promissory note. In March 2024, certain of these related parties entered into an amendment to the note, effective as of the original maturity date of the respective note, which, among other things, extended the maturity date of the note to May 16, 2025. Subject to other customary terms, the note accrues interest at a rate of 6% per annum, or, as amended, 10% per annum effective as of January 1, 2024, which is payable annually in cash or common stock, at the holder's discretion. At any time after issuance and prior to or on the maturity date, the note is convertible at the option of the holder into shares of common stock at a conversion price of $15.00 per share, or, as amended, $3.00 per share. Upon notice to the holder, the Company may prepay, in whole or in part, the outstanding balance of the note at any time prior to the maturity date; provided that the holder has the right to convert the note into shares of common stock in lieu of prepayment. Upon the occurrence of certain events of default and written notice from the holder, the note will become immediately due and payable and, until paid in full, will bear interest at a rate of 12% per annum. The following table lists the related parties, the remaining principal amount of the note purchased, and the maturity date of the note. In December 2025, the Company entered into an amendment to a convertible promissory note with a principal amount of $600,000 payable to Shiff Group Investments Ltd., which is controlled by Dov Shiff, a director and greater than 5% holder of the Company's common stock, following which the principal amount, together with accrued interest of $235,900, was converted into 379,955 shares of the Company's common stock. No interest was paid to Mr. Sokolow and Mr. Campi during 2025.

Name of Related Party		Principal Amount Purchased	Maturity Date
Leonard J. Sokolow - Chief Executive Officer and director of the Company	$	250,000	May 16, 2025
John P. Campi - Former Chief Executive Officer	$	250,000	May 16, 2025

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a written related party transactions policy, which sets forth the policies and procedures for the review and approval or ratification of related person transactions. Pursuant to this policy, the audit committee has the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions, arrangements or relationships between us and related persons in which the aggregate amount involved in any fiscal year exceeds or may be expected to exceed the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which a related person has or will have a direct or indirect material interest. For purposes of this policy, a related person is defined as an executive officer, director, nominee for director or greater than 5% beneficial owner of any class of our voting securities in each case since the beginning of the most recently completed fiscal year, and their immediate family members.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees billed to us for the years ended December 31, 2025 and 2024 by our independent auditors, M&K CPAs, PLLC:

	2025	2024
Audit Fees(1)	$ 182,200	$ 185,000
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total Fees	$ 182,200	$ 185,000

(1) Audit fees represent amounts billed for professional services rendered for the audit and/or review of our consolidated financial statements. For 2024 and 2025, it includes fees related to professional services rendered in connection with the issuance of consents related to Registration Statements on Form S-3 and Form S-8.

Pre-Approval Policy

Pursuant to the Audit Committee Charter, the audit committee is required to pre-approve the audit and non-audit services performed by our independent auditors. Notwithstanding the foregoing, separate audit committee pre-approval is not required (a) if the engagement for services is entered into pursuant to pre-approval policies and procedures established by the audit committee regarding our engagement of the independent auditor (the “Pre-Approval Policy”) as to matters within the scope of the Pre-Approval Policy or (b) for de minimis non-audit services that are approved in accordance with applicable SEC rules. For fiscal year 2025, all services performed by our independent auditors were pre-approved by the audit committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

(a)(2) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

(a)(3) Exhibit Index

Exhibit No.	Description of Exhibit
2.1+	Stock Purchase Agreement, dated February 6, 2023, by and among the Company and Mihran Berejikian, Nancy Berejikian, and Michael Lack (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on February 7, 2023).
2.2	First Amendment to Stock Purchase Agreement, dated April 28, 2023, by and among SKYX Platforms Corp. and Mihran Berejikian, Nancy Berejikian, and Michael Lack (incorporated herein by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the SEC on May 1, 2023).
3.1	Articles of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
3.2	Articles of Amendment to Articles of Incorporation, (effective August 12, 2016) (incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
3.3	Articles of Amendment to Articles of Incorporation (effective February 7, 2022) (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2022).
3.4	Articles of Amendment to Articles of Incorporation (effective June 14, 2022) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 14, 2022).
3.5	Articles of Amendment to Articles of Incorporation (effective May 2, 2023) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 5, 2023).
3.6	Certificate of Designation of Rights, Preferences and Privileges of Series A Preferred Stock (effective September 30, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2024).
3.7	Certificate of Designation of Rights, Preferences and Privileges of Series A-1 Preferred Stock (effective September 30, 2024) (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2024).
3.8	Articles of Amendment to the Certificate of Designation of Rights, Preferences and Privileges of Series A-1 Preferred Stock (effective May 2, 2025) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 8, 2025).
3.9	Certificate of Designation of Rights, Preferences and Privileges of Series A-2 Preferred Stock (effective December 2, 2025) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 5, 2025).
3.10	Articles of Amendment to the Certificate of Designation of Rights, Preferences and Privileges of Series A-2 Preferred Stock (effective December 23, 2025) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report filed with the SEC on January 2, 2026).

Exhibit No.	Description of Exhibit
3.11	Third Amended and Restated Bylaws of the Company (effective March 21, 2025) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 21, 2025).
4.1	Description of the Company's Registered Securities (filed herewith).
4.2	Specimen Common Stock Certificate (incorporated herein by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
10.1+	Form of Securities Subscription Agreement and Warrant used in 2021 Private Placements (incorporated herein by reference to Exhibit 10.13 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on January 10, 2022).
10.2*	2015 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.3*	Form of Stock Option Agreement (2015 Plan) (incorporated herein by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.4*	Form of Stock Award Agreement (2015 Plan) (incorporated herein by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.5*	2018 Stock Incentive Plan, as amended and restated (incorporated herein by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.6*	Form of Stock Option Agreement (2018 Plan) (incorporated herein by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.7*	Form of Stock Award Agreement (2018 Plan) (incorporated herein by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.8*	Executive Employment Agreement, dated September 1, 2019, between the Company and John P. Campi (incorporated herein by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.9*	Executive Employment Agreement, dated September 1, 2019, between the Company and Patricia Barron (incorporated herein by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.10+	Form of Stock Purchase Agreement between the Company and Bridge Line Ventures, LLC Series ST-1 (incorporated herein by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.11	Form of Securities Purchase Agreement related to Purchase of Subordinated Convertible Balloon Promissory Note, including form of Subordinated Convertible Balloon Promissory Note (incorporated herein by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.12	Form of Amendment No. 1 to Subordinated Convertible Balloon Promissory Note, dated March 29, 2024 (incorporated herein by reference to Exhibit 10.59 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
10.13+	Paycheck Protection Program Term Note, entered into by the Company, as Borrower, for the benefit of PNC Bank, National Association, as Lender, as of April 13, 2020 (incorporated herein by reference to Exhibit 10.35 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.14	Amendment to the Paycheck Protection Term Note, effective June 5, 2020 (incorporated herein by reference to Exhibit 10.36 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.15+	Second Draw Paycheck Protection Program Term Note, entered into by the Company, as Borrower, for the benefit of PNC Bank, National Association, as Lender, as of February 3, 2021 (incorporated herein by reference to Exhibit 10.37 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).

Exhibit No.	Description of Exhibit
10.16+	Loan Authorization and Agreement (Economic Injury Disaster Loan), dated June 24, 2020, between the U.S. Small Business Administration and the Company (incorporated herein by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.17	Note (Secured Disaster Loans), entered into by the Company, as Borrower, for the benefit of the U.S. Small Business Administration, as of June 24, 2020 (incorporated herein by reference to Exhibit 10.39 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.18	Security Agreement, dated June 24, 2020, between the U.S. Small Business Administration and the Company (incorporated herein by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.19*	Amended and Restated 2021 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 10, 2024).
10.20*	Form of Nonqualified Stock Option Agreement (2021 Stock Incentive Plan) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2022).
10.21*	Form of Incentive Stock Option Agreement (2021 Stock Incentive Plan) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2022).
10.22*	Form of Restricted Shares Award Agreement (2021 Stock Incentive Plan) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2022).
10.23*	Form of Nonqualified Stock Option Agreement (2021 Stock Incentive Plan) (August 2022) (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 5, 2022).
10.24*	Form of Incentive Stock Option Agreement (2021 Stock Incentive Plan) (August 2022) (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 5, 2022).
10.25*	Form of Restricted Shares Award Agreement (2021 Stock Incentive Plan) (August 2022) (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 5, 2022).
10.26*	Form of Restricted Share Unit Award Agreement (2021 Stock Incentive Plan) (August 2022) (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on August 5, 2022).
10.27*	Form of Nonqualified Stock Option Agreement (2021 Stock Incentive Plan) (April 2023) (incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
10.28*	Form of Restricted Share Unit Award Agreement (three-year vesting) (2021 Stock Incentive Plan) (April 2023) (incorporated herein by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
10.29*	Form of Restricted Share Unit Award Agreement (one year vesting) (2021 Stock Incentive Plan) (April 2023) (incorporated herein by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
10.30*	Form of Restricted Shares Award Agreement (2021 Stock Incentive Plan) (April 2023) (incorporated herein by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
10.31*	Form of Cash Retention Incentive Agreement (April 2023) (incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
10.32*	Executive Chairman Agreement, effective as of January 1, 2022, between the Company and Rani R. Kohen (incorporated herein by reference to Exhibit 10.45 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on December 22, 2021).
10.33*	Chief Financial Officer Agreement, effective as of January 1, 2022, between the Company and Marc-Andre Boisseau (incorporated herein by reference to Exhibit 10.46 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-261829) filed with the SEC on January 10, 2022).
10.34	Representative's Warrant, dated February 9, 2022 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2022).

Exhibit No.	Description of Exhibit
10.35+†	Sublease Agreement, executed as of April 28, 2022, by and between the Company and Sicart Associates LLC (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 4, 2022).
10.36+	Lease Agreement, by and between 400 Biscayne Commercial Owner, L.P., as Landlord and the Company, as Tenant (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 29, 2022).
10.37+	Form of Securities Purchase Agreement, dated February 6, 2023 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 7, 2023).
10.38	Form of Subordinated Secured Convertible Promissory Note, dated February 6, 2023 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 7, 2023).
10.39	Form of Common Stock Purchase Warrant, dated February 6, 2023 (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on February 7, 2023).
10.40+	Form of Securities Purchase Agreement, dated March 29, 2023 (incorporated herein by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022).
10.41	Form of Subordinated Secured Convertible Promissory Note, dated March 29, 2023 (incorporated herein by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022).
10.42	Form of Common Stock Purchase Warrant, dated March 29, 2023 (incorporated herein by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022).
10.43	Letter Agreement, effective as of April 27, 2023, between SKYX Platforms Corp. and Nielsen & Bainbridge, LLC (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 28, 2023).
10.44	Form of Closing Promissory Note, dated April 26, 2023 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 1, 2023).
10.45	Sales Agreement by and between SKYX Platforms Corp. and The Benchmark Company, LLC, dated May 26, 2023 (incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on May 26, 2023).
10.46*	Executive Employment Agreement, dated September 12, 2023, by and between SKYX Platforms Corp. and Leonard J. Sokolow (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 13, 2023).
10.47+	Line of Credit Promissory Note, Business Loan Agreement (Asset Based), and Commercial Security Agreement, signed September 18, 2023, by and between Belami, Inc., as borrower and grantor, and Farmers & Merchants Bank of Central California, as lender (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 22, 2023).
10.48+	Term Loan Promissory Note and Business Loan Agreement, signed September 18, 2023, by and between Belami, Inc., as borrower, and Farmers & Merchants Bank of Central California, as lender (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 22, 2023).
10.49	Commercial Guaranty, signed September 18, 2023, by and among Belami, Inc., as borrower, SKYX Platforms Corp., as guarantor, and Farmers & Merchants Bank of Central California, as lender (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 22, 2023).
10.50†	Licensing Master Services Agreement, signed December 4, 2023, between SKYX Platforms Corp. and GE Technology Development, Inc., and Letter Agreement relating to Trademark License Agreement, between SQL Lighting & Fans, LLC and GE Trademark Licensing, Inc (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 8, 2023.
10.51*	Commission Termination Agreement, dated March 29, 2024, by and between SKYX Platforms Corp. and John Campi (incorporated herein by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
10.52*	Commission Termination Agreement, dated March 29, 2024, by and between SKYX Platforms Corp. and Patricia Barron (incorporated herein by reference to Exhibit 10.58 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).

Exhibit No.	Description of Exhibit
10.53	Letter Agreement to the Stock Purchase Agreement, as amended, dated March 29, 2024, by and among SKYX Platforms Corp., Mihran Berejikian, Nancy Berejikian and Michael Lack, and form of Convertible Promissory Note (incorporated herein by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
10.54	Form of Amendment No.1 to SKYX Platforms Corp. Convertible Promissory Note (effective June 30, 2025) (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025).
10.55	Amendment of Letter Agreement relating to Trademark License Agreement, dated April 11, 2024, among SKYX Platforms Corp., SQL Lighting & Fans, LLC and GE Trademark Licensing, Inc. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2024).
10.56	Convertible Promissory Note, dated April 11, 2024, issued to GE Trademark Licensing, Inc. (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2024.)
10.57	Business Loan Agreement (Asset Based), signed September 23, 2024, by and between Belami, Inc., as borrower, and Farmers & Merchants Bank of Central California, as lender (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2024).
10.58	Commercial Guaranty, signed September 23, 2024, by and among Belami, Inc., as borrower, SKYX Platforms Corp., as guarantor, and Farmers & Merchants Bank of Central California, as lender (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2024).
10.59+	Form of Securities Purchase Agreement for Series A Preferred Stock, dated October 4, 2024 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 7, 2024).
10.60+	Form of Securities Purchase Agreement for Series A-1 Preferred Stock, dated October 4, 2024 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on October 7, 2024).
10.61*	Employment Agreement, dated as of December 20, 2024, by and between SKYX Platforms Corp. and Steven Schmidt (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 23, 2024).
10.62+	Form of Securities Purchase Agreement for Series A-1 Preferred Stock, dated March 11, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 12, 2025).
10.63+	Form of Securities Purchase Agreement for Series A-1 Preferred Stock, dated April 7, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 8, 2025).
10.64	Subordinated Secured Promissory Note, dated September 2, 2025 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2025).
10.65+	Securities Purchase Agreement, dated September 2, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2025).
10.66	Form of Subordinated Secured Promissory Note (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 17, 2025).
10.67	Form of Amendment No. 1 to Subordinated Secured Promissory Note (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on October 17, 2025).
10.68+	Securities Purchase Agreement, dated October 17, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 17, 2025).
10.69+	Form of Securities Purchase Agreement for Series A-2 Preferred Stock, dated December 5, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 5, 2025).
10.70	Amendment No. 1 to Subordinated Convertible Balloon Promissory Note, dated December 30, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 2, 2026).

Exhibit No.	Description of Exhibit
10.71+	Form of Securities Purchase Agreement for Series A-2 Preferred Stock, dated December 30, 2025 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 2, 2026).
10.72+	Form of Securities Purchase Agreement for Common Stock, dated January 7, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 13, 2026).
10.73	Placement Agency Agreement, dated January 23, 2026, by and between SKYX Platforms Corp. and Roth Capital Partners, LLC (incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2026).
10.74	Form of Securities Purchase Agreement, dated January 23, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2026).
19.1	SKYX Platforms Corp. Insider Trading Policy (last revised March 2023) (incorporated herein by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
21.1	List of Subsidiaries (filed herewith).
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith).
24.1	Power of Attorney (included on signature page).
31.1	Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
97	SKYX Platforms Corp. Compensation Recovery Policy (adopted August 2023) (incorporated herein by reference to Exhibit 97 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023).
101	The following financial statements from the Annual Report on Form 10-K for the year ended December 31, 2025 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) (filed herewith).

* Indicates management contract or any compensatory plan, contract or arrangement.

+ Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

† Portions of this exhibit (indicated by bracketed asterisks) are omitted in accordance with the rules of the SEC because they are both not material and the Company customarily and actually treats such information as private or confidential.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SKYX PLATFORMS CORP.

By: */s/ Leonard J. Sokolow*
Leonard J. Sokolow, Chief Executive Officer and Director
Date: March 27, 2026

POWER OF ATTORNEY

Each individual whose signature appears below constitutes and appoints Leonard J. Sokolow, Chief Executive Officer, and Marc-Andre Boisseau, Chief Financial Officer, and each of them singly, his or her true and lawful attorneys-in-fact and agents with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all the said attorneys-in-fact and agents or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Leonard J. Sokolow Leonard J. Sokolow	Chief Executive Officer and Director *(Principal Executive Officer)*	March 26, 2026
/s/ Marc-Andre Boisseau Marc-Andre Boisseau	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 26, 2026
/s/ Rani R. Kohen Rani R. Kohen	Director, Executive Chairman of the Board	March 26, 2026
/s/ Nancy DiMattia Nancy DiMattia	Director	March 26, 2026
/s/ Gary N. Golden Gary N. Golden	Director	March 26, 2026
/s/ Efrat L. Greenstein Brayer Efrat L. Greenstein Brayer	Director	March 26, 2026
/s/ Dov Shiff Dov Shiff	Director	March 26, 2026

FINANCIAL STATEMENTS

SKYX PLATFORMS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of SKYX Platforms Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SKYX Platforms Corp (the Company) as of December 31, 2025 and 2024 and the related consolidated statements of operation, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2025, and the related consolidated notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its consolidated operations and its cash flows for each of the years in the two-year period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Going Concern

Due to the net loss, accumulated deficit and negative cash flows from operations for the year, the Company evaluated the need for a going concern.

Auditing management's evaluation of a going concern can be a significant judgment given the fact that the Company uses management estimates on future revenues and expenses, which are not able to be easily substantiated.

To evaluate the appropriateness of the going concern, we examined and evaluated the financial information that was the initial cause for this consideration along with management's plans to mitigate the going concern. Based on the audit procedures performed, we found that management's conclusion that its plans alleviate the substantial doubt to be reasonable.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2019

The Woodlands, TX

March 26, 2026

SKYX PLATFORMS CORP.
CONSOLIDATED BALANCE SHEETS

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 8,052,621	$ 12,639,441
Accounts receivable	1,891,488	2,415,314
Inventory	4,250,168	3,785,346
Deferred cost of revenues	-	223,214
Prepaid expenses and other assets	1,206,639	1,311,135
Total current assets	15,400,916	20,374,450
Long-term assets:		
Property and equipment, net	1,347,640	545,333
Restricted cash	2,050,000	2,861,054
Right of use assets	17,502,685	19,750,030
Intangibles, definite life	5,051,949	5,994,373
Goodwill	16,157,000	16,157,000
Other assets	205,044	204,807
Total long term assets	42,314,318	45,512,597
Total assets	$ 57,715,234	$ 65,887,047
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 16,014,585	$ 13,235,221
Notes payable	356,474	4,011,168
Operating lease liabilities	2,589,994	2,350,868
Royalty obligations	1,300,000	800,000
Deferred revenues	2,082,622	1,495,846
Convertible notes related parties	350,000	950,000
Convertible notes	1,884,347	3,292,408
Total current liabilities	24,578,022	26,135,511
Long term liabilities		
Long term accounts payable	552,354	1,044,708
Notes payable	145,022	504,129
Operating lease liabilities	17,791,453	20,376,498
Royalty obligations	-	900,000
Convertible notes	14,236,769	7,872,773
Total long-term liabilities	32,725,598	30,698,108
Total liabilities	57,303,620	56,833,619
Mezzanine equity		
Series A Preferred Stock-shares authorized 400,000, outstanding 200,000 and 200,000	5,000,000	5,000,000
Stockholders' Equity (deficit)		
Series A-1 Preferred Stock-shares authorized 480,000, outstanding 292,000 and 240,000	7,124,167	6,000,000
Series A-2 Preferred Stock-shares authorized 160,000, outstanding 60,000 and -	1,500,000	-
Common stock and additional paid-in-capital: shares authorized 500,000,000 outstanding 117,666,800 and 103,358,975	203,046,051	179,837,253
Accumulated deficit	(216,258,604)	(181,783,825)
Total stockholders' equity (deficit)	(4,588,386)	4,053,428
Total Liabilities and Stockholders' Equity (deficit)	$ 57,715,234	$ 65,887,047

The accompanying notes are an integral part of the consolidated financial statements.

SKYX PLATFORMS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(AUDITED)

	For the year ended December 31, 2025	2024
Revenue	$ 92,009,949	$ 86,276,876
Operating expenses		
Cost of revenues	64,173,870	61,682,934
Selling and marketing expenses	25,701,665	25,353,172
General and administrative expenses	31,246,804	31,353,009
Total expenses, net	121,122,339	118,389,115
Loss from operations	(29,112,390)	(32,112,239)
Other expenses		
Interest expense - related party	119,486	151,900
Interest expense, net	4,183,728	3,904,005
Gain on extinguishment of debt	-	(400,000)
Total other expenses, net	4,303,214	3,655,905
Net loss	(33,415,604)	(35,768,144)
Preferred dividends - related party	80,000	20,000
Preferred dividends	979,175	192,667
Net loss attributed to common stockholders	$ (34,474,779)	$ (35,980,811)
Net loss per share - basic and diluted	$ (0.32)	$ (0.36)
Weighted average number of common shares outstanding - basic and diluted	108,757,074	99,766,866

The accompanying notes are an integral part of the consolidated financial statements.

SKYX PLATFORMS CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(AUDITED)

	For the year ended December 31,	
	2025	**2024**
Shares of preferred stock (Series A-1)		
Balance, beginning of year	240,000	-
Preferred stock Conversion to common	(102,000)	-
Preferred stock issued pursuant to offerings	154,000	240,000
Balance, end of year	292,000	240,000
Preferred stock (Series A-1)		
Balance, beginning of year	$ 6,000,000	$ -
Preferred stock Conversion to common	(2,550,000)	-
Preferred stock issued pursuant to offerings	3,674,167	6,000,000
Balance, end of year	$ 7,124,167	$ 6,000,000
Shares of preferred stock (Series A-2)		
Balance, beginning of year	-	-
Preferred stock Conversion to common	-	-
Preferred stock issued pursuant to offerings	60,000	-
Balance, end of year	60,000	-
Preferred stock (Series A-2)		
Balance, beginning of year	$ -	$ -
Preferred stock Conversion to common	-	-
Preferred stock issued pursuant to offerings	1,500,000	-
Balance, end of year	$ 1,500,000	$ -
Shares of common stock		
Balance, beginning of year	103,358,975	93,473,433
Common stock issued pursuant to offerings	4,243,123	3,535,067
Common stock issued pursuant to acquisition	-	1,853,421
Common stock issued pursuant to conversion of preferred stock	1,958,336	-
Common stock issued pursuant to preferred dividends	30,842	
Common stock issued pursuant to conversion of notes	272,728	-
Common stock issued pursuant to conversion of accrued interest	433,073	-
Common stock issued pursuant to exercise of options	1,001,492	128,023
Common stock issued pursuant to services	6,368,231	4,369,031
Balance, end of year	117,666,800	103,358,975
Common stock and paid-in capital		
Balance, beginning of year	$ 179,837,253	$ 162,025,024
Common stock issued pursuant to offerings	5,424,368	4,330,295
Common stock issued pursuant to conversion of preferred stock	2,550,000	-
Common stock issued pursuant to preferred dividends	38,559	-
Common stock issued pursuant to conversion of notes	600,000	-
Common stock issued pursuant to conversion of accrued interest	615,291	-
Common stock issued pursuant to exercise of options	420,000	7,501
Common stock issued pursuant to services	13,560,580	13,474,433
Balance, end of year	$ 203,046,051	$ 179,837,253

	For the year ended December 31,	
	2025	2024
Accumulated Deficit		
Balance, beginning of year	$ (181,783,825)	$ (145,803,014)
Preferred dividends	(1,059,175)	(212,667)
Net loss	(33,415,604)	(35,768,144)
Balance, end of year	$ (216,258,604)	$ (181,783,825)
Total Stockholders' Equity (deficit)	$ (4,588,386)	$ 4,053,428

The accompanying notes are an integral part of the consolidated financial statements.

SKYX PLATFORMS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AUDITED)

	For the year ended December 31, 2025	2024
Operations:		
Net loss	$ (33,415,604)	$ (35,768,144)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	4,320,338	4,066,957
Amortization of debt discount	1,113,996	1,211,974
Impairment of intangible assets	-	1,118,750
Non-cash equity-based compensation expense	13,560,580	13,474,433
Gain on forgiveness of debt	-	(400,000)
Equity-based payment of interest	615,291	-
Change in operating assets and liabilities		
Inventory	(464,823)	(359,612)
Accounts receivable	523,826	969,662
Prepaid expenses and other assets	104,256	(628,461)
Deferred charges	223,214	1,231
Deferred revenues	586,776	20,327
Operating lease liabilities	(2,345,919)	(2,101,316)
Royalty obligation	(400,000)	(800,000)
Accounts payable and accrued expenses	2,287,010	933,829
Net cash used in operating activities	(13,291,059)	(18,260,370)
Investing:		
Purchase of property and equipment	(1,932,873)	(981,428)
Acquisition, net of cash acquired	-	(750,000)
Net cash used in investing activities	(1,932,873)	(1,731,428)
Financing:		
Proceeds from issuance of common stock - offerings	5,584,390	4,426,222
Placement cost	(335,855)	(88,426)
Dividends paid	(1,020,616)	-
Proceeds from line of credit	-	500,000
Proceeds from issuance of preferred stock-related parties	-	1,000,000
Proceeds from issuance of preferred stocks	5,350,000	10,000,000
Proceeds from exercise of options	420,000	-
Proceeds from issuance of convertible notes	5,250,000	-
Principal repayments of notes payable	(5,421,861)	(2,775,756)
Net cash provided by financing activities	9,826,058	13,062,040
Change in cash and cash equivalents, and restricted cash	(5,397,874)	(6,929,758)
Cash, cash equivalents and restricted cash at beginning of the year	15,500,495	22,430,253
Cash, cash equivalents and restricted cash at end of year	$ 10,102,621	$ 15,500,495
Cash paid during the year for:		
Interest	$ 3,872,214	$ 3,281,597
Taxes	-	-
Supplementary disclosure of non-cash financing activities:		
Preferred stock conversion to common	$ 2,550,000	$ -
Substitution of royalty payable to convertible note	-	1,000,000
Substitution of consideration payable to convertible note	600,000	3,117,408
Right-of-use assets and operating lease liabilities	-	662,698
Accrued dividends payable	$ 36,444	$ 212,667

The accompanying notes are an integral part of the consolidated financial statements.

SKYX Platforms Corp.
Notes to Consolidated Financial Statements

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

SKYX Platforms Corp., a corporation (the "Company"), was incorporated in Florida in May 2004.

The Company maintains offices in Sacramento, California, Johns Creek, Georgia, Miami and Pompano Beach, Florida, New York City, and Guangdong Province, China.

The Company has a series of advanced-safe-smart platform technologies. The Company's first-generation technologies enable light fixtures, ceiling fans and other electrically wired products to be installed safely and plugged-in to a ceiling's electrical outlet box within seconds, and without the need to touch hazardous wires. The plug and play technology method is a universal power-plug device that has a matching receptacle that is simply connected to the electrical outlet box on the ceiling, enabling a safe and quick plug and play installation of light fixtures and ceiling fans in just seconds. The plug and play power-plug technology eliminates the need of touching hazardous electrical wires while installing light fixtures, ceiling fans and other hardwired electrical products. In recent years, the Company has expanded the capabilities of its power-plug product, to include its second generation advanced-safe and quick universal installation methods, as well as advanced-smart capabilities. The smart features include control of light fixtures and ceiling fans by the SkyHome App, through WIFI, Bluetooth Low Energy and voice control. It allows scheduling, energy savings eco mode, dimming, back-up emergency light, night light, light color changing and much more. The Company's third-generation technology is an all-in-one safe and smart-advanced platform that is designed to enhance all-around safety and lifestyle of homes and other buildings.

Since April 2023, the Company also markets home lighting, ceiling fans and other home furnishings from third parties.

Going Concern

The Company's liquidity sources include $10.10 million in cash and cash equivalents, including restricted cash of $2.05 million held for long-term purposes. The Company also generated net proceeds of $29.3 million from the issuance of shares of its common stock during January 2026. While the Company has a history of operating losses, it has enough liquidity sources as of December 31, 2025, together with net proceeds generated in January 2026, to alleviate substantial doubt about its ability to continue as a going concern.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Company's significant accounting policies:

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) under the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Such estimates and assumptions impact both assets and liabilities, including but not limited to: net realizable value of accounts receivable and inventory, estimated useful lives and potential impairment of property and equipment, the valuation of intangible assets, estimate of fair value of share based payments and derivative liabilities, estimates of fair value of warrants issued and recorded as debt discount, estimates of tax liabilities and estimates of the probability and potential magnitude of contingent liabilities.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future nonconforming events. Accordingly, actual results could differ significantly from estimates.

Reclassifications

For comparability, reclassifications of certain prior-year balances were made in order to conform with current-year presentations, such as costs of internal-use software reclassified as intangible assets which were previously included in property and equipment.

Basis of Consolidation

The consolidated financial statements include the results of the Company and all its subsidiaries, including SQL Lighting and Fans LLC, Belami, Inc., BEC, CA 1, Inc. (through December 31, 2024), BEC CA 2, LLC, Luna BEC (through December 31, 2024), Inc., and Confero Group LLC. All intercompany balances and transactions have been eliminated in consolidation.

Cash, Cash Equivalents, and restricted cash.

The Company considers all highly liquid securities with original maturities of three months or less when acquired, to be cash equivalents. The Company's cash composition was as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 8,052,621	$ 12,639,441
Restricted cash	2,050,000	2,861,054
Total cash, cash equivalents and restricted cash	**$ 10,102,621**	**$ 15,500,495**

Restricted Cash

The Company issued a letter of credit of $2.8 million in September 2022 to use as collateral for certain obligations to one of its lessors which was further reduced to $2.0 million during 2025. The letter of credit was issued by a financial institution and was secured by cash of $2.05 million and $2.8 million as of December 31, 2025, and December 2024, respectively.

Customer Contracts Balances

Accounts receivables are recorded in the period when the right to receive payment or other consideration becomes unconditional. Accounts receivables are recorded at the invoiced amount and are not interest bearing. The Company maintains an allowance for doubtful accounts based upon an estimate of probable credit losses in existing accounts receivable. The majority of the Company's accounts receivable are from third-party payers and are paid within a few days from the order date. The Company determines the allowance based upon individual accounts when information indicates the customers may have an inability to meet their financial obligations, historical experience, and currently available evidence. The Company's allowance for doubtful accounts was $22,668 and $12,147 as of December 31, 2025, and 2024, respectively. The Company determines an allowance for sales returns based upon historical experience.

The Company's allowance for sales returns was $284,469 and $242,515 as of December 31, 2025, and 2024, respectively, and is recorded as an accrued expenses in the accompanying consolidated financial statements.

The Company defers the revenue related to undelivered customer orders for which it was paid or has a right to be paid at each measurement date. Such amounts are recognized as deferred revenues in the accompanying balance sheet. The deferred revenues amounted to $2,082,622, and $1,495,846 as of December 31, 2025, and 2024, respectively.

The costs associated with such deferred revenues are recognized as deferred charges in the accompanying balance sheet. Such charges include the carrying value of freight, and sales charges. Deferred charges are included in prepaid costs and other assets in the accompanying balance sheet.

Inventory

Inventories are stated at the lower of cost, determined on the first-in, first-out method. Cost principally consists of the purchase price (adjusted for lower of cost or market), customs, duties, and freight. The Company periodically reviews historical sales activity to determine potentially obsolete items and evaluates the impact of any anticipated changes in future demand.

	December 31, 2025	December 31, 2024
Inventory, component parts	$ 2,413,821	$ 1,901,922
Inventory, finished goods	3,136,347	3,183,424
Allowance	(1,300,000)	(1,300,000)
Inventory-total	**$ 4,250,168**	**$ 3,785,346**

The Company maintains an allowance based on specific inventory items that have shown no activity over a reasonable period. The Company tracks inventory as it is repurposed, disposed, scrapped, or sold at below cost to determine whether additional items on hand should be reduced in value through an allowance method.

Furniture and Equipment

Furniture and equipment are stated at cost, less accumulated depreciation, and is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives, ranging from 3 to 7 years of the respective assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statements of operations.

Intangible Asset

Intangible assets were recorded in connection with the acquisition of Belami. Intangible assets with finite lives, which consist of customer relationships and e-commerce technology platforms, are being amortized over their estimated useful lives on a straight-line basis. Such intangible assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses the recoverability of its intangible assets by determining whether the unamortized balance can be recovered over the assets' remaining estimated useful life through undiscounted estimated future cash flows. If undiscounted estimated future cash flows indicate that the unamortized amounts will not be recovered, an adjustment will be made to reduce such amounts to fair value based on estimated future cash flows discounted at a rate commensurate with the risk associated with achieving such cash flows. Estimated future cash flows are based on trends of historical performance and the Company's estimate of future performance, considering existing and anticipated competitive and economic conditions.

The Company developed various patents for an installation device used in light fixtures and ceiling fans. Costs incurred for submitting the applications to the United States Patent and Trademark Office for these patents have been capitalized. Patent costs are amortized using the straight-line method over the related 15-year lives. The Company begins amortizing patent costs once a filing receipt is received stating the patent serial number and filing date from the Patent Office.

The Company incurs certain legal and related costs in connection with patent applications. The Company capitalizes such costs to be amortized over the expected life of the patent to the extent that an economic benefit is anticipated from the resulting patent or alternative future use is available to the Company. The Company also capitalizes legal costs incurred in the defense of the Company's patents when it is believed that the future economic benefit of the patent will be maintained or increased, and a successful defense is probable. Capitalized patent defense costs are amortized over the remaining expected life of the related patent. The Company's assessment of future economic benefit or a successful defense of its patents involves considerable management judgment, and an unfavorable outcome of litigation could result in a material impairment charge up to the carrying value of these assets.

Management determined that there was no impairment of the Company's intangible assets as of December 31, 2025.

Goodwill

Goodwill, which was recorded in connection with the acquisition of Belami, is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill represents the excess of the purchase price of Belami over the fair value of its identifiable net assets acquired. Goodwill is tested for impairment at the reporting unit level. Fair value is typically based upon estimated future cash flows discounted at a rate commensurate with the risk involved or market-based comparables. If the carrying amount of the reporting unit's net assets exceeds its fair value, then an analysis will be performed to compare the implied fair value of goodwill with the carrying amount of goodwill. An impairment loss will be recognized in an amount equal to the excess of the carrying amount over its implied fair value. After an impairment loss is recognized, the adjusted carrying amount of goodwill is its new accounting basis. Accounting guidance on the testing of goodwill for impairment allows entities testing goodwill for impairment the option of performing a qualitative assessment to determine the likelihood of goodwill impairment and whether it is necessary to perform such two-step impairment test.

Management determined that there was no impairment of the Company's goodwill as of December 31, 2025.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs used in valuation techniques, are assigned to a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 - Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.

- Level 2 - Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, accounts receivable, inventory, prepaid expenses, other current assets, accounts payable, accrued interest payable, certain notes payable and notes payable - related party, and GE royalty obligation, approximate their fair values because of the short maturity of these instruments.

Embedded Conversion Features

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion features.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported as charges or credits to income.

As of December 31, 2025, the Company had a sufficient number of authorized shares of common stock to accommodate the conversion features on Series A, A-1 and A-2 Preferred Stock, warrants, options, and convertible notes. These shares have been reserved for issuance by the Company, and accordingly, no derivative liability has been recognized.

Distinguishing Liabilities from Equity

The Company evaluates at each measurement date the proper classification of its liabilities and equity accounts. The Company has evaluated how it should classify its Series A, A-1 and A-2 Preferred Stock issued in the year 2025. The Company has determined that the Series A, A-1 and A-2 Preferred Stock should not be classified as liabilities as of December 31, 2025. The designation of Series A includes provisions that under certain contingent circumstances outside of liquidation, the holders of the Series A Preferred Stock control whether they could receive cash consideration. Management determined that based on these provisions, the Series A Preferred Stock should be classified as temporary equity. Management determined the Company controls the contingent circumstances under which the holders of Series A-1 and A-2 would be granted cash consideration outside of liquidation, and , accordingly, classified Series A-1 and A-2 Preferred Stock as permanent equity.

Extinguishments of Liabilities

The Company accounts for extinguishments of liabilities in accordance with ASC 405-20 (formerly SFAS 140) "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". When the conditions are met for extinguishment accounting, the liabilities are derecognized and the gain or loss on the sale is recognized.

Stock-based Compensation

The Company periodically issues common stock, RSUs and stock options to officers, directors, employees and consultants for services rendered.

The Company accounts for stock incentive awards issued to employees and non-employees in accordance with FASB ASC 718, Stock Compensation. Accordingly, stock-based compensation is measured at the grant date, based on the fair value of the award. Stock-based awards to employees are recognized as an expense over the requisite service period, or upon the occurrence of certain vesting events. Additionally, stock-based awards to non-employees are expensed over the period in which the related services are rendered.

The expense resulting from share-based payments is recorded in operating expenses in the statements of operations.

Revenue Recognition

The Company currently generates revenues substantially from home lighting, ceiling fans, and smart products through its family of internet sites and marketplaces. A substantial portion of the Company's customers' orders are made and paid contemporaneously by credit card and shipped through third-party delivery providers. The Company recognizes revenues once it concludes that the control of the product is transferred to the customer, which is upon delivery.

The Company records reductions to revenue for estimated customer sales returns and replacements, net of sales tax. The Company receives rebate and cooperative allowances based on a percentage of periodic purchases from certain vendors. These vendor considerations are reflected as a reduction of cost of revenues. The vendor considerations, the rights of returns and replacements are based upon estimates that are determined by historical experience, contractual terms, and current market conditions. The primary factors affecting the Company's accrual for estimated customer return rights include estimated customer return rates as well as the number of units shipped that have a right of return that have not expired as of the measurement date.

Cost of Revenues

Cost of revenues represents costs directly related to produce, acquiring and source inventory for sale, and provisions for inventory shrinkage and obsolescence. These costs include the costs of purchased products, inbound freight, and custom duties.

Selling, General and Administrative Expenses

Shipping and handling costs incurred by the Company to deliver finished goods are expensed and recorded in selling, general and administrative expenses.

Additionally, selling, general and administrative expenses include marketing, professional fees, distribution, warehouse costs, and other related selling costs. Selling expenses include costs incurred in the selling of merchandise. General and administrative expenses include costs incurred in the administration or general operations of the business.

Stock compensation expense consists of non-cash charges resulting from the issuance of stock units and stock options that are disclosed in the selling, general and administrative expenses and included as operating expenses.

Income Tax Provision

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be reversed. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (Section 740-10-25). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying consolidated balance sheets, as well as tax credit carrybacks and carryforwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its consolidated balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In the management's opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for fiscal 2025.

Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. However, there is no assurance that such matters will not materially and adversely affect the Company's business, consolidated financial position, and consolidated results of operations or consolidated cash flows.

Comprehensive Income or loss

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the stockholders' equity section of the statements of financial condition. Such items along with net income are components of comprehensive income.

Loss Per Share

Basic net earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common stock, common stock equivalents and potentially dilutive securities outstanding during each period.

The Company uses the "treasury stock" method to determine whether there is a dilutive effect of outstanding convertible debt, option and warrant contracts. The Company recognized net loss and a dilutive net loss during 2025 and 2024, and the effect of considering any common stock equivalents would have been antidilutive for the period. Therefore, a separate computation of diluted earnings (loss) per share is not presented for the periods presented.

The Company had the following anti-dilutive common stock equivalents at December, 2025 and 2024:

	December 31, 2025	December 31, 2024
Stock warrants	1,588,417	1,523,667
Stock options	31,838,322	32,493,392
Unvested restricted stock	4,988,817	6,278,370
Convertible notes	14,863,205	6,063,890
Preferred stock	10,999,997	5,500,000
Anti-dilutive securities	**64,278,758**	**51,859,319**

Recently Issued Accounting Pronouncements

Segment Reporting - Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board ("FASB") issued a new standard to improve reportable segment disclosures. The guidance expands the disclosures required for reportable segments in our annual and interim consolidated financial statements, primarily through enhanced disclosures about significant segment expenses. We adopted this standard in 2024. The impact of this standard is only on the Company's segment disclosures.

Comprehensive Income- Improvements to Expense Disaggregation Disclosures

In November 2024, the Financial Accounting Standards Board ("FASB") issued a new standard to improve expense disaggregation disclosures. The guidance expands the disclosures required for certain costs and expenses in our annual and interim consolidated financial statements, primarily through enhanced disclosures about significant expenses. The standard is effective as of March 31, 2026 and interim and annual periods thereafter. The impact of this standard is only on the Company's expenses disclosures.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2025	December 31, 2024
Equipment and furniture	$ 924,266	$ 924,627
Leasehold improvements	1,400,859	360,003
Total	**2,325,125**	**1,284,630**
Less: accumulated depreciation	(977,485)	(739,297)
Total, net	**$ 1,347,640**	**$ 545,333**

Depreciation expenses amounted to $238,188 and $68,022 during 2025 and 2024, respectively.

NOTE 4 INTANGIBLE ASSETS AND GOODWILL

Intangible assets consisted of the following:

		December 31, 2025			December 31, 2024		
	Useful life	Carrying Value	Accumulated Amortization	Net carrying value	Carrying Value	Accumulated Amortization	Net carrying value
Customer relationships	7	$4,500,000	$ (1,607,143)	$ 2,892,857	$4,500,000	$ (1,071,428)	$ 3,428,572
E-commerce technology platforms	1 - 4	3,097,040	(1,482,974)	1,614,066	2,204,660	(243,744)	1,960,916
Patents and other	15	931,831	(386,805)	545,026	931,831	(326,946)	604,885
		$8,528,871	$ (3,476,922)	$ 5,051,949	$7,636,491	$ (1,642,118)	$ 5,994,373

Amortization expense on intangible assets was $1,834,804 and $1,832,568 during 2025 and 2024, respectively.

During the quarter ended September 30, 2024, the Company evaluated the effectiveness of the E-commerce technology platforms it acquired in 2023. Management determined that revenues could increase without increasing its operating expenses (and potentially decrease its general and administrative expenses) using a different E-commerce technology platform. Management believes it will discontinue using its legacy platforms by October 1, 2025. Accordingly, the estimated useful life of its legacy platforms decreased from 4 to 1 year. The reduced estimated useful life of the intangible asset indicated a possible impairment of the carrying value of such intangible. Management prepared, with a third-party firm, an analysis of the future cash flows related to the legacy platform and determined that, as of September 30, 2024, such future cash flows were lower than the carrying value of the related intangible asset. Accordingly, management believes that its legacy platforms' carrying value was impaired. Based on the future estimated discounted cash flows, Management believes that the carrying value of the legacy platforms should be $1.4 million. Accordingly, management recorded an impairment expense of $1.1 million and adjusted the carrying value of its legacy platform to $1.4 million as of and during the quarter ended September 30, 2024.

The following table sets forth the estimated amortization expenses for the next five years:

Twelve months ended December 31:	
2026	1,381,516
2027	1,372,060
2028	864,363
2029	701,983
2030	271,305

NOTE 5 DEBTS

The following table presents the details of the principal outstanding:

	December 31, 2025	December 31, 2024	APR on December 31, 2025	Maturity	Collateral
Convertible Notes (b,c,)	$ 18,834,348	$ 15,592,408	0.00 - 10.00%	September 2023- October 2030	Substantially all Company assets
Notes payable to financial institutions and others (a)	501,495	4,515,297	3.75-8.5%	August 2025- November 2052	Substantially all Company assets
Total	$ 19,335,843	$ 20,107,705			
Unamortized debt discount	(2,363,231)	(3,477,227)			
Debt, net of Unamortized debt Discount	$ 16,972,612	$ 16,630,478			

	For the year ended December 31, 2025	2024
Interest expense	$ 1,747,055	$ 4,055,905

As of December 31, 2025, the expected future principal payments for the Company's debt are due as follows:

Twelve months ended December 31, 2026	$ 2,594,529
Twelve months ended December 31, 2027	1,703,847
Twelve months ended December 31, 2028	3,994
Twelve months ended December 31, 2029	4,146
Twelve months ended December 31, 2030 and thereafter	15,029,327
Total	**$ 19,335,843**

a) Included in Convertible Notes are loans provided to the Company from two directors and an officer. The notes each have the following terms: three-year subordinated convertible promissory note of principal face amounts. Subject to other customary terms, a convertible promissory note with a principal amount of $600,000 payable to a director, together with accrued interest of $235,900, was converted into 379,955 shares of the Company's common stock. The other remaining convertible promissory notes matured in May 2025, bear interest at an annual rate of 10% thereafter, which is payable annually in cash or common stock, at the holder's discretion. At any time after issuance and prior to or on the maturity date, the notes are convertible at the option of the holder into shares of common stock at a conversion price of $3 per share.

During 2023, the Company issued convertible promissory notes. As an inducement to enter the financing transactions, the Company issued 1,391,667 warrants to the noteholders at an adjusted exercise price of $2.7 per warrant. The Company recorded a debt discount aggregating $5.6 million which was recognized as debt discount and additional paid-in capital in the accompanying balance sheet. The Company recognized $1,113,996 and $835,496 as amortized debt discount during the year ended December 31, 2025, and 2024, respectively, and it is reflected as interest expense in the accompanying unaudited consolidated statement of operations.

b) In March 2024, and as amended in June 2025, the Company and the Belami sellers entered into a letter agreement modifying certain obligations under the Belami stock purchase agreement. In connection with the letter agreement, the Company issued convertible promissory notes to each of the sellers (the "Seller Note(s)") in substitution of an aggregate of $3,117,909 in cash due to the sellers in monthly principal and interest payments of $300,000 beginning in July 2025 until fully paid in January 2026. The notes are convertible at $3 per share of common stock.

   Additionally, the convertible promissory notes include a $1 million note payable to GE issued in April 2024. The convertible note is due in April 2027, does not bear interest and is convertible at a price of $1.07 per share.

c) During 2025, the Company consolidated convertible notes aggregating $9.1 million with convertible notes generating proceeds of $5.2 million. The terms are substantially the same with the exception of the convertible rate which is $1.20 per share of the Company's common stock.

NOTE 6 OPERATING LEASE LIABILITIES

In April 2022, the Company entered into a 58-month lease related to certain office and showroom space pursuant to a sublease that expires in February 2027. The Company recognized a right-of-use asset and a liability of $1,428,764 pursuant to this lease.

In September 2022, the Company entered a 124-month lease related to its future headquarters offices and showrooms space. The Company recognized a right-of-use asset and a liability of $22,192,503 pursuant to such lease. In connection with the execution of lease, the Company was required to provide the landlord with a letter of credit in the amount of $2.7 million, which is secured by the same amount of cash. In January 2024, the Company entered into a 35-month lease related to its Sacramento office. The Company recognized a right-of-use asset and a liability of $ 662,696 pursuant to such lease.

The following table outlines the total lease cost for the Company's operating leases as well as weighted average information for these leases as of December 31, 2025, and 2024 respectively:

	For the year ended December 31,	
	2025	**2024**
Cash paid for operating lease liabilities	$ 2,345,919	$ 2,101,316
Rights-of-use obtained in exchange for new operating lease liabilities	-	662,696
Fixed rent payments	3,136,161	2,703,789
Lease - Depreciation expense	$ 2,020,500	$ 2,127,319
Weighted-average discount rate	6.48%	6.45%
Weighted-average remaining lease term (in months)	84	95

Minimum Lease obligation

Twelve months ended December 31, 2026	$ 2,589,994
Twelve months ended December 31, 2027	2,288,363
Twelve months ended December 31, 2028	2,471,537
Twelve months ended December 31, 2029	2,736,000
Twelve months ended December 31, 2030, and thereafter	10,295,553
Total	**$ 20,381,447**

NOTE 7 ROYALTY OBLIGATIONS

The Company had a license agreement with General Electric ("GE") which provided, among other things, for rights to market certain of the Company's products displaying the GE brand in consideration of royalty payments to GE. The agreement expired in 2023.

The Company owes $1.3 million to GE pursuant to the license agreement as of December 31, 2025. The payments associated with this debt are payable in quarterly tranches aggregating $1.3 million during the year 2026.

The Company owed an additional amount of $1.4 million pursuant to its agreements with GE. During April 2024, GE and the Company agreed to reduce such additional amount by $400,000 in exchange for the issuance of a convertible promissory note of $1 million.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	December 31, 2025	December 31, 2024
Accrued interest, convertible notes	$ 552,354	$ 1,044,708
Accrued dividends	249,111	212,667
Trade payables	14,533,064	10,043,423
Accrued compensation	1,232,410	2,979,131
	$ 16,566,939	$ 14,279,929

NOTE 9 INCOME TAXES

The Company has not paid or incurred any income taxes liabilities during 2025 and 2024 due to its net operating losses. State taxes are apportioned through 47 states. The states in which the apportionment are greatest are California and Florida, which comprise 22% of the effective state and local effective tax rate.

The effects of temporary differences that gave rise to significant portions of deferred tax assets at December 31, 2025, and December 31, 2024 were approximately as follows:

	For the year ended December 31,	
	2025	2024
Net operating loss carryforward	34,436,504	$ 28,458,816
Stock-based compensation	3,930,195	2,707,630
Rights of use assets	(4,429,142)	(5,023,531)
Operating lease liabilities	5,157,627	5,634,917
Other	933,102	487,722
Less Valuation Allowance	(40,028,287)	(32,265,553)
Total Deferred Tax Assets - Net	**$ -**	**$ -**

The change in valuation allowance is as follows:

	For the year ended December 31,			
	2025		2024	
Net operating loss	$	5,977,689	$	7,141,156)
Fair value of options		1,222,565		1,603,333
Other, mostly amortization of intangible assets		696,875)		915,218
Change in valuation allowance		7,897,129		9,659,709
	$		$	

The Company's tax expense differs from the statutory tax expense for the years ended December 31, 2025, and December 31, 2024 and the reconciliation is as follows.

	2025 Amount	2025 Percent	2024 Amount	2024 Percent
U.S. Federal Statutory tax rate	$ 7,017,227	21%	$ 7,498,169	21%
States and local income taxes, net of federal income tax effect	1,438,709	4.3	1,535,339	4.3%
Changes in valuation allowance	(7,897,129)	(23.6)%	(9,659,709)	(27.1)%
Other	(558,807)	(1.7)%	626,201	1.8%
Effective tax rate	$ -	-%	$ -	-%

NOTE 10 RELATED PARTY TRANSACTIONS

Convertible Notes Due to Related Parties

Convertible notes due to related parties represent amounts provided to the Company from a director and the Company's Chief Executive Officer as well as the Company's former Co-Chief Executive Officer. The outstanding principal on the convertible promissory notes, associated with related parties was $350,000 and $950,000 as of December 31, 2025, and December 31, 2024, respectively and accrued interest of $35,486 and $242,803, respectively. Also, the interest expense associated with these notes during 2025 and 2024 was $119,486 and $151,900, respectively.

Preferred dividends

The Company paid and declared dividends to related parties (a director and officer and two officers) amounting to $80,000 and $20,000 during 2025.

NOTE 11 STOCKHOLDERS' EQUITY

(A) Common Stock

The Company issued the following common stock during 2025 and 2024:

Transaction Type	Shares Issued	Valuation $	Average Value Per Share
2025 Equity Transactions			
Common stock issued, pursuant to services provided	6,368,231	$ 13,560,580	$ 2.13
Common stock issued pursuant to stock at the market offering, net	4,243,123	5,424,368	1.28
Common stock issued pursuant to preferred dividends	30,842	38,559	1.25
Common stock issued pursuant to conversion of notes	272,728	600,000	2.20
Common stock issued pursuant to conversion of accrued interest	433,073	615,291	1.42
Common stock issued pursuant to exercise of options	1,001,492	420,000	0.42
Common stock issued pursuant to conversion of preferred stock	1,958,336	2,550,000	1.30
2024 Equity Transactions			
Common stock issued, pursuant to services provided	4,369,031	$ 13,474,433	0.82-1.78
Common stock issued pursuant to stock at the market offering, net	3,535,067	4,330,295	0.9 - 1.64
Common stock issued pursuant to exercise of options, net	128,023	7,501	-
Common stock issued pursuant to acquisition	1,853,421	-	-

(B) Preferred Stock

During October 2024, the Company completed its authorization of the issuance of 440,000 shares of newly authorized Series A Preferred Stock and Series A-1 Preferred Stock. The designations of each class of preferred stock are as follows:

Transaction Type	Quantity	Carrying Value	Value per Share, gross
Preferred Stock Balance at January 1, 2024	**-**	**$ -**	**$ -**
Preferred Stock Series A	200,000	5,000,000	25
Preferred Stock Series A-1	240,000	6,000,000	25
Preferred Stock Balance at December 31, 2024	**440,000**	**$ 11,000,000**	**$ 25**

During the year ended December 31, 2025, the Company authorized the issuance of 60,000 shares of a new series of preferred stock Series A-2. Details of activity in Preferred Stock Series A-1 and Series A-2 are as follows:

Transaction Type	Quantity	Carrying Value	Value per Share, gross
Preferred Stock Series A-1 Balance at January 1, 2025	**240,000**	**$ 6,000,000**	**$ 25**
Issuance	154,000	3,674,167	25
Conversion to common stock	(102,000)	(2,550,000)	25
Preferred Stock Series A-1 Balance at December 31, 2025	**292,000**	**$ 7,124,167**	**$ 25**
Preferred Stock Series A-2 Balance at January 1, 2025	**-**	**$ -**	**$ -**
Issuance	60,000	1,500,000	25
Conversion to common stock	-	-	-
Preferred Stock Series A-2 Balance at December 31, 2025	**60,000**	**$ 1,500,000**	**$ 25**

The designations of each class of preferred stock are as follows:

Series A Preferred Stock (temporary equity):

- Cumulative dividend of 8% annually, 12% if paid after dividend date;
- Original issue price of $25 per share;
- Conversion option at the holder's option at $1.20 per share;
- Redemption at the price of $25 per share at the Company's option after 5 years or upon change of control (substantially within the control of the holder);
- Voting rights on as converted basis.

Series A-1 and A-2 Preferred Stock (permanent equity):

- Cumulative dividend of 8% annually, 12% if paid after dividend date;
- Original issue price of $25 per share;
- Conversion option at the holder's option at $1.20 per share for Series A and A-1 and $2 per share for Series A-2;
- Redemption at the price of $25 per share at the Company's option after 3 years or upon change of control (substantially outside the control of the holder);
- Voting rights on as converted basis.

(C) Stock Options

The following is a summary of the Company's stock option activity during 2025 and 2024:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2025	32,493,392	$ 7.31	2.45	$ 1,727,080
Exercised	1,113,000	$ 0.70		
Granted	5,633,030	1.65	-	-
Forfeited	(7,401,100)	(5.24)	-	-
Outstanding, December 31, 2025	31,838,322	$ 6.81	2.12	$ 7,382,321
Exercisable, December 31, 2025	10,991,168	$ 4.56	2.51	$ 3,689,773
Outstanding, January 1, 2024	35,807,476	$ 7.33	-	-
Exercised	135,000	$ 0.10	-	$ -
Granted	3,673,500	1.17	-	-
Forfeited	(6,851,084)	4.25	-	6,112,000
Outstanding, December 31, 2024	32,493,392	$ 7.31	2.45	$ 1,727,080
Exercisable, December 31, 2024	10,977,431	$ 4.40	2.25	$ 1,409,651

The following table summarizes the range of the Black Scholes pricing model assumptions used by the Company during 2025 and 2024.

	December 31, 2025	December 31, 2024
	Range	
Stock price	1.11 - 2.42	4.4
Exercise price	0 - 14	0 - 14
Expected life (in years)	2.50- 3.47 yrs.	2.50- 4.00 yrs.
Volatility	101 - 110%	36.7 - 96.5%
Risk-fee interest rate	3.56 - 4.02%	3.50 - 4.62%
Dividend yield	-	-

Prior to the second quarter of 2025, the Company did not have historical stock prices that could be reliably determined for a period that is at least equal to the expected terms of its options. The expected options terms, which were calculated using the plain vanilla method, are 3.5 years, and its historical period was 3 years. The Company relied on the expected volatility of comparable peer-group publicly traded companies within its industry sector, to supplement the Company's historical data for the period of the expected terms of the options that exceeded the period of the Company's historical volatility data. As of May 1, 2025, the Company uses its historical stock prices to determine its expected volatility.

(D) Warrants Issued

The following is a summary of the Company's warrant activity during 2025 and 2024:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2025	1,523,667	$ 4.30
Issued	64,750	1.2
Exercised	-	-
Forfeited	-	-
Balance, December 31, 2025	1,588,417	$ 4.19
Balance, January 1, 2024	2,063,522	$ 5.76
Issued	-	-
Exercised	-	-
Forfeited	(539,885)	9.8
Balance, December 31, 2024	1,523,667	$ 4.30

During year ended December 31, 2025 and 2024, the Company did not issue any warrants except for warrants issued to a placement agent in connection with its Series A -1 Preferred offerings in the second quarter of 2025.

(E) Restricted stock units

A summary of the Company's non-vested restricted stock units during 2025 and 2024 are as follows.

	Shares		Weighted Average Grant Due Fair Value
Non-vested restricted stock units, January 1, 2025	6,278,370	$	2.65
Granted	6,537,012		1.39
Vested	(6,655,463)		1.60
Forfeited	(1,171,102)		5.36
Non-vested restricted stock units, December 31, 2025	4,988,817	$	1.76
Non-vested restricted stock units, January 1, 2024	4,935,822	$	7.99
Granted	6,168,980		1.12
Vested	(4,513,527)		2.27
Forfeited	(312,905)		2.58
Non-vested restricted stock units on December 31, 2024	6,278,370	$	2.65

The weighted-average remaining contractual life of the restricted units as of December 31, 2025, is 1.32 years.

RSUA give the right to receive one share of the Company's common stock. RSUAs that are vest based on service and performance are measured based on the fair values of the underlying stock on the date of grant. The Company used a Lattice model to determine the fair value of the RSU with a market condition. Compensation with respect to RSUA awards is expensed on a straight-line basis over the vesting period.

The Company recognized compensation expenses of $ 10,420,491, and $10,078,955, respectively, related to RSUs and RSAs during the year ended December 31, 2025 and 2024, respectively. The Company recognized compensation expenses of $ 3,139,881 and $3,395,479, respectively, related to stock options during the year ended December 31, 2025 and 2024, respectively.

The options and RSUAs are granted to the Company's employees, board members, and certain consultants. There is no difference in characteristics of the awards other than the stock options have to be exercised and restricted awards and units do not. The vesting of the options, restricted stock units or awards is based on the requisite service period of the employees and the non-employee's vesting period is generally based on a period of up to six years. The maximum contractual term of the options is up to 5 years. The number of shares available for grant of options, and restricted stock units or awards amounts to 19,717,706 at December 31, 2025.

Unamortized future stock-based compensation expense was $9.25 million as of December 31, 2025.

NOTE 12 CONCENTRATIONS OF RISKS

Major Customers and Accounts Receivable

The Company had no customers whose revenue individually represented 10% or more of the Company's total revenue. The Company had two and three third-party payor accounts receivable balance representing 59% and 24% of the Company's total accounts receivable at December 31, 2025 and 2024, respectively.

Liquidity

The Company's cash and cash equivalents are held primarily with two financial institutions. The Company has deposits which exceed the amount insured by the FDIC. To reduce the risk associated with the failure of such counterparties, the Company periodically evaluates the credit quality of the financial institutions in which it holds deposits.

Product and Geographic Markets

The Company generates its income primarily from lighting and heating products sold primarily in the United States.

Segment and Expense Disaggregation

The Company operates in one segment: advanced-safe-smart technologies and related products. The Company used the following factors to identify includes the basis of organization, the relative similarities in types of product offerings. The chief operating decision maker consists of a team comprised of the Company's Executive Chairman and its Chief Executive Officer. The total assets of the segments amount to the Company's consolidated assets. Long-lived assets, which consists of property and equipment and right of use assets are located in the United States.

The Company has concluded that consolidated net income or loss is the measure of segment profitability. The following is a reconciliation of the Company's revenues from external customers and consolidated revenues and the consolidated and segment loss, including significant disaggregated segment expenses.

	For the year ended December 31,	
	2025	**2024**
Revenues from external customers and consolidated revenues	$ 92,009,949	$ 86,276,876
Cost of revenues	(64,173,870)	(61,682,934)
Compensation costs, excluding share-based payments	(10,180,474)	(9,730,111)
Share-based payments	(13,560,580)	(13,474,433)
Marketing programs	(20,800,181)	(18,800,142)
Professional fees, excluding share-based payments	(6,795,654)	(7,149,168)
Depreciation, amortization, and impairment of intangibles	(4,176,466)	(5,185,706)
Other operating expenses	(1,866,114)	(2,366,621)
Total operating expenses, net	$ (121,553,339)	$ (118,389,115)
Other expenses		
Amortization of debt discount	(1,113,996)	(1,211,974)
Interest expense, net	(2,758,218)	(2,843,931)
Gain on extinguishment of debt	-	400,000
Net loss	**$ (33,415,604)**	**$ (35,768,144)**

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26 2026, which is the date the consolidated financial statements were available to be issued. There were no significant subsequent events that required adjustment to or disclosure in the consolidated financial statements with the exception of the following:

The Company generated proceeds of $29.3 million in consideration for the issuance of shares of common stock pursuant to two offerings and exercise of warrants.

Exhibit 23.1

M&K CPAS PLLC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File Nos 333-262613 and 333-280751) and on Form S-3 (File Nos 333-271698, 333-273075, 333-282955, 333-287858, 333-290553, and 333-292797) of our report dated March 26, 2026, relating to the financial statements of SKYX Platforms Corp. for the years ended December 31, 2025 and 2024, which appears in this Form 10-K/A.

/s/ M&K CPAS, PLLC

www.mkacpas.com
Houston, Texas

March 27, 2026

Exhibit 31.1

CERTIFICATION

I, Leonard J. Sokolow, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of SKYX Platforms Corp.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

By: */s/ Leonard J. Sokolow*
Leonard J. Sokolow
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Marc-Andre Boisseau, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of SKYX Platforms Corp.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

6. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

By: */s/ Marc-Andre Boisseau*

Marc-Andre Boisseau
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of SKYX Platforms Corp. (the "Company") for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2026

By: */s/ Leonard J. Sokolow*
Leonard J. Sokolow
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of SKYX Platforms Corp. (the “Company”) for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2026

By: */s/ Marc-Andre Boisseau*
Marc-Andre Boisseau
Chief Financial Officer
(Principal Financial and Accounting Officer)