

LightPath Technologies Inc.

Fiscal Second Quarter 2023 Financial
Results Conference Call

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Eastern

CORPORATE PARTICIPANTS

Sam Rubin - *President, Chief Executive Officer*

Albert Miranda - *Chief Financial Officer*

PRESENTATION

Operator

Good afternoon, and welcome to the LightPath Technologies Fiscal Second Quarter 2023 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal the conference specialist by pressing the "*" key, followed by "0". After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on your touchtone phone, and to withdraw your question, please press "*" then "2." Please also note, today's event is being recorded.

I would now like to turn the conference over to Albert Miranda, Chief Financial Officer. Please go ahead.

Albert Miranda

Thank you. Good afternoon, everyone. Before we get started, I'd like to remind you that during the course of this conference call, the company will be making a number of forward-looking statements that are based on current expectations, involve various risks and uncertainties, as discussed in its periodic SEC filings. Although the company believes that the assumptions underlying these statements are reasonable, any of them can be proven to be inaccurate and there could be no assurances that the projected results would be realized. In addition, references may be made to certain financial measures that are not in accordance with generally accepted accounting principles or GAAP.

We refer to these as non-GAAP financial measures. Please refer to our SEC report and certain of our press releases which include reconciliations of non-GAAP financial measures that we utilize with the related GAAP financial measures and associated disclaimers. Sam will begin today's call with an overview of the business and recent developments for the company. I will then review financial results for the quarter. Following our prepared remarks, there will be a formal question-and-answer session.

I would now like to turn the conference over to Sam Rubin, LightPath's President and Chief Executive Officer.

Sam Rubin

Thank you, Al. Good afternoon to everyone and welcome to LightPath Technologies' fiscal 2023 second quarter financial results conference call. Our financial results press release was issued after the market closed today and posted on our corporate website. The second fiscal quarter of 2023 proved to be eventful for LightPath Technologies. In prior quarterly calls, we have touched on the fact that LightPath is evolving from a component manufacturer to complete solutions provider.

Evidence of this evolution sprouted up throughout the quarter and I will spend a large part of our time today discussing these important events. Additionally, I will discuss what we see as our three pillars of growth going forward: the solutions business, defense business and the new high-volume applications for infrared imaging.

Starting with the first pillar of growth, the solution business. The most important item I'd like to discuss here is our company's first ever new system level product Mantis. Mantis is an advanced infrared camera that allows the users to record images across both mid-wave and long-wave infrared spectrum and without the need for cryogenic cooling. This camera is significant for

LightPath in that it is the first standalone finished product LightPath has produced in many years and it serves as a proof statement for our capabilities.

I want to delve deeper into the significance of Mantis. Our plan to evolve into a solutions provider depends on LightPath displaying two key capabilities: value-added system development and proprietary differentiators such as in this case, our Black Diamond glass.

With proprietary differentiators, we can design and deliver solutions that are better than otherwise available, while at the same time capture more of the value created versus only producing the components. Developing Mantis puts our capabilities on display. The production of this unique camera represents a leap forward for manufacturing individual components to producing standalone systems.

Design-wise, our Black Diamond glasses would enable the ability of the camera to image across that entire range that is 2 to 12 micrometers or mid-wave and long wave bands without the need to refocus the camera when imaging different bands.

For the user, this means that instead of having two separate cameras and focusing and pointing each camera separately, they can now do this with one camera, not only reducing their upfront costs substantially, but also improving significantly the operation and total cost of ownership. This also means we can now use existing technology, that of an uncooled microbolometer, and deliver a camera system that can also image in the mid-wave without the expensive cooling mechanisms that today are needed for the existing mid-wave camera technology. We expect this in turn to open up new markets and applications which until now found mid-wave imaging to be cost prohibitive. We are already working with customers on specific opportunities in defense, industrial and safety applications...safety industries.

The optical performance of this camera, because such a wide range of wavelengths cannot be achieved with traditional crystalline optics, it is really enabled by the unique properties of our materials. Chief among those...chief among them are the ones licensed exclusively from Naval Research Lab. Besides the technical advancements visible in the camera, the camera also provides customers with a vision of the value LifePath can bring to any partnership by providing complete solutions.

Additionally, during the last quarter, we also announced other exciting developments on the product front related to our second pillar of growth, that is the defense business. Our BD6 glass was qualified by the European Space Agency for use in space, placing BD6 and LightPath at the forefront of optics in extreme conditions.

This project was specifically initiated by European Space Agency to develop and qualify an alternative specifically to germanium for use in space. Our BD6 glass was tested side by side with germanium to show and prove that it withstands the exact same conditions and performs at least as well as germanium.

Having been an advocate for the need and potential to replace germanium with materials like ours, we are happy to see customers not only driving towards that direction but also willing to finance the effort needed for their applications.

Substituting BD6 for germanium continues to be a primary focus of LightPath and other stakeholders in the industry and in particular in the defense and aerospace industries. The growing awareness among the DoD and other government agencies for germanium's potential

supply chain issues or liabilities is beginning to fuel demand to get more of our BD6 materials qualified and designed into systems, point in case being that last quarter we announced that LightPath reached a backlog of \$31 million in mid-December, our highest backlog in many years which beat our previous high watermark of \$24 million set last August.

Much of the growth of this backlog is driven by new defense contracts for which our products have been qualified and for which we received associated orders. With those contracts, we have been getting to see BD6 take center stage while Germanium is in some cases being phased out completely or avoided. One of those recent awards represents a new program which is one of the several new products we have been discussing in recent quarterly calls. This program is anticipated to become a new 10% customer for us over the next few years. And while backlog fluctuates over time, we do believe that they are a reliable indicator of future revenue.

At the end of the quarter, our backlog remained historically high level for quarter end of \$29 million. As mentioned on several recent occasions, the backlog is steered more towards defense and commercial customers in the US and Europe, than it has ever been. Additionally, around 20% of the backlog remains comprised of solutions-oriented orders which is significant. We see both those developments being solution mixed in the backlog and the European and US dominance of the backlog as positive indicators that our strategy is working. This strategy focusing more on value-added solutions and less on components also naturally leads us further away from the commoditized components that had historically driven our sales in Asia.

Regarding our third pillar of growth, new high volume applications for infra-red imaging. We're beginning to see a potential of new significant implementations for thermal imaging in the commercial world. More specifically, we are working with several companies in the automotive space to explore adding thermal imaging to their automatic braking systems in new cars. The Institute for Highway Safety published a report that concludes that automatic braking systems are four times less effective at night compared to daytime.

One solution for this problem which we are seeing as potentially being implemented is adding a thermal camera as another sensor input to the automatic braking system. This implementation while far less sophisticated than some of the LiDAR solutions out there, is also far less risky and much simpler and lower cost for the automotive companies to implement.

To date, we have been in various phases with four different automotive customers with one of the assemblies having passed field qualification with one customer. The potential average sale price we are seeing for those assemblies varies between \$20 to \$50 dollars a unit, depending on how much of the camera solution we are providing. And the automotive implementations take time and there is always some inherent uncertainty, we believe that such new implementations and applications could act as our third pillar of growth for the next few years.

Lastly, but certainly not least, up to the quarter end, and to support this growth that we are beginning to experience, we raised a gross of \$10 million in a secondary common stock offering. Among the other things, this additional capital will be used to expand our manufacturing capabilities and significant increase in production capacity in particular in the US and Latvia.

One of the largest impediments to our ability to fulfill larger orders was limited production capacity, in particular in the defense business. We believe that the investment in our Orlando facility and our facility in Latvia will drive higher order volumes. We also intend to use a portion of the funds to pay down and restructure our debt further strengthening our financial standing and reducing our quarterly debt payments...repayments and interest expense.

Before ending, I would like to thank our employees and stakeholders who have continued to work diligently through the various transitions and hurdles we have endured. We see a bright future and a growing company because of their dedication and hard work.

I will now turn the call over back to our CFO, Al Miranda to review our first quarter financial reports. Al?

Albert Miranda

Thank you, Sam., I'd like to remind everyone that much of the information we're discussing during this call is also included in our press release issued earlier today and in the 10-Q. I urge you to visit our website at lightpath.com to access these documents. I will discuss some of the primary financial performance metrics and provide additional color on them to better assist investors.

On a consolidated basis, revenues for fiscal second quarter were \$8.5 million compared to \$9.2 million in the year-ago period. Sales of infra-red products were \$4 million or 47% of the company's consolidated revenue of the second quarter. Revenue from precision-molded optics or PMO products were \$3.9 million or 46% of consolidated revenue. Revenue from specialty products was \$0.6 million or 7% of total company revenue.

Revenue generated by infra-red products was approximately \$4 million in the second quarter of fiscal 2023 compared to approximately \$5.1 million in the same period of the prior fiscal year. The decrease in infra-red product sales is due largely to timing issues related to a renewed Orange annual contract.

Sales from PMO product was \$3.9 million prepared to \$3.8 million in the same period of the prior fiscal year. The increase in revenue is primarily attributed to increased sales in defense, industrial and medical customers, somewhat offset by decreased sales to telecommunication customers. Sales on specialty products was \$0.6 million compared to \$0.5 million in the same period of the prior fiscal year.

The increase was primarily driven by increased demand for Collimator assemblies. Gross margin in the second quarter of fiscal 2023 was approximately \$3.2 million, an increase of 15% as compared to approximately \$2.8 million in the same period of the prior fiscal year.

Total cost of sales was approximately \$5.2 million for the second quarter of fiscal 2023, compared to approximately \$6.4 million the same period of the prior fiscal year. Gross margin as a percentage of revenue was 38% for the second quarter of fiscal 2023, compared to 30% for the same period of the prior fiscal year.

The increase in gross margin as a percentage of revenue is partially due to the mix of products sold in each respective period. BMO products, which typically have higher margins than infrared, comprised 46% of revenue for the second quarter of fiscal 2023 as compared to 41% of the revenue for the second quarter of fiscal 2022.

In addition, within our infrared product group, sales for the second quarter of fiscal 2023 were more heavily weighted toward molded infrared products than in the same quarter of the prior fiscal year.

Molded infrared products typically have higher margins than non-molded infrared products. SG&A costs were approximately \$3 million for the second quarter of fiscal 2023, an increase of

approximately \$84,000, or 3%, as compared to approximately \$2.9 million in the same period of the prior fiscal year.

The increase in SG&A cost is primarily due to an increase in stock compensation, partially due to direct retirements that occurred during the quarter, as well as increases in other personnel-related costs. SG&A costs for the second quarter of fiscal 2023 also included approximately \$45,000 in fees paid to Bank United associated with our term loan. These increases are partially offset by decreased fees and taxes associated with our Chinese subsidiaries.

Net loss for the second quarter of fiscal 2023 was approximately \$694,000, or \$0.03 basic and diluted loss per share, compared to \$1.1 million, or \$0.04 basic and diluted loss per share, for the same quarter of the prior fiscal year. The decrease in net loss for the second quarter of fiscal 2023 as compared to the same period of the prior fiscal year was primarily attributable to higher gross margin despite the decrease in revenue.

We believe EBITDA; a non-GAAP financial measure is helpful for investors to better understand our underlying business operations. Our EBITDA for the quarter ended December 31, 2022, was approximately \$207,000, compared to a loss of \$41,000 in the same period of the prior fiscal year.

The increase in EBITDA in the second quarter of fiscal 2023 was again primarily attributable to higher gross margin. As of December 31, 2022, we had working capital of approximately \$9.6 million and total cash and cash equivalents of approximately \$3.8 million of which greater than 50% of our cash and cash equivalents was held by our foreign subsidiaries.

Cash used in operations was approximately \$752,000 for the second quarter of fiscal 2023 compared to approximately \$157,000 for the same period of the prior fiscal year. Cash used in operations for the first half of fiscal 2023 are largely driven by a decrease in accounts payable and accrued liabilities, including the payment of severance related to the previously disclosed employee terminations that occurred at our Chinese subsidiaries for which that liability had been accrued in June of 2021.

Increase in backlog during the first half of fiscal 2023 was primarily due to several large orders, the majority of orders received from customers in the US and Europe for several long term projects which we are currently working on. Shipments on these large orders will begin the next quarter in the following 12 to 18 months. Going forward, we're cautiously optimistic about a recession over the next six to nine months in Europe and the U.S.

China is clearly in a recession, but there have been some recent signs that recovery may occur in that market sooner than expected. Our cautious optimism does mean that we will work to continue to keep costs down and continue to look for more opportunities to improve production efficiencies..

We did achieve 38% gross margin in Q2. I want to caution everyone not to extrapolate that forward. We felt in advance that Q2 had the right mix to create a good level of margin. In Q3 and Q4, we will start delivering on existing higher volume contracts with favorable pricing to customers. At the same time, we will ship new products under contract with more value added and consequently better margins.

The mix, while positive in dollars, will run to result in lower gross margins as a percentage. With this review, our financial highlights and recent developments concluded, I'll now turn the call over to the operator to begin the question-and-answer session.

QUESTION AND ANSWER

Operator

We will now begin the question and answer session. To ask a question, you may press "*" then "1" on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press "*" then "2". At this time, we will pause momentarily to assemble our roster.

And our first question comes from Scott Buck of HC Wainwright. Please go ahead.

Scott Buck

Hi, good afternoon, guys. Thank you for taking my questions. First one, Sam, I was wondering if you could put some dollar figure around what that China headwind is maybe versus a year ago. And how much of that business do you think you can reasonably expect to earn back over time?

Sam Rubin

Yes, I don't know if I would call it headwind, Scott. The expectation is that.... it's my expectation that they've hit bottom, right? That was not clear, let's say, three months ago. But the opening up from COVID looks like it's having a positive effect, particularly in the service sector of the economy and definitely in the consumer purchasing. Eventually, that will have to trickle down to the rest of the manufacturing supply chain, right? So, we're still cautiously optimistic....we're cautiously pessimistic in terms of casting our revenue and earnings out of that organization. But I do think it might not be as long as we thought it would be.

Albert Miranda

But we don't believe it will go back to the level it was two, three years ago. It's still going to be significantly lower than, I'd say, 2020 or so.

Scott Buck

Right, okay, that's helpful. And then Sam, I'm curious, is there anything on the acquisition front that could help accelerate some of the scaling into whether its defense or some other piece of business that might make sense for you guys?

Sam Rubin

Yes, I think that currently we're more focused on expanding capacity and growing. We're seeing great signs of growth. We're even seeing customers saying they would give us more work of some existing projects if we would add capacity. Historically, the company relied a lot on capacity in China. Now with defense work, we need to shift capacity or set up different type of capacity in the US and Europe. Europe getting its own defense license for our Latvia facility, which we believe will bring more growth. I think that as we progress on the engineered solutions and products like Mantis or great examples and reference designs for that, we would be looking to add technology and continue to focus on differentiating technologies to supplement that.

Scott Buck

Great, that's helpful. And then last one for me, I'm just curious on your US and European manufacturing facilities, what is kind of the timeline on getting some of these work done to ease any kind of capacity constraints?

Sam Rubin

Yeah, I'll start with Europe because that's the easier one. So if you recall about two years ago, we made a pretty significant investment in our European facility to add optical coating. And that was set up in a way that we really staged it toward adding more capacity easily later. And now with the money that we raised, we're starting to do that. Some equipment is pretty fast right now, very surprisingly, and we can get some pieces of equipment in a matter of weeks. Some are a matter of half a year, some are still a matter of 12 month lead time. So, in Latvia, it's purely equipment. In Orlando, we've been already renovating and expanding the facility. As a reminder, we signed actually a lease for the expansion. Just haven't started using that space yet. Last week we finished moving the optical coating into that space here in Orlando. It was in separate buildings that will streamline our operations significantly. And we're now going to start also investing in more equipment and capacity in Orlando and lead times vary considerably, but I'd say, to be safe, they would be typically 6 to 12 months on adding capacity.

Scott Buck

Great. That's helpful, Sam. Thanks for the additional color, guys.

Sam Rubin

Absolutely. Thank you, Scott.

Albert Miranda

Thanks Scott.

Operator

The next question comes from Gene Inger of ingerletter.com. Please go ahead.

Gene Inger

Hi Sam and Al; I thank you both for your leadership and the tough effort which is ongoing in turning the company around. And I'm just curious about a couple of things. I agree, the headwinds from China, by the way, are probably turning into tailwinds, but I don't know...

Operator

It appears we only lost Gene. If anyone would like to ask a question, please press "*" then "1." And our next question comes from Aaron Martin of AIGH Investment Partners. Please go ahead.

Aaron Martin

Hi, guys. Sam, I think you mentioned four different automotive customers that you're engaged with on the automatic braking system with. Can you give a little more color around that process and where you are with the different automotive customers?

Sam Rubin

Yes, absolutely. I'd say that all of this is fairly fresh with some of the customers, but moving surprisingly fast compared to the automotive industry. With one customer that has already field tested our system extensively, we've been working for, I'd say, a year and a half, maybe even close to two years. And with that customer, what we provide is actually more than just an optical assembly. We also do some of the electronics related to the system. I'd say that that customer we're most advanced with, and they would probably start if everything goes well, they would probably start taking deliveries within the next year and a half and gearing up and scaling up. They have a timeline of five years. This customer, I'd say, is the most advanced that we know of in terms of actually testing systems in the field, on cars and so on. Other customers are in different stages. Some are just exploring the area, taking some general samples from us to sort of play around with thermal imaging. Others are well established companies that know exactly sort of

what they want in this and have very clear specifications. But their timelines sometimes vary and change. So I would say with the automotive industry being where it is, and the swing is there between no inventory to over inventory and so on, I would be a bit cautious about when we would see this go ahead but at least with one customer, signs are very positive.

Aaron Martin

And for this customer, are you dependent upon them, you know, sort of [indiscernible] in a new system or really just adding your solution to an existing solution?

Sam Rubin

Well, I would say the base system that they are adding this in, in its automatic braking system exists and so they know how to handle the input from those systems and they have already a platform for it. What we're doing is working with them to add another sensor, another input into such a system, which is why I feel comfortable enough talking about it. It's not a pie in the sky as requiring the customer to learn a whole new system and a whole new set of data. It's something they're familiar with and can deal with it. However, they're not going to retrofit it, as far as I know. Not going to retrofit it into existing cars. This is into new models that would hit production in that time frame.

Aaron Martin

Okay. And then on the gross margin, obviously a great quarter there and I heard the caution a little bit in the short term, as we think longer term and hopefully with revenue growth, where should we be thinking on the gross margin side; medium to longer term?

Albert Miranda

I think the positive thing I'm taking from the gross margin and hopefully I was noticing too, is a consistent improvement and no longer the big swings that the company had experienced in the past. So, I see it continuing to improve. We are not investing back and feeling that 38% is good and we can kick back and open a beer or something. So there's more for us to improve there and we expect over the next few quarters is really we are starting to see revenue scale, we are starting to see a lot of the improvements we did both in cost of goods sold and in SG&A, take more and more place. We're very positive about what we will be seeing.

Aaron Martin

Okay, thank you. Congratulations on the progress and look forward to speaking to you.

Albert Miranda

Thank you, Aaron.

Operator

The next question comes from Gene Inger of ingerletter.com. Please go ahead.

Gene Inger

Hi Sam and Al. The call dropped just as I started to ask about how many employees you have in China. Maybe, there was a balloon over Orlando.

Sam Rubin

You've been reading too much news, Gene. I don't know the exact number, Gene. It's around 70 in terms of headcount.

Gene Inger

And what is the head count, if I may ask roughly in Riga and as well Orlando. And did you mention something about the Philippines?

Sam Rubin

No, I didn't mention it. Riga is creeping up on 100. They're just shy of 100. We're about 120 here in Orlando.

Gene Inger

Okay. Well, first of all, I think you guys are working hard and doing a good job. I know it's tough. I got back on the call. I don't know what happened, and I heard the word automotive, and I assume you were talking about the braking aspect that Sam has alluded to rather than infrared night driving or some of which are products the BMW and others discontinued, for reasons you might know, I don't know why because it seemed like a pretty good idea or maybe this is all reflected by LiDAR.

Sam Rubin

Yes. I mean, we're definitely talking about the braking system and trying to say in my comments, I think we are feeling far more confident talking about that than talking than any conversation we had about LiDAR, for example, in the past, simply because it's sort of a known beast or understandable for the automotive companies much easier. It's not a computer that now downloads an enormous amount of data that you need to figure out how to use it and what to do. It's not giving the customer, the driver, any sophisticated display that might be confusing or might be positive. It is simply adding another yes no sensor like binary black and white kind of to the automatic braking system. These systems have been already field implemented for years are pretty well known. I think most new cars have them. So we think that would be something that has a much higher potential of actually rolling out into production.

Gene Inger

I can appreciate that having just been rear-ended a month ago and my car could not defend against getting hit.

Sam Rubin

Sorry to hear.

Gene Inger

Thank you. Speaking of computing, you have Mr. Quantum Computer and LiDAR as your chairman of the board now. And I wonder whether since Scott Ferris at one of his roles had to do with the start-up of Quantum computing company, whether there is a linkage between all three of these areas, LiDAR quantum computing and your infrared work and so on.

Sam Rubin

Yes, absolutely. All of them share a commonality of being really photonics technologies, most of all, right? Without photonics they would not happen. Quantum...any part of the quantum whether computing or quantum sensor is essentially optics. So it's very interesting that as we talk about optics taking more of a center stage, enabling more applications, enabling more industries, those are two great examples of that. But I also want to touch on something you briefly mentioned and Scott becoming the chairman of the Board.

Last quarter, you know, we went through, I think, completion of a transition on our Board of Directors, scaling down the Board to a size that much more matches, much better the company's strategy and the direction. The Board of Directors is now six people, five independents and myself. We have a new chairman of the Board, Scott Ferris, who exactly, as you mentioned, really is very active in the industry, has built and done quite a few companies and very successfully. And we feel this is a significant part of, again, alignment of the company over the last three years that I've been here, nearly three years. We've gone through many different aspects of that and now we can safely and comfortably say we've really gone through all aspects of this from the very top of the board of directors through the structure and strategic focus and operationally.

Gene Inger

I think you make a good team, all three of you, by the way. I am curious other than what you can't discuss, you're involved with [indiscernible] and defense, battle management and that involves AI. I know that's a buzzword of the moment, but artificial intelligence, don't you have a role in all of these applications and products?

Sam Rubin

A product like Mantis really lends itself to be used together with artificial intelligence simply because it brings so much more data that to really make best use of that and especially if you put it on drones hovering around collecting data you have to have some artificial intelligence to identify and signal to you when something important is happening. You can't anymore have soldiers sitting there and looking at goggles all the time or looking at screens, trying to decipher all of that. So I think artificial intelligence just like in LiDAR, the power of AI has really enabled a lot of great things in LiDAR, I think the power of AI is going to enable things like our Mantis to really be deployed in much larger scale than ever before.

Gene Inger

Could you touch for a moment on the state-based aspect of what you're doing? I realize that a lot of it is classified and even corporations don't want to talk because like Starlink and its competitors become competitive as time goes on. And I wonder because there's talks of new cellular systems that won't need a cell phone, that any cell phone can use without specialized satellite linkage. And I wonder whether you're involved in the type of infrared linkage between these global encircling birds that would be involved.

Sam Rubin

I'd say to some degree, yes. But of course, as you can imagine with the type of companies involved where we signed or would be signed on, very powerful NDAs that prevents us from being able to talk too much about it, but I would say that I believe optical communication and infrared in particular is playing a major role in enabling the satellite-based internet.

Gene Inger

I think it's under-appreciated is why I brought it up. And I might mention, if I might ask when you did the secondary, which I thought and said at the time was a wonderful entry, not exit opportunity to get into the stock, was it essentially oversubscribed? Tends to run up after if people couldn't get enough shares. And were the buyers that you know of that were in the offering, were they restricted as to when they can sell or can they roll out stock anytime they want?

Sam Rubin

Yes. First of all, thanks for bringing it up. We didn't talk too much about it. We see the offering is extremely successful both because it was oversubscribed, and because in spite of everything going on in the market and all other offerings that we saw in Microcaps, we did not need to provide any warrants or any financial incentives like that to be able to do an offering like that. I believe that the offering created a lot of interest. It probably played a role in the run up of the stock and continues to do. As you see, our volumes have also improved after a few months of pretty low volumes, we're starting to garner the interest we should be getting again. And I believe as you say, the market really signaled through that going up 40% day after the offering and continuing to go up after that, the market definitely signaled we did the right thing.

Gene Inger

Great. Glad to hear it. I'll let you go. Thank you, guys. I appreciate your leadership. I'm curious what we can anticipate this spring. And hopefully it's not merely another progression of an earnings report.

Sam Rubin

Thank you, Gene. Good luck with your call.

Operator

The next question comes from Shervin Zand of Alliance Global Partners. Please go ahead.

Shervin Zand

Hey there, Brian was having trouble hopping in the queue. Just have a couple of questions. With adding capacity in Orlando and Latvia facilities, could yield be impacted in the short term?

Sam Rubin

That's a good question. I think we're not...as of now, we're not adding any capacity that is new capabilities in a way that we would expect that there will be a learning curve. And all the capacity being added is in existing facilities, never say never, but I would be surprised if yield would be gravely impacted by it.

Shervin Zand

That makes sense. Thank you. And then for Mantis, can you help investors understand when revenue will ramp? How long before partners integrate your technology and then how long before sales ramp?

Sam Rubin

Yes. So we expect to see, in the short term, single unit sales at I think the price we're selling them for single unit evaluation is about \$15,000 a piece. We are starting already to work with some partners on possible integration. There are a lot of, I'd say, application and use cases that we're testing them for together with partners, some here, some at other sites. And I'd say that typically, the cycle time for partners to integrate it would be at a minimum, six months would be my guess.

Shervin Zand

All right great. Thank you, so much. That's all I have.

Operator

This concludes our question and answer session. I would like to turn the conference back over to Sam Rubin for closing remarks.

CONCLUSION

Sam Rubin

Thank you, everyone, for taking the time today to follow LightPath Technologies and listening to the call. As hopefully you all gathering from the remarks and from our enthusiasm about this, we really feel that we're at a strong point and turning into a great company that will now hit a steady and good growth rate. We appreciate the trust placed in us by stakeholders and look forward to future calls when we further discuss the fruit of our efforts to retool this business and move the company forward. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation and you may now disconnect.

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