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

FORM 10-Q

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

For the quarterly period ended September 30, 2023

☐ **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 0-19882

KOPIN CORPORATION
(Exact name of registrant as specified in its charter)

Delaware **State or other jurisdiction of incorporation or organization**	**04-2833935** **(I.R.S. Employer Identification No.)**
125 North Drive, Westborough, MA **(Address of principal executive offices)**	**01581-3335** **(Zip Code)**

Registrant's telephone number, including area code: (508) 870-5959

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 $0.01	KOPN	Nasdaq Capital Market

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding as of November 3, 2023**
Common Stock, par value $0.01	114,449,134

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 filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

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

Kopin Corporation

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Part 1. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

KOPIN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ **9,599,675**	$ 8,258,878
Restricted cash	**500,000**	—
Marketable debt securities, at fair value	**11,610,485**	4,388,778
Accounts receivable, net of allowance of $1,025,000 in 2023 and $303,000 in 2022	**7,118,214**	6,537,891
Contract assets and unbilled receivables	**5,882,340**	4,068,364
Inventory	**9,074,492**	6,426,400
Prepaid taxes	**104,671**	105,495
Prepaid expenses and other current assets	**1,478,375**	1,074,867
Total current assets	**45,368,252**	30,860,673
Property, plant and equipment, net	**1,794,832**	1,831,641
Operating lease right-of-use assets	**2,670,116**	3,168,520
Other assets	**169,132**	170,132
Equity investments	**4,603,014**	7,721,206
Total assets	$ **54,605,346**	$ 43,752,172
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ **7,187,025**	$ 5,438,980
Accrued payroll and expenses	**1,717,584**	2,879,139
Accrued warranty	**2,161,000**	1,966,000
Contract liabilities and billings in excess of revenues earned	**668,046**	930,500
Operating lease liabilities	**762,521**	786,928
Accrued post-retirement benefits	**790,000**	790,000
Other accrued liabilities	**1,765,544**	1,182,346
Customer deposits	**559,503**	—
Deferred tax liabilities	**450,480**	482,739
Total current liabilities	**16,061,703**	14,456,632
Noncurrent contract liabilities and asset retirement obligations	**267,226**	248,284
Operating lease liabilities, net of current portion	**2,008,077**	2,576,883
Accrued post-retirement benefits, net of current portion	**507,496**	1,110,000
Other long-term obligations, net of current portion	**1,391,121**	1,369,758
Total liabilities	**20,235,623**	19,761,557
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $.01 per share: authorized, 3,000 shares; none issued	**—**	—
Common stock, par value $.01 per share: authorized, 150,000,000 shares; issued 114,415,269 shares in 2023 and 94,920,060 shares in 2022; outstanding 110,396,217 in 2023 and 92,883,524 in 2022, respectively	**1,104,668**	929,540
Additional paid-in capital	**383,898,603**	360,567,631
Treasury stock (70,635 shares in 2023 and 2022, at cost)	**(103,127)**	(103,127)
Accumulated other comprehensive income	**1,135,641**	1,176,068

Accumulated deficit	**(351,666,062)**	(338,406,815)
Total Kopin Corporation stockholders' equity	**34,369,723**	24,163,297
Noncontrolling interest	**—**	(172,682)
Total Kopin Corporation stockholders' equity	**34,369,723**	23,990,615
Total liabilities and stockholders' equity	**$ 54,605,346**	$ 43,752,172

See notes to unaudited condensed consolidated financial statements

KOPIN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended September 30, 2023	Three months ended September 24, 2022	**Nine months ended September 30, 2023**	Nine months ended September 24, 2022
Revenues:				
Net product revenues	**$ 5,506,193**	$ 8,254,686	**$ 19,172,302**	$ 23,765,872
Research and development revenues	**4,956,386**	3,374,873	**11,737,062**	11,089,015
Other revenues	**135,918**	99,820	**907,180**	361,946
Total revenues	**10,598,497**	11,729,379	**31,816,544**	35,216,833
Expenses:				
Cost of product revenues	**5,437,953**	7,987,154	**17,759,117**	23,676,283
Research and development	**3,089,935**	3,441,405	**8,534,411**	13,995,393
Selling, general and administration	**4,798,598**	4,320,117	**15,912,848**	13,112,133
Total expenses	**13,326,486**	15,748,676	**42,206,376**	50,783,809
Loss from operations	**(2,727,989)**	(4,019,297)	**(10,389,832)**	(15,566,976)
Other income (expense)				
Interest income	**299,506**	21,663	**623,971**	41,195
Other income (expense), net	**31,608**	(3,225)	**104,403**	(7,952)
(Loss) gain on investments	**—**	(2,000,000)	**(3,327,347)**	2,700,000
Foreign currency transaction losses	**(14,438)**	(112,315)	**(153,442)**	(227,294)
Total other income (expense)	**316,676**	(2,093,877)	**(2,752,415)**	2,505,949
Loss before provision for income taxes and net loss attributable to noncontrolling interest	**(2,411,313)**	(6,113,174)	**(13,142,247)**	(13,061,027)
Tax provision	**(39,000)**	(36,000)	**(117,000)**	(108,000)
Net loss	**(2,450,313)**	(6,149,174)	**(13,259,247)**	(13,169,027)
Net loss attributable to the noncontrolling interest	**—**	—	**—**	280
Net loss attributable to Kopin Corporation	**$ (2,450,313)**	$ (6,149,174)	**$ (13,259,247)**	$ (13,168,747)
Net loss per share				
Basic and diluted	**$ (0.02)**	$ (0.07)	**$ (0.12)**	$ (0.14)
Weighted average number of common shares outstanding				
Basic and diluted	**110,360,814**	93,516,231	**108,436,146**	91,317,288

See notes to unaudited condensed consolidated financial statements

KOPIN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three months ended September 30, 2023	Three months ended September 24, 2022	**Nine months ended September 30, 2023**	Nine months ended September 24, 2022
Net loss	**$ (2,450,313)**	$ (6,149,174)	**$ (13,259,247)**	$ (13,169,027)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	**(10,229)**	(128,994)	**31,955**	(170,349)
Unrealized holding loss on marketable securities	**(54,175)**	(34,110)	**(72,382)**	(212,889)
Reclassification of holding losses in net loss	**—**	—	**—**	(522)
Other comprehensive loss, net of tax	**(64,404)**	(163,104)	**(40,427)**	(383,760)
Comprehensive loss	**(2,514,717)**	(6,312,278)	**(13,299,674)**	(13,552,787)
Comprehensive loss attributable to the noncontrolling interest	**—**	—	**—**	280
Comprehensive loss attributable to Kopin Corporation	**$ (2,514,717)**	$ (6,312,278)	**$ (13,299,674)**	$ (13,552,507)

See notes to unaudited condensed consolidated financial statements

KOPIN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Kopin Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2022	**92,954,159**	**$ 929,540**	**$360,567,631**	**$(103,127)**	**$ 1,176,068**	**$(338,406,815)**	**$ 24,163,297**	**$ (172,682)**	**$ 23,990,615**
Vesting of restricted stock	**17,500**	**175**	**(175)**	**-**	**-**	**-**	**-**	**-**	**-**
Stock-based compensation expense	**-**	**-**	**194,190**	**-**	**-**	**-**	**194,190**	**-**	**194,190**
Other comprehensive income	**-**	**-**	**-**	**-**	**6,227**	**-**	**6,227**	**-**	**6,227**
Issuance of common stock and pre-funded warrants, net of costs	**17,000,000**	**170,000**	**21,165,000**	**-**	**-**	**-**	**21,335,000**	**-**	**21,335,000**
Acquisition of noncontrolling interest	**-**	**-**	**(172,682)**	**-**	**-**	**-**	**(172,682)**	**172,682**	**-**
Net loss	**-**	**-**	**-**	**-**	**-**	**(2,628,555)**	**(2,628,555)**	**-**	**(2,628,555)**
Balance, April 1, 2023	**109,971,659**	**$1,099,715**	**$381,753,964**	**$(103,127)**	**$ 1,182,295**	**$(341,035,370)**	**$ 42,897,477**	**$ -**	**$ 42,897,477**
Vesting of restricted stock	**404,966**	**4,050**	**(4,050)**	**-**	**-**	**-**	**-**	**-**	**-**
Stock-based compensation expense	**-**	**-**	**1,191,257**	**-**	**-**	**-**	**1,191,257**	**-**	**1,191,257**
Other comprehensive income	**-**	**-**	**-**	**-**	**17,750**	**-**	**17,750**	**-**	**17,750**
Net loss	**-**	**-**	**-**	**-**	**-**	**(8,180,379)**	**(8,180,379)**	**-**	**(8,180,379)**
Balance, July 1, 2023	**110,376,625**	**$1,103,765**	**$382,941,171**	**$(103,127)**	**$ 1,200,045**	**$(349,215,749)**	**$ 35,926,105**	**$ -**	**$ 35,926,105**
Vesting of restricted stock	**90,227**	**903**	**(903)**	**-**	**-**	**-**	**-**	**-**	**-**
Stock-based compensation expense	**-**	**-**	**958,335**	**-**	**-**	**-**	**958,335**	**-**	**958,335**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(64,404)**	**-**	**(64,404)**	**-**	**(64,404)**
Net loss	**-**	**-**	**-**	**-**	**-**	**(2,450,313)**	**(2,450,313)**	**-**	**(2,450,313)**
Balance, September 30, 2023	**110,466,852**	**$1,104,668**	**$383,898,603**	**$(103,127)**	**$ 1,135,641**	**$(351,666,062)**	**$ 34,369,723**	**$ -**	**$ 34,369,723**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Kopin Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 25, 2021	90,069,169	$900,691	$356,931,157	$(366,110)	$ 1,414,351	$(319,080,898)	$ 39,799,191	$ (172,334)	$ 39,626,857
Vesting of restricted stock	154,421	1,544	(1,544)	-	-	-	-	-	-
Stock-based compensation expense	-	-	656,073	-	-	-	656,073	-	656,073
Other comprehensive loss	-	-	-	-	(113,906)	-	(113,906)	-	(113,906)
Restricted stock for tax withholding obligations	-	-	-	(95,613)	-	-	(95,613)	-	(95,613)
Net loss	-	-	-	-	-	(1,372,641)	$ (1,372,641)	(23)	(1,372,664)
Balance, March 26, 2022	90,223,590	$902,235	$357,585,686	$(461,723)	$ 1,300,445	$(320,453,539)	$ 38,873,104	$ (172,357)	$ 38,700,747
Vesting of restricted stock	50,000	500	(500)	-	-	-	-	-	-
Stock-based compensation expense	-	-	417,033	-	-	-	417,033	-	417,033
Other comprehensive loss	-	-	-	-	(106,750)	-	(106,750)	-	(106,750)

Sale of registered stock	1,529,047	15,290	1,550,092	461,723	-	-	2,027,105	-	2,027,105
Net loss	-	-	-	-	-	(5,646,932)	(5,646,932)	(257)	(5,647,189)
Balance, June 25, 2022	91,802,637	$918,025	$359,552,311	$ -	$ 1,193,695	$(326,100,471)	$ 35,563,560	$ (172,614)	$ 35,390,946
Vesting of restricted stock	149,422	1,495	(1,495)	-	-	-	-	-	-
Stock-based compensation expense	-	-	297,549	-	-	-	297,549	-	297,549
Other comprehensive loss	-	-	-	-	(163,104)	-	(163,104)	-	(163,104)
Sale of registered stock	675,000	6,750	825,486	-	-	-	832,236	-	832,236
Net loss	-	-	-	-	-	(6,149,174)	(6,149,174)	-	(6,149,174)
Balance, September 24, 2022	92,627,059	$926,270	$360,673,851	$ -	$ 1,030,591	$(332,249,645)	$ 30,381,067	$ (172,614)	$ 30,208,453

See notes to unaudited condensed consolidated financial statements

KOPIN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30, 2023	Nine months ended September 24, 2022
Cash flows from operating activities:		
Net loss	**$ (13,259,247)**	$ (13,169,027)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**498,188**	665,217
Accretion of premium or discount on marketable debt securities	**—**	128
Stock-based compensation	**2,343,782**	1,370,654
Foreign currency losses	**27,478**	339,186
Change in allowance for credit losses	**726,413**	4,772
Write-off of excess inventory	**292,405**	1,670,993
Investment impairment (unrealized gains on investments)	**2,887,893**	(2,700,000)
Loss on sale of property and plant	**18,878**	202,670
Income taxes	**117,316**	107,509
Changes in other non-cash items	**194,890**	1,451,478
Changes in assets and liabilities:		
Accounts receivable	**(2,137,460)**	3,756,182
Contract assets and unbilled receivables	**(1,651,437)**	(2,302,972)
Inventory	**(2,944,672)**	(1,944,577)
Prepaid expenses, other current assets and other assets	**(461,365)**	(272,446)
Accounts payable and accrued expenses	**1,799,444**	(1,651,538)
Contract liabilities and billings in excess of revenue earned	**(244,188)**	(3,130,965)
Net cash used in operating activities	**(11,791,682)**	(15,602,736)
Cash flows from investing activities:		
Other assets	**14,656**	23,802
Capital expenditures	**(478,282)**	(642,146)
Equity investment purchase	**—**	(499,998)
Proceeds from sale of marketable debt securities	**10,374,593**	1,000,000
Purchases of marketable debt securities	**(17,624,779)**	(4,000,042)
Net cash used in investing activities	**(7,713,812)**	(4,118,384)
Cash flows from financing activities:		
Sale of treasury stock, net of costs	**—**	461,723
Issuance of common stock and pre-funded warrants, net of costs	**21,335,000**	2,397,618
Settlements of restricted stock for tax withholding obligations	**—**	(95,613)
Net cash provided by financing activities	**21,335,000**	2,763,728
Effect of exchange rate changes on cash	**11,291**	(205,125)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**1,840,797**	(17,162,517)
Cash, cash equivalents and restricted cash:		
Beginning of period	**8,258,878**	26,787,931
End of period	**$ 10,099,675**	$ 9,625,414

See notes to unaudited condensed consolidated financial statements

KOPIN CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of Kopin Corporation as of September 30, 2023 and for the nine month periods ended September 30, 2023 and September 24, 2022 are unaudited and include all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the periods then ended. These condensed consolidated financial statements should be read in conjunction with the Company's financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for any other interim period or for a full fiscal year. As used in this report, the terms "we", "us", "our", "Kopin" and the "Company" mean Kopin Corporation and its subsidiaries, unless the context indicates another meaning.

The condensed consolidated financial statements for the nine months ended September 30, 2023 include the accounts of Kopin Corporation and its wholly owned subsidiaries. The condensed consolidated financial statements for the nine months ended September 24, 2022 include the accounts of Kopin Corporation and its wholly owned subsidiaries. Net loss attributable to noncontrolling interest in the Company's condensed consolidated statements of operations for the nine months ended September 24, 2022 represents the 20% of the results of operations of a former partially owned subsidiary which is allocated to the shareholders of the equity interests not owned by the Company. All intercompany transactions and balances have been eliminated.

The Company's current strategy is to continue to invest in research and development, even during unprofitable periods, which may result in the Company continuing to incur net losses and negative cash flows from operations. If the Company is unable to achieve and maintain positive cash flows and profitability in the foreseeable future, its financial condition may ultimately be materially adversely affected such that management may be required to reduce operating expenses, including investments in research and development, or raise additional capital. While there can be no assurance the Company will be able to successfully reduce operating expenses or raise additional capital, management believes its historical success in managing cash flows and obtaining capital will continue in the foreseeable future.

On January 27, 2023, the Company sold 17,000,000 shares of common stock and pre-funded warrants to purchase up to 6,000,000 shares of common stock at a public offering price of $0.99 per share for net proceeds of approximately $ 21.4 million. The Company believes that its existing cash and cash equivalents will be adequate to satisfy its current operating plans for at least the next twelve months from the issuance of these financial statements. The Company has in the past sold equity securities through at-the-market equity offerings and in the traditional fashion of significant equity offerings. Nonetheless, management monitors the capital markets on an ongoing basis and may consider raising capital if favorable market conditions develop. If the Company's actual results are less than projected or the Company needs to raise capital for additional liquidity, the Company may be required to do additional equity financings, reduce expenses, or enter into a strategic transaction. However, management can make no assurance that the Company will be able to raise additional capital, reduce expenses sufficiently, or enter into a strategic transaction on terms acceptable to the Company, or at all.

On January 5, 2023, the Company entered into a Technology License Agreement and an Asset Purchase Agreement (the "LST Agreements") with Lightning Silicon Technology, Inc. ("LST"). Pursuant to the LST Agreements, the Company issued a license to LST for certain technology associated with our Organic Light Emitting Technology, transferred in-process development contracts with two customers and accounts receivables that the Company had previously determined were not collectible. The technology license agreement provides for Kopin to transfer certain patents to LST if LST achieves certain milestones; however upon transfer, Kopin will receive a license to the technology. To the extent LST makes improvements to the technology licensed from Kopin, Kopin will receive a license for these improvements for certain markets. Kopin is not obligated to provide any additional funding support to LST. As consideration for the transaction, the Company received 18,000,000 preferred shares in LST, which the Company determined had no fair value as of the transaction date or as of September 30, 2023. While these shares represent a 20.0% equity stake in LST, they do not provide the Company with voting rights to elect LST's Governance Board. The Company will also receive a royalty based on unit sales of products that utilize the technology licensed. Drs. John Fan, the Company's former President, CEO and Chairman of the Board, Boryeu Tsaur, a former Executive Vice President of the Company and Hong Choi, the Company's former Chief Technology Officer terminated their employment with the Company and became investors in and members of the management team of LST. Dr. Fan is the Founder of LST. As a result of this transaction, in 2022 the Company wrote off the two operating lease assets associated with facilities used for the development of our organic light emitting diode (OLED) products.

2. ACCOUNTING STANDARDS

ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments became effective for smaller reporting companies for fiscal years beginning after December 15, 2022. The amendments in ASU 2016-13 are intended to provide more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The Company adopted this standard on January 1, 2023 and there was not a material impact.

3. CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND MARKETABLE DEBT SECURITIES

The Company considers all highly liquid, short-term debt instruments with original maturities of three months or less to be cash equivalents.

Restricted cash of approximately $0.5 million is included on the consolidated balance sheet as of September 30, 2023, and represents cash deposited by the Company into a separate account and designated as collateral for a standby letter of credit in the same amount in accordance with contractual agreements.

Marketable debt securities consist primarily of commercial paper, medium-term corporate notes, and U.S. government and agency backed securities. The Company classifies these marketable debt securities as available-for-sale at fair value in "Marketable debt securities, at fair value." The Company records the amortization of premium and accretion of discounts on marketable debt securities in the results of operations.

The Company uses the specific identification method as a basis for determining cost and calculating realized gains and losses with respect to marketable debt securities. The gross gains and losses realized related to sales and maturities of marketable debt securities were not material during the three and nine months ended September 30, 2023 and September 24, 2022.

Investments in available-for-sale marketable debt securities were as follows at September 30, 2023 and December 31, 2022:

	Amortized Cost		Unrealized (Losses) Gains		Fair Value	
	2023	2022	**2023**	2022	**2023**	2022
U.S. government and agency backed securities	**$ 4,500,030**	$2,500,006	**$ (61,715)**	$(102,276)	**$ 4,438,315**	$2,397,730
Corporate debt and certificates of deposit	**7,250,174**	2,000,012	**(78,004)**	(8,964)	**7,172,170**	1,991,048
Total	**$11,750,204**	$4,500,018	**$(139,719)**	$(111,240)	**$11,610,485**	$4,388,778

The contractual maturity of the Company's marketable debt securities was as follows at September 30, 2023:

	Less than One year	One to Five years	Total
U.S. government and agency backed securities	**$ 2,468,075**	**$ 1,970,240**	**$ 4,438,315**
Corporate debt and certificates of deposit	**3,724,927**	**3,447,243**	**7,172,170**
Total	**$ 6,193,002**	**$ 5,417,483**	**$ 11,610,485**

4. FAIR VALUE MEASUREMENTS

Financial instruments are categorized as Level 1, Level 2 or Level 3 based upon the method by which their fair value is computed. An investment is categorized as Level 1 when its fair value is based on unadjusted quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. An investment is categorized as Level 2 if its fair market value is based on quoted market prices for similar assets in active markets, based on quoted prices for identical or similar assets in markets that are not active, based on observable inputs such as interest rates or yield curves, or derived from or corroborated by observable market data by correlation or other means. An investment is categorized as Level 3 if its fair value is based on assumptions developed by the Company about what a market participant would use in pricing the assets.

The following table details the fair value measurements of the Company's financial assets:

		Fair Value Measurement at September 30, 2023 Using:		
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents and restricted cash	**$ 10,099,675**	**$ 10,099,675**	**$ —**	**$ —**
U.S. government securities	**4,438,315**	**—**	**4,438,315**	**—**
Certificates of deposit	**7,172,170**	**7,172,170**	**—**	**—**
Equity investments	**4,603,014**	**169,112**	**—**	**4,433,902**
	$ 26,313,174	**$ 17,440,957**	**$ 4,438,315**	**$ 4,433,902**

		Fair Value Measurement at December 31, 2022 Using:		
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 8,258,878	$ 8,258,878	$ —	$ —
U.S. government securities	2,397,730	—	2,397,730	—
Corporate debt	1,500,445	—	1,500,445	—
Certificates of deposit	490,603	490,603	—	—
Equity investments	7,721,206	213,016	—	7,508,190
	$ 20,368,862	$ 8,962,497	$ 3,898,175	$ 7,508,190

Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur. Changes in Level 3 investments were as follows:

	December 31, 2022	**Net unrealized losses**	**Foreign currency losses**	**Purchases, issuances and settlements**	**September 30, 2023**
Equity investments	$ 7,508,190	**$ (3,327,347)**	**$ (186,395)**	**$ 439,454**	**$ 4,433,902**

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term nature. If accrued liabilities were carried at fair value, these would be classified as Level 2 in the fair value hierarchy.

Marketable Debt Securities

Corporate debt consists of floating rate notes with a maturity that is over multiple years but has interest rates that are reset every three months based on the then-current three-month London Interbank Offering Rate ("Three-month Libor"). The Company validates the fair market values of the financial instruments above by using discounted cash flow models, obtaining independent pricing of the securities or through the use of a model that incorporates the Three-month Libor, the credit default swap rate of the issuer and the bid and ask price spread of the same or similar investments which are traded on several markets.

Equity Investments

From 2017 through 2019, the Company made several equity investments in a customer. In the fourth quarter of 2019, the Company reviewed the financial condition and other factors of the customer and, as a result, recorded an impairment charge of $5.2 million to reduce its investment in the customer to zero as of December 28, 2019. In the first quarter of 2022, the customer raised additional equity capital and, based on an observable price change of the customer's share prices and terms of the equity sale, the Company remeasured the fair market value of its investment and recorded a gain of $4.7 million. In the second quarter of 2022, the Company made an additional equity investment of $ 0.5 million. During the quarter ended July 1, 2023, the Company received common stock of the equity investment valued at approximately $0.4 million for the payment of royalties. During the three and nine months ended September 30, 2023, the Company also performed an impairment evaluation using an Option Pricing Method and as a result recorded impairment charges of approximately $0 and $3.1 million, respectively. As of September 30, 2023, the Company owned an approximate 2.9% interest in this investment.

On September 30, 2019, the Company entered into an Asset Purchase Agreement pursuant to which the Company sold and licensed certain assets of our SolosTM product line and WhisperTM Audio technology. As consideration for the transaction, the Company received a 20.0% equity stake in Solos Incorporation ("Solos Inc."). The Company's 20.0% equity stake will be maintained until Solos Inc. has raised a total of $7.5 million in equity financing. Based on the price paid for equity by the other 80.0% owners of Solos Inc. and other factors, the Company estimated the fair value of its equity holdings at $0.6 million and in 2019 recorded a $0.6 million gain on its investment for this equity transaction as the basis of assets transferred was zero. The investment was written down to $0.4 million as a result of an impairment analysis and write down performed in 2020 . During the three and nine months ended September 30, 2023, the Company recorded impairment charges of $0 and $0.2 million, respectively.

During the three and nine months ended September 30, 2023, the Company recorded approximately $ 0.1 million and $0.2 million, respectively, of unrealized losses on its equity interest in a company due to a fluctuation in the foreign exchange rate.

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	September 30, 2023	December 31, 2022
Accounts receivable	**$ 8,143,214**	$ 6,840,891
Less — allowance for credit losses	**(1,025,000)**	(303,000)
Total	**$ 7,118,214**	$ 6,537,891

Changes to the allowance for credit losses for the nine months ended September 30, 2023 were as follows:

Balance, December 31, 2022	$	303,000
Additions		**798,000**
Write-offs		**(76,000)**
Balance, September 30, 2023	**$**	**1,025,000**

6. INVENTORY

Inventories are stated at standard cost adjusted to approximate the lower of cost (first-in, first-out method) or net realizable value and consist of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023		December 31, 2022	
Raw materials	**$**	**5,522,913**	$	4,285,757
Work-in-process		**2,527,748**		1,735,454
Finished goods		**1,023,831**		405,189
Total	**$**	**9,074,492**	$	6,426,400

7. NET LOSS PER SHARE

Basic net loss per share is computed using the weighted-average number of shares of common stock outstanding during the period less any unvested restricted shares. Diluted net loss per share is calculated using weighted-average shares outstanding and contingently issuable shares, less weighted-average shares reacquired during the period. The net outstanding shares are adjusted for the dilutive effect of shares issuable upon the assumed conversion of the Company's common stock equivalents, which consist of unvested restricted stock.

The following were not included in weighted-average common shares outstanding-diluted because they are anti-dilutive or performance conditions have not been met at the end of the period:

	Three Months Ended September 30, 2023	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Non-vested restricted common stock	**3,948,417**	2,480,299	**3,948,417**	2,480,299

8. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Registered sale of equity securities

On January 27, 2023, the Company sold 17,000,000 shares of common stock and pre-funded warrants to purchase up to 6,000,000 shares of common stock at a public offering price of $0.99 per pre-funded warrant, for gross proceeds of $ 22.9 million before deducting underwriting discounts and offering expenses paid by the Company of $1.5 million. The offering price of the pre-funded warrant equals the public offering price per share of the common stock less the $0.01 per share exercise price of each pre-funded warrant.

During the three months ended June 25, 2022, the Company sold 1.5 million shares of common stock and 0.2 million shares of treasury stock for gross proceeds of $2.1 million (average of $1.26 per share) before deducting broker expenses paid by us of less than $ 0.1 million, pursuant to the Company's At-The-Market Equity Offering Sales Agreement dated as of March 5, 2021 (the "ATM Agreement") with Stifel, Nicolaus & Company, Incorporated, as agent, under which we may sell up to $50 million of our common stock. The Company has approximately $ 41.4 million worth of common stock remaining available for sale under the ATM Agreement.

Non-Vested Restricted Common Stock

The fair value of non-vested restricted common stock awards is generally the market value of the Company's common stock on the date of grant. The non-vested restricted common stock awards require the employee to fulfill certain obligations, including remaining employed by the Company for one, two or four years (the vesting period) and in certain cases also require meeting performance criteria. For non-vested restricted common stock awards that solely require the recipient to remain employed with the Company, the stock compensation expense is amortized over the anticipated service period. For non-vested restricted common stock awards that require the achievement of performance criteria, the Company reviews the probability of achieving the performance goals on a periodic basis. If the Company determines that it is probable that the performance criteria will be achieved, the amount of compensation cost derived for the performance goal is amortized over the anticipated service period. If the performance criteria are not met, no compensation cost is recognized and any previously recognized compensation cost is reversed.

The Company granted 3,296,051 and 996,500 restricted stock units to its employees, executives and the Board of Directors in the nine months ended September 30, 2023 and September 24, 2022, respectively. 1,416,294 shares of the 3,296,051 shares are time-based and will vest on average over three equal annual installments. 1,879,757 shares of the 3,296,051 shares will vest upon the successful achievement of certain fiscal year 2023 milestones. The fair value of the restricted stock units was based on the fair market value of the Company's stock on the date of grant. The time-based shares are expensed over the service period and the milestone-based shares are expensed based upon the probability of achievement.

Restricted stock activity for the nine months ended September 30, 2023 was as follows:

	Shares	Weighted Average Grant Fair Value	
Balance, December 31, 2022	1,965,901	$	2.22
Granted	**3,296,051**		**1.59**
Forfeited	**(800,842)**		**2.83**
Vested	**(512,693)**		**1.55**
Balance, September 30, 2023	**3,948,417**	**$**	**1.66**

Stock-Based Compensation

The following table summarizes stock-based compensation expense within each of the categories below as it relates to non-vested restricted common stock awards for the three and nine months ended September 30, 2023 and September 24, 2022 (no tax benefits were recognized):

	Three Months Ended September 30, 2023	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Cost of product revenues	**$ 311,455**	$ 41,373	**$ 764,996**	$ 119,754
Research and development	**214,320**	111,928	**553,488**	367,654
Selling, general and administrative	**432,560**	144,247	**1,025,298**	883,246
Total	**$ 958,335**	$ 297,548	**$ 2,343,782**	$ 1,370,654

Unrecognized compensation expense for non-vested restricted common stock as of September 30, 2023 totaled $ 6.6 million and is expected to be recognized over a weighted average period of approximately three years.

9. ACCRUED WARRANTY

The Company typically warrants its products against defects for 12 to 18 months , however, for certain products a customer may purchase an extended warranty. A provision for estimated future costs and estimated returns for credit relating to such warranty is recorded in the period when the product is shipped and revenue is recognized and is updated as additional information becomes available. The Company's estimate of future costs to satisfy warranty obligations is based primarily on historical warranty expense experienced and a provision for potential future product failures. Changes in the accrued warranty for the nine months ended September 30, 2023 were as follows:

Balance, December 31, 2022	$ 1,966,000
Additions	**676,000**
Claims	**(481,000)**
Balance, September 30, 2023	**$ 2,161,000**

Extended Warranties

Deferred revenue represents the purchase of extended warranties by the Company's customers. The Company recognizes revenue from an extended warranty on the straight-line method over the life of the extended warranty, which is typically 12 to 15 months beyond the standard 12 to 18 month warranty. The Company classifies the current portion of deferred revenue under Other accrued liabilities in its condensed consolidated balance sheets. At September 30, 2023, the Company had less than $0.1 million of deferred revenue related to extended warranties.

10. INCOME TAXES

The Company recorded a provision for income taxes of less than $ 0.1 million and $0.1 million in the three and nine months ended September 30, 2023 and September 24, 2022, respectively. As of September 30, 2023, the Company has available for tax purposes U.S. federal net operating loss carryforwards ("NOLs") of approximately $135.5 million expiring 2023 through 2038 and $ 92.9 million that have an unlimited carryover period. Under the provisions of Section 382, certain substantial changes in Kopin's ownership may limit in the future the amount of net operating loss carryforwards that could be used annually to offset future taxable income and income tax liability. The Company has recognized a full valuation allowance on its domestic and certain foreign net deferred tax assets due to the uncertainty of realization of such assets. The Company recognizes both accrued interest and penalties related to its uncertain tax positions related to intercompany loan interest and potential transfer pricing exposure related to its foreign subsidiaries.

11. CONTRACT ASSETS AND LIABILITIES

Contract assets include unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized from customer arrangements, including licensing, exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current. The Company classifies the noncurrent portion of contract assets under other assets in its condensed consolidated balance sheets.

Contract liabilities consist of advance payments and billings in excess of cost incurred and deferred revenue.

Net contract assets (liabilities) consisted of the following:

	September 30, 2023	December 31, 2022	$ Change	% Change
Contract assets —current	**$ 5,882,340**	$ 4,068,364	$ 1,813,976	45%
Contract liabilities—current	**(668,046)**	(930,500)	262,454	(28)%
Contract liabilities—noncurrent	**(23,431)**	(6,190)	(17,241)	279%
Net contract assets	**$ 5,190,863**	$ 3,131,674	$ 2,059,189	66%

The $2.0 million increase in the Company's net contract assets at September 30, 2023 as compared to December 31, 2022 was primarily due to a change in its fixed price contracts with the U.S. government that resulted in revenue recognized in excess of amounts billed and product revenue recognized over time for defense programs.

In the three and nine months ended September 30, 2023, the Company recognized revenue of less than $ 0.1 million and approximately $0.7 million, respectively, related to our contract liabilities at December 31, 2022. In the three and nine months ended September 24, 2022, the Company recognized revenue of $0.5 million and $3.6 million, respectively, related to our contract liabilities at December 25, 2021.

The Company did not recognize impairment losses on our contract assets in the three or nine months ended September 30, 2023 or September 24, 2022.

Performance Obligations

The Company's revenue recognition related to performance obligations that were satisfied at a point in time and over time were as follows:

Three months ended	Three months ended	**Nine months ended**	Nine months ended

	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Point in time	**24%**	29%	**27%**	23%
Over time	**76%**	71%	**73%**	77%

Remaining performance obligations represent the transaction price of orders for which work has not been performed and excludes unexercised contract options, potential orders under ordering-type contracts (e.g., indefinite-delivery, indefinite-quantity ("IDIQ")) and purchase orders that we have historically allowed customers to cancel or reschedule. As of September 30, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was $14.2 million which the Company expects to recognize over the next 12 months. The remaining performance obligations represent amounts to be earned under government contracts, which are subject to cancellation.

12. LEASES

The Company enters into operating leases primarily for: real estate, including for manufacturing, engineering, research, administration and sales facilities, and information technology ("IT") equipment. At September 30, 2023 and December 31, 2022, the Company did not have any finance leases. Approximately all of our future lease commitments, and related lease liability, relate to the Company's real estate leases. Some of the Company's leases include options to extend or terminate the lease.

The components of lease expense were as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 24, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 24, 2022
Operating lease cost	**$ 216,119**	$ 242,833	**$ 648,545**	$ 742,697

At September 30, 2023, the Company's future lease payments under non-cancellable leases were as follows:

2023 (excluding the nine months ended September 30, 2023)	**$ 234,233**
2024	**894,227**
2025	**637,893**
2026	**604,000**
2027	**604,000**
Thereafter	**201,333**
Total future lease payments	**3,175,686**
Less imputed interest	**(405,088)**
Total	**$ 2,770,598**

The Company's lease liabilities recognized in the Company's condensed consolidated balance sheets at September 30, 2023 were as follows:

	September 30, 2023
Operating lease liabilities - current	**$ 762,521**
Operating lease liabilities - noncurrent	**2,008,077**
Total lease liabilities	**$ 2,770,598**

Supplemental cash flow information related to leases was as follows:

	Nine months ended September 30, 2023
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 741,757**

Other information related to leases was as follows:

	September 30, 2023
Weighted Average Discount Rate - Operating Leases	**6.06%**
Weighted Average Remaining Lease Term - Operating Leases (in years)	**4.11**

13. SEGMENTS AND DISAGGREGATION OF REVENUE

We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine if any changes have occurred that would affect our reportable segments. We report under one segment, as our Chief Executive Officer, who is our chief operating decision maker ("CODM"), reviews results on a total company basis.

Total long-lived assets by country at September 30, 2023 and December 31, 2022 were as follows:

Total Long-lived Assets (in thousands)	September 30, 2023	December 31, 2022
United States	**$ 4,194**	$ 4,604
United Kingdom	**271**	396
Total	**$ 4,465**	$ 5,000

We disaggregate our revenue from contracts with customers by geographic location and by display application, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

During the three and nine months ended September 30, 2023 and September 24, 2022, the Company derived its sales from the following geographies:

(In thousands, except percentages)	Three months ended September 30, 2023 Revenue	Three months ended September 30, 2023 % of Total	Three months ended September 24, 2022 Revenue	Three months ended September 24, 2022 % of Total	Nine months ended September 30, 2023 Revenue	Nine months ended September 30, 2023 % of Total	Nine months ended September 24, 2022 Revenue	Nine months ended September 24, 2022 % of Total
United States	**$ 9,879**	**94%**	$ 9,360	80%	**$ 27,788**	**88%**	$ 28,695	82%
Other Americas	**—**	**—**	4	—	**5**	**—**	4	-
Total Americas	**9,879**	**94**	9,364	80	**27,793**	**88**	28,699	82
Asia – Pacific	**363**	**3**	2,039	17	**2,956**	**9**	5,747	16
Europe	**356**	**3**	326	3	**1,068**	**3**	771	2
Total Revenues	**$ 10,598**	**100%**	$ 11,729	100%	**$ 31,817**	**100%**	$ 35,217	100%

During the three and nine months ended September 30, 2023 and September 24, 2022, the Company derived its sales from the following display applications:

(In thousands)	Three months ended September 30, 2023	Three months ended September 24, 2022	Nine months ended September 30, 2023	Nine months ended September 24, 2022
Defense	**$ 4,996**	$ 5,851	**$ 16,482**	$ 17,695
Industrial	**310**	1,727	**2,118**	4,889
Consumer	**200**	676	**573**	1,182
R&D	**4,956**	3,375	**11,737**	11,089
License and royalties	**136**	100	**907**	362
Total Revenues	**$ 10,598**	$ 11,729	**$ 31,817**	$ 35,217

14. LITIGATION

The Company may engage in legal proceedings arising in the ordinary course of business. Claims, suits, investigations, and proceedings are inherently uncertain. It is not possible to predict the ultimate outcome of such matters and our business, financial condition, results of operations or cash flows could be affected in any particular period.

BlueRadios, Inc. v. Kopin Corporation, Civil Action No. 16-02052-JLK (D. Col.):

On August 12, 2016, BlueRadios, Inc. ("BlueRadios") filed a complaint in the U.S. District Court for the District of Colorado, alleging that the Company breached a contract between it and BlueRadios concerning an alleged joint venture between the Company and BlueRadios to design, develop and commercialize micro-display products with embedded wireless technology referred to as "Golden-i" breached the covenant of good faith and fair dealing associated with that contract, breached its fiduciary duty to BlueRadios, and misappropriated trade secrets owned by BlueRadios in violation of Colorado law (C.R.S. § 7-74-104(4)) and the Defend Trade Secrets Act (18 U.S.C. § 1836(b)(1)). BlueRadios further alleges that the Company was unjustly enriched by its alleged misconduct, BlueRadios is entitled to an accounting to determine the amount of profits obtained by the Company as a result of its alleged misconduct, and the inventorship on at least ten patents or patent applications owned by the Company need to be corrected to list BlueRadios' employees as inventors and thereby list BlueRadios as co-assignees of the patents. BlueRadios seeks monetary, declaratory, and injunctive relief, including for alleged non-payment of engineering retainer fees.

On October 11, 2016, the Company filed its Answer and Affirmative Defenses. The parties completed expert depositions on November 15, 2019. On December 2, 2019, the Company filed a Motion for Partial Summary Judgment requesting the court dismiss counts 2-7 in their entirety and counts 1 and 8 in part. BlueRadios also filed a Motion for Partial Summary Judgment alleging that it is the co-owner of U.S. Patent No. 8,909,296. Responses to the Motions for Partial Summary Judgment were filed on January 15, 2020, and replies were filed on February 19, 2020. On September 25, 2020, the court denied BlueRadios' Motion for Partial Summary Judgment. On August 3, 2022, the court granted the Company's Motion for Partial Summary Judgment by dismissing counts 3, 6, 7, punitive damages under count 2, and count 8 as it relates to patent applications, and denying the motion as it relates to counts 1, 4, and 5, and the remainder of counts 2 and 8. Additional factual and expert discovery ordered by the court has been completed. A trial date has been set by the court for January 22 – February 5, 2024. The Company has not concluded a loss from this matter is probable; therefore, we have not recorded an accrual for litigation or claims related to this matter for the period ended September 30, 2023. The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable.

15. RELATED PARTY TRANSACTIONS

The Company may from time to time enter into agreements with stockholders, affiliates and other companies engaged in certain aspects of the display, electronics, optical and software industries as part of our business strategy. In addition, the wearable computing product market is relatively new and there may be other technologies the Company needs to purchase from affiliates to enhance its product offering.

During the three and nine months ended September 30, 2023 and September 24, 2022, the Company had the following transactions with related parties:

	Three Months Ended			
	September 30, 2023		September 24, 2022	
	Sales	**Purchases**	Sales	Purchases
RealWear, Inc.	**$ 135,918**	**$ —**	$ 108,725	$ —
HMDmd, Inc.	**349,420**	**—**	329,100	—
Lightning Silicon Technology, Inc.	**—**	**208,933**	—	—
	$ 485,338	**$ 208,933**	$ 437,825	$ —

	Nine Months Ended			
	September 30, 2023		September 24, 2022	
	Sales	**Purchases**	Sales	Purchases
RealWear, Inc.	**$ 905,564**	**$ —**	$ 827,746	$ —
HMDmd, Inc.	**852,175**	**—**	392,025	—
Lightning Silicon Technology, Inc.	**—**	**416,988**	—	—

	$ 1,757,739	**$ 416,988**	$ 1,219,771	$ —

At September 30, 2023 and December 31, 2022, the Company had the following receivables from and payables to related parties:

	September 30, 2023		December 31, 2022	
	Receivables	**Payables**	Receivables	Payables
RealWear, Inc.	**$ 135,918**	**$ —**	$ 171,518	$ —
HMDmd, Inc.	**92,752**	**—**	151,340	—
Solos Technology	**—**	**—**	2,248	—
Lightning Silicon Technology, Inc.	**12,962**	**154,933**	—	—
	$ 241,632	**$ 154,933**	$ 325,106	$ —

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 are subject to the safe harbor created by such sections. Words such as "expects," "anticipates," "intends," "plans," "believes," "could," "would," "seeks," "estimates," and variations of such words and similar expressions, and the negatives thereof, are intended to identify such forward-looking statements. We caution readers not to place undue reliance on any such "forward-looking statements," which speak only as of the date made, and advise readers that these forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, estimates, and assumptions by us that are difficult to predict. Various factors, some of which are beyond our control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report, except as may otherwise be required by the federal securities laws.

We have identified the following important factors that could cause actual results to differ materially from those discussed in our forward-looking statements. Such factors may be in addition to the risks described in Part I, Item 1A, "Risk Factors;" Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; and other parts of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. These factors include: our ability to source semiconductor components and other raw materials used in the manufacturing of our products; our ability to prosecute and defend our proprietary technology aggressively or successfully; our ability to retain personnel with experience and expertise relevant to our business; our ability to invest in research and development to achieve profitability even during periods when we are not profitable; our ability to continue to introduce new products in our target markets; our ability to generate revenue growth and positive cash flow, and reach profitability; the strengthening of the U.S. dollar and its effects on the price of our products in foreign markets; the impact of new regulations and customer demands relating to conflict minerals; our ability to obtain a competitive advantage in the wearable technologies market through our extensive portfolio of patents, trade secrets and non-patented know-how; our ability to grow within our targeted markets; the importance of small form factor displays in the development of defense, consumer, and industrial products such as thermal weapon sights, safety equipment, virtual and augmented reality gaming, training and simulation products and metrology tools; the suitability of our properties for our needs for the foreseeable future; our expectation not to pay cash dividends for the foreseeable future and to retain earnings for the development of our businesses; our need to achieve and maintain positive cash flow and profitability; and our expectation that if we do not achieve and maintain positive cash flow and profitability; our financial condition will ultimately be materially adversely affected, and we will be required to reduce expenses, including our investments in research and development or raise additional capital and our ability to support our operations and capital needs for at least the next twelve months through our available cash resources.

Overview

We are a leading developer, manufacturer and seller of miniature displays and optical lenses (our "components") for sale as individual displays, components, modules or higher-level subassemblies. We also license our intellectual property through technology license agreements. Our component products are used in highly demanding high-resolution portable military, enterprise and consumer electronic applications, training and simulation equipment and 3D metrology equipment. Our products enable our customers to develop and market an improved generation of products for these target applications.

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and our unaudited condensed consolidated financial statements included in this Form 10-Q.

Results of Operations

Our interim period results of operations and period-to-period comparisons of such results may not be indicative of our future operating results. Additionally, we use a fiscal calendar, which may result in differences in the number of work days in the current and comparable prior interim periods and could affect period-to-period comparisons. The following discussions of comparative results among periods, including the discussion of results by display application, should be viewed in this context.

Revenues. For the three and nine months ended September 30, 2023 and September 24, 2022, our revenues by display application, which include product sales and amounts earned from research and development contracts ("R&D"), were as follows:

(In thousands)	**Three months ended September 30, 2023**	Three months ended September 24, 2022	**Nine months ended September 30, 2023**	Nine months ended September 24, 2022
Defense	**$ 4,996**	$ 5,851	**$ 16,482**	$ 17,695
Industrial	**310**	1,727	**2,118**	4,889
Consumer	**200**	676	**573**	1,182
R&D	**4,956**	3,375	**11,737**	11,089
License and royalties	**136**	100	**907**	362
Total Revenues	**$ 10,598**	$ 11,729	**$ 31,817**	$ 35,217

Sales of our products for Defense applications include systems used by the military both in the field and for training and simulation. The decrease in

Defense applications revenues for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 24, 2022 was primarily due to decreases in revenues from products used in pilot helmets and thermal weapon sight systems for soldiers.

Industrial applications revenue represents customers who purchase our display products for use in 3D metrology equipment and headsets used for applications in manufacturing, distribution and public safety. Our 3D metrology customers are primarily located in Asia and sell to Asian contract manufacturers who use the 3D metrology machines for quality control purposes. The decreases in Industrial applications revenues for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 24, 2022 was due to a decline in sales of products for use in 3D metrology equipment and headsets.

Our displays for Consumer applications are used primarily in thermal imaging products and recreational rifles and hand-held scopes. The decreases in Consumer applications revenues for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 24, 2022 were primarily due to a decrease in sales for hand-held thermal imagers.

R&D revenues increased in the three months ended September 30, 2023 as compared to the three months ended September 24, 2022 primarily due to the sale of thermal weapon sight design for $1.9 million which was partially offset by a decline in funding for display systems used in U.S. defense programs as certain programs transitioned to production programs. R&D revenues increased in the nine months ended September 30, 2023 as compared to the nine months ended September 24, 2022 primarily due to the sale of thermal weapon sight design for $1.9 million which was partially offset by a decline in funding for U.S. defense programs as certain programs transitioned to production programs.

On January 5, 2023, the Company entered into a Technology License Agreement and an Asset Purchase Agreement (the “LST Agreements”) with Lightning Silicon Technology, Inc. (“LST”). Pursuant to the LST Agreements, the Company transferred in-process development contracts with two customers. Included in R&D revenues for the nine months ended September 30, 2023 and September 24, 2022 is approximately $400,000 and $500,000, respectively, related to OLED development programs with the transferred development contracts.

International revenues represented 6% and 12% of total revenues for the three and nine months ended September 30, 2023, respectively, and 20% and 18% of total revenues for the three and nine months ended September 24, 2022, respectively. We categorize our revenues as either domestic or international based upon the delivery destination of our product. For example, if the customer is located in Asia or if a U.S. customer has its Asian contract manufacturer order product from us and we deliver the product to Asia, we categorize both of these sales as international. In addition, if we earn royalties on sales from a customer, the royalties are categorized as domestic or international based on how the product revenues are categorized. The decrease in international revenues was a result of a decrease in sales of products for 3D AOI metrology equipment and industrial wearable headset applications. Our international sales are primarily denominated in U.S. currency. Consequently, a strengthening of the U.S. dollar could increase the price in local currencies of our products in foreign markets and make our products relatively more expensive than competitors’ products that are denominated in local currencies, which could lead to a reduction in sales or profitability in those foreign markets. We have not taken any protective measures against exchange rate fluctuations, such as purchasing hedging instruments with respect to such fluctuations, because of the historically stable exchange rate between the British Pound Sterling (the functional currency of our U.K. subsidiary) and the U.S. dollar. Foreign currency translation impact on our results, if material, is described in further detail under “Item 3. Quantitative and Qualitative Disclosures About Market Risk” section below.

Cost of Product Revenues. Cost of product revenues, which is comprised of materials, labor and manufacturing overhead related to the production of our products for the three and nine months ended September 30, 2023 and September 24, 2022, were as follows:

(In thousands, except for percentages)	**Three Months Ended September 30, 2023**	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Cost of product revenues	**$ 5,438**	$ 7,987	**$ 17,759**	$ 23,676
Cost of product revenues as a % of net product revenues	**99%**	97%	**93%**	100%

Cost of product revenues as a percentage of net product revenues for the three months ended September 30, 2023, as compared to the three months ended September 24, 2022,was essentially flat. The slight decrease in cost of product revenues as a percentage of net product revenues for the nine months ended September 30, 2023, as compared to the nine months ended September 24, 2022, was primarily due to lower labor costs as a result of a reduction in force in the first quarter of 2023 and lower material costs for warranty issues of approximately $450,000.

During 2021, we became aware of global shortages of semiconductor components. During 2022, our manufacturing was impacted by a shortage of several semiconductor components from our normal vendors that are necessary to manufacture our products. For some components we were able to identify and use other sources for the components but for some components primarily used in defense related products, we were able to avail ourselves of alternate components because their use would have required a requalification of our product by our customer. The shortage of certain semiconductor components situation is very dynamic, and we rely on our vendors to provide information about the vendors that they use.

Research and Development. R&D expenses are incurred in support of internal display development programs and programs funded by agencies or prime contractors of the U.S. government and commercial partners. R&D costs include staffing, purchases of materials and laboratory supplies, circuit design costs, fabrication, and packaging of display products, and overhead. In fiscal year 2023, we expect our R&D expenditures to be related to our display products, overlay weapon sights and OLED display technologies. Funded and internal R&D expenses are combined in research and development expenses in the condensed consolidated statement of operations. R&D expenses for the three and nine months ended September 30, 2023 and September 24, 2022 were as follows:

(In thousands)	**Three Months Ended September 30, 2023**	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Funded	**$ 2,346**	$ 1,843	**$ 6,179**	$ 8,391
Internal	**744**	1,598	**2,355**	5,604
Total research and development expense	**$ 3,090**	$ 3,441	**$ 8,534**	$ 13,995

Funded R&D expense for the three months ended September 30, 2023 increased as compared to the three months ended September 24, 2022 primarily due to increased spending on U.S. defense programs. Funded R&D expense for the nine months ended September 30, 2023 decreased as compared to the nine months ended September 24, 2022 primarily due to decreased spending on U.S. defense programs as certain programs transitioned to production programs. Internal R&D expenses for the three and nine months ended September 30, 2023 decreased compared to the three and nine months ended September 24, 2022 primarily due to a decrease in OLED development costs.

On January 5, 2023, the Company entered into the LST Agreements with LST. Drs. John Fan, the Company's former President, CEO, and Chairman of the Board, Boryeu Tsaur, a former Executive Vice President of the Company and Hong Choi, the Company's former Chief Technology Officer, terminated their employment with the Company and became investors in and members of the management team of LST. In addition, approximately 20 employees terminated their employment with the Company and joined LST. These individuals were primarily involved with internal R&D projects and the termination of the programs they were working on and their employment is the primary reason for the decrease in internal R&D expense.

Selling, General and Administrative. Selling, general and administrative ("S,G&A") expenses consist of the expenses incurred by our sales and marketing personnel and related expenses, and administrative and general corporate expenses. S,G&A expenses for the three and nine months ended September 30, 2023 and September 24, 2022 were as follows:

(In thousands, except for percentages)	**Three Months Ended September 30, 2023**	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Selling, general and administration expense	**$ 4,799**	$ 4,320	**$ 15,913**	$ 13,112
Selling, general and administration expense as a % of revenues	**45%**	37%	**50%**	37%

The increase in S,G&A expense for the three months ended September 30, 2023, as compared to the three months ended September 24, 2022, was primarily due to an increase in legal expense, stock compensation, and marketing and website development expenses partially offset by lower cash compensation and benefits expense. The increase in S,G&A expense for the nine months ended September 30, 2023, as compared to the nine months ended September 24, 2022, was primarily due to an increase in legal expense, stock compensation and marketing and website development expenses partially offset by lower information technology, insurance, and cash compensation and benefits expense.

Other Income (Expense), net. Other income (expense), net, is primarily composed of interest income, foreign currency transaction and remeasurement gains and losses incurred by our U.K.-based subsidiary and other non-operating income items. Other income (expense), net, for the three and nine months ended September 30, 2023 and September 24, 2022 was as follows:

(In thousands)	**Three Months Ended September 30, 2023**	Three Months Ended September 24, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 24, 2022
Other income (expense), net	**$ 317**	$ (2,094)	**$ (2,752)**	$ 2,506

During the three and nine months ended September 30, 2023 and September 24, 2022, we recorded foreign currency losses of less than $0.1 million and $0.2 million. Other expense for the nine months ended September 30, 2023 includes $3.3 million of impairment losses on equity investments. Other income for the first quarter of 2022 includes a gain of $4.7 million resulting from an observable price change in an equity investment.

Tax Provision. We recorded a provision for income taxes of less than $0.1 million and approximately $0.1 million in the three and nine months ended September 30, 2023 and September 24, 2022, respectively.

Net Loss Attributable to Noncontrolling Interest. In the first quarter of 2023, we acquired the remaining interest in eMDT America ("eMDT"). Net loss attributable to noncontrolling interest on our condensed consolidated statements of operations represents the 20% portion of the results of operations of eMDT which is allocated to the stockholders of the equity interests not owned by us in 2022. The change in net loss attributable to noncontrolling interest is the result of the change in the results of operations of eMDT for the three and nine months ended September 24, 2022.

Net Loss Attributable to Kopin Corporation. We incurred net losses attributable to Kopin Corporation of $2.5 million and $13.3 million during the three and nine months ended September 30, 2023, respectively, compared to net losses attributable to Kopin Corporation of $6.1 million and $13.2 million during the three and nine months ended September 24, 2022, respectively. The decrease in the net loss attributable to Kopin Corporation during the three months ended September 30, 2023 compared to the three months ended September 24, 2022 was partially due to a $1.0 million warranty charge due to a supply chain related quality issue and a $2.0 million impairment charge on an equity investment, both occurring during the three months ended September 24, 2022

Liquidity and Capital Resources

At September 30, 2023 and December 31, 2022, we had cash and cash equivalents, including restricted cash, and marketable debt securities of $21.7 million and $12.9 million, respectively, and working capital of $29.3 million and $16.4 million, respectively. The change in cash and cash equivalents and marketable securities was primarily due to gross proceeds of $22.9 million received from the sale of 17,000,000 shares of common stock and the pre-funded warrants to purchase up to 6,000,000 shares of common stock at a public offering price of $0.99 per share. The reader is referred to Note 8 Stockholders' Equity and Stock-Based Compensation. Our cash and cash equivalents and liquidity could be adversely affected by any amounts that become payable in connection with any adverse results from any litigation we are, or may become, involved in.

We believe that our existing cash and cash equivalents will be adequate to satisfy our current operating plans for at least the next twelve months from the issuance of these financial statements. We have in the past sold equity securities through at-the-market equity offerings and in the traditional fashion of significant equity offerings. Nonetheless, management monitors the capital markets on an ongoing basis and may consider raising capital if favorable market conditions develop. If our actual results are less than projected or we need to raise capital for additional liquidity, we may be required to do additional equity financing, reduce expenses, or enter into a strategic transaction. However, management can make no assurance that we will be able to raise additional capital, reduce expenses sufficiently, or enter into a strategic transaction on terms acceptable to us, or at all.

During the nine months ended September 24, 2022, we sold 2.2 million shares of common stock and 0.1 million shares of treasury stock for gross proceeds of $2.9 million (average of $1.26 per share) before deducting broker expenses paid by us of less than $0.1 million, pursuant to the Company's At-The-Market Equity Offering Sales Agreement dated as of March 5, 2021 (the "ATM Agreement") with Stifel, Nicolaus & Company, Incorporated, as agent, under which we may sell up to $50 million of our common stock. We have approximately $41.4 million worth of common stock remaining available for sale under the ATM Agreement.

Cash, cash equivalents, restricted cash and marketable debt securities held in U.S. dollars at September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
Domestic locations	**$ 21,549,626**	$ 11,778,324
International locations	**46,291**	629,793

Subtotal cash, cash equivalents, restricted cash and marketable debt securities held in U.S. dollars		**21,595,917**		12,408,117
Cash and cash equivalents held in other currencies and converted to U.S. dollars		**114,243**		239,539
Total cash, cash equivalents, restricted cash and marketable debt securities	**$**	**21,710,160**	$	12,647,656

We have no plans to repatriate the cash and cash equivalents held in our foreign subsidiary Forth Dimension Displays, Ltd. and, as such, we have not recorded any deferred tax liability with respect to such cash.

We expect to expend between $1.0 million and $2.0 million on capital expenditures in 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We invest our excess cash in high-quality U.S. government, government-backed (e.g., Fannie Mae, FDIC guaranteed bonds and certificates of deposit) and corporate debt instruments, which bear lower levels of relative risk. We believe that the effect, if any, of reasonably possible near-term changes in interest rates on our financial position, results of operations and cash flows should not be material to our cash flows or income. It is possible that interest rate movements would increase our unrealized gain or loss on debt securities. We are exposed to changes in foreign currency exchange rates primarily through our translation of our foreign subsidiaries' financial position, results of operations, and transaction gains and losses as a result of non-U.S. dollar denominated cash flows related to business activities in Europe, and remeasurement of U.S. dollars to the British pound, the functional currency of our U.K. subsidiaries. We are also exposed to the effects of exchange rates in the purchase of certain raw materials, which are in U.S. dollars, but the price on future purchases is subject to change based on the relationship of the Japanese yen to the U.S. dollar. We do not currently hedge our foreign currency exchange rate risk. We estimate that any market risk associated with our international operations or investments is unlikely to have a material adverse effect on our business, financial condition, or results of operation. Our portfolio of marketable debt securities is subject to interest rate risk although our intent is to hold securities until maturity. The credit rating of our investments may be affected by the underlying financial health of the guarantors of our investments. We use silicon wafers but do not enter into forward or futures hedging contracts to mitigate against risks related to the price of silicon.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2023, the Company conducted an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2023, as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the requisite time periods and that such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, our management concluded that, as of September 30, 2023, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company may engage in legal proceedings arising in the ordinary course of business. Claims, suits, investigations, and proceedings are inherently uncertain and it is not possible to predict the ultimate outcome of such matters and our business, financial condition, results of operations or cash flows could be affected in any particular period.

BlueRadios, Inc. v. Kopin Corporation, Civil Action No. 16-02052-JLK (D. Col.):

On August 12, 2016, BlueRadios, Inc. ("BlueRadios") filed a complaint in the U.S. District Court for the District of Colorado, alleging that the Company breached a contract between it and BlueRadios concerning an alleged joint venture between the Company and BlueRadios to design, develop and commercialize micro-display products with embedded wireless technology referred to as "Golden-i" breached the covenant of good faith and fair dealing associated with that contract, breached its fiduciary duty to BlueRadios, and misappropriated trade secrets owned by BlueRadios in violation of Colorado law (C.R.S. § 7-74-104(4)) and the Defend Trade Secrets Act (18 U.S.C. § 1836(b)(1)). BlueRadios further alleges that the Company was unjustly enriched by its alleged misconduct, BlueRadios is entitled to an accounting to determine the amount of profits obtained by the Company as a result of its alleged misconduct, and the inventorship on at least ten patents or patent applications owned by the Company need to be corrected to list BlueRadios' employees as inventors and thereby list BlueRadios as co-assignees of the patents. BlueRadios seeks monetary, declaratory, and injunctive relief, including for alleged non-payment of engineering retainer fees.

On October 11, 2016, the Company filed its Answer and Affirmative Defenses. The parties completed expert depositions on November 15, 2019. On December 2, 2019, the Company filed a Motion for Partial Summary Judgment requesting the Court dismiss counts 2-7 in their entirety and counts 1 and 8 in part. BlueRadios also filed a Motion for Partial Summary Judgment alleging it is the co-owner of U.S. Patent No. 8,909,296. Responses to the Motions for Partial Summary Judgment were filed on January 15, 2020, and replies were filed on February 19, 2020. On September 25, 2020, the Court denied BlueRadios' Motion for Partial Summary Judgment. On August 3, 2022, the Court granted the Company's Motion for Partial Summary Judgment by dismissing counts 3, 6, 7, punitive damages under count 2, and count 8 as it relates to patent applications, and denying the motion as it relates to counts 1, 4, and 5, and the remainder of counts 2 and 8. Additional factual and expert discovery ordered by The Court has been completed. A trial date has been set by the Court for January 22 – February 5, 2024. The Company has not concluded a loss from this matter is probable; therefore, we have not recorded an accrual for litigation or claims related to this matter for the period ended September 30, 2023. The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable.

Item 1A. Risk Factors

Our business and financial results are subject to numerous risks and uncertainties. As a result, the risks and uncertainties discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 should be carefully considered. There have been no material changes in the assessment of our risk factors from those set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchase of Equity Securities

We did not sell any securities during the nine months ended September 30, 2023 that were not registered under the Securities Act.

Item 5. Other Information

(c) Rule 10-b5-1 Trading Plan

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2023.

On February 1st, 2023 Kopin Corporation, entered into an investor relations consulting agreement with MZHCI, LLC.

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Michael Murray, Chief Executive Officer, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) *
31.2	Certification of Richard A. Sneider, Chief Financial Officer, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) *
32.1	Certification of Michael Murray, Chief Executive Officer, furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) **
32.2	Certification of Richard A. Sneider, Chief Financial Officer, furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) **
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Submitted electronically herewith
** Furnished and not filed herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2023 (Unaudited) and December 31, 2022, (ii) Condensed Consolidated Statements of Operations (Unaudited) for the three and nine months ended September 30, 2023 and September 24, 2022, (iii) Condensed Consolidated Statements of Comprehensive Loss (Unaudited) for the three and nine months ended September 30, 2023 and September 24, 2022, (iv) Condensed Consolidated Statements of Stockholders' Equity (Unaudited) for the three and nine months ended September 30, 2023 and September 24, 2022, (v) Condensed Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2023 and September 24, 2022, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.

SIGNATURES

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

KOPIN CORPORATION
(Registrant)

Date: November 13, 2023 By: */S/ MICHAEL MURRAY*
Michael Murray
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 13, 2023 By: */S/ RICHARD A. SNEIDER*
Richard A. Sneider
Treasurer and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Murray, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2023, of Kopin Corporation;

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: November 13, 2023

By: *<u>/S/ MICHAEL MURRAY</u>*

Michael Murray
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Richard A. Sneider, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2023, of Kopin Corporation;

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: November 13, 2023

By: *__/S/ RICHARD A. SNEIDER__*

Richard A. Sneider
Chief Financial Officer

Exhibit 32.1

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Kopin Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Murray, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 13, 2023

By: *\/S/ MICHAEL MURRAY*

Michael Murray
President and Chief Executive Officer

Exhibit 32.2

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Kopin Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Sneider, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 13, 2023

By: */S/ RICHARD A. SNEIDER*
Richard A. Sneider
Chief Financial Officer