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

FORM 8-K/A
Amendment No. 1

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 9, 2022
Date of Report (Date of earliest event reported)

EMCORE CORPORATION
Exact Name of Registrant as Specified in its Charter

New Jersey	001-36632	22-2746503
State of Incorporation	*Commission File Number*	*IRS Employer Identification Number*

2015 W. Chestnut Street, Alhambra, California, 91803
Address of principal executive offices, including zip code

(626) 293-3400
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
Common stock, no par value	EMKR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

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

Explanatory Note

EMCORE Corporation (the "Company") filed a Current Report on Form 8-K (the "Original Form 8-K") with the Securities and Exchange Commission on August 9, 2022 announcing the closing of its acquisition of the Inertial Navigation segment (the "Business") of KVH Industries, Inc. This Amendment to the Original Form 8-K ("Amendment No. 1") is being filed solely to amend and supplement the Original Form 8-K to include the historical audited annual financial statements of the Business acquired, the unaudited interim financial statements of the Business acquired, and unaudited pro forma condensed combined financial information related to the Company's acquisition of the Business. The disclosures and exhibits included in the Original Form 8-K otherwise remain unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited financial statements of the Business as of and for the years ended December 31, 2021 and 2020, as well as the accompanying notes and independent auditors' report are filed as Exhibit 99.1 and are incorporated by reference herein.

The unaudited financial statements of the Business as of June 30, 2022 and for the six months ended June 30, 2022 and 2021, as well as the accompanying notes are filed as Exhibit 99.2 and are incorporated by reference herein.

(b) Pro Forma Financial Information

The Company's unaudited pro forma condensed combined balance sheet as of June 30, 2022, the unaudited pro forma condensed combined statements of operations for the nine months ended June 30, 2022 and for the fiscal year ended September 30, 2021, as well as the accompanying notes are filed as Exhibit 99.3 and are incorporated by reference herein.

(d) Exhibits

Exhibit Number	Exhibit Description
23.1	Consent of Independent Certified Public Accountants.
99.1	Audited Financial Statements of the Business as of and for the fiscal years ended December 31, 2021 and 2020. Unaudited Interim Financial Statements of the Business as of June 30, 2022 and for the six months ended June 30, 2022 and 2021.
99.2	Unaudited Pro Forma Condensed Combined Financial Information.

SIGNATURE

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

		EMCORE CORPORATION	
		By:	**/s/ Tom Minichiello**
		Name:	Tom Minichiello
Dated:	October 25, 2022	Title:	Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated October 25, 2022, with respect to the financial statements of the KVH Inertial Navigation Segment included in this Current Report of EMCORE Corporation on Form 8-K/A filed on October 25, 2022. We consent to the incorporation by reference of said report in the Registration Statements of EMCORE Corporation on Form S-3 (File No. 333-256090) and on Forms S-8 (File Nos. 333-171929, 333-175777, 333-185699, 333-197179, 333-211912, 333-217799, 333-230709, 333-261493, 333-264752 and 333-266726).

/s/ GRANT THORNTON LLP

Boston, Massachusetts

October 25, 2022

KVH Inertial Navigation Segment
Financial Statements
For the years ended December 31, 2021 and 2020
and the six months ended June 30, 2022 (unaudited) and 2021 (unaudited)

GRANT THORNTON LLP
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Boston, MA 02109

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
KVH Industries, Inc.

Opinion

We have audited the financial statements of the KVH Inertial Navigation Segment (the "IN Segment"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and changes in net parent investment, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IN Segment as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the IN Segment and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the IN Segment's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IN Segment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the IN Segment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ GRANT THORNTON LLP

Boston, Massachusetts
October 25, 2022

KVH INERTIAL NAVIGATION SEGMENT
BALANCE SHEETS
(in thousands)

	December 31,				June 30, 2022	
	2021		2020		(Unaudited)	
ASSETS						
Current assets:						
Accounts receivable, net	$	5,882	$	11,073	$	6,851
Inventories, net		8,807		10,334		9,581
Prepaid expenses and other current assets		1,152		1,122		1,736
Total current assets		15,841		22,529		18,168
Property and equipment, net		7,169		7,725		6,940
Total assets	**$**	**23,010**	**$**	**30,254**	**$**	**25,108**
LIABILITIES AND NET PARENT INVESTMENT						
Current liabilities:						
Accounts payable	$	1,764	$	1,494	$	1,856
Accrued Compensation and employee-related expenses		914		914		710
Accrued other		955		574		623
Accrued product warranty costs		95		87		175
Contract liabilities		211		734		280
Liability for uncertain tax positions		485		433		510
Total current liabilities		4,424		4,236		4,154
Other long-term liabilities		8		8		8
Total liabilities	**$**	**4,432**	**$**	**4,244**	**$**	**4,162**
Commitments and contingencies (Notes 1, 7, and 8)						
Net Parent Investment		18,578		26,010		20,946
Total liabilities and net parent investment	**$**	**23,010**	**$**	**30,254**	**$**	**25,108**

KVH INERTIAL NAVIGATION SEGMENT
STATEMENTS OF OPERATIONS AND CHANGES IN NET PARENT INVESTMENT
(in thousands)

	Year Ended December 31,		Six Months Ended June 30, (Unaudited)	
	2021	2020	2022	2021
Sales:				
Product	$ 36,858	$ 36,756	$ 14,766	$ 20,764
Service	998	2,524	461	629
Net sales	37,856	39,280	15,227	21,393
Costs and expenses:				
Costs of product sales	22,859	20,082	11,228	11,827
Costs of service sales	1,025	3,141	288	597
Research and development	6,696	6,518	2,772	3,632
Sales, marketing and support	5,627	4,740	2,688	2,602
General and administrative	6,571	6,245	2,690	4,071
Total costs and expenses	42,778	40,726	19,666	22,729
Loss from operations	(4,922)	(1,446)	(4,439)	(1,336)
Other income, net	134	119	69	67
Loss before income tax expense	(4,788)	(1,327)	(4,370)	(1,269)
Income tax expense	52	63	25	25
Net loss	**$ (4,840)**	**$ (1,390)**	**$ (4,395)**	**$ (1,294)**
Net Parent Investment at beginning of period	**26,010**	**24,613**	**18,578**	**26,010**
Contributions from / (Distributions to) Parent	(2,592)	2,787	6,763	(4,720)
Net Parent Investment at end of period	**$ 18,578**	**$ 26,010**	**$ 20,946**	**$ 19,996**

KVH INERTIAL NAVIGATION SEGMENT
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,			
	2021		2020	
Cash flows from operating activities:				
Net loss	$	(4,840)	$	(1,390)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Provision for doubtful accounts		(2)		(12)
Depreciation and amortization		1,380		1,099
Loss on disposals of fixed assets		-		15
Changes in operating assets and liabilities:				
Accounts receivable		5,193		(681)
Inventories		1,527		(232)
Prepaid expenses and other current assets		(30)		(654)
Accounts payable		270		288
Contract liabilities		(523)		168
Accrued compensation, product warranty and other		441		(231)
Net cash provided by (used in) operating activities	**$**	**3,416**	**$**	**(1,630)**
Cash flows from investing activities:				
Capital expenditures		(824)		(1,157)
Net cash used in investing activities	**$**	**(824)**	**$**	**(1,157)**
Cash flows from financing activities:				
Contributions from/ (Distributions to) Parent		(2,592)		2,787
Net cash (used in) provided by financing activities	**$**	**(2,592)**	**$**	**2,787**
Net change in cash and cash equivalents		**-**		**-**
Cash and cash equivalents at beginning of period		**-**		**-**
Cash and cash equivalents at end of period	**$**	**-**	**$**	**-**

See accompanying Notes to Financial Statements.

KVH INERTIAL NAVIGATION SEGMENT
STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, (Unaudited)	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (4,395)	$ (1,294)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	43	(36)
Depreciation and amortization	536	545
Changes in operating assets and liabilities:		
Accounts receivable	(1,012)	4,968
Inventories	(774)	1,857
Prepaid expenses and other current assets	(584)	(208)
Accounts payable	92	(42)
Contract liabilities	69	(656)
Accrued compensation, product warranty and other	(431)	(172)
Net cash provided by (used in) operating activities	**$ (6,456)**	**$ 4,962**
Cash flows from investing activities:		
Capital expenditures	(307)	(242)
Net cash used in investing activities	**$ (307)**	**$ (242)**
Cash flows from financing activities:		
Contributions from / (Distributions to) Parent	6,763	(4,720)
Net cash (used in) provided by financing activities	**$ 6,763**	**$ (4,720)**
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	**$ -**	**$ -**

See accompanying Notes to Financial Statements.

Description of Business

The KVH Inertial Navigation Segment (the "IN Segment") designs, develops, manufactures and markets products for both the commercial and defense markets. Until the date of its sale (see Note 9), the KVH Inertial Navigation Segment business was 100% controlled by KVH Industries, Inc (the "Company").

Inertial Navigation products offer precision fiber optic gyro (FOG)-based systems that enable platform and optical stabilization, navigation, pointing and guidance. Inertial Navigation products also include tactical navigation systems that provide uninterrupted access to navigation and pointing information in a variety of military vehicles, including tactical trucks and light armored vehicles. Inertial Navigation products are sold directly to U.S. and foreign governments and government contractors, as well as through an international network of authorized independent sales representatives. In addition, Inertial Navigation technology is used in numerous commercial products, such as navigation and positioning systems for various applications including autonomous platforms, precision mapping, dynamic surveying, train location control and track geometry measurement systems, industrial robotics and optical stabilization.

Inertial Navigation service sales include product repairs, engineering services provided under development contracts and extended warranty sales.

Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements and related notes of the KVH Inertial Navigation Segment are presented on a carve-out basis and have been prepared from the historical consolidated balance sheets, statements of operations and cash flows attributed to the inertial navigation business of KVH Industries, Inc. and in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Historically, financial statements of KVH Industries, Inc's inertial navigation business have not been prepared as it has not operated separately from KVH Industries, Inc. These financial statements reflect the revenues and direct expenses of KVH Industries, Inc's inertial navigation business and include material assets and liabilities of KVH Industries, Inc. that are specifically identifiable to the KVH Inertial Navigation Segment. Additionally, the financial statements include an allocation of indirect expenses of KVH Industries, Inc. related to managing the KVH Inertial Navigation Segment and operating its business including salaries, equity-based compensation and other general and administrative expenses based on an estimate of expenses had the inertial navigation business been run as an independent entity. This allocation method is principally based on revenue for corporate sales and marketing expenses as well as general and administrative expenses, and principally based on activity for research and development expenses. Actual results may differ from these allocations, assumptions and estimates. Management believes the assumptions underlying its allocation of indirect expenses are reasonable. For the years ended December 31, 2021 and 2020, the KVH Inertial Navigation Segment was allocated $2,076 and $1,825, respectively, of salaries, other compensation, and corporate marketing, and $6,571 and $6,245, respectively, of other general and administrative expenses. For the six months ending June 30, 2022 and 2021, the KVH Inertial Navigation Segment was allocated $1,012 (unaudited) and $1,119 (unaudited), respectively, of salaries, other compensation, and corporate marketing, and $2,690 (unaudited) and $4,071 (unaudited), respectively, of other general and administrative expenses.

Actual costs that would have been incurred if the KVH Inertial Navigation Segment had been a standalone company would depend on multiple factors, including organization structure and strategic decisions made in various areas. Consequently, future results of operations will include costs and expenses that may be materially different than historical results of operations. Accordingly, the financial statements included herein are not indicative of the future results of operations, financial position and cash flows.

The net parent investment consists of: (1) financing the carved-out inertial navigation business received from the Company to fund its operations through contributions to the inertial navigation business that did not require repayments, (2) the net effect of cost allocations from transactions with the Company, and (3) the inertial navigation business' accumulated earnings. In order to record the cost allocation, a corresponding entry is made to the net parent investment account, since such amounts are expected to be settled through an equity contribution rather than cash paid by the inertial navigation business to the Company.

The KVH Inertial Navigation Segment is party to a centralized cash management arrangement which requires management to make determinations about the presentation in the IN Segment's balance sheet of any amounts resulting from participation in the cash pool. As the IN Segment is not required to make repayments to the Company under the cash management arrangement, management has determined that it is appropriate to report the effects of transactions with the cash pool arrangement within equity as part of the parent's net investment and to classify the transactions in the IN Segment's statements of cash flows as financing activities.

The financial statements have been presented assuming the KVH Inertial Navigation Segment operates as a going concern. The operations of the inertial navigation business are dependent upon the Company's support such that all cash flows used in its operating and investing activities have been funded through the Company's equity contributions. The IN Segment's ability to continue as a going concern depends on such ongoing support. The Company and the recent acquirer of the IN Segment (see Note 9) have committed to providing this ongoing support through equity contributions as required to fund operations

The Company has prepared the accompanying unaudited interim financial statements and notes in conformity with US GAAP for interim financial information. Accordingly, they do not include all of the information and disclosures required by US GAAP for complete financial statements. In the opinion of the Company's management, the accompanying interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary to present fairly the Company's interim financial information.

The financial results for any interim period are not necessarily indicative of the expected financial results for the full year.

b) Significant Estimates

The preparation of financial statements in conformity with 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 as of the date of the financial statements and the reported amounts of sales and expenses during the reporting periods.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances.

(in thousands)

c) Trade Accounts Receivable

Although the Company does not foresee that credit risk associated with trade accounts receivables will deviate from historical experience, repayment is dependent upon the financial stability of individual customers. The Company establishes allowances for potential bad debts and evaluates, on a monthly basis, the adequacy of those reserves based upon historical experience and its expectations for future collectability concerns. The Company performs ongoing credit evaluations of the financial condition of its customers and generally does not require collateral. Activity within the Company's allowance for doubtful accounts for the periods presented is as follows:

	December 31,		June 30, 2022 (Unaudited)
	2021	2020	(Unaudited)
Beginning balance	$ 41	$ 53	$ 39
Additions (subtractions)	28	(75)	42
Deductions (write-offs/recoveries) from reserve	(30)	63	1
Ending balance	$ 39	$ 41	$ 82

d) Revenue Recognition

In accordance with Accounting Standards Codification (ASC) 606, revenue is recognized when a customer obtains control of promised products and services. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for these products and services. To achieve this core principle, the Company applies the following five steps:

1) Identify the contract with a customer

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products and services to be transferred and identifies the payment terms related to these products and services, (ii) the contract has commercial substance, and (iii) the Company determines that collection of substantially all consideration for products and services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's historical payment pattern or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the product or service is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products and services, the Company must apply judgment to determine whether promised products and services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised products and services are accounted for as a combined performance obligation.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products and services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct products or services that are substantially the same qualify as a single performance obligation in a contract with variable consideration, the Company must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct product or service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) *Recognize revenue when or as the Company satisfies a performance obligation*

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised product or service to a customer.

Inertial navigation product sales

Revenue from product sales is recognized when control of the goods is transferred to the customer, which generally occurs at the Company's plant or warehouse upon delivery to the carrier for shipment. Revenue related to shipping and handling is recognized when the products are shipped and the associated costs are accrued for based on the Company's election to account for shipping and handling activities as a fulfillment of the promise to transfer the products and not as a combined promise.

For certain product sales, customer acceptance or inspection may be required before control of the goods is transferred to the customer. For those sales, revenue is recognized after notification of customer acceptance and the goods have been delivered to the carrier for shipment. In certain circumstances customers may request a bill-and-hold arrangement. Under these bill-and-hold arrangements, revenue is recognized when the Company has fulfilled all of its performance obligations, the customer has obtained control and substantially all of the benefits of ownership have transferred.

Standard payment terms for product sales are generally Net 30. Under certain limited conditions, the Company, at its sole discretion, provides for the return of goods. No product is accepted for return and no credit is allowed on any returned product unless management has granted and confirmed prior written permission by means of appropriate authorization. The Company establishes reserves for potential sales returns, credits, and allowances, and evaluates, on a monthly basis, the adequacy of those reserves based upon historical experience and expectations for the future.

Inertial navigation service sales

The Company engages in contracts for development, production, and services activities related to standard product modification or enhancement. The Company considers the nature of these contracts and the types of products and services provided when determining the proper accounting for a particular contract. Customer and government-agency contracted engineering service and sales under development contracts are recognized primarily during the periods in which the Company performs the service or development efforts in accordance with the agreement. Services performed under these types of contracts include engineering studies, surveys, building construction, prototype development, and program management. Performance is determined principally by comparing the accumulated labor hours incurred to date with management’s estimate of the total labor hours to complete the contracted work. Incurred labor hours represent work performed, which corresponds with and best depicts the transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience, pay the Company for costs incurred plus a reasonable profit and take control of any work in process. The Company establishes billing terms at the time project deliverables and milestones are agreed. Unbilled revenue recognized in excess of the amounts invoiced to clients are classified within the accompanying consolidated balance sheets as “accounts receivable” as the Company's right to consideration is unconditional.

Inertial navigation product service sales

Product service sales other than under development contracts are recognized when completed services are delivered to the customer. The Company also sells extended warranty. Sales under these contracts are recognized ratably over the contract term. Product service sales including extended warranties are not a significant portion of the Company’s service sales.

e) Fair Value of Financial Instruments

The carrying amounts of the KVH Inertial Navigation Segment’s financial instruments, which include accounts receivable and accounts payable, approximate their fair values due to the short maturity of these instruments.

f) Inventories

Inventories are stated at the lower of cost and net realizable value using the first-in first-out costing method. The Company adjusts the carrying value of KVH Inertial Navigation Segment inventory based on the consideration of excess and obsolete components based on future estimates of demand and records inventory charges to costs of product sales.

g) Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. The principal lives used in determining the depreciation rates of various assets are: buildings and improvements, 5-40 years; machinery and equipment, 4-10 years; and office and computer equipment, 3-7 years.

KVH INERTIAL NAVIGATION SEGMENT
NOTES TO FINANCIAL STATEMENTS - (Continued)
(in thousands)

h) Product Warranty

KVH Inertial Navigation Segment products carry standard limited warranties that range from one to two years and vary by product. The warranty period begins on the date of purchase. The Company accrues estimated product warranty costs at the time of sale and any additional amounts are recorded when such costs are probable and can be reasonably estimated. Factors that affect the KVH Inertial Navigation Segment's warranty liability include the number of units sold, historical and anticipated rates of warranty repairs and the cost per repair. Warranty and related costs are reflected within sales, marketing and support in the accompanying statements of operations and changes in net parent investment. The following table summarizes product warranty activity:

	December 31,		June 30, 2022 (Unaudited)
	2021	2020	(Unaudited)
Beginning balance	$ 87	$ 437	$ 95
Charges to expense	57	15	110
Costs incurred	(49)	(365)	(30)
Ending balance	$ 95	$ 87	$ 175

i) Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and included in cost of sales. Billings for shipping and handling are reflected within net sales in the accompanying statements of operations and changes in net parent investment.

j) Research and Development

Expenditures for research and development, including customer-funded research and development, are expensed as incurred. Revenue and related development costs from customer-funded research and development are as follows:

	Year Ended December 31,		Six Months Ended June 30, (Unaudited)	
	2021	2020	2022	2021
Customer-funded service sales	$ 363	$ 2,063	$ 146	$ 291
Customer-funded costs included in costs of service sales	$ 803	$ 2,935	$ 70	$ 489

k) Advertising Costs

Costs related to advertising are expensed as incurred. Advertising expense was $128 and $171 for the years ended December 31, 2021 and 2020, respectively and for the six months ended June 30, 2022 and 2021 amounted to $44 (unaudited) and $75 (unaudited), respectively, and is included in sales, marketing, and support expense in the accompanying statements of operations and changes in net parent investment.

KVH INERTIAL NAVIGATION SEGMENT
NOTES TO FINANCIAL STATEMENTS - (Continued)
(in thousands)

l) Income Taxes

KVH Industries, Inc. is subject to income taxes in the U.S. and in numerous foreign jurisdictions and accounts for income taxes following ASC Topic 740, *Accounting for Income Taxes.* Although the KVH Inertial Navigation Segment has not filed income taxes separately, for the purposes of these financial statements, management has performed an analysis to determine the various tax attributes that relate to the KVH Inertial Navigation Segment and has estimated what the tax liability would be if the segment had operated as a stand-alone tax filer.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some or all of a deferred tax asset will not be realized. The Company determines whether it is more likely than not that a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, no amount of the benefit attributable to the position is recognized. The tax benefit to be recognized of any tax position that meets the more likely than not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the contingency.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. See Note 5 for further discussion of income taxes.

m) Contingent Liabilities

KVH Industries, Inc. estimates the amount of potential exposure it may have with respect to claims, assessments and litigation in accordance with ASC 450, *Contingencies*.

(3) Inventories

Inventories are stated at the lower of cost and net realizable value using the first-in first-out costing method. Inventories as of December 31, 2021 and 2020, and June 30, 2022 include the costs of material, labor, and factory overhead. Components of inventories consist of the following:

	December 31,		June 30, 2022 (Unaudited)
	2021	2020	(Unaudited)
Raw materials	$ 6,360	$ 6,641	$ 7,684 2321 6,954
Work in process	1,174	1,895	1,687
Finished goods	1,273	1,798	210
	$ 8,807	$ 10,334	$ 9,581 10,334

(in thousands)

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(4) Property and Equipment

Property and equipment, net, as of December 31, 2021 and 2020 and June 30, 2022 consist of the following:

	December 31,		June 30, 2022 20222022(Unaudited)_
	2021	2020	(Unaudited))
Land	$ 995	$ 995	$ 995
Building and improvements	5,449	5,434	5,449
Machinery and equipment	11,557	10,811	11,906
Office and computer equipment	762	699	715
	18,763	17,939	19,065
Less accumulated depreciation	(11,594)	(10,214)	(12,125)
	$ 7,169	$ 7,725	$ 6,940

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $1,380 and $1,099, respectively. Depreciation expense for the six months ended June 30, 2022 and 2021 amounted to $536 (unaudited) and $545 (unaudited), respectively.

(5) Income Taxes

Income tax (benefit) expense for the years ended December 31, 2021 and 2020 attributable to loss from operations of the KVH Inertial Navigation Segment is presented below.

	Current	Deferred	Total
Year ended December 31, 2021			
Federal	$ —	$ —	$ —
State	—_—	—	—
Foreign	52	—	52
	$ 52	$ —	$ 52
Year ended December 31, 2020			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	63	—	63
	$ 63	$ —	$ 63

(in thousands)

Income tax (benefit) expense for the six months ended June 30, 2022 (unaudited) and 2021 (unaudited) attributable to loss from operations of the KVH Inertial Navigation Segment is presented below.

	Current	Deferred	Total
Six months ended June 30, 2022			
Federal	$ —	$ —	$ —
State	—_—	—	—
Foreign	25	—	25
	$ 25	$ —	$ 25
Six months ended June 30, 2021			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	25	—	25
	$ 25	$ —	$ 25

Actual income tax (benefit) expense differs from the “expected” income tax (benefit) expense computed by applying the United States Federal statutory income tax rate of 21% for all periods to loss before tax (benefit) expense due to state income tax benefits and federal research and development credits offset by the impact of uncertain tax positions and change in valuation allowance.

Deferred tax assets primarily consist of operating loss carryforwards, capitalized research and development costs, research and development tax credit carryforwards and inventory valuation reserves.

In assessing the realizability of its net deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2021 and 2020, management concluded that a net increase of $1,577 and $660, respectively, of the valuation allowance was appropriate. The change was the result of an increase in tax credits, net operating loss balances, and property and equipment differences due to depreciation. As part of management’s analysis, they evaluated, among other factors, its recent history of generating tax losses and its near-term forecasts of future taxable income or losses.

As of December 31, 2021, the KVH Inertial Navigation Segment has federal and state tax loss carryforwards of approximately $5,859 and $5,675, respectively. The federal loss carryforward has no expiration date. The state losses expire through the year 2041. As of December 31, 2021, the Segment had federal research and development tax credit carry-forwards in the amount of $500 that expire in years 2028 through 2041.

The net operating loss carry-forwards as well as the research and development credits generated hold no future benefit to the KVH Inertial Navigation Segment as they are not transferable assets. These tax attributes will remain with the Company.

The KVH Inertial Navigation Segment establishes reserves for uncertain tax positions based on management’s assessment of exposure associated with tax deductions, permanent tax differences, and tax credits. The tax reserves are analyzed periodically and adjustments are made as events occur that warrant adjustment to the reserve. The KVH Inertial Navigation Segment's policy is to recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The aggregate changes in the total gross amount of unrecognized tax benefits related to the KVH Inertial Navigation Segment are as follows:

KVH INERTIAL NAVIGATION SEGMENT
NOTES TO FINANCIAL STATEMENTS - (Continued)
(in thousands)

	Year Ended December 31,	
	2021	2020
Unrecognized tax benefits as of January 1	$ 433 233	$ 370 269
Gross decrease in unrecognized tax benefits - prior year tax positions	—	—
Lapse of statute of limitations	—	—
Interest and penalties	52	63
Unrecognized tax benefits as of December 31	$ 485 485	$ 433 433

The IN Segment recorded interest and penalties of $52 and $63 in its statements of operations and changes in net parent investment for the years ended December 31, 2021 and 2020, respectively. Total accrued interest and penalties related to tax positions taken on our tax returns and included in liability for uncertain tax positions was approximately $216 and $164 as of December 31, 2021 and 2020, respectively.

Management estimates that it is unlikely that the balance of unrecognized tax benefits as of December 31, 2021 would decrease in the next twelve months as a result of a lapse of statutes of limitation and settlements with taxing authorities.

6) Business and Credit Concentrations

As of December 31, 2021, three customers accounted for approximately 53% of accounts receivable. As of December 31, 2020, two customers accounted for approximately 59% of accounts receivable, with one individual customer accounting for 44% thereof. As of June 30, 2022, three customers (unaudited) accounted for approximately 48% (unaudited) of accounts receivable.

Two customers accounted for approximately 27% and 33% of the KVH Inertial Navigation Segment’s net sales for the years ended December 31, 2021 and 2020, respectively. For the six months ended June 30, 2022 and 2021 two customers (unaudited) accounted for approximately 34% (unaudited) and 31% (unaudited), respectively, of net sales.

Certain components from third parties used in the KVH Inertial Navigation Segment’s products are procured from single sources of supply. The failure of a supplier, including a subcontractor, to deliver on schedule could delay or interrupt the KVH Inertial Navigation Segment’s delivery of products and thereby materially adversely affect revenues and operating results.

(7) Legal Matters

In the ordinary course of business, KVH Industries, Inc. is a party to inquiries, legal proceedings and claims including, from time to time, disagreements with vendors and customers. KVH Industries, Inc. is not a party to any lawsuit or proceeding that, in management's opinion, is likely to materially harm the inertial navigation business, its results of operations, its financial condition, or its cash flows.

(8) **Commitments and Contingencies**

In the normal course of business, the Company enters into unconditional purchase order obligations with its suppliers for inventory and other operational purchases. Outstanding and unconditional purchase order obligations for the KVH Inertial Navigation Segment were $5,959 as of December 31, 2021, which the Company expects to fulfill in 2022.

The KVH Inertial Navigation Segment did not have any off-balance sheet commitments, guarantees, or standby repurchase obligations as of December 31, 2021.

(9) Subsequent Events

Management has evaluated subsequent events through October 25, 2022, the date that the accompanying financial statements were available to be issued and noted the following event that required disclosure:

On August 9, 2022, KVH Industries, Inc. entered into an Asset Purchase Agreement with EMCORE Corporation to sell to EMCORE the inertial navigation business for gross proceeds of $55,000, less specified deductions and a holdback of $1,000 and subject to a working capital adjustment. The sale was completed simultaneously with the execution and delivery of the Asset Purchase Agreement.

Exhibit 99.2

EMCORE Corporation
Unaudited Pro Forma Condensed Combined Financial Information

On August 9, 2022, EMCORE Corporation (the terms “EMCORE”, “we”, “us”, and “our” mean EMCORE Corporation and its subsidiaries unless the context indicates otherwise) entered into an Asset Purchase Agreement (the “Purchase Agreement”), by and among EMCORE, Delta Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of EMCORE (“EMCORE Sub”), and KVH Industries, Inc., a Delaware corporation (“Seller”), pursuant to which Seller agreed to sell the assets (the “Purchased Assets”) primarily related to its Inertial Navigation segment (the “Business”), including Seller's property interests in its Tinley Park facility, to EMCORE (the “Transaction”). The signing and closing of the Transaction occurred simultaneously.

The following unaudited pro forma condensed combined financial information presents the historical consolidated financial statements of EMCORE and the Business after giving effect to the Transaction based on assumptions, reclassifications, and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial information

The unaudited pro forma condensed combined balance sheet as of June 30, 2022 is presented as if the Transaction had occurred on June 30, 2022. The unaudited pro forma condensed statements of operations for the nine months ended June 30, 2022 and the fiscal year ended September 30, 2021 are presented as if the Transaction had occurred on October 1, 2020, the first date of our fiscal year ended September 30, 2021.

The unaudited pro forma condensed combined financial information was prepared in accordance with Rule 8-05 and Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the Transaction have been prepared in accordance with business combination accounting guidance as provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*, and reflect the preliminary allocation of the purchase price to the acquired assets and assumed liabilities based on preliminary estimates of fair values, using available information and the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information. These preliminary values may change in future reporting periods upon finalization of the valuation, which will occur no later than the fiscal year ending September 30, 2023.

The unaudited pro forma condensed combined financial information included herein was derived from EMCORE’s historical consolidated financial statements and those of the Business, which were both prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Additionally, we have reclassified certain line items within the Business’ historical financial statements to conform to the presentation of our historical consolidated financial statements. The historical consolidated financial statements have been adjusted to give effect to pro forma events that are (a) directly attributable to the Transaction, (b) factually supportable, and (c) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information should be read in conjunction with (a) our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021, (b) our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the three and nine months ended June 30, 2022, and (c) the Business’ audited financial statements for the years ended December 31, 2021 and 2020 and the Business’ unaudited condensed financial statements for the six months ended June 30, 2022 and 2021, which are included as Exhibit 99.1 to the Form 8-K/A of which this Exhibit 99.2 forms a part.

The unaudited pro forma adjustments are not necessarily indicative of or intended to represent the results that would have been achieved had the Transaction been completed as of the dates indicated or that may be achieved in the future. The actual results reported by the combined company in periods following the Transaction may differ significantly from those that are reflected in the unaudited pro forma condensed combined financial information due to many factors, including the effects of applying final purchase accounting and the incremental costs incurred to incremental costs incurred to integrate the Business. The unaudited pro forma condensed combined financial information does not reflect any cost savings, or associated costs to achieve such savings, from operating efficiencies synergies, or other restructuring that may results from the Transactions.

EMCORE CORPORATION
Pro Forma Condensed Combined Statement of Operations and Comprehensive Loss
For the Nine Months Ended June 30, 2022
(in thousands, except for per share data)
(unaudited)

	Historical				
	EMCORE Corporation (As Reported)	Inertial Navigation segment of KVH, Inc.	Pro Forma Adjustments		Pro Forma Combined
Revenue	$ 98,561	$ 23,094	—		$ 121,655
Cost of revenue	69,849	17,482	529	(a)	87,860
Gross profit	28,712	5,612	(529)		33,795
Selling, general, and administrative	22,550	8,329	(3,743)	(a)(b)	27,136
Research and development	13,675	4,330	(971)	(a)(b)	17,034
Severance	1,318	—	—		1,318
Gain on sale of assets	(1,919)	—	—		(1,919)
Total operating expense	35,624	12,659	(4,714)		43,569
Operating loss	(6,912)	(7,047)	4,185		(9,774)
Interest expense, net	(14)	—	(954)	(c)	(968)
Foreign exchange loss	(160)	—	—		(160)
Pension expense	(349)	—	—		(349)
Other income	—	103	—		103
Loss before income tax expense	(7,435)	(6,944)	3,231		(11,148)
Income tax expense	(25)	(38)	(37)	(d)(e)	(100)
Net loss	$ (7,460)	$ (6,982)	$ 3,194		$ (11,248)
Foreign exchange translation adjustment	91	—	—		91
Comprehensive loss	$ (7,369)	$ (6,982)	$ 3,194		$ (11,157)
Per share data					
Net loss per basic and diluted share	$ (0.20)		$ —		$ (0.30)
Weighted-average number of basic and diluted shares outstanding	37,197		—		37,197

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

EMCORE CORPORATION
Pro Forma Condensed Combined Statement of Operations and Comprehensive Loss
For the Fiscal Year Ended September 30, 2021
(in thousands, except for per share data)
(unaudited)

	Historical				
	EMCORE Corporation (As Reported)	Inertial Navigation segment of KVH, Inc.	Pro Forma Adjustments		Pro Forma Combined
Revenue	$ 158,444	$ 44,128	$ —		$ 202,572
Cost of revenue	96,956	25,128	550	(a)	122,634
Gross profit	61,488	19,000	(550)		79,938
Selling, general, and administrative	24,544	12,841	(7,673)	(a)(b)	29,712
Research and development	17,448	6,591	(1,093)	(b)	22,946
Loss on sale of assets	515	—	—		515
Total operating expense	42,507	19,432	(8,766)		53,173
Operating income	18,981	(432)	8,216		26,765
Interest income (expense), net	466	—	(1,272)	(c)	(806)
Foreign exchange gain	207	—	—		207
Gain on extinguishment of debt	6,561	—	—		6,561
Other income	—	137	—		137
Income (loss) before income tax expense	26,215	(295)	6,944		32,864
Income tax expense	(572)	(50)	(221)	(d)(e)	(843)
Net income (loss)	$ 25,643	$ (345)	$ 6,723		$ 32,021
Foreign exchange translation adjustment	(231)	—	—		(231)
Comprehensive income (loss)	$ 25,412	$ (345)	$ 6,723		$ 31,790
Per share data					
Net income per basic share	$ 0.75		$ —		$ 0.93
Weighted-average number of basic shares outstanding	34,020		—		34,020
Net income per diluted share	$ 0.72		—		$ 0.89
Weighted-average number of diluted shares outstanding	35,789		—		35,789

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

EMCORE CORPORATION
Pro Forma Condensed Combined Balance Sheet
As of June 30, 2022
(in thousands)
(unaudited)

	Historical				
	EMCORE Corporation (As Reported)	Inertial Navigation segment of KVH, Inc.	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 74,609	$ —	$ (34,785)	(a)	$ 39,824
Restricted cash	520	—	—		520
Accounts receivable, net	24,287	6,851	—		31,138
Contract assets	7,439	—	—		7,439
Inventory	29,206	9,581	1,619	(b)	40,406
Prepaid expenses and other current assets	6,471	1,736	—		8,207
Assets held for sale	480	—	—		480
Total current assets	143,012	18,168	(33,166)		128,014
Property, plant, and equipment, net	26,079	6,940	7,283	(b)	40,302
Goodwill	354	—	11,532	(c)	11,886
Operating lease right-of-use assets	20,938	—	—		20,938
Other intangible assets, net	1,548	—	12,400	(b)	13,948
Other non-current assets	1,592	—	—		1,592
Total assets	$ 193,523	$ 25,108	$ (1,951)		$ 216,680
LIABILITIES and SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 13,335	$ 1,856	$ —		$ 15,191
Accrued expenses and other current liabilities	11,651	2,018	(1,220)	(d)	12,449
Contract liabilities	9,042	280	—		9,322
Operating lease liabilities - current	2,156	—	—		2,156
Borrowings from credit facility - current	—	—	14,250	(a)	14,250
Total current liabilities	36,184	4,154	13,030		53,368
Operating lease liabilities - non-current	19,240	—	—		19,240
Asset retirement obligations	4,516	—	—		4,516
Other long-term liabilities	9	8	—		17
Borrowings from credit facility - non-current	—	—	5,965	(a)	5,965
Total liabilities	59,949	4,162	18,995		83,106
Shareholders' equity:					
Common stock	785,743	—	—		785,743
Treasury stock	(47,721)	—	—		(47,721)
Accumulated other comprehensive income	778	—	—		778
Accumulated (deficit) earnings	(605,226)	20,946	(20,946)	(e)	(605,226)
Total shareholders' equity	133,574	20,946	(20,946)		133,574
Total liabilities and shareholders' equity	$ 193,523	$ 25,108	$ (1,951)		$ 216,680

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

EMCORE CORPORATION
Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis of Pro Forma Presentation

The historical consolidated financial statements have been adjusted to give effect to pro forma events that are (a) directly attributable to the Transaction, (b) factually supportable, and (c) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results. The unaudited pro forma adjustments are preliminary and based on estimates of the fair values and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Transaction. The final determinations of the purchase price allocation will be based on the final valuation of the fair values of assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial information included herein was derived from EMCORE's and the Business' historical consolidated financial statements, which were both prepared in accordance with U.S. GAAP. In order to confirm the Business' historical financial statements to our financial statement presentation, we have reclassified certain line items within the Business' historical financial statements.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had EMCORE and the Business filed consolidated income tax returns during the periods presented.

The unaudited pro forma condensed combined financial information has been prepared using EMCORE's significant accounting policies as set forth in our audited consolidated financial statements for the fiscal year ended September 30, 2021. Based on the procedures performed to date, the accounting policies of the Business are similar in most material respects to EMCORE's accounting policies. As more information becomes available, we will complete a more detailed review of the Business' accounting policies. As a result of that review, differences could be identified that, when conformed, could have a material impact on the combined financial statements.

Note 2. Preliminary Purchase Consideration and Purchase Price Allocation

Under the terms of the Purchase Agreement, EMCORE paid approximately $55.0 million in cash for the Purchased Assets (the "Purchase Price"), subject to certain working capital adjustments.

The table below represents the preliminary purchase price allocation to the assets acquired and liabilities assumed of the Business based on their estimated fair values as of the acquisition date based on management's best estimates and assumptions:

(in thousands)		**Amount**
Tangible assets acquired:		
Accounts receivable	$	6,851
Inventory		11,200
Prepaid expenses and other current assets		1,736
Property, plant, and equipment		14,223
Intangible assets acquired		12,400
Goodwill		11,532
Liabilities assumed:		
Accounts payable		(1,856)
Accrued liabilities		(798)
Contract liabilities		(280)
Other long-term liabilities		(8)
Total purchase consideration	$	55,000

The Transaction was accounted for as a business combination. We used the cost or market approach to estimate the fair value of the property and equipment. As part of the preliminary purchase price allocation, we determined that the Business' separately identifiable intangible assets consisted of customer relationships, technology, in process research and development and trademarks. We used the income approach to estimate the fair value of the developed technology, in process research and development, and trademark assets; specifically, we utilized the relief from royalty method. We utilized the excess earnings method to fair value the customer relationships.

The valuation model was based on estimates of future operating projections of the Business and rights to sell new products containing the acquired technology as well as judgments on the discount rates used and other variables. We developed forecasts based on a number of factors including future revenue and operating cost projections, a discount rate that is representative of the weighted average cost of capital, and long-term sustainable growth rates based on market analysis. We depreciated the acquired property and equipment and amortized the intangible assets over their estimated useful lives.

The allocation of purchase consideration is preliminary and is therefore subject to potential future adjustments during the measurement period.

The preliminary estimated fair values (in thousands) in intangible assets acquired and useful lives (in years) are as follows:

	Amount	Estimated Useful Lives
Customer Relationships	$ 1,700	8.0
Technology	2,400	3.0 - 8.0
In Process R&D	6,000	Indefinite
Trademarks	2,300	8.0
Intangible Assets Acquired	$ 12,400	

The goodwill of $11.5 million is mainly due to the value of the acquired workforce, the opportunity to expand our customer base, and the ability to add breadth and depth to our core aerospace and defense products. Goodwill is not expected to be deductible for income tax purposes.

Note 3. Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Operations

(a) Reflects the impact to depreciation expense and amortization expense as a result of the change in fair value of property, plant, and equipment and intangible assets acquired. Adjustment was made to the unaudited pro forma condensed combined statements of operations for the nine months ended June 30, 2022 and the fiscal year ended September 30, 2021, respectively.

(b) Reflects the deduction of various sales, general, and administrative and research and development expenses allocated from corporate overhead to the Business during the periods presented that will not be incurred on an ongoing basis as a result of existing EMCORE management structures in place which will provide the same support to the Business upon completion of the Transition Services agreement. Amounts were estimated based on historical allocation included in the stand-alone financial statements of the Business, however, actual costs to be incurred associated with corporate support may vary under the EMCORE structure.

(c) Reflects the impact of interest expense related to cash from borrowing facility for funding of the transaction.

(d) Reflects the current tax expense due to additional income and deferred income tax expense related to deferred tax liability generated from annual tax amortization of indefinite-lived assets that were acquired for the periods presented. Such amounts were determined based on the effective tax rate of EMCORE rather than statutory tax rates as a result of a tax valuation allowance covering substantially all deferred tax assets and the existence of tax loss carryforwards present at both entities.

(e) Reflects the deduction of the income tax expense related to the FIN 48 liability of the Business that is not assumed by EMCORE.

Note 4. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

(a) Reflects purchase price consideration of acquisition of the Business, consisting of cash paid of $55.0 million on August 9, 2022, net of cash from borrowing facility for funding of the transaction in the amount of $20.2 million.

(b) Reflects the estimated fair value of the Business' identified tangible and intangible assets acquired. Refer to Note 2 for the purchase price allocation of the intangible assets recognized and associated useful lives.

(c) The pro forma adjustment to goodwill of $11.5 million represents the excess of the preliminary purchase price over the fair value of the assets acquired and liabilities assumed.

(d) Reflects the deduction of various liabilities of the Business that were not assumed by EMCORE.

(e) Reflects the elimination of the Business' historical equity balance.