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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2024

OR

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

For the transition period from ___________ to ____________

Commission file number 000-27548

LIGHTPATH TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-0708398**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2603 Challenger Tech Ct. Suite 100
Orlando, Florida 32826
(Address of principal executive offices)
(ZIP Code)

(407) 382-4003
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A CommonStock, par value $0.01	LPTH	The Nasdaq Stock Market, LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or 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 ☒

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

40,160,768 shares of Class A common stock, $0.01 par value, outstanding as of February 10, 2025.

LIGHTPATH TECHNOLOGIES, INC.
Form 10-Q

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CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Quarterly Report on Form 10-Q for the quarter ended December 31, 2024 (the “Quarterly Report”) may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements concerning plans, opinions, expectations, beliefs, objectives, assumptions or projections regarding future events or future results and underlying assumptions and other statements, which are not statements of historical facts. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or other comparable terminology. These forward-looking statements are based largely on our current expectations and assumptions and are subject to a number of risks and uncertainties, many of which are beyond our control. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. These statements are subject to many risks, uncertainties, and other important factors that could cause actual future results to differ materially from those expressed in the forward-looking statements including, but not limited to, our ability to obtain needed raw materials and components from our suppliers; general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth; geopolitical tensions, the Russian-Ukraine conflict, and the Hamas/Israel war; the effects of steps that we could take to reduce operating costs; rising inflation and increased interest rates, which diminish capital market cash flow and borrowing power; our inability to sustain profitable sales growth, convert inventory to cash, or reduce our costs to maintain competitive prices for our products; circumstances or developments that may make us unable to implement or realize the anticipated benefits, or that may increase the costs, of our current and planned business initiatives; and those factors detailed by us in our public filings with the Securities and Exchange Commission (the “SEC”), including in Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended June 30, 2024. In light of these risks and uncertainties, all of the forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized. We undertake no obligation to update or revise any of the forward-looking statements contained herein.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LIGHTPATH TECHNOLOGIES, INC.
Condensed Consolidated Balance Sheets
(unaudited)

Assets	December 31, 2024	June 30, 2024
Current assets:		
Cash and cash equivalents	$ 3,201,066	$ 3,480,268
Trade accounts receivable, net of allowance of $ 20,172 and $25,676	5,279,634	4,928,931
Inventories, net	6,428,439	6,551,059
Prepaid expenses and deposits	649,270	445,900
Other current assets	89,891	131,177
Total current assets	15,648,300	15,537,335
Property and equipment, net	14,054,829	15,210,612
Operating lease right-of-use assets	6,218,147	6,741,549
Intangible assets, net	2,960,252	3,650,739
Goodwill	6,764,127	6,764,127
Deferred tax assets, net	123,000	123,000
Other assets	59,536	59,602
Total assets	$ 45,828,191	$ 48,086,964
Liabilities and Stockholders’ Equity		
Current liabilities:		
Accounts payable	$ 3,114,382	$ 3,231,713
Accrued liabilities	1,448,584	1,911,867
Accrued payroll and benefits	1,445,924	1,446,452
Operating lease liabilities, current	997,957	1,059,998
Loans payable, current portion	3,017,443	209,170
Finance lease obligation, current portion	203,739	177,148
Total current liabilities	10,228,029	8,036,348
Deferred tax liabilities, net	323,402	326,197
Accrued liabilities, noncurrent	315,480	611,619
Finance lease obligation, less current portion	496,025	528,753
Operating lease liabilities, noncurrent	7,539,488	8,058,502
Loans payable, less current portion	222,829	325,880
Total liabilities	19,125,253	17,887,299
Commitments and Contingencies		
Stockholders’ equity:		
Preferred stock: Series D, $0.01 par value, voting; 500,000 shares authorized; none issued and outstanding	—	—
Common stock: Class A, $0.01 par value, voting; 94,500,000 shares authorized; 39,890,834 and 39,254,643 shares issued and outstanding	398,908	392,546
Additional paid-in capital	246,051,852	245,140,758
Accumulated other comprehensive income	330,495	509,936
Accumulated deficit	(220,078,317)	(215,843,575)
Total stockholders’ equity	26,702,938	30,199,665
Total liabilities and stockholders’ equity	$ 45,828,191	$ 48,086,964

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

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LIGHTPATH TECHNOLOGIES, INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	**2023**	**2024**	**2023**
Revenue, net	$ 7,424,829	$ 7,315,637	$ 15,825,210	$ 15,392,885
Cost of sales	5,493,998	5,147,316	11,049,950	10,892,858
Gross profit	1,930,831	2,168,321	4,775,260	4,500,027
Operating expenses:				
Selling, general and administrative	3,356,063	2,858,457	6,626,646	5,519,625
New product development	764,396	607,747	1,240,837	1,247,636
Amortization of intangible assets	294,711	485,446	690,487	766,717
Loss on disposal of property and equipment	—	—	78,437	—
Total operating expenses	4,415,170	3,951,650	8,636,407	7,533,978
Operating loss	(2,484,339)	(1,783,329)	(3,861,147)	(3,033,951)
Other income (expense):				
Interest expense, net	(169,053)	(53,788)	(318,413)	(111,399)
Other income, net	85,920	199,512	4,979	204,915
Total other expense, net	(83,133)	145,724	(313,434)	93,516
Loss before income taxes	(2,567,472)	(1,637,605)	(4,174,581)	(2,940,435)
Income tax provision	44,525	76,058	60,161	115,604
Net loss	$ (2,611,997)	$ (1,713,663)	$ (4,234,742)	$ (3,056,039)
Foreign currency translation adjustment	(451,035)	259,973	(179,441)	134,765
Comprehensive loss	$ (3,063,032)	$ (1,453,690)	$ (4,414,183)	$ (2,921,274)
Loss per common share (basic)	$ (0.07)	$ (0.05)	$ (0.11)	$ (0.08)
Number of shares used in per share calculation (basic)	39,728,933	37,501,683	39,645,206	37,466,714
Loss per common share (diluted)	$ (0.07)	$ (0.05)	$ (0.11)	$ (0.08)
Number of shares used in per share calculation (diluted)	39,728,933	37,501,683	39,645,206	37,466,714

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

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LIGHTPATH TECHNOLOGIES, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

	Class A Common Stock Shares	Class A Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balances at June 30, 2024	**39,254,643**	**$ 392,546**	**$245,140,758**	**$ 509,936**	**$(215,843,575)**	**$ 30,199,665**
Issuance of common stock for:						
Employee Stock Purchase Plan	8,232	82	10,290	—	—	10,372
Exercise of Stock Options, RSUs & RSAs, net	70,309	703	(703)	—	—	—
Issuance of common stock for acquisition of Visimid	279,553	2,796	318,562	—	—	321,358
Stock-based compensation on stock options, RSUs & RSAs	—	—	264,475	—	—	264,475
Foreign currency translation adjustment	—	—	—	271,594	—	271,594
Net loss	—	—	—	—	(1,622,745)	(1,622,745)
Balances at September 30, 2024	**39,612,737**	**$ 396,127**	**$245,733,382**	**$ 781,530**	**$(217,466,320)**	**$ 29,444,719**
Issuance of common stock for:						
Exercise of Stock Options, RSUs & RSAs, net	229,097	2,291	(2,291)	—	—	—
Shares issued as compensation	49,000	490	89,180	—	—	89,670
Stock-based compensation on stock options, RSUs & RSAs	—	—	231,581	—	—	231,581
Foreign currency translation adjustment	—	—	—	(451,035)	—	(451,035)
Net loss	—	—	—	—	(2,611,997)	(2,611,997)
Balances at December 31, 2024	**39,890,834**	**$ 398,908**	**$246,051,852**	**$ 330,495**	**$(220,078,317)**	**$ 26,702,938**
Balances at June 30, 2023	**37,344,739**	**$ 373,447**	**$242,808,771**	**$ 606,536**	**$(207,836,229)**	**$ 35,952,525**
Issuance of common stock for:						
Employee Stock Purchase Plan	14,607	146	19,573	—	—	19,719
Exercise of Stock Options, RSUs & RSAs, net	14,482	145	(145)	—	—	—
Issuance of common stock for acquisition of Visimid	81,610	816	149,184	—	—	150,000

Stock-based compensation on stock options, RSUs & RSAs	—	—	240,075	—	—	240,075
Foreign currency translation adjustment	—	—	—	(125,208)	—	(125,208)
Net loss	—	—	—	—	(1,342,376)	(1,342,376)
Balances at September 30, 2023	**37,455,438**	**$ 374,554**	**$243,217,458**	**$ 481,328**	**$(209,178,605)**	**$ 34,894,735**
Issuance of common stock for:						
Exercise of Stock Options, RSUs & RSAs, net	93,940	940	(940)	—	—	—
Stock-based compensation on stock options, RSUs & RSAs	—	—	258,691	—	—	258,691
Foreign currency translation adjustment	—	—	—	259,973	—	259,973
Net loss	—	—	—	—	(1,713,663)	(1,713,663)
Balances at December 31, 2023	**37,549,378**	**$ 375,494**	**$243,475,209**	**$ 741,301**	**$(210,892,268)**	**$ 33,699,736**

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

LIGHTPATH TECHNOLOGIES, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended December 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (4,234,742)	$ (3,056,039)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,893,602	1,943,000
Interest from amortization of loan issuance costs	120,833	—
Loss on disposal of property and equipment	78,437	—
Stock-based compensation on stock options, RSUs & RSAs, net	506,020	551,853
Provision for credit losses	—	(2,236)

Change in operating lease assets and liabilities	(57,653)	80,355
Inventory write-offs to allowance	135,625	73,569
Deferred taxes	(2,795)	9,395
Changes in operating assets and liabilities:		
Trade accounts receivable	(350,703)	1,717,283
Other current assets	41,286	(191,381)
Inventories	(13,005)	54,461
Prepaid expenses and deposits	(123,598)	94,619
Accounts payable and accrued liabilities	(430,923)	(424,310)
Net cash (used in) provided by operating activities	(2,437,616)	850,569
Cash flows from investing activities:		
Purchase of property and equipment	(160,155)	(1,484,401)
Proceeds from sale of equipment	10,648	—
Proceeds from sale-leaseback of equipment	—	364,710
Acquisition of Visimid, net of cash acquired	—	(722,141)
Net cash used in investing activities	(149,507)	(1,841,832)
Cash flows from financing activities:		
Proceeds from sale of common stock from Employee Stock Purchase Plan	10,372	19,719
Deferred payment for acquisition of Visimid	(125,000)	—
Loan issuance costs	(300,000)	—
Borrowings on loans payable	3,000,000	142,853
Payments on loans payable	(106,486)	(407,510)
Repayment of finance lease obligations	(89,705)	(58,785)
Net cash provided by (used in) financing activities	2,389,181	(303,723)
Effect of exchange rate on cash and cash equivalents	(81,260)	32,698
Change in cash, cash equivalents and restricted cash	(279,202)	(1,262,288)
Cash, cash equivalents and restricted cash, beginning of period	3,480,268	7,144,490
Cash, cash equivalents and restricted cash, end of period	$ 3,201,066	$ 5,882,202
Supplemental disclosure of cash flow information:		
Interest paid in cash	$ 40,838	$ 110,774
Income taxes paid	$ 61,427	$ 114,953
Supplemental disclosure of non-cash investing & financing activities:		
Purchase of equipment through finance lease arrangements	$ 93,048	$ 61,654
Issuance of common stock for acquisition of Visimid	$ 321,358	$ 150,000

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

LIGHTPATH TECHNOLOGIES, INC.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

References in this document to “the Company,” “LightPath,” “we,” “us,” or “our” are intended to mean LightPath Technologies, Inc., individually, or as the context requires, collectively with its subsidiaries on a consolidated basis.

These unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the requirements of Article 8 of Regulation S-X promulgated under the Exchange Act and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with our Consolidated Financial Statements and related notes, included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, filed with the SEC. Unless otherwise stated, references to particular years or quarters refer to our fiscal years ended June 30 and the associated quarters of those fiscal years.

These Condensed Consolidated Financial Statements are unaudited, but include all adjustments, including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly our financial position, results of operations and cash flows for the interim periods presented. The Consolidated Balance Sheet as of June 30, 2024 has been derived from the audited financial statements at that date but does not include all of the information and notes required by generally accepted accounting principles for complete financial statements. Results of operations for interim periods are not necessarily indicative of the results that may be expected for the year as a whole. The unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

Our significant accounting policies are provided in Note 2, *Summary of Significant Accounting Policies*, in the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024. There have been no material changes to our significant accounting policies during the six months ended December 31, 2024, from those disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

Use of Estimates

Management makes estimates and assumptions during the preparation of our unaudited Condensed Consolidated Financial Statements that affect amounts reported in the unaudited Condensed Consolidated Financial Statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes available, which, in turn, could impact the amounts reported and disclosed herein.

Fair Value of Financial Instruments

We account for financial instruments in accordance with the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification Topic 820, “Fair Value Measurements and Disclosures” (“ASC 820”), which provides a framework for measuring fair value and disclosure requirements for fair value measurements of assets and liabilities. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.
Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management.

The respective carrying value of financial instruments recorded on the consolidated balance sheets approximated their fair values. These financial instruments include accounts receivable, accounts payable and accrued liabilities. Fair values were assumed to approximate carrying values for these financial instruments since they are short term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of the our finance lease obligations and loans payable approximate their carrying values, based upon current rates available to us. See Note 11, Leases and Note 12, Loans Payable, to these unaudited Condensed Consolidated Financial Statements for additional information. Management considers these fair value estimates to be level 2 fair value measurements.

We do not have any other financial or non-financial assets or liabilities that would be characterized as Level 1, Level 2 or Level 3 instruments.

3. Acquisition of Visimid Technologies

In July 2023, the Company acquired Liebert Consulting LLC, dba Visimid Technologies ("Visimid"), pursuant to a Membership Interest Purchase Agreement dated as of July 25, 2023 (the "Acquisition Date").

Part of the Company's growth strategy is to identify appropriate opportunities that would enhance our profitable growth through acquisition. Visimid is an engineering and design firm specializing in thermal imaging, night vision and internet of things ("IOT") applications. Visimid provides design and consulting services for Department of Defense ("DoD") contractors, commercial and industrial customers, and original equipment manufacturers ("OEMs") for original new products. Visimid's core competency is developing and producing custom thermal and night vision cores. We believe that Visimid's capabilities are aligned with our strategy to focus on engineered solutions.

The Company's unaudited condensed consolidated financial statements reflect the financial results of Visimid beginning on the Acquisition Date. The purchase price included $1 million in cash, $1,550,000 of restricted stock, $150,000 of assumed bank debt, and an earnout which is contingent upon the award and completion of a specific customer contract. Of the restricted stock payable as part of the purchase price, $150,000 (81,610 shares) was issued at closing, with the balance to be issued in four equal installments of $350,000 each, on January 1, 2024, July 1, 2024, January 1, 2025 and July 1, 2025. The number of shares is based on the average closing price of the Company's Class A common stock, as reported by Bloomberg, for the five trading days prior to each stock issuance. For the January 1, 2024 installment, 267,176 shares were issued, and for the July 1, 2024 installment, 279,553 shares were issued.

The total purchase price, net of cash acquired and including the estimated potential earnout, is approximately $ 2.7 million, based on present values as of the Acquisition Date. Of this amount, $600,000 was paid at closing, cash installments of $ 150,000, $125,000 and $125,000 were paid in October 2023, January 2024 and September 2024, respectively, per the terms of the purchase agreement, and the remaining cash and stock payments, including the balance of the estimated potential earnout, have been accrued and are included in Accrued liabilities and Accrued liabilities, noncurrent in the unaudited Condensed Consolidated Balance Sheet as of December 31, 2024.

The estimated fair values of the assets acquired and liabilities assumed were recorded as of the Acquisition Date. As part of the valuation analysis, the Company identified intangible assets, including customer relationships, customer backlog, trade secrets and trademarks. The customer backlog, customer relationships, trade secrets and trademarks were determined to have estimated values of approximately $464,000, $122,000, $925,000 and $442,000, respectively, and estimated useful lives of 1 year for customer backlog, and 10 years for customer relationships, trade secrets and trademarks. The estimated fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all future cash flows. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of Visimid. The goodwill is expected to be deductible for income tax purposes.

The Company incurred a total of approximately $ 238,000, in acquisition costs, of which $ 97,000 was incurred during the six months ended December 31, 2023. These costs are included in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) in the line item entitled "Selling, general and administrative." No further acquisition costs were incurred during the six months ended December 31, 2024.

Prior to the Acquisition, the Company had a preexisting relationship with Visimid. The Company contracted Visimid for engineering services and purchased infrared camera cores from Visimid on an arms' length basis. The Company had also partnered with Visimid for the development of the Mantis camera.

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4. Revenue

Product Revenue

We are a manufacturer of optical components and higher-level assemblies, including precision molded glass aspheric optics, molded and diamond-turned infrared optical components, and other optical materials used to produce products that manipulate light. We design, develop, manufacture, and distribute optical components and assemblies utilizing advanced optical manufacturing processes. We also provide engineering services and perform research and development for optical solutions for a wide range of optics markets. Revenue is derived primarily from the sale of optical components and assemblies.

Revenue Recognition

Revenue is generally recognized upon transfer of control, including the risks and rewards of ownership, of products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We generally bear all costs, risk of loss, or damage and retain title to the goods up to the point of transfer of control of products to customers. Shipping and handling costs are included in the cost of goods sold. We present revenue net of sales taxes and any similar assessments.

Customary payment terms are granted to customers, based on credit evaluations. We currently do not have any contracts where revenue is recognized, but the customer payment is contingent on a future event. We record deferred revenue when cash payments are received or due in advance of revenue recognition. Deferred revenue was $335,000 and $725,000 as of December 31, 2024 and June 30, 2024, respectively, and is included in accrued liabilities in the condensed consolidated balance sheets.

Nature of Products

Revenue from the sale of optical components and assemblies is recognized upon transfer of control, including the risks and rewards of ownership, to the customer. The performance obligations for the sale of optical components and assemblies are satisfied at a point in time, generally upon shipment. Product development agreements for engineering services are generally short-term in nature, with revenue recognized upon satisfaction of the performance obligation, and transfer of control of the agreed-upon deliverable. Visimid has one longer-term order with a defense customer which includes both product development and hardware deliverables where similar revenue recognition criteria will be applied.

We categorize our products into four product groups: infrared components, visible components, assemblies and modules, and engineering services.

Revenue by product group for the three and six months ended December 31, 2024 and 2023 was as follows:

	Three Months Ended December 31,		**Six Months Ended December 31,**	
	2024	**2023**	**2024**	**2023**
Infrared components	$ 3,112,076	$ 3,572,853	$ 5,722,960	$ 7,407,455
Visible components	2,762,852	2,678,904	6,062,730	5,367,239
Assemblies and modules	857,214	986,683	1,950,882	2,248,722

Engineering services	692,687	77,197	2,088,638	369,469
Total revenue	$ 7,424,829	$ 7,315,637	$ 15,825,210	$ 15,392,885

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5. Inventories

The components of inventories include the following:

	December 31, 2024	June 30, 2024
Raw materials	$ 2,653,677	$ 3,112,428
Work in process	2,482,370	2,333,240
Finished goods	2,498,260	2,330,287
Allowance for obsolescence	(1,205,868)	(1,224,896)
	$ 6,428,439	$ 6,551,059

The value of tooling in raw materials, net of the related allowance for obsolescence, was approximately $ 1.3 million and $1.4 million as of December 31, 2024 and June 30, 2024, respectively.

6. Property and Equipment

Property and equipment are summarized as follows:

	Estimated Lives (Years)	December 31, 2024	June 30, 2024
Manufacturing equipment	5 - 10	$ 22,342,184	$ 22,582,429
Computer equipment and software	3 - 5	968,708	970,494
Furniture and fixtures	5	347,911	349,932
Leasehold improvements	5 - 10	8,948,365	8,964,714
Construction in progress		626,363	646,217
Total property and equipment		33,233,531	33,513,786
Less accumulated depreciation and amortization		(19,178,702)	(18,303,174)
Total property and equipment, net		$ 14,054,829	$ 15,210,612

Depreciation expense was $1.2 million for both the six months ended December 31, 2024 and 2023.

7. Goodwill and Intangible Assets

There were no changes in the net carrying value of goodwill during the six months ended December 31, 2024.

Amortizable intangible assets were comprised of:

	Useful Lives (Years)	December 31, 2024	June 30, 2024
Customer relationships	10 - 15	$ 3,712,300	$ 3,712,300
Trade secrets	8 - 10	4,197,304	4,197,304
Trademarks	8 - 10	4,256,418	4,256,418
Backlog	1	463,525	463,525
Total intangible assets		12,629,547	12,629,547
Less accumulated amortization		(9,669,295)	(8,978,808)
Total intangible assets, net		$ 2,960,252	$ 3,650,739

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Future amortization of intangibles is as follows:

Fiscal year ending:	
June 30, 2025 (six months remaining)	$ 194,167
June 30, 2026	388,336
June 30, 2027	388,336
June 30, 2028	388,336
June 30, 2029	388,336
After June 30, 2029	1,212,741
	$ 2,960,252

8. Income Taxes

A summary of our total income tax expense and effective income tax rate for the three and six months ended December 31, 2024 and 2023 is as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Loss before income taxes	$ (2,567,472)	$ (1,637,605)	$ (4,174,581)	$ (2,940,435)
Income tax provision	$ 44,525	$ 76,058	$ 60,161	$ 115,604
Effective income tax rate	-2%	-5%	-1%	-4%

The difference between our effective tax rates in the periods presented above and the federal statutory rate is due to the mix of taxable income and losses generated in our various tax jurisdictions, which include the United States (the "U.S."), the People's Republic of China, and the Republic of Latvia. Effective February 28, 2023, the legal entities of LightPath Optical Instrumentation (Shanghai) Co., Ltd. ("LPOI") and LightPath Optical Instrumentation (Zhenjiang) Co., Ltd. ("LPOIZ") were merged, with LPOIZ as the surviving company and the operations of the two companies were merged. For the three and six months ended December 31, 2024 and 2023, income tax expense was primarily related to income taxes from our operations in China, including accruals for withholding taxes on intercompany dividends declared by LPOIZ, and paid or payable to LightPath, its parent company, as well as withholding taxes on payments from LPOIZ to LightPath for administrative services rendered.

We record net deferred tax assets to the extent we believe it is more likely than not that some portion or all of these assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As of December 31, 2024 and June 30, 2024, our net deferred tax assets are related to the U.S. jurisdiction and we have provided a valuation allowance to reduce the deferred tax assets to the net amount we estimate is more-likely-than-not to be realized. Our net deferred tax assets as of December 31, 2024 and June 30, 2024 consist primarily of federal and state tax credits with indefinite carryover periods.

U.S. Federal and State Income Taxes

Our U.S. federal and state statutory income tax rate is estimated to be 25.5%. Based on our current assessment of the valuation allowance position on our net deferred tax assets, no additional tax expense or benefit is expected to be recorded on pre-tax income or losses generated in the U.S.

Income Tax Law of the People's Republic of China

Our Chinese subsidiary, LPOIZ, is governed by the Income Tax Law of the People's Republic of China. As of December 31, 2024, LPOIZ was subject to a statutory income tax rate of 15%. The net deferred tax liabilities included in these unaudited Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2024 are related to LPOIZ, and primarily consist of timing differences related to depreciation.

The Company routinely declares intercompany dividends to remit a portion of the earnings of its foreign subsidiaries to the U.S. parent company. The Company also intends to reinvest a portion of the earnings generated by its foreign subsidiaries. The Company accrues withholding taxes on the portion of LPOIZ's earnings that it intends to repatriate. Accrued and unpaid withholding taxes were approximately $32,000 as of both December 31, 2024 and June 30, 2024. Other than these withholding taxes, these intercompany dividends have no impact on the unaudited condensed consolidated financial statements.

Law of Corporate Income Tax of Latvia

Our Latvian subsidiary, ISP Optics Latvia, SIA ("ISP Latvia"), is governed by the Law of Corporate Income Tax of Latvia. Effective January 1, 2018, the Republic of Latvia enacted tax reform with the following key provisions: (i) corporations are not subject to income tax, but are instead subject to a distribution tax on distributed profits (or deemed distributions, as defined) and (ii) the rate of tax was changed to 20%; however, distribution amounts are first divided by 0.8 to arrive at the profit before tax amount, resulting in an effective tax rate of 25%. As a transitional measure, distributions of earnings prior to January 1, 2018 were not subject to tax if declared prior to December 31, 2019. ISP Latvia declared an intercompany dividend to be paid to ISP Optics Corporation ("ISP"), its U.S. parent company, for the full amount of earnings accumulated prior to January 1, 2018. Distributions of this dividend have been fully settled as of June 30, 2024 and we currently do not intend to distribute any earnings generated after January 1, 2018. If, in the future, we change such intention, we will accrue distribution taxes, if any, as profits are generated.

9. Stock-Based Compensation

Our directors, officers, and key employees are granted stock-based compensation through our Amended and Restated Omnibus Incentive Plan, as amended (the "Omnibus Plan"), through October 2018 and after that date, through our 2018 Stock and Incentive Compensation Plan (the "SICP"). Such stock-based compensation may include, among other things, incentive stock options, non-qualified stock options, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). The SICP is administered by the Compensation Committee of the Board of Directors. To date, our stockholders approved an aggregate of 7,215,625 shares of our Class A common stock for issuance pursuant to awards granted under the Omnibus Plan or SICP. As of December 31, 2024, 775,126 shares of Class A common stock were authorized and available for issuance pursuant to awards granted under the SICP. The Company's executive officers are eligible to earn incentive compensation consisting of equity-based awards, as well as cash bonuses, based on the achievement of certain individual and/or Company performance goals set by the Compensation Committee.

Stock-based compensation expense is based primarily on the fair value of the award as of the grant date and is recognized as an expense over the requisite service period.

The following table shows total stock-based compensation expense for the three and six months ended December 31, 2024 and 2023, the majority of which is included in selling, general and administrative ("SG&A") expenses in these unaudited Condensed Consolidated Statements of Comprehensive Income (Loss):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	**2023**	**2024**	**2023**
Stock options	$ 10,809	$ 30,037	$ 21,618	$ 61,515
RSAs	59,531	108,922	166,218	131,309
RSUs	171,206	172,820	318,185	359,030
Total	$ 241,546	$ 311,779	$ 506,021	$ 551,854

We also adopted the LightPath Technologies, Inc. Employee Stock Purchase Plan (the "2014 ESPP"). The 2014 ESPP permits employees to purchase Class A common stock through payroll deductions, subject to certain limitations. A discount of approximately $1,100 and $2,000 for the six months ended December 31, 2024 and 2023, respectively, is included in SG&A expenses in these unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), which represents the value of the 10% discount given to the employees purchasing stock under the 2014 ESPP. The 2014 ESPP expired in January 2025.

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Grant Date Fair Values and Underlying Assumptions; Contractual Terms

We estimate the fair value of each stock option as of the date of grant, using the Black-Scholes-Merton pricing model. The fair value of 2014 ESPP shares is the amount of the discount the employee obtains at the date of the purchase transaction.

Most stock options granted vest ratably over two to four years and are generally exercisable for ten years. The assumed forfeiture rates used in calculating the fair value of RSA and RSU grants was 0%, and the assumed forfeiture rates used in calculating the fair value of options for performance and service conditions were 20% for each of the six months ended December 31, 2024 and 2023. The volatility rate and expected term are based on seven-year historical trends in Class A common stock closing prices and actual forfeitures. The interest rate used is the U.S. Treasury interest rate for constant maturities.

No stock options were granted during either of the six-month periods ended December 31, 2024 or 2023.

Restricted Stock Awards

RSAs are granted primarily to our executive officers, employees and consultants, and typically vest over a one to three year period from the date of grant, although some may vest immediately upon grant. The stock underlying RSAs is issued upon vesting.

Restricted Stock Units

RSUs are granted primarily to our directors, although RSU awards may also be made to executive officers, employees and consultants. RSUs typically vest over a one to four year period from the date of grant, although some may vest immediately upon grant.

Information Regarding Current Share-Based Compensation Awards

A summary of the activity for share-based compensation awards in the six months ended December 31, 2024 is presented below:

	Stock Options			Restricted Stock Units (RSUs)		Restricted Stock Awards (RSAs)	
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract	Shares	Weighted-Average Remaining Contract	Shares	Weighted-Average Remaining Contract
June 30, 2024	553,689	$ 2.02	5.4	1,250,132	0.8	161,540	1.5
Granted	—	—		44,361		72,612	
Exercised	(127,000)	$ 2.01		(159,224)		(136,604)	
Cancelled/Forfeited	(28,794)	$ 2.96		—		—	
December 31, 2024	397,895	$ 1.96	5.6	1,135,269	0.5	97,548	1.2
Awards exercisable/ vested as of **December 31, 2024**	350,409	$ 1.92	5.3	587,351	—	—	—
Awards unexercisable/ unvested as of **December 31, 2024**	47,486	$ 2.25	8.0	547,918	0.5	97,548	1.2
	397,895			1,135,269		97,548	

As of December 31, 2024, there was approximately $ 1.1 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements (including stock options, RSAs and RSUs) granted. We expect to recognize the compensation cost as follows:

Fiscal Year Ending:	**Stock Options**	**RSAs**	**RSUs**	**Total**
June 30, 2025 (remaining six months)	$ 36,202	$ 86,842	$ 331,510	$ 454,554
June 30, 2026	22,104	100,377	296,475	418,956
June 30, 2027	16,350	22,019	180,387	218,756
	$ 74,656	$ 209,238	$ 808,372	$ 1,092,266

10. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income or loss by the weighted-average number of shares of Class A common stock outstanding, during each period presented. Diluted earnings (loss) per share is computed similarly to basic earnings (loss) per share, except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue shares of Class A common stock were exercised or converted into shares of Class A common stock. The computations for basic and diluted earnings (loss) per share of Class A common stock are described in the following table:

	Three Months Ended December 31,	Six Months Ended December 31,

	2024	2023	2024	2023
Net loss	$ (2,611,997)	$ (1,713,663)	$ (4,234,742)	$ (3,056,039)
Weighted-average common shares outstanding:				
Basic number of shares	39,728,933	37,501,683	39,645,206	37,446,714
Diluted number of shares	39,728,933	37,501,683	39,645,206	37,446,714
Loss per common share:				
Basic	$ (0.07)	$ (0.05)	$ (0.11)	$ (0.08)
Diluted	$ (0.07)	$ (0.05)	$ (0.11)	$ (0.08)

The following potential dilutive shares were not included in the computation of diluted earnings (loss) per share of Class A common stock, as their effects would be anti-dilutive:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Options to purchase common stock	523,188	534,462	532,179	534,462
RSUs and RSAs	1,292,221	1,704,638	1,348,442	1,695,723
	1,815,409	2,239,100	1,880,621	2,230,185

11. Leases

Our leases primarily consist of operating leases related to our facilities located in Orlando, Florida; Riga, Latvia; Shanghai, China; and Zhenjiang, China, and finance leases related to certain equipment located in Orlando, Florida and Riga, Latvia. The operating leases for facilities are non-cancelable operating leases, with terms at various times through 2034. We typically include options to renew (or terminate) in our lease term, and as part of our right-of-use ("ROU") assets and lease liabilities, when it is reasonably certain that we will exercise such options. We currently have fourteen finance lease agreements entered into during fiscal years 2023, 2024 and 2025 with terms ranging from three to five years. The finance leases are for computer and manufacturing equipment.

Our operating lease ROU assets and the related lease liabilities are initially measured at the present value of future lease payments over the lease term. One of our operating leases includes renewal options, which were not included in the measurement of the operating lease ROU assets and related lease liabilities. The lease on the premises comprising our primary facility in Orlando, Florida (the "Orlando Facility") was amended in April 2021, and again in September 2021, to expand the space from approximately 26,000 square feet to approximately 58,500 square feet. The lease term was extended from April 30, 2022, to that certain date that is one hundred twenty-seven (127) months after the date the landlord completes certain work to be done at the leased premises. The landlord's work was completed in August 2023, and accordingly the lease expires on March 31, 2034. Effective in January 2022, the terms of our leases in Zhenjiang, China and Riga, Latvia were extended to December 31, 2024 and 2030, respectively. It is our intention to renew the lease on the reduced space in Zhenjiang for at least a one-year term.

We received tenant improvement allowances for the lease of our Orlando Facility. These allowances were used to construct improvements and are included in leasehold improvements and operating lease liabilities. The balance is being amortized over the corresponding lease term. In August 2023, we completed the construction of additional tenant improvements within the premises subject to our continuing lease for our Orlando Facility, of which the landlord provided $2.4 million in tenant improvement allowances. We funded the balance of the tenant improvement costs of approximately $ 3.7 million.

The components of lease expense for the three and six months ended December 31, 2024 and 2023 were as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Operating lease cost	$ 269,985	$ 238,652	$ 538,480	$ 443,675
Finance lease cost:				
Depreciation of lease assets	42,916	13,982	80,732	33,897
Interest on lease liabilities	17,027	7,856	31,089	15,392
Total finance lease cost	59,943	21,838	111,821	49,289
Total lease cost	$ 329,928	$ 260,490	$ 650,301	$ 492,964

Supplemental balance sheet information related to the leases as of December 31, 2024 and June 30, 2024 was as follows:

	Classification	December 31, 2024	June 30, 2024
Assets:			
Operating lease assets	Operating lease assets	$ 6,218,147	$ 6,741,549
Finance lease assets	Property and equipment, net[1]	954,791	1,063,768
Total lease assets		$ 7,172,938	$ 7,805,317
Liabilities:			
Current:			
Operating leases	Operating lease liabilities, current	$ 997,957	$ 1,059,998
Finance leases	Finance lease liabilities, current	203,739	177,148
Noncurrent:			
Operating leases	Operating lease liabilities, less current portion	7,539,488	8,058,502
Finance leases	Finance lease liabilities, less current portion	496,025	528,753
Total lease liabilities		$ 9,237,209	$ 9,824,401

(1) Finance lease assets were recorded net of accumulated depreciation of approximately $ 190,000 and $109,000 as of December 31, 2024 and June 30, 2024, respectively.

Lease term and discount rate information related to leases was as follows:

Lease Term and Discount Rate	**December 31, 2024**
Weighted Average Remaining Lease Term (in years)	
Operating leases	8.9
Finance leases	3.3
Weighted Average Discount Rate	
Operating leases	2.9%
Finance leases	7.1%

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Supplemental cash flow information was as follows for the six months ended December 31, 2024 and 2023:

	Six Months Ended December 31,	
	2024	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used for operating leases	$ 590,037	$ 363,320
Operating cash used for finance leases	$ 31,089	$ 15,393
Financing cash used for finance leases	$ 89,705	$ 58,785

Future maturities of lease liabilities were as follows as of December 31, 2024:

Fiscal year ending:	Finance Leases	Operating Leases
June 30, 2025 (remaining six months)	$ 147,073	$ 551,758
June 30, 2026	240,481	1,126,945
June 30, 2027	213,832	1,134,178
June 30, 2028	170,535	1,152,594
June 30, 2029	57,642	1,182,835
Thereafter	—	5,563,403
Total future minimum payments	829,563	10,711,713
Less imputed interest	(129,799)	(2,174,268)
Present value of lease liabilities	$ 699,764	$ 8,537,445

12. Loans Payable

As of December 31, 2024, loans payable consisted of two equipment loans and a bridge promissory note (as described below).

Bridge Promissory Note

On August 6, 2024, we entered into a bridge promissory note (the “Bridge Note”) with Lytton-Kambara Foundation (the “Lender”) pursuant to which the Lender extended a loan to the Company in the principal amount of $3,000,000 (the “Loan”). The Loan is subject to an original issue discount of 7%. After deducting the original issue discount, fees paid to our placement agent, and certain expenses, the Company received net proceeds of $2,700,000.

The Bridge Note is unsecured, bears interest at the rate of 12.5% per annum and has a 1-year term, maturing on August 6, 2025 (the “Maturity Date”), at which time the entire principal amount of the Bridge Note and all accrued but unpaid interest is due and payable in full.

We may prepay the principal outstanding under the Bridge Note at any time prior to the Maturity Date at 105% of the prepaid principal amount plus any unpaid accrued interest. Upon the consummation of a transaction resulting in a Change of Control (as defined in the Bridge Note) we are required to repay the holder of the Bridge Note in cash an amount equal to 105% of the outstanding principal balance of the Bridge Note plus unpaid accrued interest on the original principal.

The Bridge Note contains customary representations, warranties and covenants for agreements of this type and provides for customary events of default, including among other things, failure to make payments when due, breaches of representations and warranties, and certain bankruptcy and insolvency events. Upon an event of default, the Bridge Note’s interest rate shall increase to 18% per annum and the Bridge Note holder may, at its option, accelerate the Bridge Note whereupon the entire principal amount thereof and all accrued but unpaid interest shall be due and payable in full.

Equipment Loans

In December 2020, ISP Latvia received an equipment loan from a third party (the “2020 Equipment Loan”), which party is also a significant customer. The 2020 Equipment Loan was collateralized by certain equipment. The initial advance under the 2020 Equipment Loan was 225,000 EUR (or USD $275,000), payable in equal installments over 60 months, the proceeds of which were used to make a prepayment to a vendor for equipment to be delivered at a future date. An additional 225,000 EUR (or USD $267,000) was drawn in September 2021, which proceeds were paid to the vendor for the equipment, payable in equal installments over 52 months. The 2020 Equipment Loan bears interest at a fixed rate of 3.3%.

In May 2023, ISP Latvia entered into an equipment loan with a third party financial institution (the “2023 Equipment Loan”). The 2023 Equipment Loan is collateralized by certain equipment. The initial advance under the 2023 Equipment Loan was 128,815 EUR (or USD $141,245), the proceeds of which were used to make a prepayment to a vendor for equipment to be delivered at a future date. The final advance for the final payment to the equipment vendor was 132,674 EUR (or USD $141,815). The 2023 Equipment Loan is payable over 48 months, with monthly installments that began on January 1, 2024. The 2023 Equipment Loan bears interest at the six-month EURIBOR rate, plus 2.84% (5.63% as of December 31, 2024).

Future maturities of loans payable are as follows:

	Promissory Note	Equipment Loans	Total
Fiscal year ending:			
June 30, 2025 (remaining six months)	$ —	$ 102,567	$ 102,567
June 30, 2026	3,000,000	145,465	3,145,465
June 30, 2027	—	102,844	102,844
June 30, 2028	—	68,563	68,563
Total payments	$ 3,000,000	$ 419,439	$ 3,419,439
Unamortized loan issuance costs			(179,167)
Loans payable			$ 3,240,272
Less current portion			(3,017,443)
Non-current portion			$ 222,829

13. Foreign Operations

Assets and liabilities denominated in non-U.S. currencies are translated at rates of exchange prevailing on the balance sheet date, and revenues and expenses are translated at average rates of exchange for the period. Gains or losses on the translation of the financial statements of a non-U.S. operation, where the functional currency is other than the U.S. dollar, are reflected as a separate component of equity, which was a cumulative gain of approximately $330,000 and $510,000 as of December 31, 2024 and June 30, 2024, respectively. We also recognized net foreign currency transaction gains of $40,000 and $4,000 during the three months ended December 31, 2024 and 2023, respectively. During the six months ended December 31, 2024 and 2023, we recognized net foreign currency transaction gains of $4,000 and $29,000, respectively, included in the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) in the line item entitled “Other income (expense), net.”

Our cash, cash equivalents and restricted cash totaled approximately $ 3.2 million at December 31, 2024. Of this amount, approximately 60% was held by our foreign subsidiaries in China and Latvia. These foreign funds were generated in China and Latvia as a result of foreign earnings. With respect to the funds generated by our foreign subsidiaries in China, the retained earnings of the respective subsidiary must equal at least 50% of its registered capital before any funds can be repatriated through dividends. As of December 31, 2024, LPOIZ had approximately $1.2 million in retained earnings available for repatriation, based on earnings accumulated through December 31, 2024, the end of the most recent statutory tax year, that remained undistributed as of December 31, 2024.

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Revenues from foreign countries for the six months ended December 31, 2024 and 2023 are as follows:

	Six Months Ended December 31,	
	2024	**2023**
Revenues:		
United States	$ 10,628,649	$ 8,640,498
Europe	2,589,988	4,521,846
China	1,324,301	1,217,955
Other Asian countries	482,518	614,037

Rest of world	799,754	398,549
	$ 15,825,210	$ 15,392,885

Long-lived assets located in foreign countries as of December 31, 2024 and June 30, 2024 are as follows:

	December 31, 2024	June 30, 2024
Long-lived assets:		
United States	$ 23,372,056	$ 24,989,477
Latvia	4,517,296	4,961,741
China	2,290,539	2,615,410
	$ 30,179,891	$ 32,566,628

14. Contingencies

Legal

The Company, from time to time, is involved in various legal actions arising in the normal course of business. Management, after reviewing with legal counsel all of these actions and proceedings, believes that the aggregate losses, if any, will not have a material adverse effect on the Company's financial position or results of operations.

In April 2021, we terminated several employees of our China subsidiaries, LPOIZ and LPOI, including the General Manager, the Sales Manager, and the Engineering Manager, after determining that they had engaged in malfeasance and conduct adverse to our interests, including efforts to misappropriate certain of our proprietary technology, diverting sales to entities owned or controlled by these former employees and other suspected acts of fraud, theft and embezzlement. In connection with such terminations, our China subsidiaries have engaged in certain legal proceedings with the terminated employees. We incurred various expenses associated with the investigation into these matters prior and subsequent to the termination of the employees and the associated legal proceedings. In December 2023, we recovered approximately $190,000 in funds that had been recovered by the Chinese authorities. We expect to incur minimal additional legal fees and consulting expenses in future periods as we have exhausted nearly all of our legal options and remedies.

Potential Impact of Economic Conditions in and Trade Relations with China

Due to our operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of other countries in many respects, including with respect to the level of development, growth rate, amount of government involvement, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth over the past several decades, its growth rate has declined in recent years and may continue to decline. Deteriorating economic conditions in China, as well as geo-political drivers such as sanctions on Chinese companies, generally have led to lower demand for our products in China and thus lower revenues and net income for our subsidiaries in China and the Company overall. A continuation of China's current economic conditions or a further slowdown in the economic growth, an economic downturn, a recession, or other adverse economic conditions in China is likely to have a further adverse effect on our business and results of operations in future quarters.

In addition, China’s export limitations on Germanium and Gallium, two materials that are commonly used in infrared optical components, are becoming increasingly disruptive to our business with adverse impacts. The initial restrictions imposed in July 2023, required all international customers to provide an end user statement for approval before receiving an export license. Following that announcement, supply of Germanium was disrupted, though not completely stopped. This also resulted in significant price increases in the cost of Germanium material. Following these restrictions we had proactively canceled a number of customer orders for Germanium, to reduce our exposure in case of a supply disruption.

Then, in December 2024, China escalated trade tensions with the U.S. by imposing more stringent export restrictions on critical minerals, including Germanium. The Chinese Ministry of Commerce cited national security concerns as the rationale for these measures, which effectively banned shipments of these minerals to the U.S. and significantly limited shipments of those minerals for dual-use applications in many other countries.

As a purchaser of Germanium, we cannot provide any assurance that we will be able to obtain adequate supplies of Germanium, or that the timing or costs of obtaining such raw materials will be acceptable to us. As a precaution against disruptions in the Germanium supply chain and in anticipation of increased demand for optics produced from other materials, particularly our proprietary BlackDiamond materials, we have, in agreement with a key customer, canceled sales orders for optics made of Germanium and are actively working with our customers to redesign their systems to use our BlackDiamond materials instead of Germanium-based materials. Additionally, we are actively collaborating with our customers to ensure those redesigned systems are tested and qualified as replacements for legacy Germanium-based systems. In some cases, such as complex defense and airborne systems, the re-qualification of such redesigned systems is a lengthy process that can take up to two years. In other systems such as commercial systems and also some specific defense systems, this is a faster process, that takes several months.

In February 2025, the U.S. announced additional tariffs on goods imported from China, effective immediately, and China announced its intent to follow suit and implement additional tariffs on goods imported to China from the U.S. We have in place a number of strategies to mitigate the impact of tariffs, which we will adjust in response to these additional tariffs. However, given the uncertainty regarding the potential for additional trade actions by the U.S. or other countries, any future impact on our operations and financial results is uncertain and these impacts could be more significant than in the past. Further, we can provide no assurance that the strategies we implemented to mitigate the impact of such tariffs or other trade actions will continue to be successful. To the extent that our supply chain, costs, sales, or profitability are negatively affected by the tariffs or other trade actions, our business, financial condition, and results of operations may be adversely affected.

Impact of Recent Wars

In February 2022, Russian military forces invaded Ukraine. This war has led to sanctions on Russia, which have had some impacts, though temporary, on our supply chain of raw materials. Separately, Israel declared war on Hamas in October 2023. Initially, this resulted in a temporary increase in our sales, as Israel worked to replace electro-optical systems that in some cases use our materials. Our sales to customers in this region have since stabilized, however, it is still possible that this war could have a negative impact on our business as a result of the overall economic impact in Israel. In addition to the significant defense related market in Israel, we also serve many commercial related applications and work with commercial companies in Israel, and the business of those customers may be negatively impacted by the war over time. Given the dynamic nature of this situation, we cannot reasonably estimate the impact of either the Russian-Ukraine conflict or the Israel-Hamas war on our financial condition, results of operations or cash flows into the foreseeable future.

15. Liquidity

We generally rely on cash from operations and equity and debt offerings, to the extent available, to satisfy our liquidity needs and to maintain our ability to repay our debt.

On February 16, 2022, we filed a shelf registration statement to facilitate the issuance of our Class A common stock, warrants exercisable for shares of our Class A common stock, and/or units up to an aggregate offering price of $75.8 million from time to time. In connection with the filing of the shelf registration statement, we also included a prospectus supplement relating to an at-the-market equity program under which we may issue and sell shares of our Class A common stock up to an aggregate offering price of $25.2 million from time to time, decreasing the aggregate offering price available under the shelf registration statement to $50.6 million. The shelf registration statement was declared effective by the SEC on March 1, 2022. As of June 30, 2024, we issued 585,483 shares of our Class A common stock pursuant to the at-the-market equity program.

On January 12, 2023, the Company entered into a securities purchase agreement ("Purchase Agreement"), pursuant to which the Company agreed to issue and sell in a public offering under the shelf registration statement an aggregate of 9,090,910 shares of the Company's Class A common stock, par value $0.01 per share for a purchase price of $1.10 per share and filed a prospectus supplement with the SEC related thereto. The sale of shares pursuant to the Purchase Agreement closed on January 17, 2023, and resulted in net proceeds of approximately $9.2 million after payment of placement agent fees, and certain other costs and expenses of the offering.

On February 13, 2025, we announced a strategic acquisition and the related financing, including the issuance of a new series of preferred shares. For additional information, refer to Note 16, *Subseqent Event*.

There are a number of factors that could result in the need to raise additional funds, including a decline in revenue or a lack of anticipated sales growth, increased material costs, increased labor costs, planned production efficiency improvements not being realized, increases in property, casualty, benefit and liability insurance premiums, and increases in other costs. In addition, we may identify opportunities for additional acquisitions and other strategic transactions to expand and further enhance our business that may require that we raise additional capital should we elect to pursue any of such transactions.

16. Subsequent Event

On February 13, 2025, we entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) by and among the Company, G5 Infrared, LLC, a New Hampshire limited liability company (“G5 Infrared”), the members of G5 Infrared (the “Sellers”), and Kenneth R. Greenslade, solely in his capacity as Sellers’ Representative, pursuant to which the Company has agreed to acquire from the Sellers all of the issued and outstanding membership interests of G5 Infrared. The aggregate consideration is approximately $27 million which consists of (i) $ 20.25 million in cash, (ii) 1,972,531 shares of Class A Common Stock, and (iii) and up to an additional $ 23 million in earnout consideration paid annually in fiscal years 2026 and 2027 subject to achievement of certain revenue and EBITDA targets set forth in the Membership Interest Purchase Agreement. G5 Infrared is an infrared camera solutions provider for Department of Defense (“DoD”) contractors, commercial and industrial customers, and OEMs. The closing of the transaction is expected to occur on or before February 19, 2025.

Concurrent with the entry into the Membership Interest Purchase Agreement on February 13, 2025 , we entered into Securities Purchase Agreements (the “Securities Purchase Agreement”) with North Run Capital, AIGH Capital Management LLC and the Lytton-Kambara Foundation (the “Purchasers”) pursuant to which the Purchasers have agreed to purchase from the Company (i) an aggregate of approximately 24,956 shares (the “Preferred Shares”) of a newly created series of preferred stock, with a stated value of $1,000 per share (the “Preferred Stock”), designated Series G Convertible Preferred Stock, which shall be convertible into shares of Common Stock (the shares of Common Stock issuable upon conversion of the Preferred Shares being referred to as the “Conversion Shares”), in accordance with the terms of the Company’s Certificate of Designations, Preferences and Rights of the Series G Convertible Preferred Stock to be filed with the Delaware Secretary of State (the “Certificate of Designations”), (ii) warrants to purchase an aggregate of 4,352,774 shares of Common Stock, with an exercise price of $2.58 per share (the “Warrants; the shares of Common Stock issuable upon exercise of the Warrants being referred to as the “Warrant Shares”), and (iii) senior secured promissory notes (the “Notes”) in an aggregate principal amount of $5.2 million, which are convertible into shares of Preferred Stock upon the occurrence of the event specified in the Notes (the “Preferred Conversion Shares”), which are in turn convertible into Conversion Shares (the transactions contemplated by the Securities Purchase Agreement, the “Private Placement”). The Private Placement is expected to close immediately prior to the closing of the G5 Infrared acquisition.

At the closing of the Securities Purchase Agreement, the Company and the Purchasers will enter into a registration rights agreement (the “Registration Rights Agreement”), pursuant to which the Company has agreed to register all Conversion Shares and Warrant Shares (the “Registrable Securities”) under the Securities Act. The Company agreed to file a registration statement covering the resale of such Registrable Securities within 75 days of the date of closing.

The Company may not issue Conversion Shares and/or Warrant Shares to the extent such issuances would result in an aggregate number of shares of Common Stock exceeding 19.99% of the total shares of Common Stock issued and outstanding as of the G5 acquisition closing date, in accordance with the rules and regulations of Nasdaq unless the Company first obtains stockholder approval (the “Stockholder Approval”). Pursuant to the Securities Purchase Agreement and as required by Nasdaq, the Company agreed to file a proxy statement to obtain the Stockholder Approval and hold such meeting of stockholders of the Company not later than 120 days after the closing.

On February 13, 2025, the Company entered into a Securities Purchase Agreement (the “Class A Common Securities Purchase Agreement”) with Lytton-Kambara Foundation (the “Buyer”), pursuant to which Buyer has agreed to purchase from the Company: (i) 455,192 shares of Class A common stock at a purchase price of approximately $2.15 per share, plus warrants to purchase 37.5% of the number of shares, or 170,697 shares of Class A common stock, with an exercise price of $2.58 per share; and (ii) 232,558 shares of Class A common stock at a purchase price of approximately $2.15 per share (the “Common Offering”). The consideration aggregate of $1.5 million to be paid consists of: 1) $500,000 cash; and 2) the remaining $1,000,000 by exchange of an equal amount of principal and accrued and unpaid interest outstanding under that certain existing indebtedness of the Company held by the Buyer as evidenced by that certain Bridge Note in the original principal amount of $3,000,000 dated August 6, 2024, by the Company in favor of the Buyer (the “Existing Note”). Upon such exchange under the Class A Common Securities Purchase Agreement, and a like exchange for the remaining balance of the Existing Note in connection with the Buyer purchasing Preferred Stocks and Notes in the Private Placement, all of the Company’s obligations under the Existing Note shall be deemed satisfied in full, waived or terminated and the Existing Note will be deemed cancelled and of no force or effect. The Common Offering is expected to close immediately prior to the closing of the G5 Infrared acquisition.

The Company expects to receive aggregate proceeds from the Private Placement and the Common Offering of approximately $32.2 million, inclusive of the conversion of existing indebtedness, before deducting estimated offering expenses payable by the Company, which will be used to fund, in part, the cash consideration payable in connection with the G5 acquisition.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of the financial statements with a narrative report on our financial condition, results of operations, and liquidity. This discussion and analysis should be read in conjunction with the attached unaudited Condensed Consolidated Financial Statements and notes thereto and our Annual Report on Form 10-K for the year ended June 30, 2024, including the audited Consolidated Financial Statements and notes thereto. The following discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Our actual results could differ materially from those discussed in the forward-looking statements. Please also see the cautionary language at the beginning of this Quarterly Report regarding forward-looking statements.

<u>Introduction</u>

We were incorporated in Delaware in 1992 as the successor to LightPath Technologies Limited Partnership, a New Mexico limited partnership, formed in 1989, and its predecessor, Integrated Solar Technologies Corporation, a New Mexico corporation, formed in 1985. Today, LightPath is a global company with major facilities in the United States, the People's Republic of China, and the Republic of Latvia.

Subsidiaries

In November 2005, we formed LPOI, a wholly-owned subsidiary, located in Jiading, People's Republic of China. LPOI provided sales and support functions. In December 2013, we formed LPOIZ, a wholly-owned subsidiary located in the New City district, of the Jiangsu province, of the People's Republic of China. LPOIZ's 55,000 square foot manufacturing facility (the "Zhenjiang Facility") serves as our primary manufacturing facility in China and provides a lower cost structure for production of larger volumes of optical components and assemblies. Effective February 28, 2023, LPOI and LPOIZ were merged, with LPOIZ as the surviving company.

In December 2016, we acquired ISP, and its wholly-owned subsidiary, ISP Latvia. ISP is a vertically integrated manufacturer offering a full range of infrared products from custom infrared optical elements to catalog and high-performance lens assemblies. Since June 2019, ISP's manufacturing operation has been located at our Orlando Facility. ISP Latvia is a manufacturer of high precision optics and offers a full range of infrared products, including catalog and custom infrared optics. ISP Latvia's facility in Riga, Latvia (the "Riga Facility") functions as its manufacturing facility.

In July 2023, we acquired Liebert Consulting LLC, dba Visimid Technologies ("Visimid"). Visimid is an engineering and design firm specializing in thermal imaging, night vision and IOT applications. Visimid provides design and consulting services for DoD contractors, commercial and industrial customers, and OEMs for original new products. Visimid's core competency is developing and producing custom thermal and night vision cores. We believe that Visimid's capabilities are aligned with our strategy to focus on engineered solutions. Visimid's facility is located in Plano, TX.

For additional information, please refer to our Annual Report on Form 10-K for the year ended June 30, 2024.

Product Groups

Our infrared components product group is comprised of both molded and turned infrared lenses and assemblies using a variety of infrared glass materials. This product group also includes both conventional and computer numerical control ("CNC") ground and polished lenses. Advances in chalcogenide materials have enabled compression molding for mid-wave ("MWIR") and long-wave ("LWIR") optics in a process similar to precision molded lenses. Our molded infrared optics technology enables high performance, cost-effective infrared aspheric lenses that do not rely on traditional diamond turning or lengthy polishing methods. Utilizing precision molded aspheric optics significantly reduces the number of lenses required for typical thermal imaging systems and the cost to manufacture these lenses. Molding is an excellent alternative to traditional lens processing methods particularly where volume and repeatability is required.

Our visible components product group consists of visible precision molded optics with varying applications. Aspheric lenses are known for their optimal performance. Aspheric lenses simplify and shrink optical systems by replacing several conventional lenses. However, aspheric lenses can be difficult and costly to machine. Our glass molding technology enables the production of both low and high volumes of aspheric optics, while still maintaining the highest quality at an affordable price. Molding is the most consistent and economical way to produce aspheres and we have perfected this method to offer the most precise molded aspheric lenses available.

Between these two component product groups, we have the capability to manufacture lenses from very small (with diameters of a sub-millimeter) to over 300 millimeters, and with focal lengths from approximately 0.4 millimeters to over 2,000 millimeters. In addition, both product groups offer both catalog and custom designed optics.

Our assemblies and modules product group is comprised of other value-added products, including both infrared and visible components, such as mounted lenses, optical assemblies, collimator assemblies, and other custom specialty optics. Collimator assemblies are utilized in applications involving light detection and ranging (“LIDAR”) technology for advanced driver assistance systems and autonomous vehicles, such as forklifts and other automated warehouse equipment. This continues to be an emerging market with long-term growth potential for us. We also expect growth from medical programs and commercial optical sub-assemblies. We design, build, and sell optical assemblies in markets for test and measurement, medical devices, military, industrial, and communications based on our proprietary technologies.

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Our engineering services product group represents services we provide pursuant to product development agreements that we enter into with customers. Typically, customers approach us and request that we develop new products or applications utilizing our existing products to fit their particular needs or specifications. The purpose of those engineering services that we offer is not only to provide purely engineering services for a customer, but also to engineer new products which we later manufacture for the customer. The timing and extent of any such product development requests are outside of our control, and the related revenue is recognized upon satisfaction of the performance obligation, and transfer of control of the agreed-upon deliverable. As we continue a strategic shift into highly engineered solutions, we expect this product group to grow in a similar way as our assemblies and modules business. Furthermore, as the engineering effort precedes the product revenue, the revenue from this product group is often, but not always, a lead indicator to the revenue in assemblies and modules product group.

We believe these four product groups are aligned with our strategic direction and will allow us to better track the results of our focus on engineered solution and assemblies.

Growth Strategy

The optics industry is transforming from a fragmented industry with many component manufacturers into a solution-focused industry with the potential for partnerships for solution development and production. Based on the shifts in the marketplace and the changes that come when a technology, like photonics, moves from being a specialty product to being integrated into mainstream industries and applications, we redefined our strategic direction to leverage our strengths and specifically our subject matter expertise in optics, to provide our wide customer base with complete optical and electro-optical solutions, and to become their partner for the optical engine of their systems.

Since our Chief Executive Officer, Mr. Sam Rubin, joined the Company in 2020, we have been developing a new strategy that will transition the Company from a pure component manufacturer to a supplier of imaging subsystems and systems. Our new strategic direction, which is based on our core technological differentiators such as our BlackDiamond glass (“BlackDiamond”) and proprietary molding technologies, significantly increases our value add to customers. This transition, which is occurring both organically and through acquisitions, such as the July 2023 acquisition of Visimid Technologies, is positioning the Company for significant growth and higher profitability in coming years.

Understanding the shifts that are happening in the marketplace and the changes that come when a technology, like photonics, moves from being a specialty to being integrated into mainstream industries and applications, we redefined our strategic direction to provide our wide customer base with domain expertise in optics, and became their partner for the optical engine of their systems. In our view, as the use of photonics evolves, so do customer needs. The industry is transforming from a fragmented industry with a component oriented supply chain, into a solution-focused industry with the potential for partnerships for solution development and production. Over the last couple of years we have worked to align our organization to this strategy, and leverage our in-house domain expertise in photonics, knowledge and experience in advanced optical technologies, and the necessary manufacturing techniques and capabilities. We have been developing these partnerships by working closely with our customers throughout their design process, designing optical solutions that are tailored to their needs, often times using unique technologies that we own, and supplying the customer with a complete optical subsystem to be integrated into their product. Such an approach builds on our unique, value-added technologies that we currently own, such as infrared materials, optical molding, fabrication, system design, and proprietary manufacturing technologies, along with technologies that we acquired through the Visimid acquisition such as video processing, infrared camera integration and more. Continually adding differentiating technologies is key to our strategy and we expect to continue to do so both organically and through acquisitions.

Our domain expertise and the extensive “know how” in optical design, fabrication, production and testing technologies will allow our customers to focus on their own development efforts, freeing them from the need to develop subject matter expertise in optics. By providing the bridge into the optical solution world, we are able to partner with our customers on a long-term basis, create value for our customers, and capture that value through the long-term supply relationships we seek to develop.

Further information about our strategic direction can be found in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

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Results of Operations

Revenue

Three months ended December 31, 2024, compared to three months ended December 31, 2023

Revenue for the second quarter of fiscal 2025 was approximately $7.4 million, an increase of approximately $0.1 million, or 1%, as compared to approximately $7.3 million in the same quarter of the prior fiscal year, driven by increases in sales of visible components and engineering services, partially offset by decreases in infrared components and assemblies and modules.

Revenue from infrared components was approximately $3.1 million in the second quarter of fiscal 2025, a decrease of approximately $0.5 million, or 13%, as compared to the same quarter of the prior fiscal year. The decrease in revenue is primarily due to a decrease in sales against a large annual contract for Germanium-based products, which was not renewed in the second quarter of fiscal 2024, as we have decided to reduce the amount of optics we produce from Germanium, both to reduce our risk of supply chain disruption, and more importantly, to work with customers to convert their systems to use optics made of our own BlackDiamond materials. The availability of Germanium is becoming increasingly limited due to new trade restrictions and additional tariffs on goods imposed by China. See the section entitled *"Potential Impact of Economic Conditions and Policies in China"* within Item 2, for additional information and a discussion of economic conditions and policies in China.

Revenue from the visible components product group for the second quarter of fiscal 2025 was $2.8 million, an increase of approximately $0.1 million, or 3%, as compared to the same quarter of the prior fiscal year. The increase in revenue is primarily due to an increase in sales to customers in the defense industry, partially offset by decreases in sales to industrial and medical customers.

Revenue from assemblies and modules was approximately $0.9 million in the second quarter of fiscal 2025, a decrease of approximately $0.1 million, or 13%, as compared to the same quarter of the prior fiscal year. The majority of the decrease is due to a decrease in sales of a custom visible lens assembly to a medical customer, for which we had an end-of-life order which shipped complete in the first quarter of fiscal 2025. This decrease in visible lens assembly sales was partially offset by increased sales of infrared cores and cameras.

Revenue from engineering services increased by $0.6 million, or 797%, for the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year. This increase was primarily driven by Visimid's contract with Lockheed Martin, where revenue is generally recognized based on the achievement of milestones.

Six months ended December 31, 2024, compared to six months ended December 31, 2023

Revenue for the first half of fiscal 2025 was approximately $15.8 million, an increase of approximately $0.4 million, or 3%, as compared to approximately $15.4 million in the same period of the prior fiscal year, driven by increases in sales of visible components and engineering services, partially offset by decreases in infrared components and assemblies and modules.

Revenue from infrared components was approximately $5.7 million in the first half of fiscal 2025, a decrease of approximately $1.7 million, or 23%, as compared to the same period of the prior fiscal year. The decrease in revenue is primarily due to a decrease in sales against the aforementioned annual contract for Germanium-based products. The decrease in sales to this customer was partially offset by increases in sales to several defense customers in the U.S. and in Europe.

Revenue from the visible components product group for the first half of fiscal 2025 was $6.1 million, an increase of approximately $0.7 million, or 13%, as compared to the same period of the prior fiscal year. The increase in revenue is primarily due to an increase in sales to customers in the defense industry, partially offset by decreases in sales to industrial and medical customers.

Revenue from assemblies and modules was approximately $2.1 million in the first half of fiscal 2025, a decrease of approximately $0.3 million, or 13%, as compared to the same period of the prior fiscal year. The majority of the decrease is due to a decrease in sales of a custom visible lens assembly to a medical customer, for which we had an end of life order which shipped complete in the first quarter of fiscal 2025.

Revenue from engineering services increased by $1.7 million, or 465%, for the first half of fiscal 2025, as compared to the same period of the prior fiscal year. This increase was primarily driven by Visimid’s contract with Lockheed Martin, where revenue is generally recognized based on the achievement of milestones.

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Gross Profit

In the second quarter of fiscal 2025, gross profit was approximately $1.9 million, a decrease of $0.3 million, or 11%, as compared to the same quarter of the prior fiscal year. Total cost of sales was approximately $5.5 million for the second quarter of fiscal 2025, compared to approximately $5.1 million for the same quarter of the prior fiscal year. Gross margin as a percentage of revenue was 26% for the second quarter of fiscal 2025, compared to 30% for the same quarter of the prior fiscal year. The decrease in gross margin as a percentage of revenue is primarily due to differences in the product mix, coupled with some manufacturing yield issues in infrared components, which were resolved late in the second quarter. We continue to focus our strategic direction on higher margin products.

For the first half of fiscal 2025, gross profit was approximately $4.8 million, an increase of $0.3 million, or 6%, as compared to the same period of the prior fiscal year. Total cost of sales was approximately $11.0 million for the first half of fiscal 2025, compared to approximately $10.9 million for the same period of the prior fiscal year. Gross margin as a percentage of revenue was 30% for the first half of fiscal 2025, compared to 29% for the same period of the prior fiscal year. The increase in gross margin as a percentage of revenue is primarily due to a more favorable product mix, with increases in both visible components sales and engineering services, which typically have higher margins than infrared components.

Selling, General and Administrative

In the second quarter of fiscal 2025, SG&A costs were approximately $3.4 million, an increase of approximately $0.5 million, or 17%, as compared to approximately $2.9 million in the same quarter of the prior fiscal year. For the first half of fiscal 2025, SG&A costs were approximately $6.6 million, an increase of approximately $1.1 million, or 20%, as compared to approximately $5.5 million in the same period of the prior fiscal year. The increase in SG&A costs is primarily due to an increase in legal and consulting fees related to business development initiatives. Due diligence and other costs incurred leading up to the acquisition of G5 were approximately $175,000 for the second quarter of fiscal 2025, and $585,000 for the first half of 2025. We have also increased our sales and marketing spend to promote new products, including personnel costs, travel, advertising and tradeshows.

New Product Development

In the second quarter of fiscal 2025, new product development costs were approximately $0.8 million, an increase of approximately $0.2 million, or 26%, as compared to the same quarter of the prior fiscal year. For the first half of fiscal 2025, new product development costs were approximately $1.2 million, approximately the same as the first half of fiscal 2024. The increase for the second quarter was primarily driven by materials consumed for continued development of infrared assembly products. For the first half, the increase in material spend was offset by a decrease in personnel costs as engineering personnel have shifted toward externally funded, rather than internally funded, development projects.

Amortization of Intangibles

Amortization of intangibles decreased by $0.2 million for the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year, and decreased by $0.1 million for the first half of fiscal 2025, as compared to the same period of the prior fiscal year. These decreases are driven by the amortization of identifiable intangible assets associated with the Visimid acquisition, for which the backlog intangible reached full amortization during the first quarter of fiscal 2025. See Note 3, *Acquisition of Visimid*, in the unaudited Condensed Consolidated Financial Statements, for further information.

Other Income (Expense)

Interest expense, net, was approximately $169,000 for the second quarter of fiscal 2025, as compared to $54,000 for the same quarter of the prior fiscal year. For the first half of fiscal 2025, interest expense, net was approximately $318,000, as compared to $111,000 for the same period of the prior fiscal year. The increase in interest expense is due to the interest and amortization of loan issuance costs associated with the Bridge Note which was executed in August 2024.

Other income, net, was approximately $86,000 for the second quarter of fiscal 2025, as compared to other income, net of $200,000 for the same quarter of the prior fiscal year. For the first half of fiscal 2025, other income, net was approximately $5,000, as compared to $205,000 for the same period of the prior fiscal year. Other income for the second quarter and first half of fiscal 2024 includes a gain of $190,000 for the return of funds previously misappropriated by our former Chinese management team, as a result of the ongoing legal proceedings described in Note 14, Contingencies, in the unaudited Condensed Consolidated Financial Statements.

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Other income, net also includes net gains and losses on foreign exchange transactions. We execute all foreign sales from our U.S. facilities and inter-company transactions in U.S. dollars, partially mitigating the impact of foreign currency fluctuations. Assets and liabilities denominated in non-United States currencies, primarily the Chinese Yuan and Euro, are translated at rates of exchange prevailing on the balance sheet date, and revenues and expenses are translated at average rates of exchange for the year. We recognized foreign currency transaction gains of $40,000 and $4,000 for the second quarter of fiscal 2025 and 2024, respectively. For the first half of fiscal 2025 and 2024, we recognized foreign currency gains of $4,000 and $29,000, respectively.

Income Taxes

Income tax expense is primarily related to income taxes from our operations in China, including estimated Chinese withholding taxes associated with intercompany dividends declared by LPOIZ and payable to us as its parent company, as well as withholding taxes on payments from LPOIZ to LightPath for administrative services rendered. Income tax expense was approximately $45,000 for the second quarter of fiscal 2025, as compared to $76,000 for the same quarter of the prior fiscal year. For the first half of fiscal 2025, income tax expense was $60,000, as compared to $116,000 for the same period of the prior fiscal year. The decreases are due to timing of intercompany dividends.

Net Loss

Net loss for the second quarter of fiscal 2025 was approximately $2.6 million, or $0.07 basic and diluted loss per share, compared to $1.7 million, or $0.05 basic and diluted loss per share, for the same quarter of the prior fiscal year.The increase in net loss of approximately $1.0 million for the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year, was primarily attributable to lower gross profit coupled with increased SG&A and new product development costs, as well as higher interest expense. Included in SG&A are $175,000 in non-recurring costs leading up to the acquisition of G5.

Net loss for the first half of fiscal 2025 was approximately $4.2 million, or $0.11 basic and diluted loss per share, compared to $3.1 million, or $0.08 basic and diluted loss per share, for the same period of the prior fiscal year. The increase in net loss of approximately $1.2 million for the first half of fiscal 2025, as compared to the same period of the prior fiscal year, was primarily attributable to the increased SG&A costs, including legal and consulting expenses of $585,000 related to the acquisition of G5.

Weighted-average common shares outstanding for the second quarter of fiscal 2025 were 39,728,933, basic and diluted, compared to 37,501,683, basic and diluted, in the same quarter of fiscal 2024. Weighted-average common shares outstanding for the first half of fiscal 2025 were 39,645,206, basic and diluted, compared to 37,446,714, basic and diluted, in the same period of fiscal 2024. The increase in weighted-average basic common shares was due to the 585,483 shares issued during the second half of fiscal year 2024 pursuant to the at-the-market equity program, and the shares of Class A common stock issued in conjunction with the acquisition of Visimid. The increase is also attributable to the issuance of shares of Class A common stock under the 2014 ESPP and underlying vested RSUs and RSAs. Potential dilutive common stock equivalents were excluded from the calculation of diluted shares for all periods presented, as their effects would have been anti-dilutive due to net losses in those periods.

Potential Impact of Economic Conditions and Policies in China

Due to our operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of other countries in many respects, including with respect to the level of development, growth rate, amount of government involvement, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth over the past several decades, its growth rate has declined in recent years and may continue to decline. According to the National Bureau of Statistics of China, the annual economic growth rate in China was 6.9% in 2017, 6.8% in 2018, 6.1% in 2019, 2.3% in 2020, 8.1% in 2021, 3% in 2022, 5.2% in 2023 and 5% in 2024. Deteriorating economic conditions in China generally have led to lower demand for the Company's products in China and thus lower revenues and net income for our subsidiaries in China and the Company overall, which we expect will continue in future quarters.

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On July 4, 2023 China announced export limitations on Germanium and Gallium, two materials that are commonly used in infrared optical components, requiring all international customers to provide an end user statement for approval before receiving an export license. Since that announcement, supply of Germanium was disrupted, though not completely stopped. This also resulted in significant price increases in the cost of Germanium material, by as much as 60%. Following these restrictions we had proactively canceled a number of customer orders for Germanium, to reduce our exposure in case of a supply disruption.

Then, in December 2024, China escalated trade tensions with the United States by imposing more stringent export restrictions on critical minerals, including germanium. The Chinese Ministry of Commerce cited national security concerns as the rationale for these measures, which effectively banned shipments of these minerals to the U.S., and significantly limited shipments of those minerals for dual-use applications in many other countries.

As a purchaser of Germanium, we cannot provide any assurance that we will be able to obtain adequate supplies of Germanium, or that the timing or costs of obtaining such raw materials will be acceptable to us. As a precaution against disruptions in the Germanium supply chain and in anticipation of increased demand for optics produced from other materials, particularly our proprietary BlackDiamond materials, we have, in agreement with a key customer, canceled sales orders for optics made of Germanium and are actively working with our customers to redesign their systems to use our BlackDiamond materials instead of Germanium-based materials. Additionally, we are actively collaborating with our customers to ensure those redesigned systems are tested and qualified as replacements for legacy Germanium-based systems. In some cases, such as complex defense and airborne systems, the re-qualification of such redesigned systems is a lengthy process that can take up to two years. In other systems such as commercial systems and also some specific defense systems, this is a faster process, that takes several months.

In February 2025, the U.S. announced additional tariffs on goods imported from China, effective immediately, and China announced its intent to follow suit and implement additional tariffs on goods imported to China from the U.S. We have in place a number of strategies to mitigate the impact of tariffs, which we will adjust in response to these additional tariffs. However, given the uncertainty regarding the potential for additional trade actions by the U.S. or other countries, any future impact on our operations and financial results is uncertain and these impacts could be more significant than in the past. Further, we can provide no assurance that the strategies we implemented to mitigate the impact of such tariffs or other trade actions will continue to be successful. To the extent that our supply chain, costs, sales, or profitability are negatively affected by the tariffs or other trade actions, our business, financial condition, and results of operations may be adversely affected.

Liquidity and Capital Resources

As of December 31, 2024, we had working capital of approximately $5.4 million and total cash and cash equivalents of approximately $3.2 million, of which, approximately 60% of our cash and cash equivalents was held by our foreign subsidiaries.

Cash and cash equivalents held by our foreign subsidiaries in China and Latvia were generated in-country as a result of foreign earnings. We routinely declare intercompany dividends to remit a portion of the earnings of our foreign subsidiaries to us, as the U.S. parent company. It is still our intent to reinvest a significant portion of earnings generated by our foreign subsidiaries, however, we also plan to repatriate a portion of their earnings, and we accrue for these taxes on the portion of earnings that we intend to repatriate.

In China, before any funds can be repatriated, the retained earnings of the legal entity must equal at least 50% of the registered capital. As of December 31, 2024, LPOIZ had approximately $1.2 million available for repatriation, based on earnings accumulated through December 31, 2024, the end of the most recent statutory tax year, that remained undistributed as of December 31, 2024.

As of December 31, 2024, loans payable consists of two third-party equipment loans and the Bridge Note. See Note 12, *Loans Payable*, in the unaudited Condensed Consolidated Financial Statements, for further information.

On February 16, 2022, we filed a shelf registration statement to facilitate the issuance of our Class A common stock, warrants exercisable for shares of our Class A common stock, and/or units up to an aggregate offering price of $75.8 million from time to time. In connection with the filing of the shelf registration statement, we also included a prospectus supplement relating to an at-the-market equity program under which we may issue and sell shares of our Class A common stock up to an aggregate offering price of $25.2 million from time to time, decreasing the aggregate offering price available under the shelf registration statement to $50.6 million. The shelf registration statement was declared effective by the SEC on March 1, 2022. During the year ended June 30, 2024, we issued 585,483 shares of our Class A common stock pursuant to the at-the-market equity program. No additional shares were issued under this program during the six months ended December 31, 2024.

On January 12, 2023, the Company entered into a securities purchase agreement ("Purchase Agreement"), pursuant to which the Company agreed to issue and sell in a public offering under the shelf registration statement an aggregate of 9,090,910 shares of the Company's Class A common stock, par value $0.01 per share for a purchase price of $1.10 per share and filed a prospectus supplement with the SEC related thereto. The sale of shares pursuant to the Purchase Agreement closed on January 17, 2023, and resulted in net proceeds of approximately $9.2 million after payment of placement agent fees, and certain other costs and expenses of the offering.

On February 13, 2025, we announced a strategic acquisition and the related financing, including the issuance of a new series of preferred stock. For additional information, refer to Note 16, *Subseqent Event*, in the accompanying unaudited condensed consolidated financial statements.

There are a number of factors that could result in the need to raise additional funds, including a decline in revenue or a lack of anticipated sales growth, increased material costs, increased labor costs, planned production efficiency improvements not being realized, increases in property, casualty, benefit and liability insurance premiums, and increases in other costs. In addition, we may identify opportunities for additional acquisitions and other strategic transactions to expand and further enhance our business that may require that we raise additional capital should we elect to pursue any of such transactions.

Cash Flows – Operating:

Cash used in operations was approximately $2.4 million for the first half of fiscal 2025, compared to cash provided by operations of approximately $0.9 million for the same period of the prior fiscal year.Cash used in operations for the first half of fiscal 2025 was primarily due to the net loss, coupled with payments against accounts payable and accrued liabilities, as well as increases in prepaid expenses and accounts receivable. Cash provided by operations for the first half of fiscal 2024 was largely driven by a decrease in accounts receivable, driven by the timing of sales. Sales were lower in the first and second quarters of fiscal 2024 than in the fourth quarter of fiscal 2023 resulting in higher collections in the first half of fiscal 2024 than in the first half of fiscal 2025.

Cash Flows – Investing:

During the first half of fiscal 2025, we expended approximately $0.2 million in investments in capital equipment, compared to approximately $1.5 million in the same period of the prior fiscal year. The capital spending in the first half of fiscal 2024 was largely driven by the Orlando Facility expansion. As disclosed in Note 11, *Leases*, in the unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, we constructed additional tenant improvements in our Orlando Facility subject to our continuing lease, of which the landlord agreed to provide $2.4 million in tenant improvement allowances. We funded the balance of the tenant improvement costs of $3.7 million over fiscal years 2023 and 2024. We also expended approximately $0.7 million during the first half of fiscal 2024, to acquire Visimid, net of cash acquired, as disclosed in Note 3, *Acquisition of Visimid Technologies*, in the unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The first half of fiscal 2024 also reflected proceeds of approximately $365,000 from sale-leasebacks of equipment.

Cash Flows – Financings:

Net cash provided by financing activities was approximately $2.4 million for the first half of fiscal 2025, compared to cash used in financing activities of approximately $0.3 million in the same period of the prior fiscal year. Cash provided by financing activities for the first half of fiscal 2025 primarily reflects the $2.7 million in net proceeds from the Bridge Note, plus approximately $10,000 in proceeds from the sale of Class A common stock under the 2014 ESPP, offset by approximately $196,000 in principal payments on our loans and finance leases and $0.1 million for the final cash payment related to the acquisition of Visimid. Cash used in financing activities for the first half of fiscal 2024 included $466,000 in principal payments on our loans and finance leases, offset by approximately, $143,000 in proceeds from the 2023 Equipment Loan and $20,000 in proceeds from the sale of Class A common stock under the 2014 ESPP.

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Contractual Obligations and Commitments

As of December 31, 2024, our principal commitments consisted of obligations under operating and finance leases, and debt agreements. No material changes occurred during the first six months of fiscal 2025 in our contractual cash obligations to repay debt or to make payments under operating and finance leases, or in our contingent liabilities as disclosed in our Annual Report on Form 10-K for the year ended June 30, 2024.

Off Balance Sheet Arrangements

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates during the six months ended December 31, 2024 from those disclosed in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the year ended June 30, 2024.

How We Operate

We have continuing sales of two basic types: sales via ad-hoc purchase orders of mostly standard product configurations (our "turns" business) and the more challenging and potentially more rewarding business of customer product development. In this latter type of business, we work with customers to help them determine optical specifications and even create certain optical designs for them, including complex, multi-component, optical system or sub-system designs that we call "engineered solutions." These engineered solutions are often based on existing reference designs we have demonstrated, that then get further customized to the customer's specific needs. This is followed by "sampling" or "prototyping" small numbers of the product for the customers' test and evaluation. Thereafter, should a customer conclude that our specification or design is the best solution to their product need; we negotiate and "win" a contract (sometimes called a "design win") – whether of a "blanket purchase order" type or a supply agreement. The strategy is to create an annuity revenue stream that makes the best use of our production capacity and longer-term revenue planning, as compared to the turns business, which is unpredictable and uneven. A key business objective is to convert as much of our business to the design win and annuity model as is possible. We face several challenges in doing so:

- Maintaining an optical design and new product sampling capability, including a high-quality and responsive optical design engineering staff;
- The fact that as our customers take products of this nature into higher volume, commercial production they begin to work seriously to reduce costs – which may lead them to turn to larger producers, domestic or overseas, even if sacrificing quality; and
- Our small business mass means that we can only offer a moderate amount of total productive capacity before we reach financial constraints imposed by the need to make additional capital expenditures – in other words, because of our limited cash resources and cash flow, we may not be able to service every opportunity that presents itself in our markets without arranging for such additional capital expenditures.

Despite these challenges to winning more "annuity" business, we nevertheless believe we can be successful in procuring this business because of our unique capabilities in optical design engineering that we make available on the market to our current and potential customers looking for specific solutions to their needs. Additionally, we believe that we offer value to some customers as a source of supply in the U.S. should they be unwilling to commit to purchase their supply of critical component(s) from foreign sources. For information regarding revenue recognition related to our various revenue streams, refer to *Critical Accounting Policies and Estimates* in our Annual Report on Form 10-K dated June 30, 2024.

Our Key Performance Indicators:

Typically, on a weekly basis, management reviews a number of performance indicators, both qualitative and quantitative. These indicators change from time to time as the opportunities and challenges in the business change. These indicators are used to determine tactical operating actions and changes. We believe that our non-financial production indicators, such as those noted, are proprietary information.

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Financial indicators that are considered key and reviewed regularly are as follows:

- Sales backlog;
- Revenue by product group;
- EBITDA; and
- Other key indicators.

These indicators are also used to determine tactical operating actions and changes and are discussed in more detail below. Management continues to evaluate these key indicators as we refine our strategic plan to determine whether any changes or updates to our key indicators are warranted.

Sales Backlog

We believe our sales activity has been and continues to be a key indicator of success. Our best view into the efficacy of our sales efforts is in our “order book.” Our order book equates to sales “backlog.” It has a quantitative and a qualitative aspect: quantitatively, our backlog’s prospective dollar value and qualitatively, what percent of the backlog is scheduled by the customer for date-certain delivery. We evaluate our total backlog, which includes all firm orders requested by a customer that are reasonably believed to remain in the backlog and be converted into revenues. This includes customer purchase orders and may also include amounts under supply contracts for which purchase orders have not yet been received, if those contracts meet the aforementioned criteria. Generally, a higher total backlog is better for us.

Our total backlog at December 31, 2024 was approximately $19.8 million, a decrease of 4%, as compared to $21.2 million as of December 31, 2023. Compared to the end of fiscal 2024, our total backlog increased by 3% during the first half of fiscal 2025. Backlog change rates for the last five fiscal quarters are:

Quarter	Total Backlog ($ 000)	Change From Prior Year End	Change From Prior Quarter End
Q2 2024	$ 21,220	-2%	0%
Q3 2024	$ 21,967	1%	4%
Q4 2024	$ 19,268	-11%	-12%
Q1 2025	$ 20,542	7%	7%
Q2 2025	$ 19,767	3%	-4%

The increase in backlog during the first half of fiscal 2025 is primarily due to a significant contract renewal for advanced infrared optics for a critical international military program, with a small increase over the previous renewal in the same period of the prior fiscal year. Also contributing to the increase is a $0.5 million low-rate initial production order for thermal imaging assemblies with a new tier-1 defense customer. These significant bookings were partially offset by shipments against prior period backlog under other annual and multi-year contracts. The timing of multi-year contract renewals are not always consistent and, thus, backlog levels may increase substantially when annual and multi-year orders are received, and decrease as shipments are made against these orders.We anticipate that our existing annual and multi-year contracts will be renewed in future quarters.

Markets continue to experience growing demand for infrared products used in the industrial, defense and first responder sectors. Demand for infrared products continues to be fueled by interest in lenses made with our proprietary BD6 and our new BDNL-4 materials. With the global supply of Germanium currently concentrated in Russia and China, global events which have significantly restricted the Germanium supply, particularly to the U.S., are generating renewed interest in germanium alternatives such as our proprietary BlackDiamond materials, and other materials we are currently developing under an exclusive license with the Naval Research Lab. Several of our customers are actively working to convert their designs to use optics made of our

BlackDiamond materials.

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As we have outlined in our strategic direction, we do not expect to see significant growth in our visible components product group in the near future.

Competition in that product line has grown substantially over the last few years, and some of our new molding capabilities and technologies such as free-form molded optics, might take longer than anticipated to reach full commercialization, depending on economic conditions and technology trends in the area of AR\VR.

In addition, order bookings for both visible and infrared components and assemblies continue to be slow in China. Domestic sales in China have also been adversely impacted by the economic downturn in China, which continues to negatively impact revenue and bookings in that region.

Revenue by Product Group

The following table sets forth revenue for our four product groups for the three and six-month periods ended December 31, 2024 and 2023:

	(unaudited)					
	Three Months Ended December 31,		Quarter	Six Months Ended December 31,		Year-to-date
	2024	2023	% Change	2024	2023	% Change
Revenue						
Infrared components	$3,112,076	$3,572,853	-13%	$ 5,722,960	$ 7,407,455	-23%
Visible components	2,762,852	2,678,904	3%	6,062,730	5,367,239	13%
Assemblies and modules	857,214	986,683	-13%	1,950,882	2,248,722	-13%
Engineering services	692,687	77,197	797%	2,088,638	369,469	465%
Total revenue	$7,424,829	$7,315,637	1%	$15,825,210	$15,392,885	3%

Three months ended December 31, 2024

Our revenue increased by 1% in the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year, driven by increases in sales of visible components and engineering services, partially offset by decreases in infrared components and assemblies and modules.

Revenue generated by the infrared components product group for the second quarter of fiscal 2025 was $3.1 million, a decrease of 13%, as compared to same quarter of the prior fiscal year. The decrease in revenue is primarily due to a decrease in sales to a single customer against a large annual contract for Germanium-based products, which was not renewed in the second quarter of fiscal 2024. Due to the uncertainty surrounding the global Germanium supply, we decided to reduce the amount of optics we produce from Germanium, both to reduce our risk of supply chain disruption, and more importantly, to work with customers to convert their systems to use optics made of our own BlackDiamond materials. We continue to work with this single customer, as well as other customers to convert their systems to use BlackDiamond optics. During the first quarter of fiscal 2025, we announced that a current key defense customer using Germanium lenses successfully completed the qualification and evaluation of new optics made from our proprietary BlackDiamond chalcogenide-based glass.

Revenue from the visible components product group for the second quarter of fiscal 2025 was $2.8 million, an increase of 3%, as compared to the same quarter of the prior fiscal year. The increase in revenue is primarily due to an increase in sales to customers in the defense industry, partially offset by decreases in sales to industrial and medical customers.

Revenue from assemblies and modules decreased by 13% for the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year. The majority of the decrease is due to a decrease in sales of a custom visible lens assembly to a medical customer, for which we had an end-of-life order which shipped complete in the first quarter of fiscal 2025. This decrease in visible lens assembly sales was partially offset by increased sales of infrared cores and cameras. During the first quarter of fiscal 2025, we announced the global launch of a new version of the Mantis™ camera, specifically designed for monitoring high-temperature processes inside boilers and furnaces in power plants, and we also announced the first commercial order for furnace inspection for a customer in the southeastern U.S., as well as a new Optical Gas Imaging (“OGI”) camera platform to detect fugitive gas emissions for oil and gas applications. During the second quarter of fiscal 2025, we announced a new version of our OGI platform to detect fugitive ammonia and sulfur hexafluoride (SF6) emissions for industrial and manufacturing applications.

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Revenue from engineering services increased by $0.6 million, or 797%, for the second quarter of fiscal 2025, as compared to the same quarter of the prior fiscal year. This increase was primarily driven by Visimid's contract with Lockheed Martin, where revenue is generally recognized based on the achievement of milestones. During the first quarter of fiscal 2025, we received qualification of our advanced thermal camera system by Lockheed Martin as part of its bid to produce the design of a major missile program for the U.S. Army. We expect to start delivering flightworthy hardware for implementation into Lockheed Martin's initial live test units during the third quarter of fiscal 2025.

Six months ended December 31, 2024

Our revenue increased by 3% in the first half of fiscal 2025, as compared to the same period of the prior fiscal year, driven by increases in sales of visible components and engineering services, partially offset by decreases in infrared components and assemblies and modules.

Revenue generated by the infrared components product group for the first half of fiscal 2025 was $5.7 million, a decrease of 17%, as compared to same period of the prior fiscal year The decrease in revenue is primarily due to a decrease in sales against the aforementioned annual contract for Germanium-based products. The decrease in sales to this customer was partially offset by increases in sales to several defense customers in the U.S. and in Europe.

Revenue from the visible components product group for the second quarter of fiscal 2025 was $6.1 million, an increase of 13%, as compared to the same period of the prior fiscal year The increase in revenue is primarily due to an increase in sales to customers in the defense industry, partially offset by decreases in sales to industrial and medical customers. The year-over-year increase was largely due to timing; we generally do not expect growth in our visible components product group.

Revenue from assemblies and modules decreased by 13% for the first half of fiscal 2025, as compared to the same period of the prior fiscal year. The majority of the decrease is due to a decrease in sales of a custom visible lens assembly to a medical customer, for which we had an end of life order which shipped complete in the first quarter of fiscal 2025. During the first half of fiscal 2025, we announced a new version of the Mantis™ camera, the first commercial order for furnace inspection, and a new OGI camera platform to detect fugitive gas emissions for oil and gas applications. In December 2024 we also announced that we began deliveries of custom lens assemblies, using our BlackDiamond glass, to a European defense customer for use in first-person view drone applications.

Revenue from engineering services increased by $1.7 million, or 465%, for the first half of fiscal 2025, as compared to the same period of the prior fiscal year. This increase was primarily driven by Visimid's contract with Lockheed Martin, where revenue is generally recognized based on the achievement of milestones.

Other Key Indicators

Other key indicators include various operating metrics, some of which are qualitative and others are quantitative. These indicators change from time to time as the opportunities and challenges in the business change. They are mostly non-financial indicators, such as evaluating the pipeline of sales opportunities, on time delivery trends, production yield rates by major product line, and the output and yield data from significant intermediary manufacturing processes that support the production of the finished shippable product. The data from these reports is used to determine tactical operating actions and changes. Management also assesses business performance and makes business decisions regarding our operations using certain non-GAAP measures. These non-GAAP measures are described in more detail below under the heading "Non-GAAP Financial Measures."

Non-GAAP Financial Measures

We report our historical results in accordance with GAAP; however, our management also assesses business performance and makes business decisions regarding our operations using certain non-GAAP financial measures. We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition and results of operations computed in accordance with GAAP; however, we acknowledge that our non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use.

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EBITDA

EBITDA is a non-GAAP financial measure used by management, lenders, and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial position and core operating performance. Investors sometimes use EBITDA, as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation and amortization. EBITDA also does not include changes in major working capital items, such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not necessarily a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of our core operations and for planning purposes. We calculate EBITDA by adjusting net income to exclude net interest expense, income tax expense or benefit, depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

We believe EBITDA is helpful for investors to better understand our underlying business operations. The following table adjusts net loss to EBITDA for the three and six months ended December 31, 2024 and 2023:

	(unaudited)			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Net loss	$ (2,611,997)	$ (1,713,663)	$ (4,234,742)	$ (3,056,039)
Depreciation and amortization	904,040	1,129,444	1,893,602	1,943,000
Income tax provision	44,525	76,058	60,161	115,604
Interest expense	169,053	53,788	318,413	111,399
EBITDA	$ (1,494,379)	$ (454,373)	$ (1,962,566)	$ (886,036)
% of revenue	-20%	-6%	-12%	-6%

Our EBITDA for the quarter ended December 31, 2024 was a loss of approximately $1.5 million, compared to $0.5 million for the same quarter of the prior fiscal year. The decrease in EBITDA in the second quarter of fiscal 2025 was primarily attributable to lower gross profit coupled with increased SG&A, including $175,000 of non-recurring expenses related to the acquisition of G5, and new product development costs.

Our EBITDA for the six months ended December 31, 2024 was a loss of approximately $2.0 million, compared to $0.9 million for the same period of the prior fiscal year. The decrease in EBITDA in the first half of fiscal 2025 was primarily attributable to the increased SG&A costs, including $585,000 of non-recurring expenses related to the acquisition of G5.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Because we are allowed to comply with the disclosure obligations applicable to a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, with respect to this Quarterly Report on Form 10-Q, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2024, the end of the period covered by this Quarterly Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2024 in reporting on a timely basis information required to be disclosed by us in the reports we file or submit under the Exchange Act.

There have not been any significant changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the six months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject, from time to time, to various legal proceedings that are incidental to the conduct of its business. The Company is not involved in any pending legal proceeding that it believes would reasonably be expected to have a material adverse effect on its financial condition or results of operations.

Item 1A. Risk Factors

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K, for the year ended June 30, 2024, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings with the SEC in connection with evaluating us, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q. During the six months ended December 31, 2024, there have been no material changes from the risk factors previously disclosed under Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K, for the year ended June 30, 2024.

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

During the quarter ended December 31, 2024, we issued an aggregate of 49,000 shares of our Class A common stock to a consultant, pursuant to a services agreement, at a deemed issuance price of $1.83 per share, which was the closing price of our Class A common stock as reported by The Nasdaq Stock Market, LLC on the issuance date. We relied on exemptions from registration under the Securities Act provided by Section 4(a)(2) with respect to the issuance of these shares.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

During the six months ended December 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits

The following exhibits are filed herewith as a part of this report.

Exhibit Number	Description
3.1	Form of Certificate of Designations, Preferences and Rights of Series G Convertible Preferred Stock which was filed as Exhibit 3.1 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
4.1	Form of Warrant which was filed as Exhibit 4.1 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
4.2	Form of Note which was filed as Exhibit 4.2 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
10.1	Form of Membership Interest Purchase Agreement, dated February 13, 2025, by and among LightPath Technologies, Inc., G5 Infrared, LLC, the members of G5 Infrared, LLC, and Kenneth R. Greenslade, solely in his capacity as Sellers' Representative which was filed as Exhibit 10.1 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
10.2	Form of Securities Purchase Agreement, dated February 13, 2025, by and among LightPath Technologies, Inc. and the investors listed on the Schedule of Buyers attached thereto, which was filed as Exhibit 10.2 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
10.3	Form of Registration Rights Agreement, dated February 13, 2025, by and among LightPath Technologies, Inc. and each of the several purchasers signatory thereto, which was filed as Exhibit 10.3 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
10.4	Form of Securities Purchase Agreement, dated February 13, 2025, by and between LightPath Technologies, Inc. and Lytton-Kambara Foundation, which was filed as Exhibit 10.4 to our Current Report on Form 8-K (File No: 000-27548) filed with the Securities and Exchange Commission on February 13, 2025, and is incorporated herein by reference thereto.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document *
104	Cover Page Interactive Data File – formatted in Inline XBRL and contained in Exhibit 101 *

*filed herewith
**furnished, not filed

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.

LIGHTPATH TECHNOLOGIES, INC.

Date: February 13, 2025	By: /s/ Shmuel Rubin *Shmuel Rubin* *President and Chief Executive Officer*
Date: February 13, 2025	By: /s/ Albert Miranda *Albert Miranda* *Chief Financial Officer*

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Shmuel Rubin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LightPath Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: February 13, 2025

/s/ Shmuel Rubin
Shmuel Rubin
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Albert Miranda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LightPath Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: February 13, 2025

/s/ Albert Miranda
Albert Miranda
Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

Pursuant to U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer of LightPath Technologies, Inc. (the "Company") does hereby certify, to the best of such officer's knowledge, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarterly period ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: February 13, 2025

/s/ Shmuel Rubin
Shmuel Rubin
President and Chief Executive Officer

The certifications set forth above are being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

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 LightPath Technologies, Inc. and will be retained by LightPath Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

Pursuant to U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Financial Officer of LightPath Technologies, Inc. (the "Company") does hereby certify, to the best of such officer's knowledge, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarterly period ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: February 13, 2025

/s/ Albert Miranda
Albert Miranda
Chief Financial Officer

The certifications set forth above are being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

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 LightPath Technologies, Inc. and will be retained by LightPath Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.