
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2023**

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: **001-39489**

NUBURU, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
7442 S Tucson Way, Suite 130,
Centennial, CO
(Address of principal executive offices)

85-1288435
(I.R.S. Employer
Identification No.)

80112
(Zip Code)

Registrant's telephone number, including area code: (720) 767-1400

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, par value \$0.0001 per share | BURU | NYSE American |
| Redeemable warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50 | BURU WS | NYSE American |

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, 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

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

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

As of May 5, 2023, the registrant had 34,896,251 shares of common stock, \$0.0001 par value per share, outstanding.

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NUBURU, INC.
FORM 10-Q

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risk and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this quarterly report on Form 10-Q include, but are not limited to, statements about:

- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- our public securities’ potential liquidity and trading;
- the ability to maintain the listing of our common stock, par value \$0.0001 par value per share (the “Common Stock”) or the 16,710,785 whole warrants of the Company sold to public investors in the IPO as part of the units (the “Public Warrants”) on a securities exchange;
- the anticipated benefits of the Business Combination;
- the outcome of any legal proceedings that may be instituted against us related to the Business Combination;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- our plans and ability to obtain, maintain, enforce, or protect intellectual property rights;
- obtaining additional financing under that certain Purchase Agreement by and among the Company, Nuburu and Lincoln Park Capital Fund, LLC (“Lincoln Park”), dated as of August 5, 2022 (as it may be amended, supplemented or otherwise modified from time to time, the “Lincoln Park Purchase Agreement”) or pursuant to the Preferred Stock Sale Option Agreement between the Company and each of Anzu Nuburu LLC, Anzu Nuburu II LLC, Anzu Nuburu III LLC and Anzu Nuburu V LLC (the “Anzu SPVs”), dated as of August 5, 2022 (as it may be amended, supplemented or otherwise modified from time to time, the “Sale Option Agreement”);
- the impact of the COVID-19 pandemic, including any mutations or variants thereof, and its effect on business and financial conditions;
- our business, operations and financial performance, including:
 - expectations with respect to financial and business performance, including financial projections and business metrics and any underlying assumptions thereunder;
 - future business plans and growth opportunities, including revenue opportunity available from new or existing clients and expectations regarding the use of blue laser technology in 3D printing applications;
 - expectations regarding product development and pipeline;
 - expectations regarding research and development efforts;
 - expectations regarding market size;
 - expectations regarding the competitive landscape;
 - expectations regarding future acquisitions, partnerships or other relationships with third parties; and
 - future capital requirements and sources and uses of cash, including the ability to obtain additional capital in the future.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of the date hereof. You should understand that the following important factors, in addition to those discussed under the heading “Risk Factors” in Part II, Item 1A of this quarterly report on Form 10-Q and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2022 (our “Annual Report”), could affect our future results, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements herein:

- the outcome of any legal proceedings that may be instituted against us;
- our ability to meet NYSE American’s continued listing standards;
- the inability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, our ability to grow and manage growth profitably, maintain relationships with customers and suppliers and retain our management and key employees;
- costs related to being a public company;
- changes in applicable laws or regulations;
- the possibility that we may be adversely affected by economic, business or competitive factors;
- our inability to obtain financing under the Lincoln Park Purchase Agreement or pursuant to the Sale Option Agreement;
- the impact of the COVID-19 pandemic, including any mutations or variants thereof, and its effect on business and financial conditions;

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- volatility in the financial sector and markets caused by geopolitical and economic factors; and
- other risks and uncertainties set forth under the heading “Risk Factors” in Part II, Item 1A and elsewhere in this quarterly report on Form 10-Q and our Annual Report.

The forward-looking statements contained in this quarterly report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in Part II, Item 1A. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Frequently Used Terms

Unless otherwise stated in Item 1. Financial Statements and accompanying footnotes, or the context otherwise requires, references in this quarterly report on Form 10-Q to:

“Business Combination” are to the business combination of Legacy Nuburu with a subsidiary of Tailwind, with Legacy Nuburu surviving such business combination as a wholly owned subsidiary of Tailwind;

“Business Combination Agreement” are to that certain Business Combination Agreement, dated as of August 5, 2022, by and among Tailwind, Nuburu and Merger Sub, as the same has been or may be amended, modified, supplemented or waived from time to time;

“Closing” are to the consummation of the Transactions;

“Closing Date” are to January 31, 2023, the date on which the Transactions were consummated;

“Exchange Ratio” are to the quotient as defined in, and calculated in accordance with, the Business Combination Agreement, which is reflected in our Current Report on Form 8-K (File No. 001-39489) filed with the SEC on February 6, 2023;

“Legacy Nuburu” are to Nuburu Subsidiary, Inc., a Delaware corporation *f/k/a* Nuburu, Inc. before the Closing Date;

“Tailwind” are to Tailwind Acquisition Corp, a Delaware corporation and our predecessor company prior to the consummation of the Transactions, which changed its name to Nuburu, Inc. following the consummation of the Transactions, and its consolidated subsidiaries;

“Tailwind IPO” are to the initial public offering by Tailwind which closed on September 9, 2020; and

“Transactions” are to the Business Combination, together with the other transactions contemplated by the Business Combination Agreement and the related agreements.

Unless the context otherwise requires, all references in this section to “Nuburu,” the “Company,” “we,” “us,” “our,” and other similar terms refer to Legacy Nuburu and its subsidiaries prior to the Closing, and Nuburu, Inc., a Delaware corporation, and its subsidiaries after the Closing.

PART 1 – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

**NUBURU, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

| | March 31, 2023 (Unaudited) | December 31, 2022 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,523,046 | \$ 2,880,254 |
| Accounts receivable, net | 522,764 | 327,200 |
| Inventories, net of allowance of \$411,148 and \$292,990, respectively | 1,248,794 | 972,695 |
| Deferred financing costs | — | 4,258,515 |
| Prepaid expenses and other current assets | 978,136 | 46,737 |
| Total current assets | 4,272,740 | 8,485,401 |
| Property and equipment, net | 4,012,568 | 3,771,849 |
| Construction in progress | 130,412 | 188,912 |
| Right-of-use assets | 565,662 | 641,651 |
| Other assets | 34,359 | 34,359 |
| TOTAL ASSETS | \$ 9,015,741 | \$ 13,122,172 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Accounts payable | \$ 4,256,822 | \$ 4,456,587 |
| Accrued expenses | 2,281,559 | 2,312,118 |
| Operating lease liability | 350,606 | 343,049 |
| Contract liabilities | 173,750 | 178,750 |
| Convertible notes payable | — | 7,300,000 |
| Total current liabilities | 7,062,737 | 14,590,504 |
| Operating lease liability, net of current portion | 282,345 | 373,907 |
| Warrant liabilities | 835,539 | — |
| TOTAL LIABILITIES | 8,180,621 | 14,964,411 |
| Commitments and Contingencies (Note 6) | | |
| Stockholders' Equity (Deficit) | | |
| Convertible preferred stock, \$0.0001 par value; 50,000,000 shares authorized; 3,038,905 and 23,237,703 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively | 304 | 4,040 |
| Common stock, \$0.0001 par value; 250,000,000 shares authorized; 33,585,544 and 5,556,857 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively | 3,359 | 1,077 |
| Additional paid-in capital | 66,791,282 | 59,344,952 |
| Accumulated deficit | (65,959,825) | (61,192,308) |
| Total Stockholders' Equity (Deficit) | 835,120 | (1,842,239) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ 9,015,741 | \$ 13,122,172 |

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

NUBURU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------------|
| | 2023 | 2022 |
| Sales, net | \$ 469,989 | \$ 90,000 |
| Cost of sales | 1,212,437 | 555,052 |
| Gross margin | (742,448) | (465,052) |
| Operating expenses: | | |
| Research and development | 1,332,305 | 631,501 |
| Selling and marketing | 176,256 | 348,780 |
| General and administrative | 3,050,259 | 843,043 |
| Total operating expenses | 4,558,820 | 1,823,324 |
| Loss from operations | (5,301,268) | (2,288,376) |
| Interest income | 32,427 | 582 |
| Other income, net | 501,324 | — |
| Loss before provision for income taxes | \$ (4,767,517) | \$ (2,287,794) |
| Provision for income taxes | — | — |
| Net loss and comprehensive loss | <u>\$ (4,767,517)</u> | <u>\$ (2,287,794)</u> |
| Net loss per share, basic and diluted | <u>\$ (0.19)</u> | <u>\$ (0.44)</u> |
| Weighted-average common shares used to compute net loss per share attributable to common stockholders, basic and diluted | <u>25,515,164</u> | <u>5,209,325</u> |

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

NUBURU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)

| | Convertible Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|--|-----------------------------|---------------|-----------------------|-----------------|----------------------------|------------------------|--------------------------------------|
| | Shares ⁽¹⁾ | Amount | Shares ⁽¹⁾ | Amount | | | |
| Balance as of December 31, 2022 | 23,237,703 | \$ 4,040 | 5,556,857 | \$ 1,077 | \$ 59,344,952 | \$ (61,192,308) | \$ (1,842,239) |
| Issuance of Common Stock and Series A preferred stock upon conversion of convertible notes in connection with the reverse recapitalization | 1,361,787 | 136 | 1,361,787 | 136 | 11,575,014 | — | 11,575,286 |
| Conversion of Legacy Nuburu convertible preferred stock into Common Stock in connection with the reverse recapitalization | (23,237,703) | (4,040) | 23,237,703 | 2,323 | 1,717 | — | — |
| Issuance of Common Stock and Series A preferred stock upon the reverse recapitalization, net of issuance costs | 1,481,666 | 148 | 3,233,745 | (197) | (3,257,476) | — | (3,257,525) |
| Issuance of Common Stock and Series A preferred stock to satisfy certain reverse recapitalization costs | 195,452 | 20 | 195,452 | 20 | (40) | — | — |
| Recognition of Public Warrants upon the reverse recapitalization | — | — | — | — | (1,336,863) | — | (1,336,863) |
| Stock-based compensation | — | — | — | — | 463,978 | — | 463,978 |
| Net loss | — | — | — | — | — | (4,767,517) | (4,767,517) |
| Balance as of March 31, 2023 | <u>3,038,905</u> | <u>\$ 304</u> | <u>33,585,544</u> | <u>\$ 3,359</u> | <u>\$ 66,791,282</u> | <u>\$ (65,959,825)</u> | <u>\$ 835,120</u> |

| | Convertible Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|--|-----------------------------|-----------------|-----------------------|-----------------|----------------------------|------------------------|--------------------------------------|
| | Shares ⁽¹⁾ | Amount | Shares ⁽¹⁾ | Amount | | | |
| Balance as of December 31, 2021 | 23,196,296 | \$ 4,036 | 5,153,286 | \$ 999 | \$ 56,646,247 | \$ (47,063,207) | \$ 9,588,075 |
| Issuance of Legacy Nuburu Series C preferred stock | 41,407 | 4 | — | — | 188,886 | — | 188,890 |
| Issuance of Legacy Nuburu common stock from option exercises | — | — | 370,395 | 72 | 107,788 | — | 107,860 |
| Stock-based compensation | — | — | — | — | 69,455 | — | 69,455 |
| Net loss | — | — | — | — | — | (2,287,794) | (2,287,794) |
| Balance as of March 31, 2022 | <u>23,237,703</u> | <u>\$ 4,040</u> | <u>5,523,681</u> | <u>\$ 1,071</u> | <u>\$ 57,012,376</u> | <u>\$ (49,351,001)</u> | <u>\$ 7,666,486</u> |

(1) The number of shares of convertible preferred stock and common stock issued and outstanding prior to the Business Combination have been retroactively adjusted by the Exchange Ratio to give effect to the reverse recapitalization treatment of the Business Combination. See Note 1 - Description of Business and Note 3 - Reverse Capitalization for more information.

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

NUBURU, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Three Months Ended March 31, | |
|---|---------------------------------|---------------------|
| | 2023 | 2022 |
| Cash Flows from Operating Activities: | | |
| Net loss | \$ (4,767,517) | \$ (2,287,794) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 126,115 | 135,153 |
| Stock-based compensation | 463,978 | 69,455 |
| Change in fair value of warrant liabilities | (501,324) | — |
| Excess and obsolete inventory reserve adjustments | — | 51,034 |
| Inventory lower of cost and net realizable value adjustments | 118,158 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (195,564) | 135,500 |
| Inventories | (357,790) | (163,683) |
| Prepaid expenses and other current assets | (891,399) | 32,567 |
| Operating lease right-of-use asset | 75,989 | 71,624 |
| Accounts payable | 1,803,093 | 308,118 |
| Accrued expenses | 164,693 | (178,272) |
| Contract liabilities | (5,000) | — |
| Operating lease liability | (84,005) | (76,919) |
| Net cash used in operating activities | (4,050,573) | (1,903,217) |
| Cash Flows from Investing Activities: | | |
| Purchase of property and equipment | (344,801) | (102,381) |
| Net cash used in investing activities | (344,801) | (102,381) |
| Cash Flows from Financing Activities: | | |
| Proceeds from issuance of Legacy Nuburu convertible promissory notes | 4,100,000 | 100,000 |
| Proceeds from the exercise of stock options | — | 107,860 |
| Proceeds from the issuance of Legacy Nuburu preferred stock | — | 188,890 |
| Proceeds from reverse recapitalization | 3,243,079 | — |
| Proceeds from the issuance of preferred stock | 5,000 | — |
| Payment of transaction costs related to the reverse recapitalization | (3,634,913) | — |
| Repayment of related party convertible promissory notes | (675,000) | — |
| Net cash provided by financing activities | 3,038,166 | 396,750 |
| NET CHANGE IN CASH DURING THE PERIOD | (1,357,208) | (1,608,848) |
| CASH AND CASH EQUIVALENTS —BEGINNING OF PERIOD | 2,880,254 | 6,007,575 |
| CASH AND CASH EQUIVALENTS —END OF PERIOD | \$ 1,523,046 | \$ 4,398,727 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | \$ — | \$ — |
| SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ — | \$ 934,583 |
| Deferred financing costs included in accounts payable and accrued expenses | \$ 384,522 | \$ 564,810 |
| Transaction costs related to the reverse recapitalization not yet paid | \$ 2,107,439 | \$ — |
| Issuance of Common Stock upon conversion of preferred stock in connection with the reverse recapitalization | \$ 11,575,286 | \$ — |

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

NUBURU, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BACKGROUND AND ORGANIZATION

Nuburu, Inc. (“Nuburu” or the “Company”) and its wholly-owned subsidiary Nuburu Subsidiary, Inc., is a leading innovator in high-power, high-brightness blue laser technology that is focused on bringing breakthrough improvements to a broad range of high value applications including welding and 3D printing.

Nuburu was originally incorporated in Delaware on July 21, 2020 under the name Tailwind Acquisition Corp. (“Tailwind”) as a special purpose acquisition company, formed for the purpose of effecting an initial business combination with one or more target businesses. On September 9, 2020 (the “IPO Closing Date”), we consummated our initial public offering (the “IPO”). On January 31, 2023, we consummated a business combination with Nuburu Subsidiary, Inc. f/k/a Nuburu, Inc. (“Legacy Nuburu”), a privately held operating company which merged into our subsidiary Compass Merger Sub, Inc. (the “Business Combination”) and changed our name to “Nuburu, Inc.,” and we became the owner, directly or indirectly, of all of the equity interests of Nuburu Subsidiary, Inc. and its subsidiaries. In light of the fact that the Business Combination has closed and our ongoing business will be the business formerly operated by Legacy Nuburu, this business section primarily includes information regarding Legacy Nuburu’s business.

Throughout the notes to the condensed consolidated financial statements, unless otherwise noted, the “Company,” “we,” “us” or “our” and similar terms refer to Legacy Nuburu prior to the consummation of the Business Combination, and Nuburu and its subsidiaries after the consummation of the Business Combination.

Going Concern and Liquidity

The Company devotes its efforts to business planning, research and development and raising capital.

From inception through March 31, 2023, the Company has incurred operating losses and negative cash flows from operating activities. For the three months ended March 31, 2023 and 2022, the Company has incurred operating losses, including net losses of \$4,767,517 and \$2,287,794, respectively. The Company has an accumulated deficit of \$65,959,825 as of March 31, 2023, which factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company expects to continue to expand our operations, including by investing in manufacturing, sales and marketing, research and development and infrastructure to support our growth. The Company anticipates that we will incur net losses for the foreseeable future and, even if we increase our revenues, there is no guarantee that we will ever become profitable.

Until we can generate sufficient revenue to cover our operating expenses, working capital, and capital expenditures, we will rely on funds raised from the closing of the Business Combination, from the \$11,400,000 of Company Notes issued prior to the Closing, from the Lincoln Park Purchase Agreement pursuant to which Lincoln Park has agreed to purchase from the Company, at the sole discretion of the Company, up to \$100,000,000 of Common Stock from time to time over a 48-month period, and from causing the Anzu SPVs to use up to 2/3 of the gross proceeds of Permitted Transfers to purchase Preferred Stock from the Company at a price equal to \$10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) pursuant to the Sale Option Agreement. In accordance with the Lincoln Park Purchase Agreement, Lincoln Park has purchased, at the option of the Company, approximately \$2,100,000 of Common Stock subsequent to March 31, 2023.

The Company plans to finance its operations with proceeds from the sale of equity securities or debt; however, there is no assurance that management’s plans to obtain additional debt or equity financing will be successfully implemented or implemented on terms favorable to the Company.

Certain Significant Risks and Uncertainties

The Company’s current business activities consist of business planning, research and development efforts to design and develop high-power, high-brightness blue laser technology. The Company is subject to the risks associated with such activities, including the need to further develop its technology, its marketing, and distribution channels; further develop its supply chain and manufacturing; and hire additional management and other key personnel. Successful completion of the Company’s development program and, ultimately, the attainment of profitable operations are dependent upon future events, including its ability to access potential markets, and secure long-term financing.

As of the date of issuance of the financial statements, the Company’s operations have not been significantly impacted by the COVID-19 pandemic, however, the Company continues to monitor the situation. While the Company’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

The impact of the Russian invasion of Ukraine and the related sanctions imposed by the United States and other countries on the Company’s financial condition, results of operations, and cash flows is also not determinable as of the date of these financial statements.

The Company’s future results of operations involve a number of risks and uncertainties. Factors that could affect the Company’s future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, competition from substitute products and larger companies, protection of proprietary technology, ability to maintain distributor relationships and dependence on key individuals.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 or any future period. These unaudited condensed consolidated financial statements and their notes should be read in conjunction with the Company’s Annual Report on Form 10-K as filed with the SEC on March 31, 2023 and the audited financial statements of Legacy Nuburu for the years ended December 31, 2022 and 2021 included in the Amendment No. 1 to the Form 8-K filed with the SEC on March 31, 2023.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Emerging Growth Company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements are disclosed in the notes to consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on March 31, 2023 and the audited financial statements of Legacy Nuburu for the years ended December 31, 2022 and 2021 included in the Amendment No. 1 to the Form 8-K filed with the SEC on March 31, 2023. The significant accounting policies have not changed significantly since those filings.

NOTE 3. REVERSE RECAPITALIZATION

On January 31, 2023, upon the consummation of the Business Combination, all holders of 10,782,091 issued and outstanding shares of Legacy Nuburu common stock and 40,392,723 issued and outstanding shares of Legacy Nuburu preferred stock received shares of Nuburu common stock at a deemed value of \$10.00 per share after giving effect to the exchange ratios set forth below (the “Exchange Ratios”):

| Legacy Nuburu Class / Series | Exchange Ratio |
|--|----------------|
| Legacy Nuburu Common Stock | 0.515 |
| Legacy Nuburu Series A Preferred Stock | 0.566 |
| Legacy Nuburu Series A-1 Preferred Stock | 0.599 |
| Legacy Nuburu Series B Preferred Stock | 0.831 |
| Legacy Nuburu Series B-1 Preferred Stock | 0.515 |
| Legacy Nuburu Series C Preferred Stock | 1.146 |

This resulted in 31,323,904 shares of Nuburu Common Stock issued and outstanding as of the Closing and all holders of 7,132,467 issued and outstanding Legacy Nuburu equity awards received Nuburu equity awards covering 3,675,976 shares of Nuburu Common Stock at a deemed value of \$10.00 per share after giving effect to the Exchange Ratios, based on the following events contemplated by the Business Combination Agreement:

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- the cancellation and conversion of all 40,392,723 issued and outstanding shares of Legacy Nuburu preferred stock into 23,237,703 shares of Nuburu Common Stock at the conversion rate as calculated pursuant to Legacy Nuburu's Certificate of Incorporation, multiplied by the Exchange Ratios at the date and time the Business Combination became effective ("Effective Time");
- the cancellation and conversion of all 10,782,091 issued and outstanding shares of Legacy Nuburu common stock into 5,556,857 shares of Nuburu Common Stock as adjusted by the Exchange Ratios;
- the net exercise of all 4,000,000 outstanding warrants to purchase shares of Legacy Nuburu common stock immediately prior to the Effective Time in accordance with its terms and subsequent conversion into 1,167,557 shares of Nuburu Common Stock at the Effective Time;
- the cancellation and conversion of all Legacy Nuburu Company Notes into shares of Legacy Nuburu common stock in accordance with its terms as of immediately prior to the Effective Time, which 2,642,239 shares were then outstanding as Legacy Nuburu common stock as of immediately prior to the Effective Time and subsequently converted into 1,361,787 shares of Nuburu Common Stock and 1,361,787 shares of Nuburu Series A preferred stock at the Effective Time; and
- the cancellation and exchange of all 6,079,467 granted and outstanding vested and unvested Legacy Nuburu options, which became 3,133,270 Nuburu options exercisable for shares of Nuburu Common Stock with the same terms and vesting conditions except for a number of shares exercisable and the exercise price, each of which was adjusted by the Exchange Ratio; and
- the cancellation and exchange of all 1,053,000 granted and outstanding vested and unvested Legacy Nuburu RSUs, which became 542,706 Nuburu RSUs for shares of Nuburu Common Stock with the same terms and vesting conditions except for the number of shares, which was adjusted the Legacy Nuburu Common Stock Exchange Ratio.

The other related events that occurred in connection with the Closing are summarized below:

- Tailwind and the Tailwind Sponsor entered into a letter agreement (the "Sponsor Support and Forfeiture Agreement"), dated as of August 5, 2022 (as amended by the Amended and Restated Sponsor Support and Forfeiture Agreement, dated January 31, 2023). In connection with the Business Combination, the 8,355,393 Tailwind Sponsor Class B shares were forfeited other than 1,150,000 shares of Common Stock (of which, 150,000 shares were transferred to Nautilus Maser Fund, L.P. and 50,000 shares were transferred to Cohen & Company Capital Markets at Closing) and 650,000 shares of Series A preferred stock. Additionally, upon the Closing, the Sponsor cancelled the 9,700,000 Private Placement Warrants that were held by the Sponsor.
- Tailwind, Legacy Nuburu and Lincoln Park entered into a purchase agreement pursuant to which Nuburu may direct Lincoln Park to purchase up to \$100 million of Common Stock from time to time over a 48-month period, subject to certain limitations contained in the Lincoln Park Purchase Agreement. At the Closing, Nuburu issued 200,000 shares of Nuburu Common Stock to Lincoln Park.
- Legacy Nuburu entered into an engagement letter with Anzu Partners on August 30, 2022 (the "Services Agreement") relating to this arrangement pursuant to which Legacy Nuburu, in recognition of past Services, (i) agreed to pay \$500,000 to Anzu Partners upon the closing of the Business Combination and (ii) issued a warrant with a strike price of \$0.01 per share to Anzu Partners for 500,000 shares of Preferred Stock (the "Anzu Partners Warrant"). This warrant was exercised by Anzu Partners in connection with the Closing.

After giving effect to the Business Combination as described above, the number of shares of Common Stock and Series A preferred stock issued and outstanding immediately following the consummation of the Business Combination was as follows:

| | Common Shares | Series A Preferred Shares |
|--|-------------------|---------------------------|
| Tailwind public shares | 316,188 | — |
| Tailwind Sponsor Class B shares | 8,355,393 | — |
| Total shares of Tailwind common stock outstanding immediately prior to the Business Combination | 8,671,581 | — |
| Less: forfeiture of the Tailwind Sponsor Class B Common Stock other than 1,150,000 shares of Common Stock and 650,000 shares of Series A Preferred Stock | (7,205,393) | — |
| Tailwind Sponsor Series A Preferred Stock | — | 650,000 |
| Tailwind public shares issuance of Series A Preferred Stock | — | 316,188 |
| Legacy Nuburu shares | 31,323,904 | 1,377,265 |
| Lincoln Park Commitment Shares | 200,000 | — |
| Anzu Warrant Shares | — | 500,000 |
| Total shares of Nuburu Common Stock outstanding immediately after the Business Combination ⁽¹⁾⁽²⁾ | <u>32,990,092</u> | <u>2,843,453</u> |

(1) Excludes 3,675,976 shares of Common Stock as of the Closing of the Business Combination to be reserved for potential future issuance upon the exercise of Nuburu options or settlement of Nuburu RSUs.

(2) Excludes 16,710,785 Public Warrants issued and outstanding as of the Closing of the Business Combination.

The Business Combination is accounted for as a reverse recapitalization in accordance with GAAP because Legacy Nuburu has been determined to be the accounting acquirer. Under this method of accounting, Tailwind, which is the legal acquirer, is treated as the accounting acquiree for financial reporting purposes and Legacy Nuburu, which is the legal acquiree, is treated as the accounting acquirer. Accordingly, the consolidated assets, liabilities and results of operations of Legacy Nuburu have become the historical financial statements of Nuburu, and Tailwind's assets, liabilities and results of operations have been consolidated

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with Legacy Nuburu's beginning on the acquisition date. For accounting purposes, the financial statements of Nuburu represent a continuation of the financial statements of Legacy Nuburu with the Business Combination being treated as the equivalent of Legacy Nuburu issuing stock for the net assets of Tailwind, accompanied by a recapitalization. The net assets of Tailwind are stated at historical costs and no goodwill or other intangible assets have been recorded. Operations prior to the Business Combination will be presented as those of Legacy Nuburu in future reports of Nuburu.

Legacy Nuburu was determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy Nuburu stockholders comprise a majority of the voting power of Nuburu;
- The Nuburu board of directors consists only of members of the Legacy Nuburu board of directors or nominees selected by Legacy Nuburu;
- Legacy Nuburu's operations prior to the acquisition comprise the only ongoing operations of Nuburu;
- Legacy Nuburu's senior management comprises the senior management of Nuburu;
- Nuburu has assumed the Legacy Nuburu name; and
- Legacy Nuburu's headquarters have become Nuburu's headquarters.

All periods prior to the Business Combination have been retrospectively adjusted using the Exchange Ratios for the equivalent number of shares outstanding immediately after the Closing to effect the reverse recapitalization.

In connection with the Closing of the Business Combination, the Company received net proceeds from the Business Combination totaling \$3.2 million, prior to deducting transaction and issuance costs. Legacy Nuburu's total transaction expenses were approximately \$3.2 million and Tailwind's total transaction expenses were approximately \$2.5 million after taking into account waivers of costs incurred by Legacy Nuburu and Tailwind.

NOTE 4. BALANCE SHEET COMPONENTS

Inventories, Net

Inventories, net as of March 31, 2023 and December 31, 2022 consisted of the following:

| | March 31, 2023 | December 31, 2022 |
|----------------------------|---------------------|----------------------|
| Raw materials and supplies | \$ 1,127,007 | \$ 1,011,421 |
| Work-in-process | 11,539 | 15,213 |
| Finished goods | 521,396 | 239,051 |
| Inventories, gross | 1,659,942 | 1,265,685 |
| Less: inventory reserve | (411,148) | (292,990) |
| Inventories, net | <u>\$ 1,248,794</u> | <u>\$ 972,695</u> |

The Company recorded an inventory lower of cost and net realizable value charges of \$231,320 and nil during the three months ended March 31, 2023 and 2022, respectively. The Company wrote down inventory due to scrap of nil and \$51,034 during the three months ended March 31, 2023 and 2022, respectively.

Property and Equipment, Net

Property and equipment, net as of March 31, 2023 and December 31, 2022 consisted of the following:

| | March 31, 2023 | December 31, 2022 |
|---|---------------------|----------------------|
| Machinery and equipment | \$ 5,192,686 | \$ 4,827,626 |
| Leasehold improvements | 810,248 | 810,248 |
| Furniture and office equipment | 180,747 | 180,747 |
| Computer equipment and software | 174,523 | 136,282 |
| Property and equipment, gross | 6,358,204 | 5,954,903 |
| Less: accumulated depreciation and amortization | (2,345,636) | (2,183,054) |
| Property and equipment, net | <u>\$ 4,012,568</u> | <u>\$ 3,771,849</u> |

Depreciation and amortization expense related to property and equipment was \$126,115 and \$135,153 during the three months ended March 31, 2023 and 2022, respectively.

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Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of March 31, 2023 and December 31, 2022 consisted of the following:

| | March 31, 2023 | December 31, 2022 |
|---|-------------------|----------------------|
| Prepaid insurance | \$ 613,417 | \$ — |
| Prepaid equipment | 198,600 | — |
| Other prepaid assets | 126,165 | 34,889 |
| Other current assets | 39,954 | 11,848 |
| Total prepaid expenses and other current assets | <u>\$ 978,136</u> | <u>\$ 46,737</u> |

Accrued Liabilities

Accrued liabilities as of March 31, 2023 and December 31, 2022 consisted of the following:

| | March 31, 2023 | December 31, 2022 |
|---|---------------------|----------------------|
| Accrued payroll and related benefits | \$ 359,526 | \$ 636,009 |
| Accrued legal, accounting and professional fees | 1,157,903 | 548,569 |
| Accrued transaction costs related to the reverse recapitalization | 503,600 | 651,818 |
| Accrued taxes payable | 156,358 | 108,516 |
| Other | 104,172 | 367,206 |
| Total accrued expenses | <u>\$ 2,281,559</u> | <u>\$ 2,312,118</u> |

NOTE 5. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value on a recurring basis in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

Level 1: Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2: Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's financial instruments that are carried at fair value consists of Level 1 assets and liabilities. Level 1 assets include highly liquid bank deposits and money market funds, which were not material as of March 31, 2023 and December 31, 2022. Level 1 liabilities include the Public Warrants and are classified as Level 1 due to the use of an observable market quote in an active market. The Company measured the fair value of the Public Warrants on the date of the Closing of the Business Combination based on the close price of the Public Warrant price. During the three months ended March 31, 2023, no warrants were exercised.

The gains and losses from re-measurement of Level 1 financial liabilities are recorded as part of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss. During the three months ended March 31, 2023, the Company recorded a gain of \$501,324 related to the change in fair value of the Public Warrants from the Closing to the end of the period. There were no transfers between Level 1, Level 2 and Level 3 in any periods presented.

The following table sets forth the fair value of the Company's financial liabilities by level within the fair value hierarchy:

| | At March 31, 2023 | | | | | |
|-----------------|-------------------|---------|---------|-------|----|---------|
| | Level 1 | Level 2 | Level 3 | Total | | |
| Public Warrants | \$ 835,539 | \$ — | \$ — | \$ | \$ | 835,539 |

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The following table sets forth a summary of the changes in fair value of the Company's Level 1 financial liabilities:

| | Three months ended March 31, 2023 | |
|---|--|----------------|
| Fair value as of reverse recapitalization | \$ | 1,336,863 |
| Change in fair value | | (501,324) |
| Fair value as of March 31, 2023 | \$ | <u>835,539</u> |

NOTE 6. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Company leases office space in Centennial, Colorado under a noncancelable operating lease agreement. The Company leases and occupies approximately 27,900 square feet of office space, which expires in December 2024. In recognition of the ROU asset and the related lease liability, the options to extend the lease term have not been included as the Company is not reasonably certain that it will exercise any such option.

On March 31, 2023, the weighted-average remaining lease term was 1.8 years and the weighted-average discount rate used is 5.5%.

During the three months ended March 31, 2023, the Company recognized the following lease costs arising from the lease transaction:

| | Three Months Ended March 31, | | | |
|----------------------|---|--------|-------------|--------|
| | 2023 | | 2022 | |
| Operating lease cost | \$ | 85,036 | \$ | 85,036 |

The Company recognized the following cash flow transactions arising from lease transactions:

| | Three Months Ended March 31, | | | |
|--|---|--------|-------------|---------|
| | 2023 | | 2022 | |
| Cash paid for amounts included in the measurement of lease liabilities | \$ | 93,053 | \$ | 90,331 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | | — | | 934,584 |

On March 31, 2023, the future payments and interest expense for the operating leases are as follows (in thousands):

| Year Ending December 31, | Future Payments | |
|------------------------------------|------------------------|----------------|
| The remainder of 2023 | \$ | 279,160 |
| 2024 | | 383,383 |
| Total undiscounted cash flows | | 662,543 |
| Less: imputed interest | | (29,592) |
| Present value of lease liabilities | \$ | <u>632,951</u> |

Legal Proceedings

In the normal course of business, the Company may become involved in legal proceedings. The Company will accrue a liability for legal proceedings when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. At March 31, 2023 and December 31, 2022, the Company was not involved in any material legal proceedings.

Purchase Commitments

On March 31, 2023, the Company had \$603,880 in outstanding firm purchase commitments to acquire inventory and research and development parts from suppliers for the Company's ongoing operations.

NOTE 7. NET REVENUES

The Company's primary business activity involves sales and installation services of high-powered lasers. The Company has sales to customers throughout the U.S., Europe, and Asia. All sales are settled in U.S. dollars.

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The following table presents revenue disaggregated by geography:

| | Three Months Ended March 31, | |
|---------------|---------------------------------|------------------|
| | 2023 | 2022 |
| United States | \$ 240,000 | \$ 90,000 |
| Asia | 115,500 | — |
| Europe | 114,489 | — |
| Total | <u>\$ 469,989</u> | <u>\$ 90,000</u> |

At contract inception, the Company assesses the goods or services promised within each contract and determines the performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Determining the method and amount of revenue to recognize requires the Company to make judgments and estimates which include determining whether the performance obligation is satisfied over time or at a point in time, the selection of method to measure progress towards completion, and determining if the contract includes any variable consideration or material right elements.

The Company's primary performance obligations include product sales and installation services. Revenue for product sales is recognized when the customer obtains control of the product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract. Revenue for installation services is recognized over time, as the service is rendered. For this performance obligation, the Company has a right to consideration from customers that corresponds directly with the value to the customers of the Company's performance completed to date, and as such, the Company recognizes revenue in the amount to which it has a right to invoice the customer. Typically, invoices are issued upon shipment or completion of services, which varies based on the product and service duration.

The Company allocates the transaction price based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions; the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved standard pricing related to the performance obligations.

Special consideration is given to change orders. A change order will be treated as a separate contract if the additional goods or services are distinct. The payment terms and conditions in customer contracts vary. However, the Company typically does not have contracts with customers in which payment terms are greater than 90 days. As such, the Company does not assess whether a significant financing component exists if the period between when it performs its obligations under the contract and when the customer pays, is one year or less.

Contract liabilities consist of customer deposits that are applied to invoices as the performance obligation is performed. Accounts receivable and contract liabilities as of March 31, 2023 and December 31, 2022, were as follows:

| | Accounts Receivable | Contract Liabilities |
|-------------------|---------------------|----------------------|
| December 31, 2022 | \$ 327,200 | \$ 178,750 |
| March 31, 2023 | 522,764 | 173,750 |

During the three months ended March 31, 2023 and 2022, the Company recognized \$5,000 and nil of revenue that was included in the contract liabilities balance at the beginning of the reporting period, respectively.

The Company recognizes freight and shipping costs associated with outbound freight after control over a product has transferred to a customer, as a fulfillment cost and includes those costs in materials within cost of revenues. Revenue received from shipping and handling fees is reflected in net revenues.

The Company's standard terms and conditions which are applicable to the Company's contracts covering the sale of its products include warranty provisions that provide assurance to its customers that the products will comply with agreed upon specifications, which is standard in the industry. The product warranty is accounted for in accordance with the guidelines under ASC 460 10, Guarantees. Therefore, losses from warranty obligations are accrued when the amount of loss can be reasonably estimated, and the information is available before the financial statements are issued or are available to be issued.

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flow are most significantly affected by their customer concentration, changes in technology, and adverse changes in the economy that may have an adverse impact on the ability of customers to contract with and pay the Company.

Revenues from contracts with customers are disaggregated as follows:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2023 | 2022 |
| Revenues recognized at a point in time | \$ 464,989 | \$ 90,000 |
| Revenues recognized over time | 5,000 | — |
| Total | <u>\$ 469,989</u> | <u>\$ 90,000</u> |

NOTE 8. CONVERTIBLE NOTES PAYABLE

Over the course of multiple closings in March, August and December 2022 and January 2023, Legacy Nuburu issued and sold Company Notes payable to various investors with aggregate gross proceeds of \$11,400,000. The Company Notes accrued interest at a rate of 8% per annum. The outstanding principal amount of and all accrued and unpaid interest on the Company Notes (the "Conversion Amount"), immediately prior to the consummation of the Business Combination, automatically converted into 2,642,239 shares of Legacy Nuburu common stock that, upon consummation of the Business Combination, entitled the holders of the Company Notes to receive 1,361,787 shares of Common Stock, which was equal to (x) the Conversion Amount divided by (y) \$8.50.

Pursuant to their terms, the Company Notes were canceled and converted into shares of Legacy Nuburu common stock immediately prior to the Effective Time, which shares were then outstanding as Legacy Nuburu common stock as of immediately prior to the Effective Time and subsequently converted into Nuburu Common Stock and Nuburu Series A preferred stock at the Effective Time.

The table below summarizes the sale of the Company Notes to related parties.

| Noteholder | Principal Amount of Company Notes | |
|--|--|-----------|
| W-G Investments LLC ⁽¹⁾ | \$ | 1,000,000 |
| David Seldin ⁽²⁾ | | 1,000,000 |
| Ron Nicol ⁽³⁾ | | 1,000,000 |
| CST Global LLC ⁽⁴⁾ | | 200,000 |
| Curtis N Maas Revocable Trust ⁽⁵⁾ | | 150,000 |
| Ake Almgren ⁽⁶⁾ | | 100,000 |

(1) Thomas J. Wilson, an affiliate of W-G Investments LLC, was a member of the Legacy Nuburu board of directors.

(2) David Seldin was a member of the Legacy Nuburu board of directors and at the time of the issuance was the sole manager of the Anzu SPVs, which at that time owned more than 5% of Legacy Nuburu's capital stock.

(3) Ron Nicol is the Chairman of the Company's board of directors and was a member of the Legacy Nuburu board of directors.

(4) David Michael, an affiliate of CST Global LLC, was a member of the Legacy Nuburu board of directors.

(5) Curtis Maas, an affiliate of the Curtis N Maas Revocable Trust, was a member of the Legacy Nuburu board of directors.

(6) Ake Almgren resigned as a member of the Company's board of directors effective as of May 19, 2023.

NOTE 9. CONVERTIBLE PREFERRED STOCK

Legacy Nuburu Preferred Stock Financing

In multiple closings in December 2021 and January 2022, Legacy Nuburu sold an aggregate of 1,166,372 shares of Legacy Nuburu Series C Preferred Stock, at a purchase price of \$5.00 per share, for an aggregate purchase price of approximately \$5.8 million.

Series A Preferred Stock

Ranking

The Company's Preferred Stock ranks senior to the Company's Common Stock with respect to rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

Dividends

Holders of the Company's Preferred Stock participate, on an as-converted basis (without regard to any conversion limitations) in all dividends paid to the holders of the Company's Common Stock.

Conversion Rights

The Preferred Stock is convertible at any time into Common Stock at a conversion rate equal to \$10.00 (subject to equitable adjustment in the event of a stock split, stock consolidation, subdivision or certain other events of a similar nature that increase or decrease the number of shares of Preferred Stock outstanding

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(the “Original Issuance Price”) divided by the lesser of (i) \$11.50 and (ii) the greater of (x) 115% of the lowest volume-weighted average price per share of the Company’s Common Stock as displayed under the heading Bloomberg VWAP (the “VWAP”) for any consecutive ninety-trading day period prior to the calculation of such VWAP and (y) \$5.00, in each case subject to adjustment as set forth in the Certificate of Designations (the “Conversion Price”).

Any conversion will be settled only in shares of Common Stock; provided, that, upon any conversion that would result in the holders beneficially owning greater than 9.99% of the Company’s voting stock outstanding as of the conversion date or any individual holder beneficially owning Common Stock in excess of the maximum number of shares of Common Stock that could be issued to the holder without triggering a change of control under the applicable stock exchange listing rules, the excess, if any, of the conversion consideration otherwise payable upon such conversion shall be paid in cash, based on an amount per share of Common Stock equal to the last reported price per share of the Common Stock on the trading day immediately preceding the conversion date.

Mandatory Conversion

If the VWAP is greater than 200% of the Conversion Price for any 20 trading days in a 30-day trading day period, the Company may elect to convert all, but not less than all, of the Preferred Stock then outstanding into the Company’s Common Stock at a conversion rate with respect to each share of Preferred Stock equal to the Original Issuance Price as of the date of such conversion divided by the then applicable Conversion Price.

Voting Rights

The holders of Preferred Stock are not entitled to vote at or receive notice of any meeting of stockholders, except the holders of Preferred Stock are entitled to certain consent rights on matters related to (i) the creation or authorization of the creation of any equity or debt securities of the Company that rank senior or equal to certain rights of the Preferred Stock and (ii) the authorization of any adverse change to the powers, preferences, or special rights of the Preferred Stock set forth in the Company’s Certificate of Incorporation or Bylaws, and shall have voting rights as required by law.

Redemption

On the second anniversary of the Closing Date, or January 31, 2025 (the “Test Date”), the Company is obligated to redeem the maximum portion of the Preferred Stock permitted by law in cash at an amount equal to the Original Issuance Price as of such date if the Conversion Price exceeds the VWAP. If, on the Test Date, the Conversion Price is equal to or less than the VWAP, the Company must convert all shares of Preferred Stock then outstanding into shares of the Company’s Common Stock at the then applicable Conversion Price. Notwithstanding the foregoing, the Company shall not be required to redeem any shares of Preferred Stock to the extent the Company does not have legally available funds to effect such redemption. The mandatory redemption and conversion provisions described herein are further subject to certain limitations detailed in the Certificate of Designations.

Series A Preferred Stock Issuances

The Company is authorized to issue 50,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s board of directors. As of March 31, 2023 and December 31, 2022, there were 3,038,905 and 23,237,703 shares of preferred stock issued or outstanding, respectively.

Upon the Closing of the Business Combination, all 23,237,703 shares of issued and outstanding convertible preferred stock were cancelled and converted into 23,237,703 shares of Legacy Nuburu common stock based upon the conversion rate as calculated pursuant to Legacy Nuburu’s Certificate of Incorporation, multiplied by the Exchange Ratios at the Effective Time.

Additionally, upon the Closing of the Business Combination, the cancellation and conversion of all Legacy Nuburu Company Notes into shares of Legacy Nuburu common stock in accordance with its terms as of immediately prior to the Effective Time resulted in the issuance of 2,642,239 shares were then outstanding as Legacy Nuburu common stock as of immediately prior to the Effective Time and subsequently converted into 1,361,787 shares of Nuburu Common Stock and 1,361,787 shares of Nuburu Series A preferred stock at the Effective Time.

As of the Closing, each Legacy Nuburu stockholder waived its right to participate in the Preferred Stock Issuance (for clarity, excluding any shares received as a result of the conversion of any Legacy Company Notes prior to the Closing, which were entitled to participate in the Preferred Stock Issuance). Legacy Nuburu stockholders were entitled to receive approximately 99% of the Common Stock issued as merger consideration pursuant to the Business Combination Agreement agreed to waive such right by entering into the Stockholder Support Agreement (for clarity, excluding any shares received as a result of the conversion of any Legacy Company Notes). Those Legacy Nuburu stockholders who did not waive their right to participate resulted in the issuance of 15,478 shares of Nuburu Series A preferred stock at the Effective Time.

Each Tailwind stockholder who did not redeem their shares received a share of Nuburu Series A preferred stock. This resulted in the issuance of 316,188 shares of Nuburu Series A preferred stock to those non-redeeming stockholders.

Tailwind and the Tailwind Sponsor entered into the Sponsor Support and Forfeiture Agreement. In connection with the Business Combination, the 8,355,393 Founder Shares were forfeited other than 1,150,000 shares of Common Stock (of which, 150,000 shares were transferred to Nautilus Maser Fund, L.P. and 50,000 shares were transferred to Cohen & Company Capital Markets at Closing) and 650,000 shares of Series A preferred stock.

Wilson Sonsini Goodrich & Rosati, Professional Corporation (“WSGR”) was engaged by Legacy Nuburu to act as its counsel for the Business Combination. As partial compensation for the services provided by WSGR to Legacy Nuburu in connection with the Business Combination, the Company agreed to issue to WSGR 195,452 shares of Common Stock and 195,452 shares of Preferred Stock pursuant to the terms of the Stock Purchase Agreement entered into by and between the Company and WSGR on March 10, 2023. The foregoing issuance was made in a transaction not involving a public offering pursuant to an exemption

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from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated under the Securities Act.

Legacy Nuburu entered into an engagement letter with Anzu Partners on August 30, 2022 relating to this arrangement pursuant to which Legacy Nuburu, in recognition of past Services, (i) agreed to pay \$500,000 to Anzu Partners upon the closing of the Business Combination and (ii) issued a warrant with a strike price of \$0.01 per share to Anzu Partners for 500,000 shares of Preferred Stock (the “Anzu Partners Warrant”). This warrant was exercised by Anzu Partners in connection with the Closing and the \$500,000 payment remains outstanding as of March 31, 2023 and is included in Accrued expenses.

NOTE 10. PUBLIC WARRANTS

In connection with the closing of the Business Combination, Nuburu assumed the 16,710,785 Public Warrants outstanding on the date of Closing. As of March 31, 2023, all 16,710,785 Public Warrants remain outstanding.

Each whole warrant entitles the registered holder to purchase one share of Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing 30 days after the completion of the Business Combination. Pursuant to the Warrant Agreement, a warrant holder may exercise its warrants only for a whole number of shares of Common Stock. The warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

Redemptions of warrants when the price of Common Stock equals or exceeds \$18.00 — Once the Public Warrants become exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Common Stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

If and when the Public Warrants become redeemable by the Company, it may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of warrants when the price per share of Common Stock equals or exceeds \$10.00 — Once the Public Warrants become exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days’ prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares based on the redemption date and the fair market value of the Common Stock;
- if, and only if, the last reported sale price of the Common Stock equals or exceeds \$10.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like) for any 20 trading days within the 30-trading day period ending three trading days before the Company send the notice of redemption to the warrant holders; and
- if the closing price of the Common Stock for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders is less than \$18.00 per share, the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding Public Warrants, as described above.

NOTE 11. STOCK-BASED COMPENSATION

As of March 31, 2022, the Company had an active stock-based incentive compensation plan and an employee stock purchase plan: the 2022 Equity Incentive Plan (the “2022 Plan”) and the 2022 Employee Stock Purchase Plan (the “ESPP”). All new equity compensation grants are issued under these two plans; however, outstanding awards previously issued under inactive plans will continue to vest and remain exercisable in accordance with the terms of the respective plans.

The 2022 Plan provides for the grant of stock and stock-based awards including stock options, restricted stock, restricted stock units, performance awards, and stock appreciation rights. As of March 31, 2022, there were 7.9 million shares available for grant under the 2022 Plan and 0.4 million shares available for grant under the ESPP.

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Stock-Based Compensation Expense

Total stock-based compensation expense recognized in the Company's condensed consolidated statements of operations and comprehensive loss is classified as follows:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2023 | 2022 |
| Cost of sales | \$ 128,743 | \$ 30,290 |
| Research and development | 136,765 | (252) |
| Selling and marketing | 11,687 | 7,478 |
| General and administrative | 186,783 | 31,939 |
| Total stock-based compensation expense | <u>\$ 463,978</u> | <u>\$ 69,455</u> |

The Company's stock-based compensation expense is based on the value of the portion of stock-based payment awards that are ultimately expected to vest. During the three months ended March 31, 2023 and 2022, stock-based compensation relating to stock-based awards granted to consultants was \$117,089 and \$21,017, respectively.

Restricted Stock Units

The Company grants Restricted Stock Units, or RSUs, to its employees for their services with a liquidity event requirement. The RSUs granted to employees vest over a period of time from the grant date and are subject to the participants continuing service to the Company over the period. No RSUs were granted during the three months ended March 31, 2023.

| | RSUs | |
|-------------------------------|------------------|---|
| | Number of Shares | Weighted Average Grant Date Fair Value |
| Unvested at December 31, 2022 | 542,706 | \$ 6.11 |
| RSUs granted | — | \$ — |
| RSUs vested | (139,095) | \$ 6.11 |
| RSUs forfeited | — | \$ — |
| Unvested at March 31, 2023 | 403,611 | \$ 6.11 |
| Vested and unreleased | 139,095 | |
| Outstanding at March 31, 2023 | <u>542,706</u> | |

The total grant date fair value of RSUs awarded was nil and \$3,316,950 for the three months ended March 31, 2023 and 2022, respectively. The total grant date fair value of RSUs vested was \$849,870 and nil during the three months ended March 31, 2023 and 2022, respectively.

As of March 31, 2023, total unrecognized stock-based compensation costs related to RSUs were \$2,272,305, which are expected to be recognized over a remaining weighted average period of 2.8 years. As of March 31, 2023, all of the RSUs are expected to vest.

Stock Options

The Company's outstanding stock options generally expire 10 years from the date of grant and are exercisable when the options vest, generally over four years, the majority of which vest at a rate of 25% on the first anniversary of the grant date, with the remainder vesting ratably each month over the next three years. A summary of stock option activity is as follows:

| | Number of Stock Options Outstanding | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|---|--|------------------------------------|--|------------------------------|
| Options outstanding at December 31, 2022 | 3,133,270 | \$ 4.35 | 7.9 | \$ 5,484,316 |
| Options granted | — | \$ — | | |
| Options exercised | — | \$ — | | |
| Options cancelled or forfeited | (33,500) | \$ 5.97 | | |
| Options outstanding at March 31, 2023 | 3,099,770 | \$ 4.35 | 7.6 | \$ 1,621,691 |
| Options exercisable at March 31, 2023 | 1,835,961 | \$ 3.59 | 7.0 | \$ 1,456,141 |
| Options vested and expected to vest at March 31, 2023 | 3,099,770 | \$ 4.35 | 7.6 | \$ 1,621,691 |

The weighted-average grant date fair value of options granted to employees and consultants was nil and \$2.79 per share for the three months ended March 31, 2023 and 2022, respectively.

Aggregate intrinsic value represents the difference between the estimated fair value of the underlying Common Stock and the exercise price of outstanding, in-the-money options. The aggregate intrinsic value of options exercised was nil and \$2,155,938 for the three months ended March 31, 2023 and 2022, respectively.

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As of March 31, 2023, total unrecognized stock-based compensation cost related to stock options was \$2,496,838, which is expected to be recognized over a weighted-average period of 1.2 years.

Determining the appropriate fair value of stock based awards requires the input of subjective assumptions including the fair value of the Company's Common Stock, the expected life of the option, and expected stock price volatility. The Company used the Black Scholes option pricing model to value its stock option awards.

The Company estimates the fair value of the options utilizing the Black-Scholes option pricing model, which is dependent upon several variables, including expected option term, expected volatility of the Company's share price over the expected term, expected risk-free interest rate over the expected option term, and expected dividend yield rate over the expected option term, and actual forfeiture rates. No option grants were awarded during the three months ended March 31, 2023. A summary of the assumptions Legacy Nuburu utilized for option grants during the three months ended March 31, 2022 are as follows:

| | Three months ended March 31, 2022 |
|--------------------------|--------------------------------------|
| Expected term (in years) | 5.0 |
| Expected volatility | 36.0% |
| Risk-free interest rate | 2.2% |
| Expected dividend yield | 0.0% |

NOTE 12. INCOME TAX

Due to the current operating losses, the Company recorded zero income tax expense during the three months ended March 31, 2023 and 2022, respectively. During these periods, the Company's activities were limited to U.S. federal and state tax jurisdictions, as it does not have any significant foreign operations.

Due to the Company's history of cumulative losses and after considering all the available objective evidence, management concluded that it is not more likely than not that all of the Company's net deferred tax assets will be realized in the future. Accordingly, the Company's deferred tax assets, which include net operating loss ("NOL"), carryforwards and tax credits related primarily to research and development, continue to be subject to a valuation allowance as of March 31, 2023. The Company expects to continue to maintain a full valuation allowance until there is sufficient evidence to support recoverability of its deferred tax assets.

Utilization of the NOL carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, and similar state provisions. Generally, in addition to certain entity reorganizations, the limitation applies when one or more "5-percent stockholders" increase their ownership, in the aggregate, by more than 50 percentage points over a 36-month time period testing period, or beginning the day after the most recent ownership change, if shorter.

NOTE 13. NET LOSS PER SHARE

Diluted earnings per share ("EPS") includes the dilutive effect of Common Stock equivalents and is computed using the weighted-average number of Common Stock and Common Stock equivalents outstanding during the reporting period. Diluted EPS for the three months ended March 31, 2023 and 2022 excluded Common Stock equivalents because the effect of their inclusion would be anti-dilutive or would decrease the reported loss per share. The following table sets forth securities outstanding that could potentially dilute the calculation of diluted earnings per share:

| | For the three months ended March 31, | |
|--|---|------------------|
| | 2023 | 2022 |
| Stock options outstanding | 3,099,770 | 2,448,693 |
| Warrants to purchase Common Stock - liability classified | 16,710,785 | — |
| Warrants to purchase Common Stock - equity classified | — | 1,167,557 |
| Unvested restricted stock units | 403,611 | 542,706 |
| If-converted Common Stock from Series A Preferred Stock ⁽¹⁾ | 6,077,810 | — |
| If-converted common shares from Legacy Nuburu convertible notes | — | 22,826 |
| Total | <u>26,291,976</u> | <u>4,181,782</u> |

(1) Assumes that all shares of Series A Preferred Stock are converted into Common Stock at a conversion rate equal to \$10.00 divided by \$5.00, representing the maximum number of shares issuable to holders of Series A Preferred Stock.

NOTE 14. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the unaudited condensed consolidated financial statements were issued. Other than as disclosed below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

In accordance with the Lincoln Park Purchase Agreement, Lincoln Park has purchased, at the option of the Company, approximately \$2,100,000 of Common Stock subsequent to March 31, 2023.

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

The interim financial statements included in this quarterly report on Form 10-Q and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2022, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in the Annual Report filed with the SEC on March 31, 2023 and the audited financial statements of Legacy Nuburu for the years ended December 31, 2022 and 2021 included in the Amendment No. 1 to Form 8-K filed with the SEC on March 31, 2023. In addition to historical information, this discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are subject to risks and uncertainties, including those under "Risk Factors" in this quarterly report and our Annual Report that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Unless otherwise indicated, references in this section to "Nuburu," "we," "us," "our" and the "Company" refer to Nuburu, Inc. and its consolidated subsidiary, Nuburu Subsidiary, Inc.

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Form 10-Q. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Company Overview

Nuburu, Inc. is a leading innovator in high-power, high-brightness blue laser technology that is focused on bringing breakthrough improvements to a broad range of high value applications including welding and 3D printing. By delivering increased speed and quality we hope to enhance productivity and cost efficiency for manufacturers in the e-mobility, consumer electronics, aerospace and defense and 3D printing markets as well as to find additional applications currently not yet serviced by existing laser technologies.

We have invented, patented and developed what we believe to be the next pivotal point for manufacturing technology, with the potential to revolutionize the manufacturing industry by changing how products are made. Our technology is also aligned with the need to reduce carbon generation in manufacturing. The Nuburu laser system outperforms currently available alternatives by more efficiently coupling heat into the material being processed, thereby helping to promote a more sustainable future by using less energy and, in turn, generating less carbon in the manufacturing process.

A fundamental physical characteristic is that metals absorb blue laser light better than infrared laser light. In the case of materials such as gold, copper, silver and aluminum the advantage of blue laser light is substantial. The better absorption results in substantial improvements in the quality of the part produced, the yield of parts during production and the speed at which the part can be produced. We believe that these advantages enable efficiencies in the overall productivity of the manufacturing line and can extend the life of the products produced. We also believe that these characteristics will be advantageous to our customers, whether in upgrading existing manufacturing processes or enabling entirely new approaches to manufacturing through the use of Nuburu's laser systems in either industrial welding or 3D printing technology applications.

Nuburu is currently shipping blue laser systems for welding applications such as batteries, large screen displays and cell phone components. Nuburu has over 190 granted and pending patents and patent applications globally, which include: blue laser applications such as welding, blue laser technologies, single mode blue laser technology, blue Raman laser technologies, addressable array technologies, and 3D printing using blue lasers. Notably, Nuburu has been awarded patent protection for the use of high-power blue lasers.

Given the size, complexity and value of our blue laser technology, our sales to date have come from long-term discussions between our management team and our current customers. Based on our experiences so far, we expect the approximate adoption timelines of our customers from first contact to first purchase order to range up to 22-24 months. Going forward, we intend to expand our marketing efforts and as we pursue a more widespread adoption of our blue laser technology.

We have developed and trained and expect to continue to develop and train third-party distributors that provide sales and customer support functions in their specific territory, including business development and sales, application and service support and local marketing. Our distributors are and are expected to be an integral part of our sales and marketing strategy. The Americas region is managed from our headquarters, but we have distributor partners located in key countries worldwide to help target current and prospective customers in Asia (particularly in China, Japan, Singapore, South Korea, India and Taiwan) and in Europe.

We generated total revenue of \$469,989 and \$90,000 and had net losses of \$4,767,517 and \$2,287,794 during the three months ended March 31, 2023 and 2022 respectively.

We expect to incur significant expenses and operating losses for the foreseeable future, as we:

- continue our research and development efforts;
- devote substantial resources to commercializing new products; and
- operate as a public company.

Accordingly, we may seek to fund our operations through public or private equity, debt financings or other sources. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements as and when needed would have a negative impact on our financial condition.

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The Business Combination

On January 31, 2023, we consummated the Business Combination. We received net proceeds from the Business Combination totaling \$3,243,079, prior to deducting transaction and issuance costs. The cash resulting from the Business Combination is expected to be used toward our corporate growth strategy related to the commercialization of our blue laser systems and the scaling of our manufacturing operations to meet customer demand. The cash raised from the Business Combination is also expected to be used to fund investments in personnel and research and development as well as provide liquidity for the funding of our ongoing operating expenses.

The Business Combination is accounted for as a reverse recapitalization for financial statement reporting purposes with Legacy Nuburu deemed to be the acquirer and Tailwind deemed to be the acquiree. Under this method of accounting, Tailwind will be treated as the acquired company for financial statement reporting purposes.

Being an SEC-registered and publicly traded company will require us to hire additional personnel and to implement procedures and processes to address public company regulatory requirements and customary practices. Compared to the operations of Legacy Nuburu, we expect to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees, and additional internal and external accounting, legal, and administrative resources, including increased personnel costs, audit and other professional service fees.

Key Factors Affecting Our Performance

Commercial Launch of Products

We have begun the production and shipment of our AO-650 laser, and we announced the commercial launch of the first laser in the NUBURU BL™ series, the BL-250, in January 2023. We are currently in the manufacturing ramp-up for the BL series. Any delays in the ramp-up may impact our revenue.

Adoption of our Blue Laser Technology

We believe that Nuburu blue laser technology offers a superior solution to improving a variety of aspects of welding and 3D printing, particularly in the manufacturing of batteries, consumer electronics, electric vehicles, renewable energy products and displays. However, our financial results will depend on the degree to which potential and current customers recognize the benefits of our blue laser technology and invest in our products. The selection process for our products is lengthy, typically up to 24 months, and may require us to incur costs in pursuing opportunities with no assurance that our products will be selected, which are included in selling and marketing expenses and research and development expenses.

Capital Equipment

Our business is expected to depend substantially upon capital expenditures by end users, particularly by manufacturers using our products for materials processing, which includes general manufacturing, automotive, particularly electric vehicles, other transportation, aerospace, heavy industry, consumer, semiconductor and electronics. Although applications within materials processing are broad, the capital equipment market in general is cyclical and historically has experienced sudden and severe downturns. For the foreseeable future, our operations will continue to depend upon capital expenditures by end users of materials processing equipment and will be subject to the broader fluctuations of capital equipment spending.

Recent inflationary pressures are resulting in global central banks adopting less accommodating monetary policies and increasing interest rates. Higher interest rates could impact global growth and could lead to a recession that may reduce the investment in capital equipment. In addition, higher interest rates would increase the cost of equipment financed with leases or debt.

Establishing Manufacturing Capacity

Nuburu's lasers are designed to be compatible with automated manufacturing methods. Nuburu continually improves the design of its lasers as well as the automation equipment required to manufacture these systems. We expect to work to reduce waste and limit costs while developing robust manufacturing processes with the aim of enhancing our competitive advantage in the marketplace. To do this, we expect to incorporate the Six Sigma Lean methodologies as well as ISO quality standards to ensure we meet customer expectations. With Six Sigma, we expect to further improve the quality of our products and decrease the variations that cause rework or defects. By incorporating the 5S pillars of the Six Sigma process into our day-to-day work life, we expect to develop a streamlined productive work environment ensuring organized and improved cycle times, with the aim of reducing the cost of goods sold. Through these tools we aim to create an environment that demands quality and performance, while reducing downtime and defects that are generated from undefined processes and underutilized talent.

We anticipate that as we ramp up our manufacturing, we will require additional engineers and production personnel to build out and then operate our manufacturing capabilities.

Research and Development Expenses

We plan to continue to invest in research and development to improve our existing components and products and develop new components, products, systems and applications technology. We believe that these investments will sustain our position as a leader in the blue laser industry and will support the development

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of new products that can address new markets and growth opportunities. The amount of research and development expense we incur may vary from period to period.

Impact of the COVID-19 Pandemic

Since its outbreak in December 2019, the COVID-19 pandemic has disrupted global supply chains, affected production and sales across a range of industries and led to national and local governments imposing a variety of measures designed to contain the pandemic.

To date, we have experienced some delays due to the COVID-19 pandemic; however, we have not materially altered any terms with contractors, suppliers, customers, other business partners or our financing sources. We also continue to execute on our strategic plans and operational initiatives. However, the extent to which our operations and financial condition will be affected by the COVID-19 pandemic, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments that cannot be accurately predicted at this time and are uncertain, including new information that may emerge concerning the severity and scope of the COVID-19 pandemic (including the emergence of new variants that may be more contagious or severe, and may be less responsive to vaccines or treatments), the reimposition of measures to contain the COVID-19 pandemic or address its impact and the timing of global recovery and economic normalization, among other uncertainties and other factors identified in “Risk Factors” that may result in delays or modifications to these plans and initiatives.

Inflationary Pressure

The U.S. economy has experienced increased inflation recently, including as a result of expansive monetary policy designed to combat the effects of the COVID-19 pandemic. Our cost to manufacture our systems is heavily influenced by the cost of the key components and materials used in each system, cost of labor, as well as cost of equipment.

Components of Statements of Operations

Sales, Net

Sales, net consists of revenue recognized from sales and installation services of high-powered lasers. We have customers in the United States, Europe and Asia. In all sales arrangements, revenues are recognized when control of the promised goods or services are transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services.

Cost of Sales

Cost of sales primarily consists of the cost of materials, overhead and employee compensation associated with the manufacturing of our high-powered lasers. Product cost also includes lower of cost or net realizable value inventory (“LCNRV”) adjustments if the carrying value of the inventory is greater than its net realizable value. We recorded LCNRV charges of \$231,320 and nil for the three months ended March 31, 2023 and 2022, respectively.

Operating Expenses

Research and Development

Research and development expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits, training, travel, third-party consulting services and laboratory supplies incurred to further our commercialization development efforts. We expense research and development costs as incurred. We anticipate significant research and development expenses to increase as we expand our product portfolio.

Selling and Marketing

Selling and marketing expenses consist primarily of compensation and related costs for our direct sales force, sales management, marketing and include stock-based compensation, employee benefits and travel expenses. Selling and marketing expenses also include costs related to trade shows and marketing programs. We expense selling and marketing costs as incurred. We expect selling and marketing expenses to increase in future periods as we expand our sales force, marketing and customer support organizations and increase our participation in trade shows and marketing programs.

General and Administrative

Our general and administrative expenses consist primarily of compensation and related costs for our finance, human resources and other administrative personnel, and include stock-based compensation, employee benefits and travel expenses. In addition, general and administrative expenses include our third-party consulting and advisory services, legal, audit, accounting services and facilities costs. We expect our general and administrative expenses to increase for the foreseeable

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future as we scale headcount with the growth of our business, and as a result of operating as a public company, including compliance with the rules and regulations of the SEC, legal, audit, additional insurance expenses, investor relations activities, and other administrative and professional services.

Interest Income

Interest income consists primarily of interest income received on our cash and cash equivalents.

Other Income (Expense), Net

Other income (expense), net consists primarily of changes in the fair value of the Public Warrants. The outstanding Public Warrants are re-measured to fair value at each balance sheet date with the corresponding gain or loss from the adjustment recorded as a component of other income (expense), net.

Results of Operations

The following tables set forth our operations for the periods presented:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------------|
| | 2023 | 2022 |
| Sales, net | \$ 469,989 | \$ 90,000 |
| Cost of sales | 1,212,437 | 555,052 |
| Gross margin | (742,448) | (465,052) |
| Operating expenses: | | |
| Research and development | 1,332,305 | 631,501 |
| Selling and marketing | 176,256 | 348,780 |
| General and administrative | 3,050,259 | 843,043 |
| Total operating expenses | 4,558,820 | 1,823,324 |
| Loss from operations | (5,301,268) | (2,288,376) |
| Interest income | 32,427 | 582 |
| Other income, net | 501,324 | — |
| Loss before provision for income taxes | \$ (4,767,517) | \$ (2,287,794) |
| Provision for income taxes | — | — |
| Net loss and comprehensive loss | <u>\$ (4,767,517)</u> | <u>\$ (2,287,794)</u> |

Comparison of the three months ended March 31, 2023 and 2022

| | Three Months Ended March 31, | | \$ Change |
|---------------|---------------------------------|------------|------------|
| | 2023 | 2022 | |
| Sales, net | \$ 469,989 | \$ 90,000 | \$ 379,989 |
| Cost of sales | 1,212,437 | 555,052 | 657,385 |
| Gross margin | (742,448) | (465,052) | (277,396) |

Sales, Net. Sales, net increased \$379,989 during the three months ended March 31, 2023 compared to the same period in 2022. This increase is primarily due to an increase in the number of laser system sales and the product mix of laser systems sales during the period.

Cost of Sales. Cost of sales increased \$657,385 during the three months ended March 31, 2023 compared to the same period in 2022. This increase is primarily due to costs incurred for the production of the laser system sales in addition to increased stock-based compensation expense and increased personnel expenses recognized during the period. We also recorded LCNRV charges of \$231,320 and nil for the three months ended March 31, 2023 and 2022, respectively.

Operating Expenses

| | Three Months Ended March 31, | | Change |
|----------------------------|---------------------------------|---------------------|---------------------|
| | 2023 | 2022 | |
| Research and development | \$ 1,332,305 | \$ 631,501 | \$ 700,804 |
| Selling and marketing | 176,256 | 348,780 | (172,524) |
| General and administrative | 3,050,259 | 843,043 | 2,207,216 |
| Total operating expenses | <u>\$ 4,558,820</u> | <u>\$ 1,823,324</u> | <u>\$ 2,735,496</u> |

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Research and Development. Research and development expenses increased \$700,804 during the three months ended March 31, 2023 compared to the same period in 2022. This increase is primarily due to general research and development tooling and supplies related to the development of our BL product line. Additionally, there was an increase in research and development related personnel and consulting expenses.

Selling and Marketing. Sales and marketing expenses decreased \$172,524 during the three months ended March 31, 2023 compared to the same period in 2022. This decrease is primarily due to the departure of our former Chief Marketing and Sales Officer on March 31, 2022 and the related subsequent internal reorganization and reallocation of certain sales and applications labs personnel to cost of sales and research and development, respectively.

General and Administrative. General and administrative expenses increased \$2,207,216 during the three months ended March 31, 2023 compared to the same period in 2022. This increase is primarily driven by increased professional fees associated with legal, compliance and accounting matters, specifically residual Business Combination costs combined with the costs associated with transitioning to being a public company. Additionally, there was an increase in stock-based compensation expense for our general and administrative personnel.

Interest Income

| | Three Months Ended March 31, | | | Change |
|-----------------|---------------------------------|--------|-----------|--------|
| | 2023 | 2022 | | |
| Interest income | \$ 32,427 | \$ 582 | \$ 31,845 | |

Interest income increased \$31,845 during the three months ended March 31, 2023 compared to the same period in 2022 due to higher interest rates earned on our cash.

Other income (expense), net

| | Three Months Ended March 31, | | | Change |
|-----------------------------|---------------------------------|------|------------|--------|
| | 2023 | 2022 | | |
| Other income (expense), net | \$ 501,324 | \$ — | \$ 501,324 | |

Other income (expense), net increased \$501,324 during the three months ended March 31, 2023 compared to the same period in 2022 due to the decrease in fair value of the Public Warrants as of March 31, 2023.

Liquidity and Capital Resources

Overview

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service, acquisitions, contractual obligations and other commitments. As of the date of this quarterly report on Form 10-Q, we have yet to generate meaningful revenue from our business operations and have funded capital expenditure and working capital requirements through equity financing.

As of March 31, 2023, we had cash and cash equivalents of \$1,523,046 as compared to \$2,880,254 as of December 31, 2022. Our cash flows from operations are not sufficient to fund our current operating model and expansion plans. On the second anniversary of the Closing Date, the Company must also, under certain circumstances, redeem the maximum portion of the Preferred Stock as permitted by law in cash at an amount equal to the Original Issuance Price as of such date. Notwithstanding the foregoing, the Company shall not be required to redeem any shares of Preferred Stock to the extent the Company does not have legally available funds to effect such redemption.

In connection with the Business Combination, we received cash of \$3,243,079, prior to deducting transaction and issuance costs.

Until we can generate sufficient revenue to cover our operating expenses, working capital, and capital expenditures, we will rely on funds raised from the closing of the Business Combination, from the \$11,400,000 of Company Notes issued prior to the Closing, from the Lincoln Park Purchase Agreement pursuant to which Lincoln Park has agreed to purchase from the Company, at the sole discretion of the Company, up to \$100,000,000 of Common Stock from time to time over a 48-month period, and from causing the Anzu SPVs to use up to 2/3 of the gross proceeds of Permitted Transfers to purchase Preferred Stock from the Company at a price equal to \$10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) pursuant to the Sale Option Agreement.

We would also obtain additional funds if the holders of our Warrants were to exercise their Warrants. However, the exercise price for our Public Warrants is \$11.50 per share of Common Stock which exceeds \$0.04, the closing price of our Common Stock on the NYSE American on May 5, 2023. The likelihood that Warrant holders will exercise the Warrants and any cash proceeds that we would receive is dependent upon the market price of our Common Stock. If the market price for our Common Stock is less than \$11.50 per share, we believe warrant holders will be unlikely to exercise their Warrants.

The further development of our products, commencement of commercial operations and expansion of our business will require a significant amount of cash for expenditures. Our ability to successfully manage this growth will depend on many factors, including our working capital needs, the availability of equity or debt financing and, over time, our ability to generate cash flows from operations.

Given the amount of cash received in connection with the closing of the Business Combination and the Company's current liquidity position, the Company expects to raise additional capital. If we raise additional funds by issuing equity securities, including pursuant to the Lincoln Park Purchase Agreement, dilution

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to our stockholders would result. If we raise additional funds by issuing any additional preferred stock, such securities may also provide for rights, preferences, or privileges senior to those of holders of Common Stock. If we raise additional funds by issuing debt securities, such debt securities would have rights, preferences and privileges senior to those of holders of Common Stock. The terms of debt securities or borrowings could impose significant restrictions on our operations. The credit market and financial services industry have in the past, and may in the future, experience periods of uncertainty that could impact the availability and cost of equity and debt financing.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods presented.

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------------|
| | 2023 | 2022 |
| Net cash used in operating activities | \$ (4,050,573) | \$ (1,903,217) |
| Net cash used in investing activities | (344,801) | (102,381) |
| Net cash provided by financing activities | 3,038,166 | 396,750 |

Cash flows from operating activities

Our cash flows used in operating activities to date have been primarily comprised of costs related to research and development, sales and marketing, and other general and administrative activities. We expect our expenses related to personnel, research and development, sales and marketing, and general and administrative activities to increase as a result of operating as a public company.

Net cash used in operating activities was \$4,050,573 and \$1,903,217 for the three months ended March 31, 2023 and 2022, respectively. The increase in net cash flows used in operating activities is primarily driven by net loss, changes in working capital and an increase in our stock-based compensation expense.

Cash flows from investing activities

Our cash flows from investing activities have been comprised primarily of purchases of equipment and installation of improvements to our leased facilities and headquarters.

Net cash used in investing activities was \$344,801 and \$102,381 for the three months ended March 31, 2023 and 2022, respectively. The increase was primarily due to increased purchases of equipment to build out our production line.

Cash flows from financing activities

We have financed our operations primarily through the sale of preferred stock and promissory notes.

Net cash provided by financing activities was \$3,038,166 and \$396,750 for the three months ended March 31, 2023 and 2022, respectively. The increase is comprised of proceeds received from the issuance of convertible promissory notes, the proceeds received from the Closing of the Business Combination, offset by payments of transaction costs associated with the Business Combination.

Key Operating and Financial Metrics (Non-GAAP Results)

We regularly review several metrics, including the metrics presented in the table below, to measure our performance, identify trends affecting our business, prepare financial projections, and make strategic decisions. We believe that these key business metrics provide meaningful supplemental information for management and investors in assessing our historical and future operating performance. The calculation of the key metrics and other measures discussed below may differ from other similarly-titled metrics used by other companies.

The following tables present our key performance indicators for the periods presented.

| | Three Months Ended March 31, | | \$ Change |
|-------------------------------|---------------------------------|--------------|--------------|
| | 2023 | 2022 | |
| Sales, net | \$ 469,989 | \$ 90,000 | \$ 379,989 |
| Total gross margin | (742,448) | (465,052) | (277,396) |
| EBITDA ⁽¹⁾ | (4,673,829) | (2,153,223) | (2,520,606) |
| Capital expenditures | (344,801) | (102,381) | (242,420) |
| Free cash flow ⁽¹⁾ | (4,395,374) | (2,005,598) | (2,389,776) |

(1) EBITDA and Free cash flow are non-GAAP financial measures. See “—Non-GAAP Information” below for our definitions of, and additional information about, EBITDA and Free cash flow and for a reconciliation to the most directly comparable U.S. GAAP financial measures.

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Non-GAAP Information

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operational performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively and in context, may be helpful to investors in assessing our operating performance and trends and in comparing our financial measures with those of comparable companies that may present similar non-GAAP financial measures.

EBITDA and Free Cash Flow

We define “EBITDA” as income (loss), plus (minus) depreciation and amortization expenses, plus (minus) interest, plus (minus) taxes and “Free cash flow” as net cash from (used in) operating activities less capital expenditures. EBITDA and Free cash flow are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP and these measures should not be considered a substitute for net income (loss), and net cash used in operating activities reported in accordance with GAAP. Our computation of EBITDA and Free cash flow may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate EBITDA or Free cash flow in the same fashion.

Limitations of Non-GAAP Measures

There are a number of limitations related to EBITDA, including the following:

- EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment and/or amortization of intangible assets. While these are non-cash charges, we may need to replace the assets being depreciated and amortized in the future and EBITDA does not reflect cash requirements for these replacements or new capital expenditure requirements.
- EBITDA does not reflect interest expense, net, which may constitute a significant recurring expense in the future.
- Free cash flow does not reflect the impact of equity or debt raises or repayment of debt or dividends paid.

Because of these and other limitations, EBITDA and Free cash flow should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Free cash flow on a supplemental basis. You should review the reconciliation of our net loss to EBITDA and net loss to Free cash flow below and not rely on any single financial measure to evaluate our business.

Our presentation of EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items and our presentation of Free cash flow does not necessarily indicate whether cash flows will be sufficient to fund our cash needs.

Reconciliation

The following table reconciles our net loss (the most directly comparable GAAP measure to EBITDA) to EBITDA for the period presented:

| | Three Months Ended March 31, | |
|--------------------------------|---------------------------------|---------------------|
| | 2023 | 2022 |
| Net loss | \$ (4,767,517) | \$ (2,287,794) |
| Interest (income) expense, net | (32,427) | (582) |
| Income tax expense | — | — |
| Depreciation and amortization | 126,115 | 135,153 |
| EBITDA | <u>(4,673,829)</u> | <u>(2,153,223)</u> |

The following table reconciles our net cash used in operating activities (the most directly comparable GAAP measure to Free Cash Flow) to Free cash flow for the periods presented:

| | Three Months Ended March 31, | |
|---------------------------------------|---------------------------------|---------------------|
| | 2023 | 2022 |
| Net cash used in operating activities | \$ (4,050,573) | \$ (1,903,217) |
| Capital expenditures | (344,801) | (102,381) |
| Free cash flow | <u>(4,395,374)</u> | <u>(2,005,598)</u> |

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of March 31, 2023. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

For our contractual obligations that are expected to have an effect on our liquidity and cash flow, see section “Notes to Condensed Consolidated Financial Statements – Note 6 – Commitments and Contingencies” in the condensed consolidated financial statements.

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Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses. We evaluate our estimates and assumptions on an ongoing basis. Our estimates and assumptions are based on historical experience and on various other factors that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

There have been no significant changes to our accounting policies during the three months ended March 31, 2023, as compared to the critical accounting policies described in our audited financial statements of Legacy Nuburu for the years ended December 31, 2022 and 2021 included in the Amendment No. 1 to the Form 8-K filed with the SEC on March 31, 2023. We believe that the accounting policies discussed in the audited financial statements of Legacy Nuburu are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Recently Issued and Adopted Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of each new standard will have. For the recently issued and adopted accounting standards that we believe may have an impact on our condensed consolidated financial statements, see the section entitled "Notes to Condensed Consolidated Financial Statements – Note 2 – Summary of Significant Accounting Policies" in the condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended March 31, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that during the period covered by this report, our disclosure controls and procedures were effective. Accordingly, management believes that the financial statements included in this quarterly report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the period presented.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the most recent fiscal quarter of 2023 covered by this quarterly report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information under the caption "Commitments and Contingencies" in Note 6 of the unaudited condensed consolidated financial statements of this quarterly report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A. "Risk Factors" in our Annual Report. If any of the risks discussed in our Annual Report are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None other than as set forth in the Current Reports on Form 8-K we filed with the SEC on February 6, 2023, as amended, and March 10, 2023, which are hereby incorporated by reference.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

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Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this on Form 10-Q.

| No. | Description of Exhibit | Form | Incorporated by Reference | | Filing Date |
|--------|---|------|---------------------------|-------------|-------------------|
| | | | File No. | Exhibit No. | |
| 2.1† | Business Combination Agreement, dated as of August 5, 2022, by and among Tailwind Acquisition Corp., Compass Merger Sub, Inc. and Nuburu, Inc. | 8-K | 001-39489 | 2.1 | August 8, 2022 |
| 3.1 | Amended and Restated Bylaws of the Company. | 8-K | 001-39489 | 3.2 | September 9, 2020 |
| 3.2 | Amended and Restated Certificate of Incorporation of the Company. | 8-K | 001-39489 | 3.1 | February 6, 2023 |
| 3.3 | Certificate of Designations of the Company. | 8-K | 001-39489 | 3.3 | February 6, 2023 |
| 10.1 | Share Transfer Agreement, dated January 25, 2023, by and between Tailwind Sponsor LLC and the party set forth on the signature pages thereto. | 8-K | 001-39489 | 10.1 | January 31, 2023 |
| 10.2 | Second Amendment to Amended and Restated Registration Rights and Lock-Up Agreement, dated January 31, 2023, by and among Tailwind Acquisition Corp. and the other parties set forth on the signature pages thereto. | 8-K | 001-39489 | 10.2 | January 31, 2023 |
| 10.3 | Third Amendment to Amended and Restated Registration Rights Lock-up, Agreement, dated January 31, 2023, by and among the Company and the Holders (defined therein). | 8-K | 001-39489 | 10.14 | February 6, 2023 |
| 10.4 | Amended and Restated Amendment to Sponsor Support and Forfeiture Agreement, dated January 31, 2023, by and among Tailwind Acquisition Corp., Tailwind Sponsor LLC and Nuburu, Inc. | 8-K | 001-39489 | 10.3 | January 31, 2023 |
| 10.5 | Amended and Restated Letter Agreement, dated January 31, 2023, by and among Tailwind Acquisition Corp., Tailwind Sponsor LLC and the other parties set forth on the signature pages thereto. | 8-K | 001-39489 | 10.4 | January 31, 2023 |
| 10.6 | Fourth Amendment to Registration Rights and Lock-Up Agreement, dated March 10, 2023, by and among the Company and the other parties set forth on the signature pages thereto. | 8-K | 001-39489 | 10.1 | March 10, 2023 |
| 10.7 | Third Amendment to Preferred Stock Sale Option Agreement, dated March 10, 2023, by and among the Company and the other parties set forth on the signature pages thereto. | 8-K | 001-39489 | 10.2 | March 10, 2023 |
| 31.1* | Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | |
| 31.2* | Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | |
| 32.1** | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | |
| 32.2** | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | |
| 101.IN | Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document. | | | | |
| 101.S | Inline XBRL Taxonomy Extension Schema Document | | | | |
| 101.CH | | | | | |
| 101.C | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | |
| 101.AL | | | | | |
| 101.D | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | |
| 101.EF | | | | | |
| 101.L | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.AB | | | | | |
| 101.P | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | |
| 101.RE | | | | | |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | |

* Filed herewith

** Furnished herewith.

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

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 12, 2023

Nuburu, Inc.

By: /s/ Mark Zediker
Name: Dr. Mark Zediker
Title: Chief Executive Officer, Co-Founder and Director
(Principal Executive Officer)

By: /s/ Brian Knaley
Name: Brian Knaley
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Zediker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nuburu, Inc.;
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: May 12, 2023

By: /s/ Mark Zediker
Dr. Mark Zediker
Chief Executive Officer, Co-Founder and Director

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian Knaley, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Nuburu, Inc.;

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: May 12, 2023

By: /s/ Brian Knaley
Brian Knaley
Chief Financial Officer

**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 Quarterly Report of Nuburu, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2023 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:

- (1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 12, 2023

By: /s/ Mark Zediker
Dr. Mark Zediker
Chief Executive Officer, Co-Founder and Director

**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 Quarterly Report of Nuburu, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2023 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:

- (1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 12, 2023

By: /s/ Brian Knaley
Brian Knaley
Chief Financial Officer
