

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 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 001-38462

NLIGHT, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

91-2066376

(I.R.S. Employer
Identification Number)

4637 NW 18th Avenue

Camas, Washington 98607

(Address of principal executive office, including zip code)

(360) 566-4460

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Exchange on which Registered
Common Stock, par value \$0.0001 per share	LASR	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 for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

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

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

As of July 30, 2024, the Registrant had 48,125,661 shares of common stock outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

nLIGHT, Inc.
 Consolidated Balance Sheets
 (In thousands)
 (Unaudited)

	As of	
	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,386	\$ 53,210
Marketable securities	65,173	59,672
Accounts receivable, net of allowances of \$ 781 and \$ 315	32,192	39,585
Inventory	52,321	52,160
Prepaid expenses and other current assets	13,432	15,927
Total current assets	212,504	220,554
Restricted cash	257	256
Lease right-of-use assets	11,934	12,616
Property, plant and equipment, net	49,428	52,300
Intangible assets, net	1,130	1,652
Goodwill	12,377	12,399
Other assets, net	6,669	7,026
Total assets	<u><u>\$ 294,299</u></u>	<u><u>\$ 306,803</u></u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 13,360	\$ 12,166
Accrued liabilities	12,894	12,556
Deferred revenues	5,651	4,849
Current portion of lease liabilities	2,930	3,181
Total current liabilities	34,835	32,752
Non-current income taxes payable	5,505	5,391
Long-term lease liabilities	10,452	10,978
Other long-term liabilities	3,975	3,263
Total liabilities	54,767	52,384
Stockholders' equity:		
Common stock - \$ 0.0001 par value; 190,000 shares authorized, 48,099 and 47,266 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	16	16
Additional paid-in capital	531,822	521,184
Accumulated other comprehensive loss	(2,507)	(2,477)
Accumulated deficit	(289,799)	(264,304)
Total stockholders' equity	<u><u>\$ 239,532</u></u>	<u><u>\$ 254,419</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 294,299</u></u>	<u><u>\$ 306,803</u></u>

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.

Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
Products	\$ 34,458	\$ 39,592	\$ 63,828	\$ 80,699
Development	16,053	13,712	31,210	26,696
Total revenue	50,511	53,304	95,038	107,395
Cost of revenue:				
Products	24,011	28,272	47,242	55,798
Development	14,650	12,924	28,458	25,226
Total cost of revenue	38,661	41,196	75,700	81,024
Gross profit	11,850	12,108	19,338	26,371
Operating expenses:				
Research and development	11,736	12,004	22,395	23,305
Sales, general, and administrative	12,804	11,790	24,351	22,959
Total operating expenses	24,540	23,794	46,746	46,264
Loss from operations	(12,690)	(11,686)	(27,408)	(19,893)
Other income:				
Interest income, net	459	350	914	687
Other income, net	622	1,057	1,263	1,461
Loss before income taxes	(11,609)	(10,279)	(25,231)	(17,745)
Income tax expense (benefit)	120	(1,456)	264	(1,192)
Net loss	\$ (11,729)	\$ (8,823)	\$ (25,495)	\$ (16,553)
Net loss per share, basic and diluted	\$ (0.25)	\$ (0.19)	\$ (0.54)	\$ (0.36)
Shares used in per share calculations, basic and diluted	47,658	45,717	47,450	45,580

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.
 Consolidated Statements of Comprehensive Loss
 (In thousands)
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	\$ (11,729)	\$ (8,823)	\$ (25,495)	\$ (16,553)
Net loss				
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(65)	(1,054)	(288)	(685)
Unrealized gains on available-for-sale securities	147	104	258	318
Comprehensive loss	\$ (11,647)	\$ (9,773)	\$ (25,525)	\$ (16,920)

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.
 Consolidated Statements of Stockholders' Equity
 (In thousands)
 (Unaudited)

	Three Months Ended June 30, 2024					
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance, March 31, 2024	47,552	\$ 16	\$ 525,000	\$ (2,589)	\$ (278,070)	\$ 244,357
Net loss	—	—	—	—	(11,729)	(11,729)
Issuance of common stock pursuant to exercise of stock options	131	—	127	—	—	127
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	270	—	(1,663)	—	—	(1,663)
Issuance of common stock under the Employee Stock Purchase Plan	146	—	1,355	—	—	1,355
Stock-based compensation	—	—	7,003	—	—	7,003
Unrealized gains on available-for-sale securities	—	—	—	147	—	147
Cumulative translation adjustment, net of tax	—	—	—	(65)	—	(65)
Balance, June 30, 2024	48,099	\$ 16	\$ 531,822	\$ (2,507)	\$ (289,799)	\$ 239,532
Six Months Ended June 30, 2024						
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
	47,266	\$ 16	\$ 521,184	\$ (2,477)	\$ (264,304)	\$ 254,419
Net loss	—	—	—	—	(25,495)	(25,495)
Issuance of common stock pursuant to exercise of stock options	142	—	137	—	—	137
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	545	—	(3,288)	—	—	(3,288)
Issuance of common stock under the Employee Stock Purchase Plan	146	—	1,355	—	—	1,355
Stock-based compensation	—	—	12,434	—	—	12,434
Unrealized gains on available-for-sale securities	—	—	—	258	—	258
Cumulative translation adjustment, net of tax	—	—	—	(288)	—	(288)
Balance, June 30, 2024	48,099	\$ 16	\$ 531,822	\$ (2,507)	\$ (289,799)	\$ 239,532

	Three Months Ended June 30, 2023						Total stockholders' equity	
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss		Accumulated deficit		
	Shares	Amount		(2,165)	\$ (230,364)			
Balance, March 31, 2023	45,785	\$ 16	\$ 501,675	\$ (2,165)	\$ (230,364)	\$ 269,162		
Net loss	—	—	—	—	—	(8,823)	(8,823)	
Issuance of common stock pursuant to exercise of stock options	100	—	189	—	—	—	189	
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	484	—	(2,950)	—	—	—	(2,950)	
Issuance of common stock under the Employee Stock Purchase Plan	134	—	1,220	—	—	—	1,220	
Stock-based compensation	—	—	7,515	—	—	—	7,515	
Unrealized gains on available-for-sale securities	—	—	—	104	—	—	104	
Cumulative translation adjustment, net of tax	—	—	—	(1,054)	—	—	(1,054)	
Balance, June 30, 2023	46,503	\$ 16	\$ 507,649	\$ (3,115)	\$ (239,187)	\$ 265,363		

	Six Months Ended June 30, 2023						Total stockholders' equity	
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss		Accumulated deficit		
	Shares	Amount		(2,748)	\$ (222,634)			
Balance, December 31, 2022	45,629	\$ 16	\$ 496,211	\$ (2,748)	\$ (222,634)	\$ 270,845		
Net loss	—	—	—	—	—	(16,553)	(16,553)	
Issuance of common stock pursuant to exercise of stock options	217	—	332	—	—	—	332	
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	523	—	(3,132)	—	—	—	(3,132)	
Issuance of common stock under the Employee Stock Purchase Plan	134	—	1,220	—	—	—	1,220	
Stock-based compensation	—	—	13,018	—	—	—	13,018	
Unrealized gains on available-for-sale securities	—	—	—	318	—	—	318	
Cumulative translation adjustment, net of tax	—	—	—	(685)	—	—	(685)	
Balance, June 30, 2023	46,503	\$ 16	\$ 507,649	\$ (3,115)	\$ (239,187)	\$ 265,363		

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (25,495)	\$ (16,553)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	6,240	6,230
Amortization	2,241	1,768
Reduction in carrying amount of right-of-use assets	669	292
Provision for losses on (recoveries of) accounts receivable	467	(2)
Stock-based compensation	12,434	13,018
Loss on disposal of property, plant and equipment	44	—
Changes in operating assets and liabilities:		
Accounts receivable, net	6,869	(8,449)
Inventory	(167)	2,197
Prepaid expenses and other current assets	2,479	951
Other assets, net	(1,399)	(319)
Accounts payable	1,438	(941)
Accrued and other long-term liabilities	1,134	158
Deferred revenues	818	(46)
Lease liabilities	(764)	(374)
Non-current income taxes payable	137	(1,393)
Net cash provided by (used in) operating activities	<u>7,145</u>	<u>(3,463)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,702)	(1,640)
Purchase of marketable securities	(54,506)	(59,273)
Proceeds from maturities and sales of marketable securities	<u>49,265</u>	<u>50,089</u>
Net cash used in investing activities	<u>(8,943)</u>	<u>(10,824)</u>
Cash flows from financing activities:		
Proceeds from employee stock plan purchases	1,355	1,220
Proceeds from stock option exercises	137	332
Tax payments related to stock award issuances	(3,288)	(3,132)
Net cash used in financing activities	<u>(1,796)</u>	<u>(1,580)</u>
Effect of exchange rate changes on cash	<u>(229)</u>	<u>(139)</u>
Net decrease in cash, cash equivalents, and restricted cash	(3,823)	(16,006)
Cash, cash equivalents, and restricted cash, beginning of period	<u>53,466</u>	<u>58,078</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 49,643</u>	<u>\$ 42,072</u>
Supplemental disclosures:		
Cash paid for interest, net	\$ 20	\$ 20
Cash paid for income taxes	307	262
Operating cash outflows from operating leases	2,042	1,931
Right-of-use assets obtained in exchange for lease liabilities	882	1,197
Accrued purchases of property, equipment and patents	518	1,157
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 49,386	41,818
Restricted cash	257	254
Total cash, cash equivalents, and restricted cash	<u>\$ 49,643</u>	<u>\$ 42,072</u>

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.

Notes to Consolidated Financial Statements

Note 1 - Basis of Presentation and New Accounting Pronouncements

Basis of Presentation

The accompanying unaudited consolidated financial statements of nLIGHT, Inc. and our wholly-owned subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The unaudited financial information reflects, in the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations, stockholders' equity, and cash flows for the interim periods presented. The results reported for the interim period presented are not necessarily indicative of results that may be expected for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Critical Accounting Policies

Our critical accounting policies have not materially changed during the six months ended June 30, 2024, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

New Accounting Pronouncements

ASU 2023-07

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Improvements to Reportable Segment Disclosures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We will adopt ASU 2023-07 in the fourth quarter of 2024 using a retrospective transition method. We are currently evaluating the impact of this guidance on our consolidated financial statements.

ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. This ASU requires enhanced jurisdictional and other disaggregated disclosures for the effective tax rate reconciliation and income taxes paid and is effective for fiscal years beginning after December 15, 2024. This ASU requires additional disclosures and, accordingly, we do not expect the adoption of ASU 2023-09 to have a material effect on our financial position, results of operations or cash flows.

Note 2 - Revenue

We recognize revenue upon transferring control of products and services and the amounts recognized reflect the consideration we expect to be entitled to receive in exchange for these products and services. We consider customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. As part of our consideration of the contract, we evaluate certain factors, including the customer's ability to pay (or credit risk). For each contract, we consider the promise to transfer products, each of which is distinct, as the identified performance obligations.

We allocate the transaction price to each distinct product based on its relative standalone selling price. Master sales agreements or purchase orders from customers could include a single product or multiple products. Regardless, the contracted price with the customer is agreed to at the individual product level outlined in the customer contract or purchase order. We do not bundle prices; however, we do negotiate with customers on pricing for the same products based on a variety of factors (e.g., level of contractual volume). We have concluded that the prices negotiated with each individual customer are representative of the stand-alone selling price of the product.

We often receive orders with multiple delivery dates that may extend across several reporting periods. We allocate the transaction price of the contract to each delivery based on the product standalone selling price and invoice for each scheduled delivery upon shipment or delivery and recognize revenues for such delivery at that point, when transfer of control has occurred. As scheduled delivery dates are generally within one year, under the optional exemption provided by ASC 606-10-50-14a, revenues allocated to future shipments of partially completed contracts are not disclosed as performance obligations for point in time revenue. Further, we recognize, over time, revenue as per ASC 606-10-55-18 (invoice practical expedient) for our cost plus contracts and, accordingly, elect not to disclose

information related to those performance obligations under ASC 606-10-50-14b. As of June 30, 2024, we had \$ 21 million of performance obligations relating to firm fixed price contracts that did not qualify for the aforementioned disclosure exemptions. We expect to recognize 75 % of these performance obligations by the end of 2024 and the remainder by the end of 2025.

Rights of return generally are not included in customer contracts. Accordingly, product revenue is recognized upon transfer of control at shipment or delivery, as applicable. Rights of return are evaluated as they occur.

Revenues recognized at a point in time consist of sales of semiconductor lasers, fiber lasers and other related products. Revenues recognized over time generally consist of development arrangements that are structured based on our costs incurred. For long-term contracts, we estimate the total expected costs to complete the contract and recognize revenue based on the percentage of costs incurred at period end. Typically, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, materials, subcontractors costs, other direct costs, and indirect costs applicable on government and commercial contracts.

Contract estimates are based on various assumptions to project the outcome of future events that may span several years. These assumptions include labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials, the performance of subcontractors, and the availability and timing of funding from the customer. Billing under these arrangements generally occurs within one month of the costs being incurred or as milestones are reached.

The following tables represent a disaggregation of revenue from contracts with customers for the periods presented (in thousands):

Sales by End Market

	Six Months Ended			
	Three Months Ended June 30,		June 30,	
	2024	2023	2024	2023
Industrial	\$ 12,905	\$ 16,569	\$ 24,890	\$ 36,471
Microfabrication	10,216	12,227	21,013	25,285
Aerospace and Defense	27,390	24,508	49,135	45,639
	<u>\$ 50,511</u>	<u>\$ 53,304</u>	<u>\$ 95,038</u>	<u>\$ 107,395</u>

Sales by Geography

	Six Months Ended			
	Three Months Ended June 30,		June 30,	
	2024	2023	2024	2023
North America	\$ 35,640	\$ 34,317	\$ 64,364	\$ 63,420
China	3,095	2,864	6,506	6,510
Rest of World	11,776	16,123	24,168	37,465
	<u>\$ 50,511</u>	<u>\$ 53,304</u>	<u>\$ 95,038</u>	<u>\$ 107,395</u>

Sales by Timing of Revenue

	Six Months Ended			
	Three Months Ended June 30,		June 30,	
	2024	2023	2024	2023
Point in time	\$ 34,636	\$ 39,176	\$ 63,992	\$ 79,448
Over time	15,875	14,128	31,046	27,947
	<u>\$ 50,511</u>	<u>\$ 53,304</u>	<u>\$ 95,038</u>	<u>\$ 107,395</u>

Our contract assets and liabilities were as follows (in thousands):

	Balance Sheet Classification	As of	
		June 30, 2024	December 31, 2023
Contract assets	Prepaid expenses and other current assets	\$ 7,349	\$ 7,298
Contract liabilities	Deferred revenues and other long-term liabilities	8,232	6,368

Contract assets generally consist of revenue recognized on an over-time basis where revenue recognition has been met, but the amounts are billed and collected in a subsequent period. In our services contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals, which is generally monthly, or upon the achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets recorded in prepaid expenses and other current assets on the Consolidated Balance Sheets. However, we sometimes receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities recorded in deferred revenues on the Consolidated Balance Sheets. Contract liabilities are not a significant financing component as they are generally utilized to pay for contract costs within a one-year period or are used to ensure the customer meets contractual requirements. These assets and liabilities are reported on the Consolidated Balance Sheets on a contract-by-contract basis at the end of each reporting period. For our product revenue, we generally receive cash payments subsequent to satisfying the performance obligation via delivery of the product, resulting in billed accounts receivable. For our contracts, there are no significant gaps between the receipt of payment and the transfer of the associated goods and services to the customer for material amounts of consideration.

During the three and six months ended June 30, 2024, we recognized revenue of \$ 3.7 million and \$ 4.2 million that was included in the deferred revenues balance at the beginning of the period as the performance obligations under the associated agreements were satisfied.

Note 3 - Concentrations of Credit and Other Risks

The following customers accounted for 10% or more of our revenues for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
U.S. Government*	15 %	20 %	17 %	18 %
Raytheon Technologies	11 %	(1)	11 %	(1)
KORD Technologies	12 %	(1)	11 %	(1)

*Excludes sales to customers who sell our products and services exclusively to the U.S. Government

(1) Represents less than 10% of total revenues.

Financial instruments that potentially expose us to concentrations of credit risk consist principally of receivables from customers. As of June 30, 2024 and December 31, 2023, two customers accounted for a total of 24 % and 24 %, respectively, of net customer receivables. No other customers accounted for 10% or more of net customer receivables at either date.

Note 4 - Marketable Securities

Marketable securities consist primarily of highly liquid investments with original maturities of greater than 90 days when purchased. Our marketable securities are considered available-for-sale as they represent investments that are available to be sold for current operations. As such, they are included as current assets on our Consolidated Balance Sheets at fair value with unrealized gains and losses included in accumulated other comprehensive loss. Any unrealized gains and losses that are considered to be other-than-temporary are recorded in other income, net on our Consolidated Statements of Operations. Realized gains and losses on the sale of marketable securities are determined using the specific-identification method and recorded in other income, net on our Consolidated Statements of Operations.

Realized gains were \$ 0.7 million and \$ 1.4 million for the three and six months ended June 30, 2024, respectively. Unrealized gains were \$ 0.1 million and \$ 0.3 million for the three and six months ended June 30, 2024, respectively.

These unrealized gains are considered temporary and are reflected in the Consolidated Statements of Comprehensive Loss. Realized gains were \$ 0.6 million and \$ 1.0 million for the three and six months ended June 30, 2023, respectively. Unrealized gains were \$ 0.1 million and \$ 0.3 million for the three and six months ended June 30, 2023, respectively. See Note 5 for additional information.

Note 5 - Fair Value of Financial Instruments

The carrying amounts of certain of our financial instruments, including cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities are shown at cost which approximates fair value due to the short-term nature of these instruments. The fair value of our term and revolving loans approximates the carrying value due to the variable market rate used to calculate interest payments.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 Inputs: Observable inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 Inputs: Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our financial instruments that are carried at fair value consist of Level 1 assets which include highly liquid investments and bank drafts classified as cash equivalents and marketable securities.

Our fair value hierarchy for our financial instruments was as follows (in thousands):

June 30, 2024					
	Level 1	Level 2	Level 3	Total	
Cash Equivalents:					
Money market securities	\$ 19,085	\$ —	\$ —	\$ 19,085	
Commercial paper	1,679	—	—	—	1,679
	20,764	—	—	—	20,764
Marketable Securities:					
U.S. treasuries	65,173	—	—	—	65,173
Total	\$ 85,937	\$ —	\$ —	\$ —	85,937

December 31, 2023					
	Level 1	Level 2	Level 3	Total	
Cash Equivalents:					
Money market securities	\$ 22,441	\$ —	\$ —	\$ 22,441	
Commercial paper	1,995	—	—	—	1,995
	24,436	—	—	—	24,436
Marketable Securities:					
U.S. treasuries	59,672	—	—	—	59,672
Total	\$ 84,108	\$ —	\$ —	\$ —	84,108

Cash Equivalents

The fair value of cash equivalents is determined based on quoted market prices for similar or identical securities.

Marketable Securities

We classify our marketable securities as available-for-sale and value them utilizing a market approach that uses observable inputs without applying significant judgment.

Note 6 - Inventory

Inventory is stated at the lower of average cost (principally standard cost, which approximates actual cost on a first-in, first-out basis) and net realizable value. Inventory includes raw materials and components that may be specialized in nature and subject to obsolescence. On a quarterly basis, we review inventory quantities on hand in comparison to our past consumption, recent purchases, and other factors to determine what inventory quantities, if any, may not be sellable. Based on this analysis, we write down the affected inventory value for estimated excess and obsolescence charges. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Inventory consisted of the following (in thousands):

	As of	
	June 30, 2024	December 31, 2023
materials	\$ 20,976	23,426
in process and semi-finished goods	21,261	19,640
held goods	10,084	9,094
	<u><u>\$ 52,321</u></u>	<u><u>52,160</u></u>

Note 7 - Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	Useful life (years)	As of	
		June 30, 2024	December 31, 2023
Automobiles	3	\$ 109	\$ 109
Computer hardware and software	3 - 5	9,294	9,145
Manufacturing and lab equipment	2 - 7	92,789	91,050
Office equipment and furniture	5 - 7	2,608	2,634
Leasehold and building improvements	2 - 12	33,257	31,988
Buildings	30	9,392	9,392
Land	N/A	3,399	3,399
		<u><u>150,848</u></u>	<u><u>147,717</u></u>
Accumulated depreciation		(101,420)	(95,417)
		<u><u>\$ 49,428</u></u>	<u><u>\$ 52,300</u></u>

Note 8 - Intangible Assets and Goodwill

Intangible Assets

The details of definite lived intangible assets were as follows (in thousands):

	Estimated useful life (in years)	As of	
		June 30, 2024	December 31, 2023
Patents	3 - 5	\$ —	\$ 6,345
Development programs	2 - 4	7,200	7,200
Developed technology	5	2,959	2,959
		10,159	16,504
Accumulated amortization		(9,029)	(14,852)
		\$ 1,130	\$ 1,652

Amortization related to intangible assets was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amortization expense	\$ 149	\$ 609	\$ 522	\$ 1,263

Estimated amortization expense for future years is as follows (in thousands):

2024	\$ 297
2025	484
2026	349
Thereafter	—
	\$ 1,130

Goodwill

The carrying amount of goodwill by segment was as follows (in thousands):

	Laser Products	Advanced Development	Totals
Balance, December 31, 2023	2,151	10,248	12,399
Currency exchange rate adjustment	(22)	—	(22)
Balance, June 30, 2024	\$ 2,129	\$ 10,248	\$ 12,377

Note 9 - Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	As of	
	June 30, 2024	December 31, 2023
Accrued payroll and benefits	\$ 9,061	\$ 7,898
Product warranty, current	2,593	3,339
Other accrued expenses	1,240	1,319
	\$ 12,894	\$ 12,556

Note 10 - Product Warranties

We provide warranties on certain products and record a liability for the estimated future costs associated with warranty claims at the time revenue is recognized. The warranty liability is based on historical experience, any specifically identified failures, and our estimate of future costs. The current portion of our product warranty liability is

included in the accrued liabilities and the long-term portion is included in Other long-term liabilities in our Consolidated Balance Sheets.

Product warranty liability activity was as follows for the periods presented (in thousands):

	Six Months Ended June 30,	
	2024	2023
Product warranty liability, beginning	\$ 4,469	\$ 5,441
Warranty charges incurred, net	(1,880)	(1,862)
Provision for warranty charges, net of adjustments	1,037	1,348
Product warranty liability, ending	3,626	4,927
Less: current portion of product warranty liability	(2,593)	(3,686)
Non-current portion of product warranty liability	\$ 1,033	\$ 1,241

Note 11 - Stockholders' Equity and Stock-Based Compensation

Restricted Stock Awards and Units

Restricted stock unit ("RSU") and restricted stock awards ("RSA") activity under our equity incentive plan was as follows:

	Number of Restricted Stock Units (Thousands)	Weighted-Average Grant Date Fair Value
Balance, December 31, 2023	2,817	\$ 13.27
Granted	1,747	14.13
Vested	(801)	15.50
Forfeited	(30)	14.17
Balance, June 30, 2024	3,733	13.19
	Number of Restricted Stock Awards (Thousands)	Weighted-Average Grant Date Fair Value
Balance, December 31, 2023	133	\$ 30.44
Vested	(75)	27.98
Balance, June 30, 2024	58	\$ 33.66

The total fair value of RSUs vested during the six months ended June 30, 2024, was \$ 12.4 million. Awards outstanding as of June 30, 2024 include 1.3 million performance-based awards that will vest upon meeting certain performance criteria. 0.5 million performance-based awards were granted during the six months ended June 30, 2024.

Stock Options

The following table summarizes our stock option activity during the six months ended June 30, 2024:

	Number of Options (Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Thousands)
Outstanding, December 31, 2023	1,398	\$ 1.24	2.5	\$ 17,142
Options exercised	(142)	0.97		
Outstanding, June 30, 2024	<u>1,256</u>	1.27	2.0	12,137
Options exercisable at June 30, 2024	<u>1,256</u>	1.27	2.0	12,137
Options vested as of June 30, 2024, and expected to vest after June 30, 2024	<u>1,256</u>	1.27	2.0	12,137

Total intrinsic value of options exercised for the six months ended June 30, 2024 and 2023, was \$ 1.7 million and \$ 1.9 million, respectively. We received proceeds of \$ 0.1 million and \$ 0.3 million from the exercise of options for the six months ended June 30, 2024 and 2023, respectively.

Stock-Based Compensation

Total stock-based compensation expense was included in our Consolidated Statements of Operations as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of revenues	\$ 659	\$ 663	\$ 1,200	\$ 1,363
Research and development	2,175	2,826	3,788	4,924
Sales, general and administrative	4,169	4,026	7,446	6,731
	<u>\$ 7,003</u>	<u>\$ 7,515</u>	<u>\$ 12,434</u>	<u>\$ 13,018</u>

Unrecognized Compensation Costs

As of June 30, 2024, total unrecognized stock-based compensation was \$ 43.2 million, which will be recognized over an average expected recognition period of 2.1 year.

Note 12 - Commitments and Contingencies

Leases

See Note 13.

Legal Matters

On March 25, 2022, Lumentum Operations LLC (Lumentum) filed a complaint against nLIGHT, Inc. and certain of its employees in the U.S. District Court for the Western District of Washington. The complaint alleges that Lumentum is the partial or full owner of certain of our patents and requests corresponding relief from the court. We are vigorously defending against Lumentum's allegations. Loss in this matter is not probable or reasonably estimable and, as such, no loss contingency has been recorded.

From time to time, we may be subject to various other legal proceedings and claims in the ordinary course of business. As of June 30, 2024, we believe these matters will not have a material adverse effect on our consolidated financial statements.

Note 13 - Leases

We lease real estate space under non-cancelable operating lease agreements for commercial and industrial space. Facilities-related operating leases have remaining terms of 0.2 to 10.9 years, and some leases include options to extend up to 15 years. Other leases for automobiles, manufacturing and office and computer equipment have remaining lease terms of 0.2 to 4.3 years. These leases are primarily operating leases; financing leases are not

material. We did not include any renewal options in our lease terms for calculating the lease liabilities as we are not reasonably certain we will exercise the options at this time. The weighted-average remaining lease term for the lease obligations was 7 years as of June 30, 2024, and the weighted-average discount rate was 3.9 %.

The components of lease expense related to operating leases were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Lease expense:				
Operating lease expense	\$ 912	\$ 894	\$ 1,831	\$ 1,815
Short-term lease expense	58	113	127	206
Variable and other lease expense	274	248	517	473
	\$ 1,244	\$ 1,255	\$ 2,475	\$ 2,494

Future minimum payments under our non-cancelable lease obligations were as follows as of June 30, 2024 (in thousands):

2024	\$ 1,964
2025	2,607
2026	1,932
2027	1,885
2028	1,617
Thereafter	5,445
Total minimum lease payments	15,450
Less: interest	(2,068)
Present value of net minimum lease payments	13,382
Less: current portion of lease liabilities	(2,930)
Total long-term lease liabilities	\$ 10,452

Note 14 - Segment Information

We operate in two reportable segments consisting of the Laser Products segment and the Advanced Development segment. The following table summarizes the operating results by reportable segment (dollars in thousands):

	Three Months Ended June 30, 2024			
	Laser Products	Advanced Development	Corporate and Other	Totals
Revenue	\$ 34,458	\$ 16,053	\$ —	\$ 50,511
Gross profit	\$ 11,106	\$ 1,403	\$ (659)	\$ 11,850
Gross margin	32.2 %	8.7 %	NM*	23.5 %

	Six Months Ended June 30, 2024			
	Laser Products	Advanced Development	Corporate and Other	Totals
Revenue	\$ 63,828	\$ 31,210	\$ —	\$ 95,038
Gross profit	\$ 17,786	\$ 2,752	\$ (1,200)	\$ 19,338
Gross margin	27.9 %	8.8 %	NM*	20.3 %

Three Months Ended June 30, 2023					
	Laser Products	Advanced Development	Corporate and Other		Totals
Revenue	\$ 39,592	\$ 13,712	\$ —	\$	53,304
Gross profit	\$ 11,983	\$ 788	\$ (663)	\$	12,108
Gross margin	30.3 %	5.7 %	NM*		22.7 %

Six Months Ended June 30, 2023					
	Laser Products	Advanced Development	Corporate and Other		Totals
Revenue	\$ 80,699	\$ 26,696	\$ —	\$	107,395
Gross profit	\$ 26,264	\$ 1,470	\$ (1,363)	\$	26,371
Gross margin	32.5 %	5.5 %	NM*		24.6 %

*Not meaningful

Corporate and Other is unallocated expenses related to stock-based compensation.

There have been no material changes to the geographic locations of our long-lived assets, net, based on the location of the assets, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Note 15 - Net Loss per Share

Basic and diluted net loss and the number of shares used for basic and diluted net loss calculations were the same for all periods presented because we were in a loss position.

The following potentially dilutive securities were not included in the calculation of diluted shares as the effect would have been anti-dilutive (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Restricted stock units and awards	926	1,277	1,005	1,028
Common stock options	1,188	1,469	1,225	1,522
	<u>2,114</u>	<u>2,746</u>	<u>2,230</u>	<u>2,550</u>

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by the following words: "ability," "anticipate," "attempt," "believe," "can be," "continue," "could," "depend," "enable," "estimate," "expect," "extend," "grow," "if," "intend," "likely," "may," "objective," "ongoing," "plan," "possible," "potential," "predict," "project," "propose," "rely," "should," "target," "will," "would" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

These statements involve risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements include, but are not limited to, statements about: our business model and strategic plans; our expectations regarding manufacturing; our future financial performance; demand for our semiconductor and fiber laser solutions; our ability to develop innovative products; our expectations regarding product volumes and the introduction of new products; our technology and new product research and development activities; the impact of inflation; the impact of seasonality; the effect on our business of litigation to which we are or may become a party; and the sufficiency of our existing liquidity sources to meet our cash needs.

You should refer to the "Risk Factors" section of this report for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this report will prove to be accurate. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, which although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

nLIGHT, Inc. is a leading provider of high-power semiconductor and fiber lasers for industrial, microfabrication, and aerospace and defense applications. Headquartered in Camas, Washington, we design, develop, and manufacture the critical elements of our lasers, and believe our vertically integrated business model enables us to rapidly introduce innovative products, control our costs and protect our intellectual property.

We operate in two reportable segments—Laser Products and Advanced Development—and we serve three primary end-markets—Industrial, Microfabrication, and Aerospace and Defense. Sales of our semiconductor lasers, fiber lasers, fiber amplifiers, and other directed energy laser products are included in the Laser Products segment, while revenue earned from research and development contracts are included in the Advanced Development segment.

Revenues decreased to \$95.0 million in the six months ended June 30, 2024 compared to \$107.4 million in the same period of 2023 due primarily to decreased sales in the Laser Products segment. We generated a net loss of \$25.5 million for the six months ended June 30, 2024 compared to a net loss of \$16.6 million for the same period of 2023.

Factors Affecting Our Performance

Demand for our Semiconductor and Fiber Laser Solutions

Our revenue growth depends on market demand and achievement of design wins for our semiconductor and fiber lasers. We consider a design win to occur when a customer notifies us that it has selected one of our products to be incorporated into a product or system under development by such customer. For the foreseeable future, our operations will continue to depend upon capital expenditures by customers in the Industrial and Microfabrication markets, which, in turn, depend upon the demand for these customers' products or services. In addition, in the Aerospace and Defense market, our business depends in large part on continued investment in laser technology by the U.S. government and its allies, and our ability to continue to successfully develop leading technology in this area and commercialize that technology in the future.

Demand for our products also fluctuates based on market cycles, continuously evolving industry supply chains, trade and tariff terms, as well as evolving competitive dynamics in each of our end-markets. Erosion of average selling prices, or ASPs, of established products is typical in our industry, and the ASPs of our products generally decrease as our products mature. We may also negotiate discounted selling prices from time to time with certain customers that purchase higher volumes, or to penetrate new markets or applications. Historically, we have been able to offset decreasing ASPs by introducing new and higher value products, increasing the sales of our existing products, expanding into new applications and reducing our product and manufacturing costs. Although we anticipate further increases in product volumes and the continued introduction of new and higher value products, ASP reduction may cause our revenues to decline or grow at a slower rate.

Technology and New Product Development

We invest heavily in the development of our semiconductor, fiber laser, directed energy, and laser-sensing technologies to provide solutions to our current and future customers. We anticipate that we will continue to invest in research and development to achieve our technology and product roadmap. Our product development is targeted to specific sectors of the market where we believe the performance of our products provide a significant benefit to our customers. We believe our close coordination with our customers regarding their future product requirements enhances the efficiency of our research and development expenditures.

Manufacturing Costs and Gross Margins

Our product gross profit, in absolute dollars and as a percentage of revenues, is impacted by our product sales mix, sales volumes, changes in ASPs, production volumes, the corresponding absorption of manufacturing overhead expenses, the cost of purchased materials, production costs and manufacturing yields. Our product sales mix can affect gross profits due to variations in profitability related to product configurations and cost profiles, customer volume pricing, availability of competitive products in various markets, and new product introductions, among other factors. We have invested heavily in U.S.-based manufacturing capabilities in the last several years. Capacity utilization affects our gross margin because we have a high fixed cost base due to our vertically integrated business model. Increases in sales and production volumes drive favorable absorption of fixed costs, improved manufacturing efficiencies and lower production costs. Gross margins may fluctuate from period to period depending on product mix and the level of capacity utilization.

Our Development gross profit varies with the type and terms of contracts, contract volume, project mix, changes in the estimated cost of projects at completion, and successful execution on projects during the period. Most of our Development contracts have historically been structured as cost plus fixed fee due to the technical complexity of the research and development services, but we also perform work under fixed price contracts where gross margin can change from period to period based on the estimated cost of the project at completion.

Seasonality

Our quarterly revenues can fluctuate with general economic trends, the timing of capital expenditures by our customers, holidays, and general economic trends. In addition, as is typical in our industry, we tend to recognize a larger percentage of our quarterly revenues in the last month of the quarter, which may impact our working capital trends.

Results of Operations

The following table sets forth our operating results as a percentage of revenues for the periods indicated (which may not add up due to rounding):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
Products	68.2 %	74.3 %	67.2 %	75.1 %
Development	31.8	25.7	32.8	24.9
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue:				
Products	47.5	53.0	49.7	52.0
Development	29.0	24.3	30.0	23.4
Total cost of revenue	76.5	77.3	79.7	75.4
Gross profit	23.5	22.7	20.3	24.6
Operating expenses:				
Research and development	23.2	22.5	23.6	21.7
Sales, general, and administrative	25.4	22.1	25.6	21.4
Total operating expenses	48.6	44.6	49.2	43.1
Loss from operations	(25.1)	(21.9)	(28.9)	(18.5)
Other income:				
Interest income, net	0.9	0.7	1.0	0.6
Other income, net	1.2	2.0	1.3	1.4
Loss before income taxes	(23.0)	(19.3)	(26.6)	(16.5)
Income tax expense (benefit)	0.2	(2.7)	0.3	(1.1)
Net loss	(23.2)%	(16.6)%	(26.9)%	(15.4)%

Revenues by End Market

Our revenues by end market were as follows for the periods presented (dollars in thousands):

	Three Months Ended June 30,				Change	
	2024	% of Revenue	2023	% of Revenue	\$	%
Industrial	\$ 12,905	25.5 %	\$ 16,569	31.1 %	\$ (3,664)	(22.1)%
Microfabrication	10,216	20.2	12,227	22.9	(2,011)	(16.4)
Aerospace and Defense	27,390	54.3	24,508	46.0	2,882	11.8
	\$ 50,511	100.0 %	\$ 53,304	100.0 %	\$ (2,793)	(5.2)%
Six Months Ended June 30,					Change	
	2024	% of Revenue	2023	% of Revenue	Amount	%
Industrial	\$ 24,890	26.2 %	\$ 36,471	34.0 %	\$ (11,581)	(31.8)%
Microfabrication	21,013	22.1	25,285	23.5	(4,272)	(16.9)
Aerospace and Defense	49,135	51.7	45,639	42.5	3,496	7.7
	\$ 95,038	100.0 %	\$ 107,395	100.0 %	\$ (12,357)	(11.5)%

The decreases in revenue from the Industrial and Microfabrication markets for the three and six months ended June 30, 2024, compared to the same periods in 2023, were driven by decreases in unit sales due to lower customer demand and deteriorating market conditions. The increases in revenue from the Aerospace and Defense market for the three and six months ended June 30, 2024, compared to the same periods in 2023, were the result of increased product unit sales and ASPs, and increased development revenue from new development contracts.

Revenues by Segment

Our revenues by segment were as follows for the periods presented (dollars in thousands):

	Three Months Ended June 30,				Change	
	2024	% of Revenue	2023	% of Revenue	\$	%
Laser Products	\$ 34,458	68.2 %	\$ 39,592	74.3 %	\$ (5,134)	(13.0)%
Advanced Development	16,053	31.8	13,712	25.7	2,341	17.1
	<u>\$ 50,511</u>	<u>100.0 %</u>	<u>\$ 53,304</u>	<u>100.0 %</u>	<u>\$ (2,793)</u>	<u>(5.2)%</u>

	Six Months Ended June 30,				Change	
	2024	% of Revenue	2023	% of Revenue	Amount	%
Laser Products	\$ 63,828	67.2 %	\$ 80,699	75.1 %	\$ (16,871)	(20.9)%
Advanced Development	31,210	32.8	26,696	24.9	4,514	16.9
	<u>\$ 95,038</u>	<u>100.0 %</u>	<u>\$ 107,395</u>	<u>100.0 %</u>	<u>\$ (12,357)</u>	<u>(11.5)%</u>

The decreases in Laser Products revenue for the three and six months ended June 30, 2024, compared to the same periods in 2023, were primarily the result of decreased unit sales to the Industrial and Microfabrication markets, offset partially by increased revenue from the Aerospace and Defense market as discussed above.

The increases in Advanced Development revenue for the three and six months ended June 30, 2024, compared to the same periods in 2023, were driven by new development contracts. All Advanced Development revenue is included in the Aerospace and Defense market.

Revenues by Geographic Region

Our revenues by geographic region were as follows for the periods presented (dollars in thousands):

	Three Months Ended June 30,				Change	
	2024	% of Revenue	2023	% of Revenue	\$	%
North America	\$ 35,640	70.6 %	\$ 34,317	64.4 %	\$ 1,323	3.9 %
China	3,095	6.1	2,864	5.4	231	8.1
Rest of World	11,776	23.3	16,123	30.2	(4,347)	(27.0)
	<u>\$ 50,511</u>	<u>100.0 %</u>	<u>\$ 53,304</u>	<u>100.0 %</u>	<u>\$ (2,793)</u>	<u>(5.2)%</u>

	Six Months Ended June 30,				Change	
	2024	% of Revenue	2023	% of Revenue	Amount	%
North America	\$ 64,364	67.7 %	\$ 63,420	59.1 %	\$ 944	1.5 %
China	6,506	6.8	6,510	6.1	(4)	(0.1)
Rest of World	24,168	25.5	37,465	34.8	(13,297)	(35.5)
	<u>\$ 95,038</u>	<u>100.0 %</u>	<u>\$ 107,395</u>	<u>100.0 %</u>	<u>\$ (12,357)</u>	<u>(11.5)%</u>

Geographic revenue information is based on the location to which we ship our products. The increases in North America revenue for the three and six months ended June 30, 2024 compared to the same periods in 2023, were driven by increased revenue from the Aerospace and Defense market as previously discussed, offset partially by decreased revenue from the Industrial and Microfabrication markets.

The increase in China revenue for the three months ended June 30, 2024, compared to the same period in 2023, was the result of increased revenue from the Microfabrication market. There was no significant change in China revenue for the six months ended June 30, 2024 compared to the same period of 2023.

The decreases in Rest of World revenue for the three and six months ended June 30, 2024, compared to the same periods in 2023, were the result of decreased revenue from the Microfabrication and Industrial markets due primarily to lower demand.

Cost of Revenues and Gross Margin

Cost of Laser Products revenue consists primarily of manufacturing materials, labor, shipping and handling costs, tariffs and manufacturing-related overhead. We order materials and supplies based on backlog and forecasted demand from our customers. We expense all warranty costs and inventory provisions as cost of revenues.

Cost of Advanced Development revenue consists of materials, labor, subcontracting costs, and an allocation of indirect costs including overhead and general and administrative.

Our gross profit and gross margin were as follows for the periods presented (dollars in thousands):

	Three Months Ended June 30, 2024				
	Laser Products	Advanced Development	Corporate and Other	Total	
Gross profit	\$ 11,106	\$ 1,403	\$ (659)	\$ 11,850	
Gross margin	32.2 %	8.7 %	NM*	23.5 %	

	Six Months Ended June 30, 2024				
	Laser Products	Advanced Development	Corporate and Other	Total	
Gross profit	\$ 17,786	\$ 2,752	\$ (1,200)	\$ 19,338	
Gross margin	27.9 %	8.8 %	NM*	20.3 %	

	Three Months Ended June 30, 2023				
	Laser Products	Advanced Development	Corporate and Other	Total	
Gross profit	\$ 11,983	\$ 788	\$ (663)	\$ 12,108	
Gross margin	30.3 %	5.7 %	NM*	22.7 %	

	Six Months Ended June 30, 2023				
	Laser Products	Advanced Development	Corporate and Other	Total	
Gross profit	\$ 26,264	\$ 1,470	\$ (1,363)	\$ 26,371	
Gross margin	32.5 %	5.5 %	NM*	24.6 %	

*NM = not meaningful

The increase in Laser Products gross margin for the three months ended June 30, 2024, compared to the same period of 2023, was driven primarily by positive changes in sales mix, offset partially by the impact of lower production volumes on fixed manufacturing costs due to the overall decrease in customer demand. The decrease in Laser Products gross margin for the six months ended June 30, 2024, compared to same period of 2023, was driven by the impact of lower production volumes on fixed manufacturing costs due to the decrease in overall customer demand, partially offset by positive changes in sales mix for the second quarter of 2024.

The increases in Advanced Development gross margin for the three and six months ended June 30, 2024, compared to the same periods in 2023, were primarily the result of changes in the composition of research and development contracts. The three and six month periods ended June 30, 2024 included more revenue from fixed priced contracts that carried higher average gross margins than cost-plus fixed fee contracts during the period.

Operating Expenses

Our operating expenses were as follows for the periods presented (dollars in thousands):

Research and Development

	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Research and development	\$ 11,736	\$ 12,004	\$ (268)	(2.2)%
Six Months Ended June 30,				
	2024		Change	
	2024	2023	Amount	%
Research and development	\$ 22,395	\$ 23,305	\$ (910)	(3.9)%

The decreases in research and development expense for the three and six months ended June 30, 2024, compared to the same periods in 2023, were driven by decreases in stock-based compensation of \$0.7 million and \$1.1 million, respectively, offset partially by increases in project-related expenses.

Sales, General and Administrative

	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Sales, general, and administrative	\$ 12,804	\$ 11,790	\$ 1,014	8.6 %
Six Months Ended June 30,				
	2024		Change	
	2024	2023	Amount	%
Sales, general, and administrative	\$ 24,351	\$ 22,959	\$ 1,392	6.1 %

The increases in sales, general and administrative expense for the three and six months ended June 30, 2024, compared to the same periods in 2023, were primarily due to increases in incentive compensation, bad debt expense, and stock-based compensation of \$0.1 million and \$0.7 million for the three and six months ended June 30, 2024, respectively.

Interest Income, net

	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Interest income, net	\$ 459	\$ 350	\$ 109	31.1%
Six Months Ended June 30,				
	2024		Change	
	2024	2023	Amount	%
Interest income, net	\$ 914	\$ 687	\$ 227	33.0 %

The increases in interest income, net, for the three and six months ended June 30, 2024, compared to the same periods in 2023, were driven by increases in interest rates and increased investment in marketable securities.

Other Income (Expense), net

	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Other income, net	\$ 622	\$ 1,057	\$ (435)	(41.2)%

	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
Other income, net	\$ 1,263	\$ 1,461	\$ (198)	(13.6)%

Changes in other income (expense), net, are primarily attributable to realized gains on the sale of marketable securities and changes in net realized and unrealized foreign exchange transactions resulting from currency rate fluctuations.

Income Tax Expense (Benefit)

	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Income tax expense (benefit)	\$ 120	\$ (1,456)	\$ 1,576	108.2 %
<hr/>				
	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
Income tax expense (benefit)	\$ 264	\$ (1,192)	\$ 1,456	122.1 %

We record income tax expense for taxes in our foreign jurisdictions including Austria, Finland, Italy, and South Korea. While our tax expense is largely dependent on the geographic mix of earnings related to our foreign operations, we also record tax expense for uncertain tax positions taken and associated penalties and interest. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against our deferred tax assets. Due to the uncertainty with respect to their ultimate realizability in the United States and China, we continue to maintain a full valuation allowance in these jurisdictions as of June 30, 2024.

The increase in income tax expense for the three and six months ended June 30, 2024 compared to the same period in 2023 was driven by expiring statutes of limitations on unrecognized tax positions in the second quarter of 2023.

Liquidity and Capital Resources

We had cash and cash equivalents of \$49.6 million and \$53.5 million as of June 30, 2024 and December 31, 2023, respectively. In addition, we had marketable securities of \$65.2 million and \$59.7 million at June 30, 2024 and December 31, 2023, respectively. Our total balance of cash, cash equivalents, restricted cash and marketable securities increased by \$1.7 million from December 31, 2023 to June 30, 2024.

For the six months ended June 30, 2024, our principal source of liquidity was cash collected from customers. We believe our existing sources of liquidity will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements may vary materially from period to period and will depend on many factors, including the timing and extent of spending on research and development efforts, the expansion of sales and marketing activities, the continuing market acceptance of our products and ongoing investments to support the growth of our business. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, technologies and intellectual property rights. From time to time, we may explore additional financing sources which could include equity, equity-linked and debt financing arrangements.

The following table summarizes our cash flows for the periods presented (in thousands):

	Six Months Ended June 30,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 7,145	\$ (3,463)
Net cash used in investing activities	(8,943)	(10,824)
Net cash used in financing activities	(1,796)	(1,580)
Effect of exchange rate changes on cash	(229)	(139)
Net decrease in cash, cash equivalents and restricted cash	\$ (3,823)	\$ (16,006)

Net Cash Provided by Operating Activities

During the six months ended June 30, 2024, net cash provided by operating activities was \$7.1 million, which was the result of a \$25.5 million net loss, offset by increases in working capital of \$10.5 million and non-cash expenses totaling \$22.1 million related primarily to depreciation, amortization, and stock-based compensation. The increase in working capital in the six months ended June 30, 2024 was driven by an \$6.9 million decrease in accounts receivable, net, a \$1.4 million increase in accounts payable, and a \$2.5 million decrease in prepaid expenses and other current assets.

Net Cash Used in Investing Activities

During the six months ended June 30, 2024, net cash used in investing activities was \$8.9 million, which was driven by the net purchase of marketable securities of \$5.2 million and capital expenditures of \$3.7 million.

Net Cash Used in Financing Activities

During the six months ended June 30, 2024, net cash used in financing activities was \$1.8 million, which consisted of taxes paid on the net settlement of stock awards of \$3.3 million, partially offset by proceeds from stock option exercises and employee stock plan purchases of \$1.5 million.

Credit Facilities

We have a \$40.0 million revolving line of credit, or LOC, with Banc of California dated September 24, 2018, which is secured by our assets and expires September 24, 2024.

The LOC agreement contains restrictive and financial covenants and bears an unused credit fee of 0.20% on an annualized basis. The interest rate on the LOC is based on the Prime Rate, minus a margin based on our liquidity levels. No amounts were outstanding under the LOC at June 30, 2024 and we were in compliance with all covenants.

Contractual Obligations

There have been no material changes to our contractual obligations as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Inflation

We do not believe that inflation had a material effect on our business, financial condition or results of operations during the three and six months ended June 30, 2024. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could materially adversely affect our business, financial condition and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For financial market risks related to changes in interest rates and foreign currency exchange rates, reference is made to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," contained in Part II of our Annual Report on Form 10-K for the year ended December 31, 2023. Our exposure to market risk has not changed materially since December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and our chief financial officer have concluded that, as of such date, our disclosure controls and procedures were, in design and operation, effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Control

Control systems, including ours, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems' objectives are being met. Further, the design of any control systems must reflect the fact that there are resource constraints, and the benefits of all controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Control systems can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see Note 12, Commitments and Contingencies to our consolidated financial statements included elsewhere in this report.

ITEM 1A. RISK FACTORS

For risk factors related to our business, reference is made to Item 1A, "Risk Factors," contained in Part I of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, the following officer, as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408, as follows:

On June 12, 2024, Scott Keeney, our President and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 634,298 shares of our common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until August 29, 2025, or earlier if all transactions under the trading arrangement are completed.

During our last fiscal quarter, no other director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1+	Offer Letter, dated April 8, 2024, by and between nLIGHT DEFENSE Systems, Inc. and Camille Nichols					X
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

+ Indicates a management contract or compensatory plan or arrangement.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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.

NLIGHT, INC.

(Registrant)

August 2, 2024

Date

By: /s/ SCOTT KEENEY

Scott Keeney

President and Chief Executive Officer
(Principal Executive Officer)

August 2, 2024

Date

By: /s/ JOSEPH CORSO

Joseph Corso

Chief Financial Officer
(Principal Financial Officer)

August 2, 2024

Date

By: /s/ JAMES NIAS

James Nias

Chief Accounting Officer
(Principal Accounting Officer)



nLIGHT DEFENSE Systems, Inc.
Proprietary & Confidential

4/8/2024

Camille Nichols

Dear Camille,

nLIGHT DEFENSE Systems, Inc. ("nLIGHT-DS") is pleased to invite you to join our team as a full-time exempt employee with a Minimum Number of Working Hours, as defined in our employee manual, of 40 hours, under the following initial terms of employment:

Position: Interim President, nLIGHT DEFENSE Systems, Inc.
Base Salary: \$250,000 annualized
Equity: 25,000 RSUs
Reporting to: Scott Keeney
Employee Status: Full-time Regular, not eligible for Extra Effort pay
Location: Longmont, CO
Start Date: April 8, 2024
End Date: Interim position, no later than Dec. 31, 2024

This offer is expressly contingent on the **ability of the Employee to obtain and maintain a U.S. Department of Defense Secret Security Clearance** and contingent on completion of a satisfactory background check.

Equity

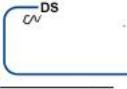
At the next quarterly meeting following your hire date, we will recommend to the Compensation Committee of the Board of Directors of nLIGHT ("Compensation Committee") that you be granted 25,000 RSUs to vest in full on December 31, 2024. The grant will be subject to the terms and conditions of nLIGHT's Equity Incentive Plan and approval of the Compensation Committee.

Signing Bonus

nLIGHT-DS will provide a signing bonus of \$54,000 to be paid over three months, with \$18,000 to be paid by the end of each month as follows: April, May and June 2024.

Temporary Living Expenses

We will pay living expenses related to your temporary relocation to the Longmont CO general area, to include rent and utilities, a rental car, and travel expenses including relocation related travel and trips home every 2-3 months. To the extent we cannot directly pay the temporary living expenses you will need to submit expense reports and be reimbursed through the normal expense reimbursement process.

Initial Here 
Page 1 of 3

Holidays and Time Off

nLIGHT-DS currently provides the following time-off benefits for all full-time, regular employees:

- nLIGHT-DS observes 11 paid holidays per calendar year.
- nLIGHT-DS offers general purpose Paid Time Off (PTO) to all employees. PTO shall accrue at a rate of 1 hour for every 15 hours worked. PTO is only accrued for every hour worked.

nLIGHT-DS Insurance and Other Benefits

You will be eligible to receive insurance coverage for you and your eligible dependents. nLIGHT-DS will subsidize a portion of your insurance plan premiums. This amount will vary based upon the benefit coverage you elect. All insurance coverage is effective the first day of the month following your start date.

nLIGHT-DS offers the following Benefits:

- Medical, Dental and Vision Insurance
- Short and Long Term Disability Insurance
- Life and AD&D Insurance
- Employee Assistance Plan
- 401(k) Plan with 100% immediate vesting
- Paid Family Leave

Other Items

For purposes of federal immigration law, you will be required to provide to nLIGHT-DS documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

By acceptance of this offer, you agree to perform faithfully the duties assigned to the best of your ability and in compliance with the nLIGHT DEFENSE Systems, Inc., Employee Manual; which has been given to the you with this Offer of Employment and is incorporated by reference.

Your employment with nLIGHT-DS is contingent upon your signing of the Notice Document for Restrictive Covenants and nLIGHT's standard At Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement (the "Invention Assignment Agreement"), which accompanies this offer. You will need to sign the Notice Document of Restrictive Covenants document prior to signing this offer letter and the Invention Assignment Agreement document on your first day of employment.

This letter and the Invention Assignment Agreement between you and nLIGHT-DS sets forth the terms of your employment with nLIGHT-DS and supersedes any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement signed by an officer of nLIGHT-DS and by you.



We are excited about having you join our team, and we sincerely hope you will find the above terms acceptable. Please let me know if you have questions concerning our offer or if you wish to have further discussions on any subject important to your decision. Should you elect to accept our offer, please initial the bottom of each page, sign this letter in the space provided below, and return your acceptance to nLIGHT-DS. This offer is valid for seven (7) days from the date of this letter.

Best regards,

DocuSigned by:

A handwritten signature in black ink, appearing to read "SK".

21007E00A5B44E7...

Scott Keeney
nLIGHT DEFENSE Systems, Inc.

Acceptance:

DocuSigned by:

A handwritten signature in black ink, appearing to read "Arichols".

659DB1D0CBA94B3...

Signature

4/9/2024 | 7:28:25 EDT

Date

nLIGHT, INC.
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Scott Keeney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of nLIGHT, 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 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 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: August 2, 2024

/s/ SCOTT KEENEY

Scott Keeney

President, Chief Executive Officer and Chairman (Principal Executive Officer)

nLIGHT, INC.
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Joseph Corso, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of nLIGHT, 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 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 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: August 2, 2024

/s/ JOSEPH CORSO

Joseph Corso

Chief Financial Officer (Principal Financial Officer)

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

In connection with the filing of the Quarterly Report on Form 10-Q for the fiscal year ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report") by nLIGHT, Inc. (the "Company"), Scott Keeney, as the Chief Executive Officer of the Company, and Joseph Corso, as the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

Date: August 2, 2024

/s/ SCOTT KEENEY

Scott Keeney

President, Chief Executive Officer and Chairman (Principal Executive Officer)

/s/ JOSEPH CORSO

Joseph Corso

Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.