

# KOPIN CORP

## FORM 10-Q (Quarterly Report)

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Address	125 NORTH DRIVE WESTBOROUGH, MA, 01581
Telephone	508-870-5959
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Sector	Technology
Fiscal Year	12/27

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

**FORM 10-Q**

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

For the quarterly period ended March 29, 2025

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 0-19882

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

Delaware  
State or other jurisdiction  
of incorporation or organization

125 North Drive, Westborough, MA  
(Address of principal executive offices)

04-2833935  
(I.R.S. Employer  
Identification No.)

01581-3335  
(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	KOPN	Nasdaq Capital Market

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

Class	Outstanding as of May 13, 2025
Common Stock, par value \$0.01	162,797,922

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

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

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

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

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

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

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# Kopin Corporation

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**Part 1. FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements (Unaudited)**

**KOPIN CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 29, 2025</u>	<u>December 28, 2024</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,331,914	\$ 14,160,120
Restricted cash	1,050,000	1,050,000
Marketable securities, at fair value	16,204,336	21,419,658
Accounts receivable, net of allowance of \$1,000,000 and \$1,075,000 in 2025 and 2024, respectively	7,190,410	11,850,654
Contract assets	9,347,871	7,074,020
Inventory	6,059,123	6,134,096
Prepaid expenses and other current assets	1,935,609	1,153,852
Total current assets	57,119,263	62,842,400
Property, plant and equipment, net	2,382,508	2,099,708
Operating lease right-of-use assets	1,950,150	2,134,898
Other assets	123,822	123,822
Equity investments	3,460,669	3,564,938
Total assets	\$ 65,036,412	\$ 70,765,766
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,428,357	\$ 5,941,470
Accrued payroll and expenses	2,372,010	2,409,468
Accrued warranty	2,434,000	2,557,000
Contract liabilities	24,439	87,752
Operating lease liabilities	614,359	639,642
Accrued post-retirement benefits	40,000	40,000
Other accrued liabilities	423,682	685,946
Customer deposits	1,674	—
Accrued legal expenses	6,389,756	6,367,900
Deferred tax liabilities	415,957	414,118
Accrued litigation damages	24,800,000	24,800,000
Total current liabilities	40,944,234	43,943,296
Noncurrent contract liabilities and asset retirement obligations	367,471	358,292
Operating lease liabilities, net of current portion	1,322,730	1,479,976
Accrued post-retirement benefits, net of current portion	190,646	230,646
Other long-term liabilities, net of current portion	1,530,337	1,471,994
Total liabilities	44,355,418	47,484,204
Commitments and contingencies (Note 13) and Litigation (Note 14)		
Stockholders' equity:		
Preferred stock, par value \$.01 per share: authorized, 3,000 shares; no shares issued and outstanding as of 2025 and 2024	—	—
Common stock, par value \$.01 per share: authorized, 200,000,000 shares in 2025 and 2024; issued 162,748,566 shares in 2025 and 161,264,507 shares in 2024; outstanding 156,118,014 in 2025 and 2024	1,564,308	1,564,308
Additional paid-in capital	422,862,229	422,087,837
Treasury stock (312,882 shares in 2025 and 2024, at cost)	(370,012)	(370,012)
Accumulated other comprehensive income	1,770,932	2,032,359
Accumulated deficit	(405,146,463)	(402,032,930)
Total stockholders' equity	20,680,994	23,281,562
Total liabilities and stockholders' equity	\$ 65,036,412	\$ 70,765,766

See notes to unaudited condensed consolidated financial statements

**KOPIN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three months ended March 29, 2025	Three months ended March 30, 2024
Revenues:		
Net product revenues	\$ 9,229,885	\$ 9,025,366
Research and development revenues	1,236,667	899,965
License and other revenues	71,940	107,310
Total revenues	<u>10,538,492</u>	<u>10,032,641</u>
Expenses:		
Cost of product revenues	7,629,467	8,541,574
Research and development	2,115,921	2,100,753
Selling, general and administration	4,701,061	7,231,865
Litigation damages	—	24,800,000
Total expenses	<u>14,446,449</u>	<u>42,674,192</u>
Loss from operations	<u>(3,907,957)</u>	<u>(32,641,551)</u>
Other income:		
Interest income	446,448	172,840
Other income (expense), net	324,934	(43)
Loss on impairment of investments, net	(24,121)	—
Foreign currency transaction gains (losses)	99,163	(79,461)
Total other income	<u>846,424</u>	<u>93,336</u>
Loss before provision for income taxes	<u>(3,061,533)</u>	<u>(32,548,215)</u>
Tax provision	<u>(52,000)</u>	<u>—</u>
Net loss	<u>\$ (3,113,533)</u>	<u>\$ (32,548,215)</u>
Net loss per share		
Basic and diluted	\$ (0.02)	\$ (0.27)
Weighted average number of common shares outstanding		
Basic and diluted	166,118,010	120,114,985

See notes to unaudited condensed consolidated financial statements

**KOPIN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**

	Three months ended March 29, 2025	Three months ended March 30, 2024
Net loss	\$ (3,113,533)	\$ (32,548,215)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(46,920)	(2,204)
Unrealized holding (loss) gain on marketable securities	(214,507)	4,040
Other comprehensive income, net of tax	(261,427)	1,836
Comprehensive loss	\$ (3,374,960)	\$ (32,546,379)

See notes to unaudited condensed consolidated financial statements

**KOPIN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

	Common Stock		Additional	Treasury	Accumulated		Total
	Shares	Amount	Paid-in	Stock	Other	Accumulated	Kopin
			Capital		Comprehensive	Deficit	Corporation
					Income		Stockholders'
							Equity
Balance, December 28, 2024	156,430,896	\$1,564,308	\$422,087,837	\$(370,012)	\$ 2,032,359	\$(402,032,930)	\$ 23,281,562
Stock-based compensation expense	-	-	774,392	-	-	-	774,392
Other comprehensive loss	-	-	-	-	(261,427)	-	(261,427)
Net loss	-	-	-	-	-	(3,113,533)	(3,113,533)
Balance, March 29, 2025	156,430,896	\$1,564,308	\$422,862,229	\$(370,012)	\$ 1,770,932	\$(405,146,463)	\$ 20,680,994

	Common Stock		Additional	Treasury	Accumulated		Total
	Shares	Amount	Paid-in	Stock	Other	Accumulated	Kopin
			Capital		Comprehensive	Deficit	Corporation
					Income		Stockholders'
							Equity
Balance, December 30, 2023	112,322,051	\$1,123,220	\$385,411,542	\$(103,127)	\$ 1,232,294	\$(358,155,034)	\$ 29,508,895
Vesting of restricted stock	20,064	200	(200)	-	-	-	-
Stock-based compensation expense	-	-	734,928	-	-	-	734,928
Other comprehensive income	-	-	-	-	1,836	-	1,836
Issuance of common stock, net of costs	3,080,000	30,800	7,211,781	-	-	-	7,242,581
Net loss	-	-	-	-	-	(32,548,215)	(32,548,215)
Balance, March 30, 2024	115,422,115	\$1,154,220	\$393,358,051	\$(103,127)	\$ 1,234,130	\$(390,703,249)	\$ 4,940,025



**KOPIN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Three months ended March 29, 2025	Three months ended March 30, 2024
Cash flows from operating activities:		
Net loss	\$ (3,113,533)	\$ (32,548,215)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	219,501	195,399
Stock-based compensation	774,392	734,928
Investment impairment net of unrealized gains	24,000	—
Income taxes	52,228	—
Foreign currency (gains) losses	(65,901)	66,132
Provision for credit losses	—	—
Noncash provision for excess inventory	551,758	771,580
Accrued litigation damages	—	24,800,000
Changes in assets and liabilities:		
Accounts receivable	4,775,817	3,082,659
Contract assets	(2,273,850)	(2,177,260)
Inventory	(444,726)	694,949
Prepaid expenses, other current assets and other assets	(773,832)	(366,540)
Accounts payable and accrued expenses	(2,953,405)	1,682,980
Accrued warranty	(122,389)	184
Contract liabilities and billings in excess of revenue earned	(64,261)	(43,746)
Net cash used in operating activities	(3,414,201)	(3,106,950)
Cash flows from investing activities:		
Capital expenditures	(500,492)	(245,429)
Purchases of marketable securities	(15,156,585)	(230,012)
Proceeds from sale of marketable securities	20,243,677	5,000,060
Other assets	(17)	—
Net cash from investing activities	4,586,583	4,524,619
Cash flows from financing activities:		
Issuance of common stock, net of costs	—	7,242,581
Net cash provided by financing activities	—	7,242,581
Effect of exchange rate changes on cash	(588)	(2,173)
Net increase in cash, cash equivalents and restricted cash	1,171,794	8,658,077
Cash, cash equivalents and restricted cash:		
Beginning of period	15,210,120	6,210,685
End of period	\$ 16,381,914	\$ 14,868,762

See notes to unaudited condensed consolidated financial statements

## KOPIN CORPORATION

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Kopin Corporation is a leading developer and provider of innovative display, and application-specific optical solutions sold as critical components and subassemblies for defense, enterprise, medical, professional and consumer products. Kopin's portfolio includes microdisplays, display modules, eyepiece assemblies, image projection modules, and vehicle mounted and head-mounted display systems that incorporate ultra-small high-resolution Active Matrix Liquid Crystal displays ("AMLCD"), Ferroelectric Liquid Crystal on Silicon ("FLCoS") displays, MicroLED displays ("μLED") and Organic Light Emitting Diode ("OLED") displays, a variety of optics, and low-power ASICs.

#### 1. BASIS OF PRESENTATION

The condensed consolidated financial statements of Kopin Corporation as of March 29, 2025 and for the three month periods ended March 29, 2025 and March 30, 2024 are unaudited and include all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the periods then ended. These condensed consolidated financial statements should be read in conjunction with the Company's financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for any other interim period or for a full fiscal year. As used in this report, the terms "we", "us", "our", "Kopin" and the "Company" mean Kopin Corporation and its subsidiaries, unless the context indicates another meaning.

The condensed consolidated financial statements for the three month periods ended March 29, 2025 and March 30, 2024 include the accounts of Kopin Corporation and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

#### *Liquidity*

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a net loss of \$43.9 million and incurred net cash outflows from operations of \$14.2 million for the year ended December 28, 2024. The Company incurred a net loss of \$3.1 million for the three months ended March 29, 2025 and net cash outflows from operations of \$3.4 million. The Company's net cash outflows from operations were partially a result of funding its ongoing investments in research and development, which management believes will continue, and production inefficiencies. In 2024, the Company sold 43.0 million shares of common stock and 4.0 million prefunded warrants for net proceeds of \$33.9 million. As described in Note 14 Litigation, on April 22, 2024, a jury verdict was entered against the Company awarding approximately \$5.1 million in damages as well as recommending \$19.7 million in disgorgement and exemplary damages. On May 22, 2024, the Company filed its Motion for Judgment as a Matter of Law or in the alternative for a New Trial, as well as two submissions arguing that the disgorgement and exemplary damages should not be awarded. That same day, BlueRadios filed motions seeking a permanent injunction prohibiting Kopin from selling any products that incorporate BlueRadios' trade secrets, over \$10.8 million in pre-judgment interest, and over \$10.2 million in attorneys' fees and costs. While no final judgment has been issued by the Court, the Court will take that recommendation under advisement and will rule in its final judgment on the final amount after briefing on the issues. Final briefings on the motions were made by the parties on October 29, 2024. As the Company is unable to conclude that a favorable outcome in this litigation is probable and due to the net losses and negative cash flows from operations, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern for twelve months from the issuance of these financial statements.

Management has implemented certain plans to reduce cash outflows including operational improvements and the curtailment of certain development programs, both of which are expected to preserve cash. The Company has in the past sold equity securities through at-the-market equity offerings and in the traditional fashion of significant equity offerings. Nonetheless, management monitors the capital markets on an ongoing basis and may consider raising capital if favorable market conditions develop. If the Company's actual results are less than projected or the Company needs to raise capital for additional liquidity, the Company may be required to do additional equity financings, reduce expenses, or enter into a strategic transaction. However, management can make no assurance that the Company will be able to raise additional capital, reduce expenses sufficiently, or enter into a strategic transaction on terms acceptable to the Company, or at all.

## 2. ACCOUNTING STANDARDS

### *Recently Issued Accounting Pronouncements*

In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU Number 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”). ASU 2023-09 requires more disaggregated income tax disclosures, including additional information in the rate reconciliation and additional disclosures about income taxes paid. ASU 2023-09 became effective for the Company for the fiscal year ending December 27, 2025. Early adoption is permitted, and guidance should be applied prospectively, with an option to apply guidance retrospectively. The Company is currently evaluating the impact of the adoption of ASU 2023-09 on its condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosure of income statement expenses for public business entities (“PBEs”). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact that this guidance will have on the presentation of its condensed consolidated financial statements and accompanying notes.

### *Recently Adopted Accounting Pronouncements*

In November 2023, the FASB issued ASU Number 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker(s) that are included within each reported measure of segment profit or loss. The guidance also expands disclosure requirements for interim periods, as well as requires disclosure of other segment items, including the title and position of the entity’s chief operations decision maker(s). ASU 2023-07 became effective for the Company for the fiscal year ending December 28, 2024, and for interim periods starting in the Company’s first quarter of 2025. The Company adopted this standard for fiscal year 2024 and there was not a material impact, reference additional disclosure within Note 12. Segments and Disaggregation of Revenue.

## 3. FINANCIAL INSTRUMENTS

### *Fair Value Measurements*

Financial instruments are categorized as Level 1, Level 2 or Level 3 based upon the method by which their fair value is computed. An investment is categorized as Level 1 when its fair value is based on unadjusted quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. An investment is categorized as Level 2 if its fair market value is based on quoted market prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, based on observable inputs such as interest rates, yield curves, or derived from or corroborated by observable market data by correlation or other means. The Company’s Level 2 investments are based on a yield to maturity models and market interest rates. An investment is categorized as Level 3 if its fair value is based on unobservable inputs for the asset.

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

	Total	Fair Value Measurement at March 29, 2025 Using:		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 13,972,401	\$ 13,173,214	\$ 799,187	\$ —
U.S. Government and agency backed securities	14,282,570	—	14,282,570	—
Certificates of deposit	2,421,766	—	2,421,766	—
Equity Investments	612,896	612,896	—	—
	<u>\$ 31,289,633</u>	<u>\$ 13,786,110</u>	<u>\$ 17,503,523</u>	<u>\$ —</u>

  

	Total	Fair Value Measurement at December 28, 2024 Using:		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 12,438,130	\$ 11,592,842	\$ 845,288	\$ —
U.S. Government and agency backed securities	17,436,195	1,995,520	15,440,675	—
Certificates of deposit	4,483,463	—	4,483,463	—
Equity Investments	699,176	699,176	—	—
	<u>\$ 35,056,964</u>	<u>\$ 14,287,538</u>	<u>\$ 20,769,426</u>	<u>\$ —</u>

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term nature.

## Marketable Securities

The Company validates the fair market values of the financial instruments below by using a model that incorporates current interest rates and remaining term. The restricted cash balance at March 29, 2025 and December 28, 2024 is invested in a certificate of deposit and money market funds. The restricted cash balance that is invested in a certificate of deposit is classified as a Corporate debt available-for-sale marketable security. Investments in available-for-sale marketable securities are as follows at March 29, 2025 and December 28, 2024:

	Amortized Cost		Unrealized Gain		Fair Value	
	2025	2024	2025	2024	2025	2024
U.S. Government and agency backed securities	\$14,216,555	\$17,243,599	\$ 66,015	\$ 192,596	\$14,282,570	\$17,436,195
Corporate debt	2,420,048	4,480,096	1,718	3,367	2,421,766	4,483,463
Total	\$16,636,603	\$21,723,695	\$ 67,733	\$ 195,963	\$16,704,336	\$21,919,658

The contractual maturity of the Company's marketable debt securities is as follows at March 29, 2025:

	Less than One year	One to Five years	Total
U.S. Government and agency backed securities	\$ 14,282,570	\$ —	\$ 14,282,570
Corporate debt	2,421,766	—	2,421,766

## Equity Investments

Equity investments rarely traded or not quoted will generally have less (or no) pricing observability and a higher degree of judgment utilized in measuring fair value. Initial measurement of equity investments occurs when an observable price for the equity investment is available. The Company adopted the measurement alternative for equity investments without readily determinable fair values, which is often referred to as cost method investments, adjusted for changes in observable market transaction. As a result, these investments are revalued upon occurrence of an observable price change for similar investments and for impairments. As of March 29, 2025 and December 30, 2024, the carrying value of these equity investments was \$2.8 million.

On January 5, 2023, the Company entered into a Technology License Agreement and an Asset Purchase Agreement (the "LST Agreements") with Lightning Silicon Technology, Inc. ("LST"). Pursuant to the LST Agreements, the Company issued a license to LST for certain technology associated with its organic light emitting technology, transferred in-process development contracts with two customers and accounts receivables that the Company had previously determined were not collectible. The technology license agreement provides for Kopin to transfer certain patents to LST if LST achieves certain milestones, however upon transfer Kopin will receive a license to the technology. To the extent LST makes improvements to the technology licensed from Kopin, Kopin will receive a license for these improvements for certain markets. Kopin is not obligated to provide any additional funding support to LST. As consideration for the transaction, the Company received 18,000,000 common shares representing a 20.0% equity stake in LST. The Company has recorded its investment in LST at \$0 as of March 29, 2025 and December 28, 2024. The Company receives a royalty based on unit sales of products that utilize the technology licensed. Royalty received to date has been de minimis. Drs. John Fan, the Company's former President and CEO and former Chairman of the Board, Boryeu Tsaor, a former Executive Vice President of the Company and Hong Choi, the Company's former Chief Technology Officer terminated their employment with the Company and became investors in and members of the management team of LST. Dr. Fan is the Founder of LST. As a result of this transaction, in 2022, the Company wrote off the two operating lease assets associated with facilities used for the development of the Company's OLED products.

The Company has an equity interest in a Lenovo New Vision which it acquired through purchasing capital and contributing certain intellectual property. As of March 29, 2025, the Company owned an approximate 10% interest in this investment and the carrying value of this equity investment was \$1.5 million at March 29, 2025 and December 28, 2024.

The Company has an investment in RealWear Inc. (RealWear) which had been valued at \$2.5 million. In the second quarter of 2024, the Company reviewed the financial condition and an observable price point in an equity transaction, and as a result, recorded impairment charges of \$0.7 million. In the fourth quarter of 2024, RealWear entered into a merger agreement and based upon the information provided, in the third quarter of 2024, the Company recorded an impairment charge of \$1.1 million, reducing the value of the investment to \$0.7 million. In the fourth quarter of 2024, RealWear completed its merger, subject to post closing events. The Company performed a valuation of the investment based on the merger agreement, available financial statements and projections, assumptions on the post-closing events and the resulting dilution, and 100% volatility, a risk-free interest rate of 4.5% and an expected term of one year and recorded a write up in the RealWear investment of \$0.2 million. In the first quarter of 2025, the Company reviewed the financial condition and as a result, the Company recorded an impairment charge of less than \$0.1 million. As of March 29, 2025, the Company owns an approximate 1.7% interest in this investment and the investment is valued at \$0.9 million.

The Company has an equity investment in Solos Incorporation ("Solos Inc."). The carrying value of this equity investment was \$0.2 million at March 29, 2025 and December 28, 2024.

#### 4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	March 29, 2025	December 28, 2024
Accounts receivable	\$ 8,190,410	\$ 12,925,654
Less — allowance for credit losses	(1,000,000)	(1,075,000)
Total	\$ 7,190,410	\$ 11,850,654

Changes to the allowance for credit losses for the three months ended March 29, 2025 were as follows:

Balance, December 28, 2024	\$ 1,075,000
Write-offs	\$ (75,000)
Balance, March 29, 2025	\$ 1,000,000

#### 5. INVENTORY

Inventories are stated at standard cost adjusted to approximate the lower of cost (first-in, first-out method) or net realizable value and consist of the following at March 29, 2025 and December 28, 2024:

	March 29, 2025	December 28, 2024
Raw materials	\$ 3,223,390	\$ 4,062,099
Work-in-process	1,439,766	1,244,484
Finished goods	1,395,967	827,513
Total	\$ 6,059,123	\$ 6,134,096

#### 6. NET LOSS PER SHARE

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

The following were not included in weighted-average common shares outstanding-diluted because they are anti-dilutive:

	Three months ended March 29, 2025	Three months ended March 30, 2024
Non-vested restricted common stock	6,317,670	3,076,520

The shares of the Company's common stock issuable upon the exercise of stock options that were excluded from the calculation of diluted net loss per share because their effect would have been antidilutive are as follows:

	Three months ended March 29, 2025	Three months ended March 30, 2024
Stock options	591,366	—
Total	591,366	—

## 7. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

### *Registered sale of equity securities*

On September 23, 2024, the Company sold 37,550,000 shares of common stock and pre-funded warrants to purchase up to 4,000,000 shares of common stock at a public offering price of \$0.64 per pre-funded warrant and received gross proceeds of \$27.0 million before deducting underwriting discounts and offering expenses paid by the Company of \$1.8 million. The offering price of the pre-funded warrant equals the public offering price per share of the common stock less the \$0.01 per share exercise price of each pre-funded warrant. On September 30, 2024, the Company sold 2,405,000 shares of common stock and received gross proceeds of approximately \$1.6 million.

During the three months ended March 30, 2024, the Company sold 3,080,000 shares of common stock for gross proceeds of \$7,466,755 (average of \$2.42 per share) before deducting broker expenses paid by the Company of approximately \$0.2 million, pursuant to the Company's then effective At-The-Market Equity Offering Sales Agreement, dated as of March 5, 2021 (the "ATM Agreement") with Stifel, Nicolaus & Company, Incorporated ("Stifel"), as agent. The ATM Agreement terminated in the three months ended March 30, 2024.

On June 6, 2024, the Company's shareholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation (the "Charter") to increase the number of authorized shares of the Company's common stock, par value \$0.01 per share, from 150,000,000 shares to 200,000,000 shares.

### *Non-Vested Restricted Common Stock*

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

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

Restricted stock activity for the three month period ended March 29, 2025 was as follows:

	Shares	Weighted Average Grant Fair Value	Fair Value	Intrinsic Value
Non-vested at December 28, 2024	4,833,611	\$ 1.19	\$ 5,757,391	\$ 6,718,720
<b>Granted</b>	<b>1,634,864</b>	<b>1.32</b>	<b>\$ 2,158,020</b>	<b>-</b>
<b>Forfeited</b>	<b>(150,805)</b>	<b>1.26</b>	<b>\$ (190,014)</b>	<b>-</b>
Non-vested at March 29, 2025	6,317,670	\$ 1.22	\$ 7,725,397	\$ 6,002,418
<b>Expected to vest</b>	<b>6,317,670</b>			

### Stock-Based Compensation

The following table summarizes stock-based compensation expense within each of the categories below as it relates to non-vested restricted common stock and stock options awards for the three months ended March 29, 2025 and March 30, 2024 (no tax benefits were recognized):

	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Cost of product revenues	\$ 139,437	\$ 220,605
Research and development	117,720	143,823
Selling, general and administrative	517,235	370,500
Total	<u>\$ 774,392</u>	<u>\$ 734,928</u>

Unrecognized compensation expense for non-vested restricted common stock as of March 29, 2025 totaled \$7.7 million and is expected to be recognized over a weighted average period of approximately two years.

### Stock Options

During the three months ended March 29, 2025, an option award for 591,366 shares of the Company's common stock was granted to the Chief Executive Officer. These options have a strike price of \$1.76 and vest over a 4 year period. During the three months ended March 29, 2025, the Company recorded incremental stock-based compensation of less than \$0.1 million as a result of the granting of stock option awards. The remaining unrecognized compensation cost of is expected to be recognized over the remaining vesting period. The fair value of this options award was estimated using the Black-Scholes model using the following assumptions and had the following fair values:

	Three Months Ended March 29, 2025
Average risk-free interest rate	4.54%
Expected dividend yield	None
Expected life (average, in years)	8.00
Expected volatility	85.00%
Weighted average exercise price	\$ 1.76
Weighted average fair value	\$ 1.16

The Company's 2025 average expected volatility and average expected life is based on the average of the Company's historical information. The risk-free rate is based on the rate of U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of option grants. The Company has paid no dividends on its common stock in the past and does not anticipate paying any dividends in the future.

A summary of stock option activity for the period ended March 29, 2025 is as follows:

	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding as of December 28, 2024	—	\$ —	\$ —
Granted	591,366	\$ 1.76	
Outstanding as of March 29, 2025	<u>591,366</u>	<u>\$ 1.76</u>	<u>\$ —</u>
Options exercisable as of December 28, 2024	—	\$ —	\$ —
Options exercisable as of March 29, 2025	<u>591,366</u>	<u>\$ 1.76</u>	<u>\$ —</u>

## 8. ACCRUED WARRANTY

The Company typically warrants its products against defect for 12 to 18 months, however, for certain products a customer may purchase an extended warranty. A provision for estimated future costs and estimated returns for credit relating to such warranty is recorded in the period when product is shipped and revenue is recognized and is updated as additional information becomes available. The Company's estimate of future costs to satisfy warranty obligations is based primarily on historical warranty expense experienced and a provision for potential future product failures. Changes in the accrued warranty for the three months ended March 29, 2025 were as follows:

Balance, December 28, 2024	\$ 2,557,000
Additions	70,000
Claims	(193,000)
Balance, March 29, 2025	<u>\$ 2,434,000</u>

### Extended Warranties

Deferred revenue represents the purchase of extended warranties by the Company's customers. The Company recognizes revenue from an extended warranty on the straight-line method over the life of the extended warranty, which is typically 12 to 15 months beyond the standard 12 to 18-month warranty.

The Company classifies the current portion of deferred revenue under Other accrued liabilities in its condensed consolidated balance sheets. At March 29, 2025 and December 28, 2024, the Company had less than \$0.1 million of deferred revenue related to extended warranties.

## **9. INCOME TAXES**

The Company recorded a provision for income taxes of less than \$0.1 million and \$0.0 in the three months ended March 29, 2025 and March 30, 2024, respectively. As of March 29, 2025, the Company has available for tax purposes U.S. federal net operating loss carryforwards (“NOLs”) of approximately \$116.3 million expiring 2025 through 2037 and \$111.5 million that have an unlimited carryover period. The Company has recognized a full valuation allowance on its domestic and certain foreign net deferred tax assets due to the uncertainty of the realization of such assets. The Company recognizes both accrued interest and penalties related to its uncertain tax positions related to intercompany loan interest and potential transfer pricing exposure related to its foreign subsidiaries.



## 10. CONTRACT ASSETS AND LIABILITIES

### *Revenue Recognition*

Substantially all of the Company's product and license and other revenues are derived from the sales of components and subassemblies and the license of intellectual property for use in defense and industrial applications. The Company also has development contracts for the design, manufacture and or modification of products for the U.S. Government or prime contractors for the U.S. Government and for customers that expect to sell into the defense markets. The Company may offer technologies developed under these defense research and development contracts in products sold to industrial, medical and consumer markets. The Company's contracts with the U.S. Government are typically subject to the Federal Acquisition Regulations ("FAR") and are priced based on estimated or actual costs of producing goods. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods provided under U.S. Government contracts. The pricing for non-U.S. Government contracts is based on the specific negotiations with each customer.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised products, and the amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these products and excludes taxes collected from customers which are subsequently remitted to government authorities.

The Company applies the following five steps to guide revenue recognition:

- 1) Identify the contract(s) with a customer**—A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products to be transferred and identifies the payment terms related to those products, (ii) the contract has commercial substance and (iii) the Company determines that collection of substantially all consideration for products that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company's contracts are typically in the form of a purchase order. For certain large customers, the Company may also enter into master service agreements that define general terms but are not customer commitments to purchase until coupled with a purchase order. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or published credit and financial information pertaining to the customer.
- 2) Identify the performance obligations in the contract**—Performance obligations promised in a contract are identified based on the products and services that will be transferred. A product or service is distinct if both a) the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and b) is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products or services, the Company must apply judgment to determine whether the products or services meet the criteria to be distinct. If these criteria are not met the promised products or services are accounted for as a combined performance obligation.
- 3) Determine the transaction price**—The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products to the customer. The Company historically does not have contracts with variable consideration but to the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.
- 4) Allocate the transaction price to the performance obligations in the contract**—If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. The Company's contracts do not typically contain multiple performance obligations that require an allocation of the transaction price to each performance obligation on a relative Stand-alone Sales Price ("SSP"). During the years ended 2024, 2023 and 2022 the Company did not have contracts with multiple performance obligations.
- 5) Recognize revenue when (or as) the Company satisfies a performance obligation**—The Company satisfies performance obligations either over time or at a point in time as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised product or service to a customer.

### Product Revenues

For certain contracts with prime contractors for the U.S. Government, the Company recognizes product revenue over time as the Company performs because of continuous transfer of control to the customer and the lack of an alternative use for the product. The continuous transfer of control to the customer is supported by liability clauses in the contract that allow the U.S. Government to unilaterally terminate the contract for convenience, pay the Company for costs incurred plus a reasonable profit and take control of any work in process and finished goods.

In situations where control transfers over time, product revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company uses the cost-to-cost input method to measure the extent of progress towards completion of the performance obligation for its contracts because the Company believes it best depicts the transfer of assets to the customer. Under the cost-to-cost input method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation which includes the expected yield which is a significant judgment. Revenues are recorded proportionally as costs are incurred.

For certain contracts with prime contractors for the U.S. Government and commercial customers, while the contract may have a similar liability clause, the Company's products historically have an alternative use and thus, revenue is recognized at a point in time upon transfer of control. Provisions for product returns and allowances are reductions in the transaction price and are recorded in the same period as the related revenues. The Company analyzes historical returns, current economic trends and changes in customer demand when evaluating the adequacy of sales returns and other allowances.

## Research & Development Contracts

For most of the Company's development contracts and contracts with the U.S. Government, the customer contracts with the Company to provide a significant service of integrating a set of components into a single unit. Since these performance obligations are not distinct or capable of being distinct, the entire contract is accounted for as one performance obligation. If there is a follow-on production contract it is assessed whether it is a contract modification or a new contract.

In situations where control transfers over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses an input method using the cost-to-cost approach to measure the extent of progress towards completion of the performance obligation for its contracts because the Company believes it best depicts the transfer of assets to the customer. Under the cost-to-cost measure approach, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation which requires management to use significant assumptions and judgements. Revenues are recorded proportionally as costs are incurred.

#### License and other revenues

The rights and benefits to the Company's intellectual property are conveyed to certain customers through royalty bearing technology license agreements. These sales-based royalties are recognized when they are earned. Revenues from sales-based royalties under license agreements are shown under License and other revenues on the Company's consolidated statements of operations.

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

Contract liabilities consist of advance payments and billings in excess of revenue recognized for the contract.

Net contract assets (liabilities) consisted of the following:

	March 29, 2025	December 28, 2024	December 30, 2023
Contract assets	\$ 9,347,871	\$ 7,074,020	\$ 3,409,809
Current contract liabilities and billings in excess of revenue earned	(24,439)	(87,752)	(916,826)
Noncurrent contract liabilities	(6,517)	(7,465)	(23,198)

The \$2.3 million increase in the Company's net contract assets at March 29, 2025 as compared to December 28, 2024 was primarily due to an increase in amounts owed from production of defense products.

The \$0.1 million decrease in the Company's contract liabilities from December 28, 2024 to March 29, 2025 was primarily due to satisfaction of performance obligations that were paid in advance.

The Company records contract assets or contract liabilities on a contract-by-contract basis. The Company records a contract asset for unbilled revenue when the Company's performance exceeds amounts billed. The Company classifies the contract asset as either current or non-current based on the expected timing of the Company's right to bill under the terms of the contract, which the Company expects to be able to bill for within one year.

Contract liabilities consist of payments received in advance of product shipment. The liability is removed with shipment of the product.

In the three months ended March 29, 2025, the Company recognized revenue of \$0.1 million related to its contract liabilities at December 28, 2024. In the three months ended March 30, 2024, the Company recognized revenue of \$0.3 million related to its contract liabilities at December 30, 2023.

The Company did not recognize impairment losses on its contract assets in the three months ended March 29, 2025, or the years ended December 28, 2024 or December 30, 2023.

#### Performance Obligations

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

	Three months ended March 29, 2025	Three months ended March 30, 2024
Point in time	13%	26%
Over time	87%	74%

Remaining performance obligations represent the transaction price of orders for which work has not been performed and excludes unexercised contract options and potential orders under ordering-type contracts. As of March 29, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was \$20.9 million, which the Company expects to recognize over the next 12 months. The remaining performance obligations represent amounts to be earned under government contracts, which are subject to cancellation.

## 11. LEASES

The Company enters into operating leases primarily for: real estate, including for manufacturing, engineering, research, administration and sales facilities, and information technology ("IT") equipment. At March 29, 2025 and December 28, 2024, the Company did not have any finance leases. Approximately all of its future lease commitments, and related lease liability, relate to the Company's real estate leases. Some of the Company's leases include options to extend or terminate the lease.

The components of lease expense were as follows:

	Three months ended March 29, 2025	Three months ended March 30, 2024
Operating lease cost	\$ 216,147	\$ 227,802

At March 29, 2025, the Company's future lease payments under non-cancellable leases were as follows:

2025 (excluding the three months ended March 29, 2025)	\$ 550,705
2026	732,611
2027	669,255
2028	201,333
2029	—
Total future lease payments	2,153,904
Less effects of discounting	(216,815)
Total	\$ 1,937,089

The Company's lease liabilities recognized in the Company's condensed consolidated balance sheet at March 29, 2025 were as follows:

	March 29, 2025
Operating lease liabilities—current	\$ 614,359
Operating lease liabilities—noncurrent	1,322,730
Total lease liabilities	\$ 1,937,089

Supplemental cash flow information related to leases was as follows:

	Three months ended March 29, 2025	Three months ended March 30, 2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 215,549	\$ 216,272

Other information related to leases was as follows:

	March 29, 2025
Weighted Average Discount Rate—Operating Leases	6.80%
Weighted Average Remaining Lease Term—Operating Leases (in years)	2.96

## 12. SEGMENTS AND DISAGGREGATION OF REVENUE

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s CODM is its President and Chief Executive Officer. The Company has determined that it operates in one operating segment and one reportable segment, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

The CODM assesses performance and decides how to allocate resources and make operating decisions based on revenues, loss from operations, and net loss that are reported on the Consolidated Statements of Operations. These metrics are also used to monitor budget versus actual results. The measure of segment assets is reported on the Consolidated Balance Sheets as total assets. Revenues, expenses, and assets requiring disclosure in accordance with ASC 280, Segment Reporting, are also included in the accompanying Condensed Consolidated Financial Statements. See the Condensed Consolidated Statements of Operations for the three months ended March 29, 2025 and March 30, 2024 and the Consolidated Balance Sheets as of March 29, 2025 and December 28, 2024, for details.

Total long-lived assets by country at March 29, 2025 and December 28, 2024 were:

<b>Total Long-lived Assets (in thousands)</b>	<b>March 29, 2025</b>	<b>December 28, 2024</b>
United States	\$ 4,299	\$ 4,153
United Kingdom	34	82
<b>Total</b>	<b>\$ 4,333</b>	<b>\$ 4,235</b>

The Company disaggregates its revenue from contracts with customers by geographic location and by display application, as it believes this best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

During the three months ended March 29, 2025 and March 30, 2024, the Company derived its sales from the following geographies:

(In thousands, except percentages)	<b>March 29, 2025</b>		<b>March 30, 2024</b>	
	<b>Revenue</b>	<b>% of Total</b>	<b>Revenue</b>	<b>% of Total</b>
United States	\$ 10,052	96%	\$ 9,185	91%
Other Americas	11	—	5	—
<b>Total Americas</b>	<b>10,063</b>	<b>96</b>	<b>9,190</b>	<b>91</b>
Asia – Pacific	258	2	671	7
Europe	217	2	172	2
<b>Total Revenues</b>	<b>\$ 10,538</b>	<b>100%</b>	<b>\$ 10,033</b>	<b>100%</b>

During the three months ended March 29, 2025 and March 30, 2024, the Company derived its sales from the following display applications:

<b>(In thousands)</b>	<b>March 29, 2025</b>	<b>March 30, 2024</b>
Defense	\$ 8,461	\$ 8,233
Industrial	392	768
Medical	359	—
Consumer and other	17	25
R&D	1,237	900
License and royalties	72	107
<b>Total Revenues</b>	<b>\$ 10,538</b>	<b>\$ 10,033</b>

The issues associated with the global shortage of semiconductor circuit chips and other raw materials decreased in 2024 as compared to 2023 and 2022. However, the Company has identified several semiconductor components which continue to have long lead delivery times. The Company continues to search for and procure all necessary components from its current vendors and new alternative vendors. In certain situations, the Company can obtain the components but at a significantly increased cost. The inability to procure a single component will prevent the completion of the Company’s product and the ability to sell the product. The Company’s products go through extensive qualification processes and therefore its customers may not accept a replacement component. The Company is unable to determine if it will be able to obtain all necessary components for fiscal 2025. If the Company is unable to obtain all necessary components, it may be required to stop production, which would negatively affect its cash flow and results of operations. In addition, the Company depends on a Taiwanese foundry for the manufacture of integrated circuits for its AMLCD display products and on Chinese, Korean, and European foundries for its OLED display products. If there was a disruption of supply from these foundries it would take a significant period of time to identify, and qualify, if possible, a new source.

### 13. COMMITMENTS AND CONTINGENCIES

The Company is subject to the possibility of loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss related to an asset, or the incurrence of a liability, as well as its ability to reasonably estimate the amount of the loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required.

### 14. LITIGATION

The Company may engage in legal proceedings arising in the ordinary course of business. Claims, suits, investigations and proceedings are inherently uncertain and it is not possible to predict the ultimate outcome of such matters and the Company's business, financial condition, results of operations or cash flows could be affected in any particular period. In accordance with applicable accounting guidance, an accrual will be established for legal proceedings if and when those matters present loss contingencies that are both probable and estimable.

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

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

On October 11, 2016, the Company filed its Answer and Affirmative Defenses. The parties completed expert depositions on November 15, 2019. On December 2, 2019, the Company filed a Motion for Partial Summary Judgment requesting the Court dismiss counts 2-7 in their entirety and counts 1 and 8 in part. BlueRadios also filed a Motion for Partial Summary Judgment alleging it is the co-owner of U.S. Patent No. 8,909,296. Responses to the Motions for Partial Summary Judgment were filed on January 15, 2020, and replies were filed on February 19, 2020. On September 25, 2020, the Court denied BlueRadios' Motion for Partial Summary Judgment. On August 3, 2022, the Court granted the Company's Motion for Partial Summary Judgment by dismissing counts 3, 6, 7, the claim for punitive damages under count 2, and count 8 as it relates to patent applications and by denying the motion as it relates to counts 1, 4, and 5, and the remainder of counts 2 and 8. The Court also ordered discovery reopened for certain limited purposes. A trial date was set by the Court for January 22, 2024 to February 5, 2024 but then re-scheduled for March 20, 2024 to April 16, 2024. On Monday, April 22, 2024, after a four week trial, a jury verdict was entered finding for BlueRadios and awarding approximately \$5.1 million in damages as well as recommending \$19.7 million in disgorgement and exemplary damages. While no final judgment has been issued by the Court, the Court will take that recommendation under advisement and will rule in its final judgment on the final amount after post-trial briefing. On May 22, 2024, the Company filed its Motion for Judgment as a Matter of Law or in the alternative for a New Trial, as well as two submissions arguing that the disgorgement and exemplary damages should not be awarded. That same day, BlueRadios filed motions seeking a permanent injunction prohibiting Kopin from selling any products that incorporate BlueRadios' trade secrets, over \$10.8 million in pre-judgment interest, and over \$10.2 million in attorneys' fees and costs. Briefing on those issues concluded on June 26, 2024. On September 25, 2024, the Company filed a supplemental brief on issue preclusion arguing that BlueRadios' claims were untimely because of findings of fact made in *BlueRadios, Inc. v. Hamilton, Brook, Smith & Reynolds, P.C.*, No. 1:21-cv-10488-DJC, ECF 268 (D. Mass. Sept. 18, 2024). That supplemental briefing concluded on October 29, 2024. The Company is currently considering an appeal of any final judgment.

## 15. RELATED PARTY TRANSACTIONS

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

On September 30, 2019, the Company entered into an Asset Purchase Agreement (the “Solos Purchase Agreement”) with Solos Technology Limited (“Solos Technology”). Pursuant to the Solos Purchase Agreement, the Company sold and licensed to Solos Technology certain assets of its Solos™ (“Solos”) product line and Whisper™ Audio (“Whisper”) technology. As consideration for the transaction the Company received 1,172,000 common shares representing a 20.0% equity stake in Solos Technology’s parent company, Solos Incorporation (“Solos Inc.”). As of March 29, 2025 and December 28, 2024, the Company had \$0 and less than \$30,000, respectively, of receivables outstanding from Solos Technology.

As of December 28, 2024, the Company’s former Chairman and founder of Solos Inc., Dr. John C.C. Fan, has an investment in Solos Inc.

The Company has warrants to purchase shares of Preferred Stock of HMDmd. The fair value of the investment was determined to be \$0.3 million as of March 29, 2025 and December 28, 2024.

On January 5, 2023, the Company entered into a Technology License Agreement and an Asset Purchase Agreement (the “LST Agreements”) with Lightning Silicon Technology, Inc (“LST”). Pursuant to the LST Agreements, the Company issued a license to LST for certain technology associated with our Organic Light Emitting Technology, transferred in-process development contracts with two customers and accounts receivables that the Company had previously determined were not collectible. As consideration for the transaction, the Company received 18,000,000 common shares representing a 20.0% equity stake in LST. The Technology License agreement provides for Kopin to transfer certain patents to Lightning Silicon if they achieve certain milestones, however upon transfer Kopin will receive a license to the technology. The Company also receives a royalty based on unit sales of products that utilize the technology licensed.

As of March 29, 2025, the Company’s former Chairman and founder of Lightning Silicon Technology, Inc., Dr. John C.C. Fan, has an individual ownership interest of Lightning Silicon Technology Inc.

On September 5, 2022, John C.C. Fan, the Company’s then President and Chief Executive Officer and Chairman of the Company’s Board of Directors, notified the Company of his resignation as President and CEO effective September 6, 2022. Under the terms of his previous employment agreement Dr. Fan received \$750,000 of severance payments for the fiscal year 2024 and 2023. In addition, Dr. Fan has received \$40,000 for medical benefits for each fiscal year since 2023, and he (or his spouse) will receive \$40,000 through 2032.

During the three-month periods ended March 29, 2025 and March 30, 2024, the Company had the following transactions with related parties:

	Three months ended March 29, 2025		Three months ended March 30, 2024	
	Revenue	Purchases	Revenue	Purchases
RealWear, Inc.	\$ 71,940	\$ —	\$ 107,310	\$ —
HMDmd, Inc.	447,907	—	100,000	—
Vuzix Corp	—	—	—	6,950
Lightning Silicon Technology, Inc.	—	38,850	—	82,400
	<u>\$ 519,847</u>	<u>\$ 38,850</u>	<u>\$ 207,310</u>	<u>\$ 89,350</u>

At March 29, 2025 and December 28, 2024, the Company had the following receivables and payables with related parties:

	March 29, 2025		December 28, 2024	
	Receivables	Payables	Receivables	Payables
RealWear, Inc.	\$ 71,940	\$ —	\$ 94,884	\$ —
HMDmd, Inc.	663,457	—	279,150	—
Solos Technology	—	—	29,132	—
Lightning Silicon Technology, Inc.	—	26,250	1,228	72,500
	<u>\$ 735,397</u>	<u>\$ 26,250</u>	<u>\$ 404,394</u>	<u>\$ 72,500</u>

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

### Forward Looking Statements

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the safe harbor created by such sections. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “could,” “would,” “seeks,” “estimates,” and variations of such words and similar expressions, and the negatives thereof, are intended to identify such forward-looking statements. We caution readers not to place undue reliance on any such “forward-looking statements,” which speak only as of the date made, and advise readers that these forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, estimates, and assumptions by us that are difficult to predict. Various factors, some of which are beyond our control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report, except as may otherwise be required by the federal securities laws.*

*We have identified the following important factors that could cause actual results to differ materially from those discussed in our forward-looking statements. Such factors may be in addition to the risks described in Part I, Item 1A. “Risk Factors;” Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations;” and other parts of our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended. These factors include: our ability to source semiconductor components and other raw materials used in the manufacturing of our products amidst continued intermittent shortages, including from new and alternative suppliers; our ability to prosecute and defend our proprietary technology aggressively or successfully; our ability to recruit and retain personnel with experience and expertise relevant to our business; our ability to invest in research and development to achieve profitability even during periods when we are not profitable; any disruptions or delays in our supply chains, particularly with respect to semiconductor components, whether resulting from regional or global geopolitical developments, changes imposed by the new U.S. presidential administration, or otherwise; costs and outcomes relating to any disputes, governmental inquiries or investigations, regulatory proceedings, legal proceedings or litigation; our ability to continue to introduce new products in our target markets; our ability to generate revenue growth and positive cash flow, and reach profitability; the strengthening of the U.S. dollar and its effects on the price of our products in foreign markets; the impact of new regulations and customer demands relating to conflict minerals; our ability to obtain a competitive advantage in the wearable technologies market through our extensive portfolio of patents, trade secrets and non-patented know-how; our ability to grow within our targeted markets; the importance of small form factor displays in the development of defense, consumer, and industrial products such as thermal weapon sights, safety equipment, virtual and augmented reality gaming, training and simulation products and metrology tools; the suitability of our properties for our needs for the foreseeable future; and our need to achieve and maintain positive cash flow and profitability.*

### Overview

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

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended and our unaudited condensed consolidated financial statements included in this Form 10-Q.



## Results of Operations

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

**Revenues.** For the three months ended March 29, 2025 and March 30, 2024, our revenues by display application, which include product sales and amounts earned from research and development contracts (“R&D”), were as follows:

(In thousands)	Three months ended March 29, 2025	Three months ended March 30, 2024
Defense	\$ 8,461	\$ 8,233
Industrial	392	768
Medical	359	—
Consumer and other	17	25
R&D	1,237	900
License and royalties	72	107
Total Revenues	<u>\$ 10,538</u>	<u>\$ 10,033</u>

Sales of our products for Defense applications include systems used by the military both in the field and for training and simulation. The increase in Defense applications revenues in the three months ended March 29, 2025 as compared to the three months ended March 30, 2024 was primarily due to an increase in revenues from products used in thermal weapon sights and in pilot helmets partially offset by a decline in sales of training and simulation products.

Industrial applications revenue represents customers who purchase our display products for use in 3D metrology equipment and headsets used for applications in manufacturing, distribution, and public safety. Our 3D metrology customers are primarily located in Asia and sell to Asian contract manufacturers who use the 3D metrology machines for quality control purposes. The decrease in Industrial applications revenues for the three months ended March 29, 2025 as compared to the three months ended March 30, 2024 was primarily due to a decline in sales of products for 3D metrology.

Medical revenues represent the initial shipments of head-mounted medical product.

Sales of our displays for Consumer applications are typically “one-off” purchases from companies or organizations using our products for research and development.

R&D revenues increased in the three months ended March 29, 2025 as compared to the three months ended March 30, 2024 primarily due to increases in funding for U.S. defense programs.

The decrease in license and royalty revenue in the first quarter ending March 29, 2025 compared to the first quarter ended March 20, 2024 is due to a decrease in royalties earned under IP license agreements for industrial wearable headsets.

Our international revenues, which are primarily our sales of our products into the 3D AOI market and which comprise the majority of our Industrial sales category, represented 4% and 9% of total revenues for the three months ended March 29, 2025 and March 30, 2024, respectively. These sales are primarily made by Kopin Europe, Ltd. our wholly-owned Scottish subsidiary into Asian markets. We have not taken any protective measures against exchange rate fluctuations, such as purchasing hedging instruments with respect to such fluctuations, because of the historically stable exchange rate between the British Pound Sterling (the functional currency of our U.K. subsidiary) and the U.S. dollar. Foreign currency translation impact on our results, if material, is described in further detail under “Item 3. Quantitative and Qualitative Disclosures About Market Risk” section below.

**Cost of Product Revenues.** Cost of product revenues, which is comprised of materials, labor and manufacturing overhead related to the production of our products for the three months ended March 29, 2025 and March 30, 2024 were as follows:

(In thousands, except for percentages)	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Cost of product revenues	\$ 7,629	\$ 8,542
Cost of product revenues as a % of net product revenues	83%	95%

The decrease in cost of product revenue as a percent of net product revenues for the three months ended March 29, 2025 as compared to the three months ended March 30, 2024 was due to a decrease in excess and obsolete reserves.

The United States government is or is in the process of increasing or implementing tariffs on the importation of certain goods. In some cases, our contracts allow us to pass along new or increased tariffs subject to ability to prove the impact of the tariff on the cost of our product. If we are unable to increase our prices due to the implementation or increase in tariff, duties and other taxes our gross margin and overall profitability would be negatively impacted.

The issues associated with the global shortage of semiconductor circuit chips and other raw materials decreased in 2024 as compared to 2023 and 2022. However, we have identified several semiconductor components which continue to have long lead delivery times. We continue to search for and procure all necessary components from our current vendors and new alternative vendors. In certain situations, we can obtain the components but at a significantly increased cost. The inability to procure a single component will prevent the completion of our product and the ability to sell the product. Our products go through extensive qualification processes and therefore our customers may not accept a replacement component. We are unable to determine if we will be able to obtain all necessary components for fiscal 2025. If we are unable to obtain all necessary components, we may be required to stop production, which would negatively affect our cash flow and results of operations. In addition, we depend on a Taiwanese foundry for the manufacture of integrated circuits for our AMLCD display products and on Chinese, Korean, and European foundries for our OLED display products. If there was a disruption of supply from these foundries it would take a significant period of time to identify, and qualify, if possible, a new source.

*Research and Development.* R&D expenses are incurred in support of internal display development programs and programs funded by agencies or prime contractors of the U.S. Government and commercial partners. R&D costs include staffing, purchases of materials and laboratory supplies, circuit design costs, fabrication and packaging of display products, and overhead. In fiscal year 2025, we expect our R&D expenditures to be related to our display products, overlay weapon sights and OLED display technologies. Funded and internal R&D expenses are combined in research and development expenses in the condensed consolidated statement of operations. R&D expenses for the three months ended March 29, 2025 and March 30, 2024 were as follows:

(In thousands)	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Funded	\$ 639	\$ 821
Internal	1,477	1,280
Total research and development expense	<u>\$ 2,116</u>	<u>\$ 2,101</u>

Funded R&D expense for the three months ended March 29, 2025 decreased as compared to the three months ended March 30, 2024 primarily due to decreased spending on U.S. defense programs and programs previously in development are transitioning into production. Internal R&D expense decreased due to an increase in process improvements.

*Selling, General and Administrative.* Selling, general and administrative (“S,G&A”) expenses consist of the expenses incurred by our sales and marketing personnel and related expenses, and administrative and general corporate expenses. S,G&A expenses for the three months ended March 29, 2025 and March 30, 2024 were as follows:

(In thousands, except for percentages)	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Selling, general and administration expense	\$ 4,701	\$ 7,232
Selling, general and administration expense as a % of revenues	45%	72%

S,G&A decreased for the three months ended March 29, 2025 as compared to the three months ended March 30, 2024 primarily due to a decrease in legal fees of \$2.9 million.

*Litigation Damages* Litigation damages were accrued as of March 30, 2024 as a result of the April 22, 2024 jury verdict that was entered against the Company awarding approximately \$5.1 million in damages as well as recommending \$19.7 million in disgorgement and exemplary damages.

*Other Income, net.* Other income, net, is primarily composed of interest income, foreign currency transactions, gains on fair value recording of investments and remeasurement gains and losses incurred by our U.K.-based subsidiary and other non-operating income items. Other income, net, for the three months ended March 29, 2025 and March 30, 2024 were as follows:

(In thousands)	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Other income, net	<u>\$ 846</u>	<u>\$ 93</u>

During the three months ended March 29, 2025, we sold an investment for a gain of approximately \$0.3 million. In addition, interest income increased approximately \$0.3 million for the three months ended March 29, 2025 as compared to the three months ended March 30, 2024. During the three months ended March 29, 2025 and March 30, 2024, we recorded foreign currency gains of approximately \$0.1 million.

*Tax Provision.* We recorded a provision for income taxes of less than \$0.1 million and \$0 in the three months ended March 29, 2025 and March 30, 2024, respectively.

*Net Loss.* We incurred a net loss of \$3.1 million during the three months ended March 29, 2025 compared to a net loss of \$32.5 million during the three months ended March 30, 2024. The decrease in the net loss during the three months ended March 29, 2025 compared to the three months ended March 30, 2024 was primarily due to the accrual of litigation damages and legal fees for the three months ended March 30, 2024 in addition to more effective expense management during the three months ended March 29, 2025.



## Liquidity and Capital Resources

At March 29, 2025 and December 28, 2024, we had cash and cash equivalents, including restricted cash, and marketable securities of \$32.6 million and working capital of \$16.2 million compared to \$36.6 million and \$18.9 million, respectively.

	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Net cash used for operating activities	\$ (3,414,201)	\$ (3,106,950)
Net cash from investing activities	4,586,583	4,524,619
Net cash provided by financing activities	—	7,242,581
Effect of exchange rate changes on cash	(588)	(2,173)
Increase in cash and equivalents	\$ 1,171,794	\$ 8,658,077

The increase in cash, cash equivalents, and restricted cash for the three months ended March 29, 2025 was primarily due to proceeds from the sale of marketable securities of \$4.6 million partially offset by cash used in operations of \$3.4 million. The increase in cash, cash equivalents, and restricted cash for the three months ended March 30, 2024 was primarily due to net proceeds from the sale of common stock of \$7.2 million and marketable securities of \$4.5 million partially offset by cash used in operations of \$3.1 million. For the three months ended March 29, 2025, cash used in operating activities consisted of a net loss from operations of \$3.1 million and net cash used to fund changes in operating assets and liabilities of \$1.9 million, which were partially offset by non-cash charges totaling \$1.6 million, which was primarily related to stock-based compensation, depreciation, and inventory reserves. For the three months ended March 30, 2024, cash used in operating activities consisted of a net loss from operations of \$32.5 million partially offset by net cash provided by changes in operating assets and liabilities of \$2.9 million and non-cash charges totaling \$26.5 million, which was primarily related to accrued litigation damages, stock-based compensation, depreciation, and inventory reserves. We expect that net cash used for or provided by operating activities to fluctuate in future periods as a result of a number of factors, including fluctuations in our operating results, the timing of when we recognize revenue, and changes in components of working capital. Our cash and cash equivalents and liquidity could be adversely affected by any amounts that become payable in connection with any adverse results from any litigation we are, or may become, involved in.

### Equity offerings

On September 30, 2024, we sold 2,405,000 shares of common stock and received gross proceeds of \$1.6 million.

On September 23, 2024, we sold 37,550,000 shares of common stock and pre-funded warrants to purchase up to 4,000,000 shares of common stock at a public offering price of \$0.64 per pre-funded warrants, for gross proceeds of \$27.0 million before deducting underwriting discounts and offering expenses paid by the us of \$1.8 million. The offering price of the pre-funded warrant equals the public offering price per share of the common stock less the \$0.01 per share exercise price of each pre-funded warrant.

### At-the-market offerings

During the three months ended March 30, 2024, we sold 3,080,000 shares of common stock for gross proceeds of \$7,466,755 (average of \$2.42 per share) before deducting broker expenses paid by us of approximately \$0.2 million, pursuant to our then effective At-The-Market Equity Offering Sales Agreement, dated as of March 5, 2021 (the “ATM Agreement”) with Stifel, Nicolaus & Company, Incorporated (“Stifel”), as agent. The ATM Agreement terminated in the three months ended March 30, 2024. On January 24, 2025 we entered into a new At-The-Market Equity Offering Sales Agreement with Stifel, Nicolaus & Company, Incorporated (“Stifel”), as agent, for the sale of up to \$50 million of securities. Subsequent to March 29, 2025, the Company cannot use the ATM Agreement entered into on January 24, 2025 until such time the Company can utilize Form S-3.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have incurred net losses of \$43.9 million and net cash outflows from operations of \$14.2 million for the fiscal year ended 2024. We incurred a net loss of \$3.1 million for the three months ended March 29, 2025 and net cash outflows from operations of \$3.4 million. In addition, we have experienced a significant decline in our cash and cash equivalents and marketable securities over the last several years, which was primarily a result of funding operating losses. As described in Note 14 Litigation, on April 22, 2024, the jury verdict was entered against us awarding approximately \$5.1 million in damages as well as recommending \$19.7 million in disgorgement and exemplary damages. While no final judgment has been issued by the Court, the Court will take that recommendation under advisement and will rule in its final judgment on the final amount after briefing on the issues. We have argued that the damages, disgorgement and exemplary damages should be reduced or eliminated. Final briefing on the issued occurred on October 29, 2024. We are also considering the appeal of any award in a final judgment. The \$5.1 million in damages and \$19.7 million in disgorgement and exemplary damages were accrued for as of March 29, 2025 and December 28, 2024. We had \$32.6 million of cash and cash equivalents, restricted cash, and marketable securities at March 29, 2025.

We have had historical and current negative cash flow from operations and limited liquidity resources. Our current strategy is to continue to invest in our business and raise additional capital through financing activities that may include public offerings and private placements of our common stock, preferred stock offerings, collaborations and licensing arrangements and issuances of debt and convertible debt instruments. Until such time that additional capital can be raised, we plan to strategically manage our uncommitted spending, execute our priorities and implement cost saving measures to reduce research and development and general and administrative expenditures which could include minimizing staff costs. We may also sell assets and look at other strategic alternatives. There are inherent uncertainties associated with fundraising activities and activities to manage our uncommitted spending and the successful execution of these activities may not be within our control. There are no assurances that such additional funding will be obtained and that we will succeed in our future operations. If we are unable to achieve positive cash flows and profitability in the foreseeable future or cannot successfully raise additional capital and implement our strategic plan, our liquidity, financial condition and business prospects will be materially and adversely affected. As the Company is unable to conclude that a favorable outcome in this litigation is probable and due to the net losses and negative cash flows from operations, management has

concluded that there is substantial doubt about the Company’s ability to continue as a going concern for twelve months from the issuance of these financial statements.

The following table presents the components of our cash, cash equivalents, restricted cash and marketable securities held in U.S. dollars as of the dates presented:

	<b>March 29, 2025</b>	<b>December 28, 2024</b>
Domestic locations	<b>\$ 32,417,915</b>	<b>\$ 36,491,339</b>
Foreign locations	<b>91,751</b>	<b>56,984</b>
Subtotal cash, cash equivalents, restricted cash and marketable securities held in U.S. dollars	<b>32,509,666</b>	<b>36,548,323</b>
Cash and cash equivalents held in other currencies and converted to U.S. dollars	<b>76,584</b>	<b>81,455</b>
Total cash, cash equivalents, restricted cash and marketable securities	<b>\$ 32,586,250</b>	<b>\$ 36,629,778</b>

We have no plans to repatriate the cash and cash equivalents held in our foreign subsidiary KEL.

The manufacturing operations at our Korean facility, Kowon, have ceased and Kowon was liquidated at fiscal year ended 2018. We have recorded deferred tax liabilities for any additional withholding tax that may be due to the Korean government upon Kowon’s final tax return acceptance.

We expect to expend between \$1.0 million and \$2.0 million on capital expenditures in 2025.

### **Critical Accounting Estimates**

Our critical accounting estimates are described in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition” of our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

As of March 29, 2025, the Company conducted an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 29, 2025, as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the requisite time periods and that such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, our management concluded that, as of March 29, 2025, our disclosure controls and procedures were not effective as of March 29, 2025 due to the following material weaknesses which were disclosed in the Company's Annual Report on Form 10-K for the year ended December 28, 2024, as amended and continue to exist as of March 29, 2025:

We identified control deficiencies, that when aggregated, constitute material weaknesses as follows:

- Design and operating effectiveness of information technology general computer controls in the areas of user access and program change-management for certain information technology systems that are critical to capturing, processing, and reporting financial transactions. These ineffective information technology controls contributed to (i) improper segregation of duties among certain business process controls and (ii) ineffective data validation of spreadsheets and system-generated reports.
- Management did not design, implement and retain appropriate documentation of control procedures to achieve timely, complete and accurate recording and disclosures across multiple financial statement areas including accounting and disclosure of stockholder's equity, share-based compensation, certain other receivables, accruals, and certain investments, including insufficient review controls around completeness and accuracy of information produced by the entity and documentation of evidence of reviews.
- Management did not design, implement and retain appropriate documentation of certain business process controls related to the revenue cycle, including insufficient review controls around completeness and accuracy of information produced by the entity including, certain costs incurred, estimates to complete, and documentation of evidence of contract accounting reviews.

#### Remediation Activities

Management is actively engaged in the implementation of a remediation plan to implement measures designed to improve our internal control over financial reporting to remediate these material weaknesses with oversight from the Audit Committee of the Board of Directors.

#### Changes in Internal Control over Financial Reporting

Other than the changes discussed above in connection with the changes designed and implemented as a result of our remediation plan of the previously identified material weaknesses, there have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 29, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Part II. OTHER INFORMATION

### Item 1. Legal Proceedings

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

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

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

On October 11, 2016, the Company filed its Answer and Affirmative Defenses. The parties completed expert depositions on November 15, 2019. On December 2, 2019, the Company filed a Motion for Partial Summary Judgment requesting the Court dismiss counts 2-7 in their entirety and counts 1 and 8 in part. BlueRadios also filed a Motion for Partial Summary Judgment alleging it is the co-owner of U.S. Patent No. 8,909,296. Responses to the Motions for Partial Summary Judgment were filed on January 15, 2020, and replies were filed on February 19, 2020. On September 25, 2020, the Court denied BlueRadios’ Motion for Partial Summary Judgment. On August 3, 2022, the Court granted the Company’s Motion for Partial Summary Judgment by dismissing counts 3, 6, 7, the claim for punitive damages under count 2, and count 8 as it relates to patent applications and by denying the motion as it relates to counts 1, 4, and 5, and the remainder of counts 2 and 8. The Court also ordered discovery reopened for certain limited purposes. A trial date was set by the Court for January 22, 2024 to February 5, 2024 but then re-scheduled for March 20, 2024 to April 16, 2024. On Monday, April 22, 2024, after a four week trial, a jury verdict was entered finding for BlueRadios and awarding approximately \$5.1 million in damages as well as recommending \$19.7 million in disgorgement and exemplary damages. While no final judgment has been issued by the Court, the Court will take that recommendation under advisement and will rule in its final judgment on the final amount after post-trial briefing. On May 22, 2024, the Company filed its Motion for Judgment as a Matter of Law or in the alternative for a New Trial, as well as two submissions arguing that the disgorgement and exemplary damages should not be awarded. That same day, BlueRadios filed motions seeking a permanent injunction prohibiting Kopin from selling any products that incorporate BlueRadios’ trade secrets, over \$10.8 million in pre-judgment interest, and over \$10.2 million in attorneys’ fees and costs. Briefing on those issues concluded on June 26, 2024. On September 25, 2024, the Company filed a supplemental brief on issue preclusion arguing that BlueRadios’ claims were untimely because of findings of fact made in *BlueRadios, Inc. v. Hamilton, Brook, Smith & Reynolds, P.C.*, No. 1:21-cv-10488-DJC, ECF 268 (D. Mass. Sept. 18, 2024). That supplemental briefing concluded on October 29, 2024. The Company is currently considering an appeal of any final judgment.

## Item 1A. Risk Factors

Our business and financial results are subject to numerous risks and uncertainties. As a result, the risks and uncertainties discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended should be carefully considered. There have been no material changes in the assessment of our risk factors from those set forth in our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, as amended.

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

We did not sell any securities during the three months ended March 29, 2025 that were not registered under the Securities Act.

## Item 6. Exhibits

Exhibit No.	Description
4.1	<a href="#">Form of Pre-Funded Warrant (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 26, 2023)</a>
10.1	<a href="#">Employment Agreement between the Company and Michael Murray dated as of April 5, 2024 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 14, 2024)</a>
31.1	<a href="#">Certification of Michael Murray, Chief Executive Officer, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) *</a>
31.2	<a href="#">Certification of Richard A. Sneider, Chief Financial Officer, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) *</a>
32.1	<a href="#">Certification of Michael Murray, Chief Executive Officer, furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) **</a>
32.2	<a href="#">Certification of Richard A. Sneider, Chief Financial Officer, furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) **</a>
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
*	Submitted electronically herewith
**	Furnished and not filed herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at March 29, 2025 (Unaudited) and December 28, 2024, (ii) Condensed Consolidated Statements of Operations (Unaudited) for the three months ended March 29, 2025 and March 30, 2024, (iii) Condensed Consolidated Statement of Comprehensive Loss (Unaudited) for the three months ended March 29, 2025 and March 30, 2024, (iv) Condensed Consolidated Statements of Stockholders' Equity (Unaudited) for the three months ended March 29, 2025 and March 30, 2024, (v) Condensed Consolidated Statements of Cash Flows (Unaudited) for the three months ended March 29, 2025 and March 30, 2024, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.



## SIGNATURES

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

KOPIN CORPORATION  
(Registrant)

Date: May 13, 2025

By: /S/ MICHAEL MURRAY

**Michael Murray**  
**President, Chief Executive Officer**  
**(Principal Executive Officer)**

Date: May 13, 2025

By: /S/ RICHARD A. SNEIDER

**Richard A. Snider**  
**Treasurer and Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 29, 2025, of Kopin Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

By: /s/ MICHAEL MURRAY  
**Michael Murray**  
**President and Chief Executive Officer**

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

I, Richard A. Sneider, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 29, 2025, of Kopin Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 13, 2025

By: /S/ RICHARD A. SNEIDER

**Richard A. Sneider**  
**Chief Financial Officer**

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

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

In connection with the Quarterly Report of Kopin Corporation (the "Company") on Form 10-Q for the period ended March 29, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Murray, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: May 13, 2025

By: /S/ MICHAEL MURRAY

**Michael Murray**  
**President and Chief Executive Officer**

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

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

In connection with the Quarterly Report of Kopin Corporation (the "Company") on Form 10-Q for the period ended March 29, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Sneider, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: May 13, 2025

By: /S/ RICHARD A. SNEIDER

**Richard A. Sneider**  
**Chief Financial Officer**

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