RUBICON TECHNOLOGY, INC.

A Delaware Corporation

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Bensenville, IL 60106

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Federal EIN: 36-4419301
SIC Code: 5065

Issuer's Quarterly Report

For the quarterly period ended March 31, 2024

<u>ISSUER'S EQUITY SECURITIES</u>

<u>COMMON STOCK</u>

<u>Common Stock</u>
$0.001 Par Value Per Share
8,200,000 Shares Authorized
2,377,815 Shares Outstanding as of March 31, 2024
OTCQB: RBCN

Rubicon Technology, Inc. is responsible for the content of this Quarterly Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

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RUBICON TECHNOLOGY, INC.

A Delaware Corporation

QUARTERLY REPORT

Cautionary Note regarding Forward-Looking Statements

All statements, other than statements of historical facts, included in this Quarterly Report, including statements regarding our estimates, expectations, beliefs, intentions, projections or strategies for the future, results of operations, financial position, net sales, projected costs, prospects and plans and objectives of management for future operations may be "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward looking statements can be identified by the use of terms and phrases such as "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," "forecast," "prospects," "goals," "potential," "likely," and the like, and/or future-tense or conditional constructions such as "will," "may," "could," "should," etc. (or the negative thereof). Items contemplating or making assumptions about actual or potential future sales, market size and trends or operating results also constitute forward-looking statements.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Before investing in our common stock, investors should be aware that the occurrence of the risks, uncertainties and events described in the section entitled "Risk Factors" in our Annual Report for the year ended December 31, 2023, and elsewhere in this Quarterly Report could have a material adverse effect on our business, results of operations and financial condition.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, forward-looking statements are inherently subject to known and unknown business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report, other than as may be required by applicable law or regulation. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

You should read this Quarterly Report, the documents that we reference in this Quarterly Report, and our Annual Report for the year ended December 31, 2023, with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

Unless otherwise indicated, the terms "Rubicon," the "Company," "we," "us," and "our" refer to Rubicon Technology, Inc., and our consolidated subsidiaries.

Item 1. The exact name of the issuer and the address of its principal executive offices

The name of the issuer is Rubicon Technology, Inc.

The address of the issuer:	**900 East Green Street, Bensenville, IL 60106**
The issuer's telephone:	**(847) 295-7000**
The issuer's website:	**Rubicon Technology, Inc.'s corporate website, www.rubicontechnology.com, contains general information about us and our products and services. The information contained on such website shall not be deemed incorporated by reference herein.**
Investor relations contact:	**Lindsey Reynolds, Executive Officer and Director of Accounting 900 East Green Street, Bensenville, IL 60106 Telephone: (317) 417-2891 lreynolds@rubicontechnology.com**

Check box if principal executive office and principal place of business are the same address: ☒

Item 2. Shares outstanding

The company is authorized to issue 8,200,000 shares of Common Stock at $0.001 par value.

	March 31, 2024	December 31, 2023	December 31, 2022
Number of shares authorized	8,200,000	8,200,000	8,200,000
Number of shares outstanding	2,377,815	2,377,815	2,462,889
Freely tradeable shares (public float)	1,269,815	1,269,815	1,265,840
Number of shareholders of record	14	14	13
Beneficial shareholders holding at least 100 shares	892	892	918

Item 3. Unaudited interim condensed consolidated financial statements

Copies of the unaudited interim condensed consolidated financial statements of Rubicon Technology, Inc. for the three months ended March 31, 2024 and March 31, 2023, including the unaudited interim Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Stockholders' Equity, Condensed Consolidated Statements of Cash Flows and Notes to the condensed consolidated financial statements, are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The accompanying unaudited interim condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. As permitted under U.S. GAAP, certain footnotes or other financial information are condensed or omitted in the unaudited interim condensed consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report for the year ended December 31, 2023. The December 31, 2023 unaudited Condensed Consolidated Balance Sheet was derived from audited consolidated financial statements contained in our Annual Report for the year ended December 31, 2023, but does not include all disclosures required by U.S. GAAP. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2024.

Item 4. Management's discussion and analysis

Overview

Rubicon Technology, Inc. is a Delaware corporation and was incorporated on February 7, 2001. Our common stock was listed on the Nasdaq Capital Market under the symbol "RBCN" until it was delisted effective December 30, 2022. On January 3, 2023, our common stock began trading on the OTCQB Capital Market under the symbol "RBCN."

Rubicon currently consists of one subsidiary, Rubicon Worldwide LLC, doing business as Rubicon Technology Worldwide LLC ("RTW"). In June 2021, the operations of Rubicon DTP LLC, doing business as Direct Dose Rx ("Direct Dose") were discontinued. During 2023, the legal entities Rubicon BP LLC and Rubicon DTP LLC were dissolved.

Our Business

RTW is an advanced materials provider specializing in monocrystalline sapphire for applications in optical and industrial systems. Sapphire is a desirable material for high-performance applications due to its hardness and strength, transparency in the visible and infrared spectrum, thermal conductivity, thermal shock resistance, abrasion resistance, high melting point and chemical inertness. As a result, it is ideally suited for extreme environments in a range of industries where material durability is just as important as optical clarity. We believe that we continue to have a reputation as one of the highest quality sapphire sources in the market. We provide optical and industrial sapphire products and materials in a variety of shapes and sizes.

We manage our operations and ship from our facility located in Bensenville, Illinois. During the second quarter of 2023, the Company decided to no longer produce or fabricate its own products. As part of this decision the Company sold its warehouse and manufacturing facility and all its fixed assets. This decision also resulted in a significant reduction in overhead costs and headcount.

We have significant net operating loss ("NOL") carryforwards. Under federal tax laws, we can carry forward and use our NOLs to reduce our future U.S. taxable income and tax liabilities until such NOL carryforwards expire in accordance with the Internal Revenue Code of 1986, as amended (the "IRC"). Our NOL carryforwards provide a benefit to us, if fully utilized, of significant future tax savings. However, our ability to use these tax benefits in future years will depend upon the amount of our federal and state taxable income. If we do not have sufficient federal and state income in future years to use the benefits before they expire, we will permanently lose the benefit of the NOL carryforwards. Our ability to use the tax benefits associated with our NOL carryforwards is dependent upon our generation of future taxable profits and our ability to successfully identify and consummate suitable acquisitions or investment opportunities.

On December 18, 2017, the Company entered into a Section 382 Rights Agreement with American Stock Transfer & Trust Company, LLC, as Rights Agent (the "Rights Agreement") in an effort to protect stockholder value by attempting to diminish the risk that the Company's ability to use its net NOLs to reduce potential future federal income tax obligations may become substantially limited. The Company's ability to utilize its NOLs may be substantially limited if the Company experiences an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "IRC"). The Rights Agreement is intended to act as a deterrent to any person acquiring beneficial ownership of 4.9% or more of the Company's outstanding common stock without the approval of the Company's Board of Directors (the "Board").

In August 2022, Janel Corporation ("Janel") completed a tender offer to acquire 1,108,000 shares or 45% of our outstanding common stock at a price per share of $20.00. The tender offer was made pursuant to the terms and conditions set forth in a Stock Purchase and Sale Agreement, dated as of July 1, 2022, between the Company and Janel (the "Purchase Agreement"). The terms and conditions provided that, immediately after the consummation of the tender offer, the Company pay a cash distribution to all stockholders of $11.00 per share. This cash distribution was made in August 2022 and totaled approximately $27.1 million. As part of completing the Purchase Agreement, the Company took into consideration the impact it would have on the NOL carryforwards and determined that the transaction would not result in any impairment. Rubicon is continuing to evaluate opportunities to utilize the NOL carryforwards. As part of the transaction, the Board approved Amendment No. 2 to the Rights Agreement dated as of December 18, 2017, between the Company and American Stock Transfer & Trust Company, LLC, regarding the Company's ability to utilize its U.S. NOL carryforwards (the "Rights Agreement"). This amendment extended the final expiration date of the Rights Agreement to September 1, 2025.

We recognize revenue based upon the shipping terms with our customers. Delays in product orders or changes to the timing of shipments could cause our quarterly revenue to vary significantly. Although the majority of our revenue is derived from the North American market, we sell our products on a global basis, and do have some revenue from customers outside of the U.S., including sales to the Asian and European markets (see Note 3 – Segment Information). All of our revenue and corresponding accounts receivable are denominated in U.S. dollars.

Our principal customers are industrial manufacturers, fabricators, and resellers. A substantial portion of our sales have been to a small number of customers. In 2024, our top three customers (each 10% or greater in revenues) accounted for, in the aggregate, approximately 85% of our revenues. In 2023, our top four customers (each 10% or greater in revenues) accounted for, in the aggregate, approximately 56% of our revenues. Although we are attempting to diversify and expand our customer base, we expect our sales to continue to be concentrated among a small number of customers. We also expect that our significant customers may change from time to time due to various factors. No other customer accounted for 10% or more of our sapphire revenues during 2024 or 2023 other than those referred to above.

The cost of products that were produced at our facility consists primarily of manufacturing materials, labor, manufacturing related overhead, such as utilities, depreciation, provisions for excess and obsolete inventory reserves, idle plant charges, outsourcing costs, freight, and warranties. We purchase materials and supplies to support current and future demand for our products. We currently outsource a significant amount of our material needs. We are subject to variations in the cost of outsourced products from period to period because we do not have long-term fixed-price agreements with our suppliers. Since the Company no longer manufactures or fabricates product and we have sold our production facility and related equipment, cost of goods sold only includes the cost of outsourced product and the cost of inventory previously produced at our facility (see Note 2 – Summary of Significant Accounting Policies). The Company no longer has any manufacturing overhead or costs that would be included in cost of goods sold.

Our operating expenses are comprised of sales and marketing, and general and administrative ("G&A") expenses. G&A expenses consist primarily of compensation and associated costs for finance, human resources, information technology and administrative activities, including charges for accounting, legal services, insurance, and stock-based compensation. As of the period ended September 30, 2023, operating expenses also included lease expense related to the rent of the spaces where the Company conducts its operations and stores non-essential inventory (see Note 2 – Summary of Significant Accounting Policies). Other income consists of interest income and other income and expenses that are not part of operating results.

We account for income taxes under the asset and liability method, whereby the expected future tax consequences of temporary differences between the book value and the tax basis of assets and liabilities are recognized as deferred tax assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to be recognized. Our analysis of ownership changes that limit the utilization of our NOL carry-forwards as of December 31, 2023, shows no impact on such utilization. We are in a cumulative loss position for the past three years. Based on an evaluation in accordance with the accounting standards, a valuation allowance has been recorded against the net U.S. deferred tax assets in order to measure only the portion of the deferred tax assets that are more likely than not to be realized based on the weight of all available evidence. Until an appropriate level of profitability is attained, we expect to maintain a full valuation allowance on our U.S. net deferred tax assets.

We continue to review a variety of strategic alternatives with the goal of providing greater value to our stockholders. These alternatives could result in, among other things, further modifying our operations, seeking additional financing, making investments, effecting a merger, consolidation, or other business combination, partnering or other collaboration agreements, or potential acquisitions or recapitalizations, or we may continue to operate with our current business plan and strategy. We cannot provide assurance that this process will result in the consummation of any transaction, or that the consummation of any transaction will provide greater value to our stockholders.

Financial Results

Consolidated Results from Operations

The table below presents comparative information from the Company's unaudited interim Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023.

	Three months ended March 31,	
	2024	**2023**
	(in thousands)	
Revenue	$ 482	$ 690
Cost of goods sold	237	484
Gross profit	245	206
Operating expenses:		
General and administrative	296	389
Sales and marketing	21	32
Other gain	(7)	—
Total operating expense	310	421
Loss from operations	(65)	(215)
Other income (expense)	10	(19)
Loss before income taxes	(55)	(234)
Income tax expense	—	—
Net loss	$ (55)	$ (234)

	Three months ended March 31,	
	2024	**2023**
	(percentage of total)	
Revenue	100%	100%
Cost of goods sold	49	70
Gross profit	51	30
Operating expenses:		
General and administrative	61	56
Sales and marketing	4	5
Other gain	(1)	—
Total operating expense	64	61
Loss from operations	(13)	(31)
Other income (expense)	2	(3)
Loss before income taxes	(11)	(34)
Income tax expense	—	—
Net loss	(11)%	(34)%

Comparison of three months ended March 31, 2024 and 2023

Revenue

Revenue from continuing operations was $482,000 and $690,000 for the three months ended March 31, 2024 and 2023, respectively, a decrease of $208,000. This was due to a decrease in our customer base related to the change in business classification from manufacturer to reseller as of June 30, 2023.

Gross profit

Gross profit from continuing operations was $237,000 and $206,000 for the three months ended March 31, 2024 and 2023, respectively, an increase of $31,000. The gross profit increase was due to increased margins related to the change in business classification from manufacturer to reseller as of June 30, 2023.

General and administrative expense

General and administrative expenses from continuing operations were $296,000 and $389,000 for the three months ended March 31, 2024 and 2023, respectively, a decrease of $93,000. This decrease was due to a decrease in salary expense of $22,000 due to a reduction in staffing, a decrease in accounting & legal fees of $119,000, a decrease in insurance expense of $15,000, and a decrease in other general and administrative expenses of $8,000, offset by an increase in directors' fees of $40,000 and an increase in facility expense of $31,000.

Sales and marketing expense

Sales and marketing expenses from continuing operations were $21,000 and $32,000 for the three months ended March 31, 2024 and 2023, respectively, a decrease of $9,000, due to a reduction in staffing.

Other gain

In the three months ended March 31, 2024, the Company settled liabilities that were accrued in prior years resulting in an other gain of approximately $7,000. There was no other gain in the three months ended March 31, 2023.

Other income (expense)

For the three months ended March 31, 2024, other income was $10,000, which was comprised of approximately $5,000 in interest income and an unaccrued refund of $5,000 from an overpaid utility account from previous years. Other expense was $19,000 for the three months ended March 31, 2023, due to interest expense of $26,000, offset by $7,000 in interest income.

Income tax (benefit) expense

We are subject to income taxes in the United States. On an annual basis, we assess the recoverability of deferred tax assets and the need for a valuation allowance. For the year ended December 31, 2023, a valuation allowance has been included in the 2023 forecasted effective tax rate. At March 31, 2024, we continue to be in a three-year cumulative loss position; therefore, as of March 31, 2024, we maintained a full valuation allowance on our United States net deferred tax assets and until an appropriate level of profitability is attained, we expect to maintain a full valuation allowance going forward. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Liquidity and Capital Resources

We fund our operations using cash from our operations and occasionally by selling our excess consumable inventory.

As of March 31, 2023, we had cash and cash equivalents totaling $346,000, consisting of $115,000 in cash held in deposits at major banks and $231,000 invested in money market funds.

Cash Flows from Operating Activities

Net cash used in operating activities was $248,000 for the three months ended March 31, 2024. During the period, we generated a net loss of $55,000, including non-cash items of $(7,000) and a decrease in cash due to an increase in net working capital of $186,000. The net working capital cash increase was largely due to an increase in accounts receivable of $294,000 and a net decrease in accrued payroll and other accrued liabilities of $80,000, offset by an increase in prepaid expenses of $79,000, an increase in inventories of $12,000 and a decrease in accounts payable of $97,000.

Net cash used in operating activities was $352,000 for the three months ended March 31, 2023. During the period, we generated a net loss of $234,000, including non-cash items of $27,000 and a decrease in cash due to an increase in net working capital of $145,000. The net working capital cash increase was largely due to a net decrease in accounts payable, accrued payroll and other accrued liabilities of $427,000, as well as an increase in prepaid expenses of $103,000, offset by net decreases in accounts receivable and inventories of $385,000.

Cash Flows from Investing Activities

The Company had no investing activities for the three months ended March 31, 2024 and 2023, respectively.

Cash Flows from Financing Activities

Net cash used in financing activities was $0 for the three months ended March 31, 2024.

Net cash used in financing activities was $119,000 for the three months ended March 31, 2023, including $112,000 for the purchase of treasury stock and $7,000 in mortgage loan payments.

Future liquidity requirements

We believe that our existing cash, cash equivalents, anticipated cash flows from operating activities will be sufficient to meet our anticipated cash needs for at least the next twelve months. However, if our ability to generate sufficient operating cash flow or our use of cash in the next twelve months were to significantly adversely change, we may not have enough funds available to continue operating at our current level in future periods. Our cash needs include cash required to fund our operations. If the assumptions underlying our business plan regarding future revenues and expenses change, or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or convertible debt securities. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly issued securities may have rights, preferences, or privileges senior to those of existing stockholders. In evaluating whether and how to raise capital, the Company will consider the impact it may have on the ability to utilize its tax attributes in the future. As a result, the Company may be limited as to the amount of equity it can issue without impairing its tax attributes.

Off-Balance Sheet Arrangements

None.

Item 5. Legal proceedings

From time to time, the Company experiences routine litigation in the ordinary course of its business. There were no outstanding material matters as of March 31, 2024, and through the date of this filing.

Item 6. Defaults upon senior securities

None.

Item 7. Other information

None.

Item 8. Exhibits

Exhibit 3.1 Unaudited interim condensed consolidated financial statements.

Exhibit 9.1 Certification of principal executive officer and chief financial officer.

Item 9. Certifications

Current certifications are filed as Exhibits 9.1 to this Quarterly Report.

EXHIBIT 3.1

RUBICON TECHNOLOGY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 346	$ 594
Accounts receivable, net	470	176
Inventories, net	59	71
Prepaid expenses and other current assets	73	152
Total current assets	948	993
Grants receivable	123	123
Total assets	$ 1,071	$ 1,116
Liabilities and stockholders' equity		
Accounts payable	$ 352	$ 262
Accrued payroll	—	5
Accrued and other current liabilities	63	140
Corporate income and franchise taxes	306	304
Total current liabilities	721	711
Total liabilities	721	711
Commitments and contingencies (see Note 8)		
Stockholders' equity		
Preferred stock, $0.001 par value, 1,000,000 undesignated shares authorized, no shares issued or outstanding	—	—
Common stock, $0.001 par value 8,200,000 shares authorized; 3,011,917 and 3,011,917 shares issued; 2,377,815 and 2,377,815 shares outstanding	29	29
Additional paid-in capital	346,904	346,904
Treasury stock, at cost, 634,102 and 634,102 shares	(15,315)	(15,315)
Accumulated deficit	(331,268)	(331,213)
Total stockholders' equity	350	405
Total liabilities and stockholders' equity	$ 1,071	$ 1,116

See accompanying notes to unaudited condensed consolidated financial statements

RUBICON TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share information)
(Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue	$ 482	$ 690
Cost of goods sold	237	484
Gross profit	245	206
Operating expenses:		
General and administrative	296	389
Sales and marketing	21	32
Other gain	(7)	—
Loss from operations	(65)	(215)
Other income:		
Interest income	5	7
Interest expense	—	(26)
Other income	5	—
Total other income (expense)	10	(19)
Loss before income taxes	(55)	(234)
Income tax expense	—	—
Net loss	$ (55)	$ (234)
Net loss per common share: basic	$ (0.03)	$ (0.10)
Net loss per common share: diluted	$ (0.03)	$ (0.10)
Weighted average common shares outstanding used in computing net loss per common share		
Basic	2,377,815	2,436,577
Diluted	2,377,815	2,436,577

See accompanying notes to unaudited condensed consolidated financial statements

RUBICON TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share information)
(Unaudited)

	Common stock		Treasury stock			Stockholders' equity		
	Shares	Amount	Shares	Amount	Additional paid-in capital	Accum other comp loss	Accum deficit	Total stockholders' equity
			(in thousands other than share data) (unaudited)					
Balance at January 1, 2023	3,011,917	$ 29	(549,028)	$ (15,147)	$ 349,520	$ —	$ (331,197)	$ 3,204
Purchase of treasury stock	—	—	(52,624)	(112)	—	—	—	(112)
Net loss	—	—	—	—	—	—	(234)	(234)
Balance at March 31, 2023	3,011,917	$ 29	(601,652)	$ (15,259)	$ 349,520	$ —	$ (331,431)	$ 2,858

	Common stock		Treasury stock			Stockholders' equity		
	Shares	Amount	Shares	Amount	Additional paid-in capital	Accum other comp loss	Accum deficit	Total stockholders' equity
			(in thousands other than share data) (unaudited)					
Balance at January 1, 2024	3,011,917	$ 29	(634,102)	$ (15,315)	$ 346,904	$ —	$ (331,213)	$ 405
Net loss	—	—	—	—	—	—	(55)	(55)
Balance at March 31, 2024	3,011,917	$ 29	(634,102)	$ (15,315)	$ 346,904	$ —	$ (331,268)	$ 350

See accompanying notes to unaudited condensed consolidated financial statements

RUBICON TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except per share information)
(Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash flows from operating activities		
Loss from continuing operations	$ (55)	$ (234)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	—	27
Other gain	(7)	—
Changes in operating assets and liabilities:		
Accounts receivable	(294)	218
Inventories	12	167
Prepaid expenses and other assets	79	(103)
Accounts payable	97	(193)
Accrued payroll	(5)	(123)
Accrued real estate taxes	—	16
Corporate income and franchise taxes	2	2
Advanced payments	—	(4)
Accrued and other current liabilities	(77)	(125)
Net cash used in continuing operations	(248)	(352)
Cash flows from investing activities	—	—
Cash flows from financing activities		
Mortgage loan principal payments	—	(7)
Purchase of treasury stock	—	(112)
Net cash used in financing activities	—	(119)
Net decrease in cash & cash equivalents	(248)	(471)
Cash, cash equivalents and restricted cash, beginning of period	594	1,710
Cash, cash equivalents and restricted cash, end of period	$ 346	$ 1,239
Supplemental disclosure of cash flow:		
Cash paid for interest	$ —	$ 24

See accompanying notes to unaudited condensed consolidated financial statements

NOTE 1. BASIS OF PRESENTATION

Interim financial data

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements and should be read in conjunction with Rubicon Technology, Inc.'s (the "Company") Annual Report for the fiscal year ended December 31, 2023. In the opinion of management, all adjustments (consisting only of adjustments of a normal and recurring nature) considered necessary for a fair presentation of the results of operations have been included. Consolidated operating results for the three months ended March 31, 2024, are not necessarily indicative of results that may be expected for the year ending December 31, 2024.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiary, Rubicon Worldwide LLC, doing business as Rubicon Technology Worldwide LLC. For the year ended December 31, 2022, through the period ending September 30, 2023, reporting also included Rubicon BP LLC and the discontinued operations of Rubicon DTP LLC. The legal entities Rubicon BP LLC and Rubicon DTP LLC were dissolved in the fourth quarter of 2023. All intercompany transactions and balances have been eliminated in consolidation.

A summary of the Company's significant accounting policies applied in the preparation of the accompanying Consolidated Financial Statements follows.

Liquidity and capital resources

We believe our existing cash and cash equivalents, and interest thereon, will be sufficient to fund our projected operating requirements for at least the next twelve months.

As of March 31, 2024, we had cash and cash equivalents totaling $346,000, including cash of $115,000 held in deposits at major banks and $231,000 invested in money market funds.

As of December 31, 2023, we had cash and cash equivalents totaling $594,000, including cash of $118,000 held in deposits at major banks and $476,000 invested in money market funds.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has an accumulated deficit as of March 31, 2023, and has sustained net losses and negative cash flows from operating activities in each of the periods ended December 31, 2023 and 2022, which raises doubt of the Company's ability to continue as a going concern. Management believes these losses and negative cash flows were the direct result of costs related to the Company's prior manufacturing model. As part of its transition to a reseller, the Company has eliminated these legacy costs that had a significant negative impact on its gross profit, net income, and operating cash flows. Management believes that its new business model and plans are reasonable and attainable, and therefore doubt of the

Company's ability to continue as a going concern for at least one year from the issuance of these financial statements has been alleviated due to: (i) cash on hand (ii) expected revenues and (iii) continued improvements in gross profit and cost reductions. However, management cannot provide any assurances that the Company will be successful in accomplishing these business plans. If the Company is unable to raise additional capital whenever necessary, it may be forced to adjust its plans going forward.

Cash and cash equivalents

The Company considers all unrestricted highly liquid investments immediately available to be cash equivalents. Cash equivalents primarily consist of time deposits with banks and brokerage money market accounts.

Accounts receivable

The majority of the Company's accounts receivable are due from industrial manufacturers, fabricators, and resellers. Credit is extended based on an evaluation of the customer's financial condition. Accounts receivable are due based on contract terms and at stated amounts due from customers, net of an allowance for doubtful accounts. Losses from credit sales are provided for in the financial statements.

Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time a customer's account is past due, customer's current ability to pay and the condition of the general economy and industry as a whole. The Company writes off accounts receivable when they are deemed uncollectible and such write-offs, net of payments received, are recorded as a reduction to the allowance.

Inventories

Inventories are valued at the lower of cost or net realizable value. The Company reduces the carrying value of its inventories for differences between the cost and the estimated net realizable value, taking into account usage, expected demand, technological obsolescence, and other information.

The Company establishes inventory reserves when conditions exist that suggest inventory may be in excess of anticipated demand or is obsolete based on customer specifications. The Company evaluates the ability to realize the value of its inventory based on a combination of factors, including forecasted sales, estimated current and future market value and changes in customers' product specifications. The Company's method of estimating excess and obsolete inventory has remained consistent for all periods presented.

For the periods ending March 31, 2024, and December 31, 2023, inventories were $59,000 and $71,000, respectively.

Grant receivable and grant revenue

Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and its subsequent amendments in sections 206 and 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, provides for a refundable payroll tax credit (Employee Retention Credit or ERC) to eligible employers with less than 500 employees who paid qualified wages after March 12, 2020, and before June 30, 2021. During the quarter ended June 30, 2022, the Company determined that although it did not meet the eligibility conditions during the period beginning March 12, 2020, and ending December 31, 2020, it did qualify to claim the ERC for the periods ending March 31, 2021, and June 30, 2021. As such, the Company recorded Grant Revenue and Grants Receivable of approximately $250,000 related to its pending ERC claim analogous to ASC Subtopic 958-605. The Company received approximately $126,000 for its claim for the period ending June 30, 2021, in August 2023. Since the Company does not expect to receive the funds for the ERC claim for at least twelve months, the remaining receivable has been classified as a non-current asset on the balance sheet.

Property and equipment

On June 16, 2023, Rubicon Technology BP LLC, whose sole member and manager is the Company, entered into a Purchase and Sale Agreement (the “Purchase Agreement”) with Hamilton Partners, Inc. for the sale of the property commonly known as 900 East Green Street, Bensenville, IL 60106, for total cash consideration of $2,974,000. The sale of the property closed on September 14, 2023. As part of the sale, the Company leased back a portion of the property to continue its operations. The Company recognized a gain of approximately $747,000 on the sale of the property. On July 25, 2023, the Company auctioned off its manufacturing and fabrication equipment for net proceeds of approximately $407,000 and recorded a gain of $352,000 related to those sales. As a result, the Company no longer has any property or equipment as of March 31, 2024 and December 31, 2023.

There was no depreciation and amortization on property and equipment included in the unaudited interim Condensed Consolidated Statements of Income for the three months ended March 31, 2023, and depreciation and amortization on property and equipment was $26,000 for the three months ended March 31, 2023.

Operating Leases

The Company, as part of the sale of its building, leased back 6,085 square feet of office space to conduct its operations, for a monthly rental payment of $5,074. The lease commenced on September 14, 2023, and continues through May 31, 2024, at which time the lease term will become month-to-month, subject to 90-day notice of termination. In addition, the Company leased 3,200 square feet of separate warehouse space to store non-essential inventory that it plans to sell in the future for a monthly rental payment of $2,400. The lease commenced on August 1, 2023, and had an initial term through January 31, 2024, at which time the lease term became month-to-month for a maximum of six months.

Both leases’ initial terms were for less than one year and both contain renewal options which are not reasonably certain of exercise and would not extend the term of the lease for greater than one year from the commencement dates. As such, these leases qualify as short-term leases under ASC 842, and the Company elected not to apply the related requirements of ASC 842. All lease payments are therefore recognized in net income on a straight-line basis.

Warranty cost

The Company’s sales terms include a warranty that its products will meet certain specifications. The Company records a current liability for the expected cost of warranty-related claims at the time of sale. The warranty reserve is included in accrued and other current liabilities on the Consolidated Balance Sheets.

The Company does not provide maintenance or other services and it does not have sales that involve bill & hold arrangements, multiple elements, or deliverables. However, the Company does provide product warranty for up to 90 days, for which the Company has accrued a warranty reserve of $1,000 and $1,000 for the periods ended March 31, 2024, and December 31, 2023, respectively.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no purchases of equity securities in the three months ended March 31, 2024.

On February 20, 2023, Timothy Brog tendered his resignation as a Class II director, which became effective on February 22, 2023. Pursuant to a separation agreement, Mr. Brog was paid $112,000 for the assignment to the Company by Mr. Brog of 57,593 shares of common stock of the Company held by Mr. Brog. As of March 31, 2023, 52,624 of those shares had been assigned to the Company. The balance of the shares were assigned in the second quarter of 2023.**Current and long-term debt**

The Company reports debt issuance costs as an adjustment to the carrying amount of the related debt in accordance with ASC 835-30-45. The amortization of such costs is included in interest expense for the period.

On August 15, 2022, the Company, entered into a business loan agreement (the "Loan") and promissory note (the "Note") in the amount of $1,620,000 with American Community Bank & Trust (the "Lender"). The interest rate on the Note was 6% and its original maturity date was August 15, 2027. The Loan was secured by real estate owned by the Company. The Company reported debt issuance costs as an adjustment to the carrying amount of the related debt in accordance with ASC 835-30-45. The amortization of such costs was included in interest expense for the three months ended March 31, 2023. The Loan was repaid in full on September 14, 2023, in conjunction with the sale of the property securing the Note.

Total interest and amortization expense on the Company's debt obligations during the three months ended March 31, 2024 and 2023, are as follows:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Interest expense	$ —	$ 25
Amortization of loan costs	—	1
Total interest expense	$ —	$ 26

Fair value of financial instruments

The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and accounts payable. The carrying values of these assets and liabilities approximate their fair values due to the short-term nature of these instruments at March 31, 2024, and December 31, 2023.

Concentration of credit risks and other risks and uncertainties

Financial instruments that could potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, short-term investments, and accounts receivable. As of March 31, 2024, and December 31, 2023, the Company had no cash on deposit at financial institutions in excess of amounts insured by the FDIC, or money market investments in excess of amounts insured by the SIPC. The Company performs a periodic evaluation of these institutions for relative credit standing. The Company has not experienced any losses in such accounts and management believes it is not exposed to any significant risk of loss on these balances.

The Company uses third parties for certain finishing functions for its products, including the slicing and polishing of its sapphire crystal inventory. These types of services are only available from a limited number of third parties. The Company's ability to successfully outsource these finishing functions will substantially depend on its ability to develop, maintain, and expand its strategic relationship with these third parties. As a result, the Company may be unable to meet the demand for its products, which could have a material adverse impact on the Company.

Concentration of credit risk related to revenue and accounts receivable is discussed in Note 4 – Significant Customers.

Revenue recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue From Contracts with Customers* ("Topic 606"), when performance obligations under a purchase order or signed quotation are satisfied. The Company's business practice commits the Company to manufacture and deliver products upon acceptance of a customer's purchase order or signed quotation ("agreement"). The agreement with the customer includes specifications of the product to be delivered, price, expected ship date and payment terms. The Company's agreements generally do not contain variable, financing, rights of return or non-cash components. There are no up-front costs to develop the production process. The performance obligation is satisfied at the point in time (single performance obligation) when the product is manufactured to the customer's specification, as performance does not create an asset with an alternative use to the Company. Accordingly, the Company recognizes revenue when the product is shipped, and control of the product, title and risk of loss have been transferred to the customer. The Company grants credit terms considering normal collection risk. If there is doubt about collection, full prepayment for the order is required. Any payments received prior to shipment are recorded as deferred revenue and included in Advance Payments in the Consolidated Balance Sheets.

Shipping and handling costs

The Company records costs incurred in connection with shipping and handling of products as cost of goods sold. Amounts billed to customers in connection with these costs are included in revenue and are not material for any of the periods presented in the accompanying financial statements.

Accounting for uncertainty in income taxes

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. There were no interest or penalties related to income taxes that have been accrued or recognized as of and for the periods ended March 31, 2024 and December 31, 2023.

The Company is subject to taxation in the U.S. and in a U.S. state jurisdiction. Due to the existence of NOL carryforwards, tax years ended December 31, 2006, 2008, 2009 and 2012 through 2021 are open to examination by tax authorities for Federal purposes. Due to NOL carryforwards at the State level, tax years ended 2012 through 2021 are open to examination by state tax authorities.

Currently, the Company potentially has a withholding tax obligation to a foreign jurisdiction and has recorded an appropriate liability for the potential tax obligation.

Income taxes

Deferred tax assets and liabilities are provided for temporary differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws expected to be in effect when the differences will reverse. Deferred income taxes also arise from the future benefits of NOL carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Full valuation allowances on net deferred tax assets are maintained until an appropriate level of profitability that generates taxable income is deemed sustainable or until a tax strategy is developed that would enable the Company to conclude that it is more likely than not that a portion of the deferred tax assets will be realizable. Based on an evaluation in accordance with the accounting standards, as of December 31, 2023, and 2022, a valuation allowance has been recorded against the net U.S. and foreign deferred tax assets in order to measure only the portion of the deferred tax assets that are more likely than not to be realized based on the weight of all the available evidence.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Net income (loss) per common share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of diluted common shares outstanding during the period. Diluted shares outstanding are calculated by adding to the weighted-average shares (a) any outstanding stock options based on the treasury stock method and (b) restricted stock units (“RSU”).

Basic and diluted net income (loss) per common share for the three months ended March 31, 2024 and 2023, were $(0.03) and $(0.10) respectively. The Company had outstanding options exercisable into 300 and 300 shares of the Company’s common stock at March 31, 2024 and March 31, 2023, respectively, which would have been anti-dilutive.

New accounting pronouncements adopted

The Company has evaluated other recently issued accounting pronouncements and does not believe that any of these pronouncements will have a significant impact on the Company’s consolidated financial statements and related disclosures.

NOTE 3. SEGMENT INFORMATION

Revenue is attributed by geographic region based on ship-to location of the Company’s customers. The following table summarizes revenue by geographic region:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
North America	$ 465	$ 604
Asia	4	73
Europe	13	13
Total revenue	$ 482	$ 690

For the three months ended March 31, 2024 and 2023, all revenues from continuing operations were from the sale of optical sapphire products. Substantially all of the Company’s assets are located in the United States.

NOTE 4. SIGNIFICANT CUSTOMERS

In 2024, our top three customers (each 10% or greater in revenues) accounted for, in the aggregate, approximately 85% of our revenues. In 2023, our top customers (each 10% or greater in revenues) accounted for, in the aggregate, approximately 56% of our revenues from continuing operations. In 2022, our top six customers (each 10% or greater of our revenues) accounted for, in the aggregate, approximately 72% of our revenue.

Customers individually representing more than 10% of trade receivables accounted for approximately 82% and 73% of accounts receivable as of March 31, 2024 and December 31, 2023, respectively.

NOTE 5. STOCKHOLDERS’ EQUITY

(in thousands, except per share information)

Common shares reserved

As of March 31, 2024, the Company had reserved 300 shares of common stock for issuance upon the exercise of outstanding common stock options. Also, 320,273 shares of the Company's common stock were reserved for future grants of stock options and RSUs (or other similar equity instruments) under the Rubicon Technology, Inc. 2016 Stock Incentive Plan (the "2016 Plan") as of March 31, 2023.

Purchases of equity securities by the Issuer

There were no purchases of equity securities by the Company in the three months ended March 31, 2024.

On February 20, 2023, Timothy Brog tendered his resignation as a director, which became effective on February 22, 2023. Pursuant to a separation agreement, Mr. Brog was paid $112,000 for the assignment to the Company by Mr. Brog of 57,593 shares of common stock of the Company held by Mr. Brog. As of March 31, 2023, 52,624 of those shares had been assigned to the Company. The balance of the shares was assigned in the second quarter of 2023.

NOTE 6. STOCK INCENTIVE PLANS

In August 2007, the Company adopted the Rubicon Technology Inc. 2007 Stock Incentive Plan, which was amended and restated effective in March 2011 (the "2007 Plan"), and which allowed for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, RSUs, performance awards and bonus shares. The maximum number of shares that could be awarded under the 2007 Plan was 440,769 shares. Options granted under the 2007 Plan entitle the holder to purchase shares of the Company's common stock at the specified option exercise price, which could not be less than the fair market value of the common stock on the grant date. On June 24, 2016, the 2007 Plan terminated with the adoption of the Rubicon Technology, Inc. 2016 Stock Incentive Plan, (the "2016 Plan"). Any existing awards under the 2007 Plan remain outstanding in accordance with their current terms under the 2007 Plan. In June 2016, the Company's stockholders approved adoption of the 2016 Plan effective as of March 17, 2016, which allows for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, RSUs, performance awards and bonus shares. The Compensation Committee of the Board administers the 2016 Plan. The committee determines the type of award to be granted, the fair value, the number of shares covered by the award, and the time when the award vests and may be exercised.

Pursuant to the 2016 Plan, 222,980 shares of the Company's common stock plus any shares subject to outstanding awards under the 2007 Plan that subsequently expire unexercised, are forfeited without the delivery of shares, or are settled in cash, will be available for issuance under the 2016 Plan. The 2016 Plan will automatically terminate on March 17, 2026, unless the Company terminates it sooner.

The following table summarizes the activity of the stock incentive and equity plans:

	Shares available for grant	Number of options outstanding	Weighted-average option exercise price	Number of restricted stock and board shares issued	Number of RSUs outstanding
At January 1, 2024	320,273	300	$ 44.10	99,570	—

(in thousands, except per share information)

Granted	—	—		—	—
Exercised/issued	—	—		—	—
Cancelled/forfeited	—	—		—	—
At March 31, 2024	320,273	300	$ 44.10	99,570	—

There were no options that were granted or became vested in the three months ended March 31, 2024 or 2023, respectively.

The Company's aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock options and the fair value of the Company's common stock. Based on the fair value of the common stock at March 31, 2024, there was no intrinsic value arising from 300 stock options exercisable or outstanding.

There were no RSUs granted in the three months ended March 31, 2024 or 2023, and there were no RSUs outstanding at March 31, 2024 or 2023.

NOTE 7. INCOME TAXES

In 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act") which, among other provisions, reduced the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. The SEC issued guidance, Staff Accounting Bulletin 118, on accounting for the tax effects of the Act. The guidance allows the Company to record provisional amounts for those impacts, with the requirement that the accounting be completed in a period not to exceed one year from the date of enactment. The Company has completed its accounting for the tax effects of the enactment of the Act. The deemed inclusion from the repatriation tax increased from $3,900,000 at the time of provision to $5,000,000 at the time the calculation was finalized for the tax return. As the Company is in a full valuation allowance position, an equal benefit adjustment was recorded for the impact of the increase of the deemed repatriation tax.

The Company is subject to taxation in the U.S. and in U.S. state jurisdictions. The Company assesses the recoverability of deferred tax assets and the need for a valuation allowance. Such evaluations involve the application of significant judgment, and multiple factors, both positive and negative, are considered. The Company is in a cumulative loss position for the past three years, which is considered significant negative evidence that is difficult to overcome on a "more likely than not" standard through objectively verifiable data. Under the accounting standards, objective verifiable evidence is given greater weight than subjective evidence such as the Company's projections for future growth. Based on an evaluation in accordance with the accounting standards, as of December 31, 2015, a valuation allowance has been recorded against the net U.S. deferred tax assets in order to measure only the portion of the deferred tax assets that are more likely than not to be realized based on the weight of all available evidence. At March 31, 2022, the Company continues to be in a three-year cumulative loss position, therefore, until an appropriate level of profitability is attained, the Company expects to maintain a full valuation allowance on its U.S. net deferred tax assets. Any U.S. tax benefits or tax expense recorded on the Company's consolidated statements of operations will be offset with a corresponding adjustment from the use of the net operating loss ("NOL") carry-forward asset which currently has a full valuation allowance. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Currently, the Company potentially has a withholding tax obligation to a foreign jurisdiction and has recorded an appropriate liability for the potential tax obligation.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating leases

The Company, as part of the sale of its building, leased back 6,085 square feet of office space to conduct its operations, for a monthly rental payment of $5,074. The lease commenced on September 14, 2023, and continues through May 31, 2024, at which time the lease term will become month-to-month, subject to 90-day notice of termination. In addition, the Company leased 3,200 square feet of separate warehouse space to store non-essential inventory that it plans to sell in the future for a monthly rental payment of $2,400. The lease commenced on August 1, 2023, and had an initial term through January 31, 2024, at which time the lease term became month-to-month for a maximum of six months.

Both leases' initial terms were for less than one year and both contain renewal options which are not reasonably certain of exercise and would not extend the term of the lease for greater than one year from the commencement dates. As such, these leases qualify as short-term leases under ASC 842, and the Company elected not to apply the related requirements of ASC 842. All lease payments are therefore recognized in net income on a straight-line basis.

Litigation

From time to time, the Company experiences routine litigation in the normal course of its business. The management of the Company does not believe any pending litigation will have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

NOTE 9. SUBSEQUENT EVENTS

There were no subsequent events through the date of this filing.

EXHIBIT 9.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND DIRECTOR OF ACCOUNTING

I, Lindsey Reynolds, Executive Officer and Director of Accounting of Rubicon Technology, Inc., certify that:

1. I have reviewed this Quarterly Report of Rubicon Technology, Inc.;

2. Based on my knowledge, this Quarterly 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 Quarterly Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Lindsey Reynolds
Lindsey Reynolds
Executive Officer and Director of Accounting

May 15, 2024
Date