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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

or

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

For the transition period from to

Commission File Number **001-38462**

NLIGHT, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**91-2066376**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

4637 NW 18th Avenue
Camas, Washington 98607
(Address of principal executive office, including zip code)
(360) 566-4460
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Exchange on which Registered
Common Stock, par value $0.0001 per share	**LASR**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

As of May 6, 2025, the Registrant had 49,439,471 shares of common stock outstanding.

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	As of	
	March 31, 2025	**December 31, 2024**
Assets		
Current assets:		
Cash and cash equivalents	$ 82,196	$ 65,829
Marketable securities	34,522	34,868
Accounts receivable, net of allowances of $1,333 and $1,800	36,582	34,895
Inventory	43,793	40,800
Prepaid expenses and other current assets	18,679	17,697
Total current assets	215,772	194,089
Restricted cash	260	259
Lease right-of-use assets	11,334	10,822
Property, plant and equipment, net	45,453	46,937
Intangible assets, net	684	833
Goodwill	12,384	12,354
Other assets, net	4,109	4,947
Total assets	$ 289,996	$ 270,241
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 16,922	$ 15,076
Accrued liabilities	14,855	13,268
Deferred revenues	2,853	3,577
Current portion of lease liabilities	2,533	2,314
Total current liabilities	37,163	34,235
Line of credit	20,000	—
Non-current income taxes payable	5,612	5,541
Long-term lease liabilities	10,089	9,819
Other long-term liabilities	4,373	4,216
Total liabilities	77,237	53,811
Stockholders' equity:		
Common stock - $0.0001 par value; 190,000 shares authorized, 49,435 and 48,948 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	16	16
Additional paid-in capital	549,663	544,842
Accumulated other comprehensive loss	(3,731)	(3,332)
Accumulated deficit	(333,189)	(325,096)
Total stockholders' equity	212,759	216,430
Total liabilities and stockholders' equity	$ 289,996	$ 270,241

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Revenue:		
Products	$ 35,678	$ 29,370
Development	15,990	15,157
Total revenue	51,668	44,527
Cost of revenue:		
Products	23,724	23,231
Development	14,145	13,808
Total cost of revenue	37,869	37,039
Gross profit	13,799	7,488
Operating expenses:		
Research and development	11,374	10,659
Sales, general, and administrative	12,035	11,547
Total operating expenses	23,409	22,206
Loss from operations	(9,610)	(14,718)
Other income:		
Interest income, net	1,640	455
Other income, net	14	641
Loss before income taxes	(7,956)	(13,622)
Income tax expense	137	144
Net loss	$ (8,093)	$ (13,766)
Net loss per share, basic and diluted	$ (0.16)	$ (0.29)
Shares used in per share calculations, basic and diluted	49,093	47,242

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2025	**2024**
Net loss	$ (8,093)	$ (13,766)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	326	(223)
Change in unrealized gains on available-for-sale securities	(725)	111
Comprehensive loss	$ (8,492)	$ (13,878)

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31, 2025					
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance, December 31, 2024	48,948	$ 16	$ 544,842	$ (3,332)	$ (325,096)	$ 216,430
Net loss	—	—	—	—	(8,093)	(8,093)
Issuance of common stock pursuant to exercise of stock options	148	—	121	—	—	121
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	339	—	(1,356)	—	—	(1,356)
Stock-based compensation	—	—	6,056	—	—	6,056
Change in unrealized gains on available-for-sale securities	—	—	—	(725)	—	(725)
Cumulative translation adjustment, net of tax	—	—	—	326	—	326
Balance, March 31, 2025	49,435	$ 16	$ 549,663	$ (3,731)	$ (333,189)	$ 212,759

	Three Months Ended March 31, 2024					
	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance, December 31, 2023	47,266	$ 16	$ 521,184	$ (2,477)	$ (264,304)	$ 254,419
Net loss	—	—	—	—	(13,766)	(13,766)
Issuance of common stock pursuant to exercise of stock options	11	—	10	—	—	10
Issuance of common stock pursuant to vesting of restricted stock awards and units, net of stock withheld for tax	275	—	(1,625)	—	—	(1,625)
Stock-based compensation	—	—	5,431	—	—	5,431
Unrealized gains on available-for-sale securities	—	—	—	111	—	111
Cumulative translation adjustment, net of tax	—	—	—	(223)	—	(223)
Balance, March 31, 2024	47,552	$ 16	$ 525,000	$ (2,589)	$ (278,070)	$ 244,357

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from operating activities:		
Net loss	$ (8,093)	$ (13,766)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	3,172	3,135
Amortization	498	1,258
Reduction in carrying amount of right-of-use assets	(473)	(70)
Provision for losses on (recoveries of) accounts receivable	(466)	95
Stock-based compensation	6,056	5,431
Deferred income taxes	(3)	—
Loss on disposal of property, plant and equipment	62	35
Interest earned on marketable securities not yet received	(227)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(768)	11,892
Inventory	(2,811)	(888)
Prepaid expenses and other current assets	(959)	(1,646)
Other assets, net	502	(616)
Accounts payable	2,018	2,099
Accrued and other long-term liabilities	1,693	1,555
Deferred revenues	(736)	2,745
Lease liabilities	450	15
Non-current income taxes payable	65	101
Net cash (used in) provided by operating activities	(20)	11,375
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,281)	(1,556)
Purchase of marketable securities	(34,288)	(24,357)
Proceeds from maturities and sales of marketable securities	34,136	24,365
Net cash used in investing activities	(2,433)	(1,548)
Cash flows from financing activities:		
Proceeds from line of credit	20,000	—
Proceeds from stock option exercises	121	10
Tax payments related to stock award issuances	(1,356)	(1,625)
Net cash provided by (used in) financing activities	18,765	(1,615)
Effect of exchange rate changes on cash	56	(115)
Net increase in cash, cash equivalents, and restricted cash	16,368	8,097
Cash, cash equivalents, and restricted cash, beginning of period	66,088	53,466
Cash, cash equivalents, and restricted cash, end of period	$ 82,456	$ 61,563
Supplemental disclosures:		
Cash paid for interest, net	$ 12	$ —
Cash paid for income taxes	47	210
Operating cash outflows from operating leases	855	1,034
Right-of-use assets obtained in exchange for lease liabilities	1,188	831
Accrued purchases of property, equipment and patents	337	422
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 82,196	$ 61,306
Restricted cash	260	257
Total cash, cash equivalents, and restricted cash	$ 82,456	$ 61,563

See accompanying notes to consolidated financial statements.

nLIGHT, Inc.
Notes to Consolidated Financial Statements

Note 1 - Basis of Presentation and New Accounting Pronouncements

Basis of Presentation

The accompanying unaudited consolidated financial statements of nLIGHT, Inc. and our wholly-owned subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The unaudited financial information reflects, in the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations, stockholders' equity, and cash flows for the interim periods presented. The results reported for the interim period presented are not necessarily indicative of results that may be expected for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024.

Critical Accounting Policies

Our critical accounting policies have not materially changed during the three months ended March 31, 2025, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

New Accounting Pronouncements

ASU 2023-09

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

ASU 2024-03

In November 2024, the FASB issued ASU 2024-03 related to the disaggregation of certain income statement expenses. The amendments in this update require public entities to disclose incremental information related to purchases of inventory, team member compensation and depreciation, which will provide investors the ability to better understand entity expenses and make their own judgements about entity performance. The amendments in this update are effective for fiscal years beginning after December 15, 2026. We plan to adopt this pronouncement and make the necessary updates to our disclosures for the year ending December 31, 2027, and, aside from these disclosure changes, we do not expect the amendments to have a material effect on our financial position, results of operations or cash flows.

Note 2 - Revenue

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

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

We often receive orders with multiple delivery dates that may extend across several reporting periods. We allocate the transaction price of the contract to each delivery based on the product standalone selling price and invoice for each scheduled delivery upon shipment or delivery and recognize revenues for such delivery at that point, when transfer of control has occurred. As scheduled delivery dates are generally within one year, under the optional exemption provided by ASC 606-10-50-14a, revenues allocated to future shipments of partially completed contracts are not disclosed as performance obligations for point in time revenue. Further, we recognize, over time, revenue as per ASC 606-10-55-18 (invoice practical expedient) for our cost plus contracts and, accordingly, elect not to disclose information related to those performance obligations under ASC 606-10-50-14b. As of March 31, 2025, we did not have any performance obligations relating to firm fixed price contracts that did not qualify for the aforementioned disclosure exemptions.

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

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

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

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

Sales by End Market

	Three Months Ended March 31,	
	2025	**2024**
Industrial	$ 8,856	$ 11,985
Microfabrication	10,106	10,797
Aerospace and Defense	32,706	21,745
	$ 51,668	$ 44,527

Sales by Geography

	Three Months Ended March 31,	
	2025	**2024**
North America	$ 36,085	$ 28,724
Asia Pacific	9,128	10,034
EMEA[1]	6,455	5,769
	$ 51,668	$ 44,527

[1] EMEA consists of Europe, the Middle East, and Africa.

Sales by Timing of Revenue

	Three Months Ended March 31,	
	2025	**2024**
Point in time	$ 35,680	$ 29,356
Over time	15,988	15,171
	$ 51,668	$ 44,527

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

	Balance Sheet Classification	As of March 31, 2025	As of December 31, 2024
Contract assets	Prepaid expenses and other current assets	$ 9,596	$ 14,510
Contract liabilities	Deferred revenues and other long-term liabilities	6,396	6,845

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

During the three months ended March 31, 2025, we recognized revenue of $1.5 million that was included in the deferred revenues balance at the beginning of the period as the performance obligations under the associated agreements were satisfied.

Note 3 - Concentrations of Credit and Other Risks

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
U.S. Government*	35%	19%
Raytheon Technologies	[1]	11%
KORD Technologies	[1]	10%

*Excludes sales to customers who sell our products and services exclusively to the U.S. Government
[1] Represents less than 10% of total revenues.

Financial instruments that potentially expose us to concentrations of credit risk consist principally of receivables from customers. As of March 31, 2025 and December 31, 2024, two customers accounted for a total of 35% and 24%, respectively, of net customer receivables. No other customers accounted for 10% or more of net customer receivables at either date.

Note 4 - Fair Value of Financial Instruments

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

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

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

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

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

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash Equivalents:				
Money market securities	$ 21,413	$ —	$ —	$ 21,413
Commercial paper	1,312	—	—	1,312
	22,725	—	—	22,725
Marketable Securities:				
U.S. treasuries	34,522	—	—	34,522
Total	$ 57,247	$ —	$ —	$ 57,247

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash Equivalents:				
Money market securities	$ 20,488	$ —	$ —	$ 20,488
Commercial paper	1,773	—	—	1,773
	22,261	—	—	22,261
Marketable Securities:				
U.S. treasuries	34,868	—	—	34,868
Total	$ 57,129	$ —	$ —	$ 57,129

Cash Equivalents

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

Marketable Securities

Marketable securities consist primarily of highly liquid investments with original maturities of greater than 90 days when purchased. We classify our marketable securities as available-for-sale, as they represent investments that are available to be sold for current operations, and value them utilizing a market approach that uses observable inputs without applying significant judgment.

Note 5 - Inventory

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

Inventory consisted of the following (in thousands):

	As of	
	March 31, 2025	**December 31, 2024**
Raw materials	$ 21,253	$ 19,165
Work in process and semi-finished goods	18,610	17,390
Finished goods	3,930	4,245
	$ 43,793	$ 40,800

Note 6 - Property, Plant and Equipment

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

	Useful life (years)	As of	
		March 31, 2025	**December 31, 2024**
Automobiles	3	$ 64	$ 64
Computer hardware and software	3 - 5	9,643	9,672
Manufacturing and lab equipment	2 - 7	97,263	95,106
Office equipment and furniture	5 - 7	2,110	2,542
Leasehold and building improvements	2 - 12	33,257	33,104
Buildings	30	9,392	9,392
Land	N/A	3,399	3,399
		155,128	153,279
Accumulated depreciation		(109,675)	(106,342)
		$ 45,453	$ 46,937

Note 7 - Intangible Assets and Goodwill

Intangible Assets

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

	Estimated useful life (in years)	As of	
		March 31, 2025	December 31, 2024
Development programs	2 - 4	7,200	7,200
Developed technology	5	2,959	2,959
		10,159	10,159
Accumulated amortization		(9,475)	(9,326)
		$ 684	$ 833

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

	Three Months Ended March 31,	
	2025	2024
Amortization expense	$ 149	$ 373

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

2025	$ 336
2026	348
	$ 684

Goodwill

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

	Laser Products	Advanced Development	Totals
Balance, December 31, 2024	$ 2,106	$ 10,248	$ 12,354
Currency exchange rate adjustment	30	—	30
Balance, March 31, 2025	$ 2,136	$ 10,248	$ 12,384

Note 8 - Line of Credit

We have a $40.0 million revolving line of credit (LOC) with Banc of California dated September 24, 2018, which is secured by our assets and matures on September 24, 2027. The LOC agreement contains restrictive and financial covenants and bears an unused credit fee of 0.25% on an annualized basis. The interest rate of 7.0% on the LOC at March 31, 2025 is based on the Prime Rate, minus a margin based on our liquidity levels.

During the three months ended March 31, 2025, we drew $20.0 million under the LOC to support working capital and general corporate purposes. As of March 31, 2025, $20.0 million was outstanding on the LOC and we were in compliance with all covenants. The remaining $20.0 million unused portion of the LOC is available for borrowing.

Note 9 - Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	As of	
	March 31, 2025	December 31, 2024
Accrued payroll and benefits	$ 11,351	$ 9,751
Product warranty, current	2,714	2,454
Other accrued expenses	790	1,063
	$ 14,855	$ 13,268

Note 10 - Product Warranties

We provide warranties on certain products and record a liability for the estimated future costs associated with warranty claims at the time revenue is recognized. The warranty liability is based on historical experience, any specifically identified failures, and our estimate of future costs. The current portion of our product warranty liability is included in the accrued liabilities and the long-term portion is included in Other long-term liabilities in our Consolidated Balance Sheets.

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

	Three Months Ended March 31,	
	2025	2024
Product warranty liability, beginning	$ 3,473	$ 4,469
Warranty charges incurred, net	(712)	(760)
Provision for warranty charges, net of adjustments	1,049	203
Product warranty liability, ending	3,810	3,912
Less: current portion of product warranty liability	(2,714)	(2,868)
Non-current portion of product warranty liability	$ 1,096	$ 1,044

Note 11 - Stockholders' Equity and Stock-Based Compensation

Restricted Stock Awards and Units

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

	Number of Restricted Stock Units (Thousands)	Weighted-Average Grant Date Fair Value
Balance, December 31, 2024	1,904	$ 12.99
Granted	23	10.40
Vested	(500)	12.06
Forfeited	(12)	13.90
Balance, March 31, 2025	1,415	13.27

	Number of Restricted Stock Awards (Thousands)	Weighted-Average Grant Date Fair Value
Balance, December 31, 2024	37	$ 33.66
Balance, March 31, 2025	37	33.66

The total fair value of RSUs vested during the three months ended March 31, 2025, was $6.0 million.

Market-Based Performance Restricted Stock Units

Performance restricted stock units (PRSUs) were granted in 2024, 2023, and 2022 and will vest upon meeting certain performance criteria. No PRSUs were granted, forfeited, or vested during the three months ended March 31, 2025.

Stock Options

The following table summarizes our stock option activity during the three months ended March 31, 2025:

	Number of Options (Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Thousands)
Outstanding, December 31, 2024	859	$1.43	2.0	$7,783
Options exercised	(148)	0.82		
Outstanding, March 31, 2025	711	1.56	2.0	4,444
Options exercisable at March 31, 2025	711	1.56	2.0	4,444
Options vested as of March 31, 2025, and expected to vest after March 31, 2025	711	1.56	2.0	4,444

Total intrinsic value of options exercised for the three months ended March 31, 2025 and 2024, was $1.3 million and $0.1 million, respectively. We received proceeds of $0.1 million and $10 thousand from the exercise of options for the three months ended March 31, 2025 and 2024, respectively.

Stock-Based Compensation

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

	Three Months Ended March 31,	
	2025	**2024**
Cost of revenues	$ 570	$ 541
Research and development	1,784	1,613
Sales, general and administrative	3,702	3,277
	$ 6,056	$ 5,431

Unrecognized Compensation Costs

As of March 31, 2025, total unrecognized stock-based compensation was $24.1 million, which will be recognized over an average expected recognition period of 1.7 years.

Note 12 - Commitments and Contingencies

Leases

See Note 13.

Legal Matters

From time to time, we may be subject to various legal proceedings and claims in the ordinary course of business. As of March 31, 2025 we believe these matters will not have a material adverse effect on our consolidated financial statements.

Note 13 - Leases

We lease real estate space under non-cancelable operating lease agreements for commercial and industrial space. Facilities-related operating leases have remaining terms of 0.1 to 10.2 years, and some leases include options to extend up to 10 years. Other leases for automobiles, manufacturing and office and computer equipment have remaining lease terms of 0.4 to 3.6 years. These leases are primarily operating leases; financing leases are not material. We did not include any renewal options in our lease terms for calculating the lease liabilities as we are not reasonably certain we will exercise the options at this time. The weighted-average remaining lease term for the lease obligations was 7 years as of March 31, 2025, and the weighted-average discount rate was 4.3%.

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

	Three Months Ended March 31,	
	2025	2024
Lease expense:		
Operating lease expense	$ 816	$ 919
Short-term lease expense	44	69
Variable and other lease expense	273	244
	$ 1,133	$ 1,232

Future minimum payments under our non-cancelable lease obligations were as follows as of March 31, 2025 (in thousands):

2025	$ 2,370
2026	2,638
2027	2,246
2028	1,749
2029	1,028
Thereafter	4,417
Total minimum lease payments	14,448
Less: interest	(1,826)
Present value of net minimum lease payments	12,622
Less: current portion of lease liabilities	(2,533)
Total long-term lease liabilities	$ 10,089

Note 14 - Segment Information

We operate in two reportable segments consisting of the Laser Products segment and the Advanced Development segment. We organize our business segments based on the nature of products and services offered.

Laser Products
This segment includes high-power semiconductor lasers and fiber lasers that are typically integrated into laser systems or manufacturing tools built by our customers. This segment also includes fiber amplifiers and beam combination and control systems for use in high-energy laser (HEL) systems in directed energy applications, and laser sensing products used in a wide range of defense applications.

Advanced Development
This segment focuses on research, design, and prototyping of next-generation laser technologies for the defense industry, including the development of custom high-power fiber lasers and advanced beam combining technologies.

Selected Financial Data by Business Segment
Our Chief Executive Officer serves as the chief operating decision maker (CODM) and is responsible for reviewing segment performance and making decisions regarding resource allocation. Our CODM uses metrics such as revenue, gross profit, and gross margin to evaluate each segment's performance by comparing the metrics to historical results and previously forecasted financial information. Our CODM does not evaluate operating segments using asset or liability information. The following table summarizes the operating results by reportable segment for the periods presented (dollars in thousands):

	Three Months Ended March 31, 2025			
	Laser Products	Advanced Development	Corporate and Other	Totals
Revenue	$ 35,678	$ 15,990	$ —	$ 51,668
Gross profit	$ 12,524	$ 1,845	$ (570)	$ 13,799
Gross margin	35.1 %	11.5 %	NM*	26.7 %

	Three Months Ended March 31, 2024			
	Laser Products	Advanced Development	Corporate and Other	Totals
Revenue	$ 29,370	$ 15,157	$ —	$ 44,527
Gross profit	$ 6,680	$ 1,349	$ (541)	$ 7,488
Gross margin	22.7 %	8.9 %	NM*	16.8 %

*Not meaningful

Corporate and Other consists of general and administrative overhead costs and unallocated expenses related to stock-based compensation and purchased intangible amortization, which are not used in evaluating the results of, or in the allocation of resources to, our reportable segments.

There have been no material changes to the geographic locations of our long-lived assets, net, based on the location of the assets, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Note 15 - Net Loss per Share

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

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

	Three Months Ended March 31,	
	2025	2024
Restricted stock units and awards	869	1,046
Common stock options	676	1,262
	1,545	2,308

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

Overview

nLIGHT, Inc., headquartered in Camas, Washington, is a leading provider of high-power lasers for mission critical directed energy, optical sensing, and advanced manufacturing applications.

We operate in two reportable segments consisting of the Laser Products segment and the Advanced Development segment.

Revenues increased to $51.7 million in the three months ended March 31, 2025 compared to $44.5 million in the same period in 2024 due primarily to an increase in both product and development revenue from the Aerospace and Defense end market. We generated a net loss of $8.1 million for the three months ended March 31, 2025 compared to a net loss of $13.8 million for the same period in 2024.

Factors Affecting Our Performance

Demand for our Products and Solutions

Our revenue depends largely on market conditions, competitive pressure, and achievement of design wins. We consider a design win to occur when a customer notifies us that it has selected one of our products to be incorporated into a product or system under development by such customer. In the Aerospace and Defense market, our business also depends in large part on continued investment in laser technology by the U.S. government and its allies, and our ability to continue to successfully develop leading technology in this area and commercialize that technology in the future.

Demand for our products also fluctuates based on market cycles, continuously evolving industry supply chains, trade and tariff terms, as well as evolving competitive dynamics in each of our end-markets. Erosion of average selling prices, or ASPs, of established products is typical in our industry, and the ASPs of our products generally decrease as our products mature. We may also negotiate discounted selling prices from time to time with certain customers that purchase higher volumes, or to penetrate new markets or applications.

Technology and New Product Development

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

Manufacturing Costs and Gross Margins

Product gross profit, in absolute dollars and gross margin, may fluctuate from period to period based on product sales mix, sales volumes, changes in ASPs, production volumes, the corresponding absorption of manufacturing overhead expenses, the cost of purchased materials, production costs and manufacturing yields. Product sales mix can affect gross profits due to variations in profitability related to product configurations and cost profiles, customer volume pricing, availability of competitive products in various markets, and new product introductions, among other factors. Even though certain of our products are built offshore by contract manufacturers, capacity utilization affects gross margin because of the fixed cost associated with our U.S.-based manufacturing capabilities. Change in sales and production volumes impact absorption of fixed costs, manufacturing efficiencies and production costs.

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

Seasonality

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

Global Economic Conditions

We continue to monitor macroeconomic trends, global inflationary pressures, and uncertainties related to international trade policy, including tariff actions and regulatory shifts. The U.S. government has recently implemented a new series of tariffs on imported goods, prompting retaliatory tariffs by other countries. We currently procure components from China, which are utilized in our U.S. manufacturing operations as well as in products assembled by our contract manufacturer in Thailand.

A portion of our sales are generated from products manufactured outside the United States and we sell our products globally. Changing trade dynamics, including newly imposed or proposed tariffs and export controls, could disrupt our supply chain and increase input costs. These trade policy developments did not have a material impact on our financial results for the first quarter of 2025. However, if current trends continue or intensify, we may experience increased cost volatility, operational complexity, and broader economic pressures on our customer base that could have a negative impact on revenue and profitability in the future.

Results of Operations

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

	Three Months Ended March 31,	
	2025	2024
Revenue:		
Products	69.1 %	66.0 %
Development	30.9	34.0
Total revenue	100.0	100.0
Cost of revenue:		
Products	45.9	52.2
Development	27.4	31.0
Total cost of revenue	73.3	83.2
Gross profit	26.7	16.8
Operating expenses:		
Research and development	22.0	23.9
Sales, general, and administrative	23.3	26.0
Total operating expenses	45.3	49.9
Loss from operations	(18.6)	(33.1)
Other income:		
Interest income, net	3.2	1.0
Other income, net	—	1.4
Loss before income taxes	(15.4)	(30.7)
Income tax expense	0.3	0.3
Net loss	(15.7)%	(31.0)%

Revenues by End Market

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

	Three Months Ended March 31,				Change	
	2025	% of Revenue	2024	% of Revenue	$	%
Industrial	$ 8,856	17.2 %	$ 11,985	27.0 %	$ (3,129)	(26.1)%
Microfabrication	10,106	19.6	10,797	24.2	(691)	(6.4)
Aerospace and Defense	32,706	63.3	21,745	48.8	10,961	50.4
	$ 51,668	100.0 %	$ 44,527	100.0 %	$ 7,141	16.0 %

The decrease in revenue from the Industrial markets for the three months ended March 31, 2025 compared to the same period in 2024 was primarily the result of decreased unit sales due to lower customer demand and deteriorating market conditions across all regions. The decrease in revenue from the Microfabrication market for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to lower unit sales and the timing of customer shipments. The increase in revenue from the Aerospace and Defense market for the three months ended March 31, 2025 compared to the same period in 2024 was driven primarily by increased unit sales of directed energy laser products.

Revenues by Segment

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

	Three Months Ended March 31,				Change	
	2025	% of Revenue	2024	% of Revenue	$	%
Laser Products	$ 35,678	69.1 %	$ 29,370	66.0 %	$ 6,308	21.5 %
Advanced Development	15,990	30.9	15,157	34.0	833	5.5
	$ 51,668	100.0 %	$ 44,527	100.0 %	$ 7,141	16.0 %

The increase in Laser Products revenue for the three months ended March 31, 2025 compared to the same period in 2024 was the result of increased units sales from the Aerospace and Defense end market, partially offset by lower units sales from the Industrial and Microfabrication markets. The increase in Advanced Development revenue for the three months ended March 31, 2025 compared to the same period in 2024 was driven by progress on existing research and development contracts. All Advanced Development revenue is included in the Aerospace and Defense market.

Revenues by Geographic Region

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

	Three Months Ended March 31,				Change	
	2025	% of Revenue	2024	% of Revenue	$	%
North America	$ 36,085	69.8 %	$ 28,724	64.5 %	$ 7,361	25.6 %
Asia Pacific	9,128	17.7	10,034	22.5	(906)	(9.0)
EMEA[(1)]	6,455	12.6	5,769	13.0	686	11.9
	$ 51,668	100.0 %	$ 44,527	100.0 %	$ 7,141	16.0 %

[(1)] EMEA consists of Europe, the Middle East, and Africa.

Geographic revenue information is based on the location to which we ship our products. The increase in North America Revenue for the three months ended March 31, 2025 was due to increased revenue from the Aerospace and Defense market, partially offset by decreased revenue from the Industrial and Microfabrication markets. The decrease in Asia Pacific revenue for the three months ended March 31, 2025 compared to the same period in 2024 was the result of decreased revenue from the Industrial and Microfabrication markets, partially offset by increased revenue from the Aerospace and Defense market. The increase in EMEA revenue for the three months ended March 31, 2025 compared to the same period in 2024 was due to increased revenue from the Microfabrication market and Aerospace and Defense market, partially offset by decreased revenue from the Industrial market.

Cost of Revenues and Gross Margin

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

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

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

	Three Months Ended March 31, 2025			
	Laser Products	Advanced Development	Corporate and Other	Total
Gross profit	$ 12,524	$ 1,845	$ (570)	$ 13,799
Gross margin	35.1 %	11.5 %	NM*	26.7 %

	Three Months Ended March 31, 2024			
	Laser Products	Advanced Development	Corporate and Other	Total
Gross profit	$ 6,680	$ 1,349	$ (541)	$ 7,488
Gross margin	22.7 %	8.9 %	NM*	16.8 %

*NM = not meaningful

The increase in Laser Products gross margin for the three months ended March 31, 2025 compared to the same period in 2024 was driven primarily by product sales mix and the impact of increased production volumes on fixed manufacturing costs due to the overall increase in sales as previously discussed. The first quarter of 2025 also benefited from an increase in duty reclaim. The increase in Advanced Development gross margin for the three months ended March 31, 2025 compared to the same period in 2024 was primarily the result of an increase in revenue from fixed priced contracts that carried higher average gross margins than cost-plus fixed fee contracts.

Operating Expenses

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

Research and Development

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Research and development	$ 11,374	$ 10,659	$ 715	6.7 %

The increase in research and development expense for the three months ended March 31, 2025 compared to the same period in 2024 was driven by an increase in project-related expenses, incentive compensation, and an increase in stock-based compensation of $0.2 million, partially offset by a decrease in employee compensation due to a reduction in headcount.

Sales, General and Administrative

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Sales, general, and administrative	$ 12,035	$ 11,547	$ 488	4.2 %

The increase in sales, general and administrative expense for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to an increase in stock-based compensation of $0.4 million, an increase in incentive compensation, and an increase in employee compensation, partially offset by recoveries of bad debt from the prior year.

Interest Income, net

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Interest income, net	$ 1,640	$ 455	$ 1,185	260.4%

The increase in interest income, net, for the three months ended March 31, 2025 compared to the same period in 2024 was driven primarily by an increase in income earned from marketable securities and imputed interest on a long-term customer receivable.

Interest income is primarily earned from our marketable securities (U.S. treasuries), recognized using the effective yield method, and cash equivalents (money market securities). Interest expense on the line of credit (LOC) was immaterial for the three months ended March 31, 2025 due to the timing of the draw.

Beginning with the three months ended March 31, 2025, income earned from marketable securities is classified within interest income, net, rather than other income, net. This prospective change in presentation more accurately reflects the nature of the income and has no impact on total net income.

Other Income, net

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Other income, net	$ 14	$ 641	$ (627)	(97.8)%

Other income, net is primarily attributable to changes in net realized and unrealized foreign exchange transactions resulting from currency rate fluctuations.

The prospective classification change for income earned from marketable securities referenced above is the primary factor contributing to the year-over-year variance for other income, net from the same period in 2024.

Income Tax Expense

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Income tax expense	$ 137	$ 144	$ (7)	(4.9)%

We record income tax expense for taxes in our foreign jurisdictions including Finland, Italy, Austria, and South Korea. While our tax expense is largely dependent on the geographic mix of earnings related to our foreign operations, we also record tax expense for uncertain tax positions taken and associated penalties and interest. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against our deferred tax assets. Due to the uncertainty with respect to their ultimate realizability, we continue to maintain a full valuation allowance on deferred tax assets in the United States, and a partial valuation allowance in China as of March 31, 2025. Our effective tax rate may vary from period to period based on changes in estimated taxable income or loss by jurisdiction, changes to the valuation allowance, changes to U.S. federal, state or foreign tax laws, future expansion into areas with varying country, state, and local income tax rates and deductibility of certain costs and expenses by jurisdiction.

Liquidity and Capital Resources

We had cash and cash equivalents and restricted cash of $82.5 million and $66.1 million as of March 31, 2025 and December 31, 2024, respectively. In addition, we had marketable securities of $34.5 million and $34.9 million at March 31, 2025 and December 31, 2024, respectively. Our total balance of cash, cash equivalents, restricted cash and marketable securities increased by $16.0 million from December 31, 2024 to March 31, 2025.

For the three months ended March 31, 2025, our principal sources of liquidity included the draw of $20 million on our LOC and cash collected from customers. We believe our existing sources of liquidity will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements may vary materially from period to period and will depend on many factors, including the timing and extent of spending on research and development efforts, the expansion of sales and marketing activities, the continuing market acceptance of our products and ongoing investments to support the growth of our business. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, technologies and intellectual property rights. From time to time, we may explore additional financing sources which could include equity, equity-linked and debt financing arrangements.

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

	Three Months Ended March 31,	
	2025	2024
Net cash (used in) provided by operating activities	$ (20)	$ 11,375
Net cash used in investing activities	(2,433)	(1,548)
Net cash provided by (used in) financing activities	18,765	(1,615)
Effect of exchange rate changes on cash	56	(115)
Net increase in cash, cash equivalents and restricted cash	$ 16,368	$ 8,097

Net Cash (Used in) Provided by Operating Activities

During the three months ended March 31, 2025, net cash used in operating activities was $20.0 thousand, which was the result of an $8.1 million net loss and cash used in net working capital of $0.5 million, offset by non-cash expenses totaling $8.6 million related primarily to depreciation, amortization, and stock-based compensation. The cash used in net working capital in the three months ended March 31, 2025 was driven by a $2.8 million increase in inventory, a $1.0 million increase in prepaid expenses and other current assets, a $0.8 million increase in accounts receivable and a $0.7 million decrease in deferred revenues. These uses of cash were offset by a $2.0 million increase in accounts payable, a $1.7 million increase in accrued and other long-term liabilities, a $0.5 million increase in lease liabilities, and a $0.5 million decrease in other assets, net.

Net Cash Used in Investing Activities

During the three months ended March 31, 2025, net cash used in investing activities was $2.4 million, which was driven by the net purchase of marketable securities of $0.2 million and capital expenditures of $2.3 million.

Net Cash Provided by Used in Financing Activities

During the three months ended March 31, 2025, net cash provided by financing activities was $18.8 million, which consisted of a draw of $20.0 million from our LOC and proceeds from stock option exercises of $0.1 million, partially offset by taxes paid on the net settlement of stock awards of $1.4 million.

Credit Facilities

We have a $40.0 million revolving LOC with Banc of California dated September 24, 2018, which is secured by our assets and matures on September 24, 2027. The LOC agreement contains restrictive and financial covenants, including a minimum total cash covenant, and bears an unused credit fee of 0.25% on an annualized basis. The interest rate of 7.0% on the LOC at March 31, 2025 is based on the Prime Rate, minus a margin based on our liquidity levels.

During the three months ended March 31, 2025, we drew $20.0 million under the LOC to support working capital and general corporate purposes. As of March 31, 2025, $20.0 million was outstanding on the LOC and we were in compliance with all covenants. The remaining $20.0 million unused portion of the LOC is available for borrowing.

Contractual Obligations

Other than the draw of $20.0 million on our LOC, there have been no material changes to our contractual obligations as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Inflation

We do not believe that inflation had a material effect on our business, financial condition or results of operations during the three months ended March 31, 2025. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could materially adversely affect our business, financial condition and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For financial market risks related to changes in interest rates and foreign currency exchange rates, reference is made to Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in Part II of our Annual Report on Form 10-K for the year ended December 31, 2024. Other than with respect to the variable interest rate on our LOC due to our draw of $20.0 million on our LOC with Banc of California, our exposure to market risk has not changed materially since December 31, 2024.

We are subject to interest rate risk in connection with the borrowings under our LOC. We have a $40.0 million revolving credit facility. As of March 31, 2025, we had $20.0 million outstanding under the LOC. Borrowings under the LOC bear interest at a per annum rate, depending on certain liquidity thresholds, ranging from the Prime Rate minus 1.0% to the Prime Rate. A 10% increase or decrease in interest rates would result in approximately a $0.1 million change in our obligations under the loan facility.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Control

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

For risk factors related to our business, reference is made to Item 1A, "Risk Factors," contained in Part I of our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, except as described below.

Our inability to manage risks associated with our international customers, operations and supply chain could materially adversely affect our business.

Our foreign operations and revenues are subject to a number of risks, including the impact of various macroeconomic conditions, unexpected changes in regulatory requirements, certification requirements and environmental and other regulations; reduced protection for intellectual property rights in some countries; potentially adverse tax consequences; political and economic instability; import/export regulations, tariffs and trade barriers; compliance with applicable United States and foreign anti-corruption laws; cultural and management differences; reliance in some jurisdictions on third-party revenues from channel partners; preference for locally produced products; supply chain, shipping, and other logistics complications; and longer accounts receivable collection periods. In particular, the United States has recently enacted new tariffs on a number of countries, including China, and the global economic, political, legal, and regulatory climate is fluid and unpredictable. President Trump has directed various federal agencies to further evaluate key aspects of U.S. trade policy and there has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the United States and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, have caused and may continue to cause significant volatility in global financial markets and may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. With manufacturing in the United States and internationally and with a material portion of our revenue derived from foreign customers, we are susceptible to negative impacts from these tariffs or change in trade policies. In addition, new tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and certain foreign governments, including the Chinese government (which has imposed retaliatory tariffs on a range of U.S. goods including certain optical and electronic products and components), may impose trade sanctions on certain U.S. manufactured goods. Any of these factors could depress economic activity and restrict our access to third party services as well as disrupt our supply chain, which could materially adversely impact our business.

While we attempt to negotiate prices with suppliers or diversify our supply chain in response to increased tariffs, such efforts may be costly, may not yield immediate results or may be ineffective in fully mitigating the effects of these tariffs. The result of tariffs may include an increase in our prices to our customers, which could reduce the competitiveness of our products and adversely affect our revenue. In addition, if significant tariffs are sustained over a long period, our ability to source products in a cost-effective manner could be impacted, which may have a material adverse effect on our business, financial condition and results of operations.

Our business could also be impacted by international conflicts, terrorist and military activity, civil unrest and public health crisis, which could cause a slowdown in customer orders, lengthen sales cycles, cause customer order cancellations or negatively impact availability of supplies or limit our ability to produce or timely service our installed base of products. Political, economic and monetary instability and changes in governmental regulations or policies, including trade tariffs and protectionism, could materially adversely affect both our ability to effectively operate our foreign offices and the ability of our foreign suppliers to supply us with required materials or services. Any interruption or delay in the supply of our required components, products, materials or services, or our inability to obtain these components, materials, products or services from alternate sources at acceptable prices and within a reasonable amount of time, could impair our ability to meet scheduled product deliveries to our customers and could cause customers to cancel orders. Our failure to manage the foregoing risks associated with our existing and potential future international business operations could materially adversely affect our business, financial condition, results of operations and growth prospects.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

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

ITEM 6. EXHIBITS

(a) Exhibits

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

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

SIGNATURES

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

NLIGHT, INC.
(Registrant)

May 9, 2025	By: /s/ SCOTT KEENEY
Date	Scott Keeney *President and Chief Executive Officer* *(Principal Executive Officer)*
May 9, 2025	By: /s/ JOSEPH CORSO
Date	Joseph Corso *Chief Financial Officer* *(Principal Financial Officer)*
May 9, 2025	By: /s/ JAMES NIAS
Date	James Nias *Chief Accounting Officer* *(Principal Accounting Officer)*

Exhibit 31.1

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

I, Scott Keeney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of nLIGHT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 9, 2025

/s/ SCOTT KEENEY

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

Exhibit 31.2

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

I, Joseph Corso, certify that:

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

Date: May 9, 2025

/s/ JOSEPH CORSO

Joseph Corso
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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

In connection with the filing of the Quarterly Report on Form 10-Q for the fiscal year ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report") by nLIGHT, Inc. (the "Company"), Scott Keeney, as the Chief Executive Officer of the Company, and Joseph Corso, as the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

Date: May 9, 2025

/s/ SCOTT KEENEY
Scott Keeney
President, Chief Executive Officer and Chairman (Principal Executive Officer)

/s/ JOSEPH CORSO
Joseph Corso
Chief Financial Officer (Principal Financial Officer)

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

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