

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

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2023

or

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

For the transition period

Commission file number 000-56218

Aeluma, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-2807351

(I.R.S. Employer
Identification No.)

27 Castilian Drive
Goleta, California 93117

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (805) 351-2707

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.0001 par value

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's common stock, par value \$0.0001 per share, held by non-affiliates of the registrant as of December 31, 2022, as computed by reference to \$2.10, the price at which the common stock was last sold, was approximately \$19,461,580.

The number of the registrant's shares of common stock outstanding on September 20, 2023 was 12,167,930.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

	Page
<u>PART I</u>	1
Item 1. Business	1
Item 1A. Risk Factors	4
Item 1B. Unresolved Staff Comments	4
Item 2. Properties	4
Item 3. Legal Proceedings	4
Item 4. Mine Safety Disclosure	4
<u>PART II</u>	5
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	5
Item 6. [Reserved]	6
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	6
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	11
Item 8. Financial Statements and Supplementary Data	F-1
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	12
Item 9A. Controls and Procedures	12
Item 9B. Other Information	12
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	12
<u>PART III</u>	13
Item 10. Directors, Executive Officers and Corporate Governance	13
Item 11. Executive Compensation	19
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	21
Item 13. Certain Relationships and Related Transactions, and Director Independence	22
Item 14. Principal Accounting Fees and Services	23
<u>PART IV</u>	24
Item 15. Exhibit and Financial Statement Schedules	24
Item 16. Form 10-K Summary	25
<u>Signatures</u>	26

PART I

Item 1. Business.

Unless otherwise stated or the context otherwise indicates, references to “Aeluma,” the “Company,” “we,” “our,” “us,” or similar terms refer to Aeluma, Inc. and Subsidiary.

Overview

We develop novel optoelectronic devices for sensing and communications applications. Aeluma has pioneered a technique to manufacture devices using high performance compound semiconductor materials on large-diameter substrates that are commonly used to manufacture mass market microelectronics. This enables cost effective manufacturing of high-performance photodetector array circuits for imaging applications in mobile devices, as well as other technologies. Photodetector devices may be used as image sensors that generate an image by detecting light, in a manner similar to a digital camera taking pictures. Our devices may incorporate additional functionality for 3D image capture when integrated into various system architectures. This technology has the potential to enhance the performance and capability of camera image sensors, light detection and ranging (LiDAR), augmented reality/virtual reality (AR/VR), facial recognition, and other applications. Aeluma has acquired key manufacturing equipment, and has headquarters in Goleta, California with a manufacturing cleanroom to house this equipment.

Because we will leverage compound semiconductor materials, our devices may operate out to longer wavelengths, up to at least 1600 nm, which is advantageous for a number of reasons including eye safety. Beyond 1400 nm is considered eye safe at significantly higher optical power levels relative to that at shorter wavelengths. Therefore, for LiDAR sensing systems, the range (the detectable object distance) can be increased significantly. Operating at specific longer wavelengths (for example, near 1550 nm) also enables imaging both in low light (dark) conditions, as well as in direct sunlight. Therefore, images could be captured outdoors and in various conditions.

Our Strategy

We will continue to develop our technology that includes novel materials and devices based on those novel materials. Our primary focus is to manufacture high-performance photodetector array circuits for image sensors and other optoelectronic devices. Initial efforts aim to penetrate the 3D imaging and sensing (mobile and consumer, defense and aerospace, industrial, medical, auto), LiDAR (robotic vehicles, autonomous driving (AD), advanced driver assistance systems (ADAS), topography, wind, industrial), and communications (telecommunications, data center communication, artificial intelligence (AI) communications, and quantum processing and communications) markets.

Our Technology

Our technology is based on heterogeneous integration of compound semiconductor materials on large-diameter substrates such as silicon. This heterogeneous integration enables the subsequent device fabrication and manufacturing in large-scale manufacturing environments that are suited to mass markets.

Competition

There are two primary classes of image sensors currently on the market: low-cost silicon sensors for mass market applications, and high-performance compound semiconductor (ex. InGaAs) sensors deployed primarily in specialty applications. The major suppliers of silicon CMOS image sensors include Sony, Samsung, Omnivision, On Semi, STM, Panasonic, Canon, SK Hynix, and others (Source: Yole Development, www.yole.fr). The major suppliers of InGaAs sensors include Hamamatsu, Sumitomo, Teledyne/FLIR, Excelitas, and others (Source: Markets and Markets, www.marketsandmarkets.com).

We believe that our technology will be able to compete effectively because we are uniquely positioned to outperform silicon CMOS image sensors while achieving a cost of manufacturing that is lower than that for traditional InGaAs sensors. Compared to silicon, InGaAs demonstrates higher detection sensitivity and a broader wavelength absorption spectrum. Silicon absorbs or detects light in the visible spectral region (400-750 nm) and partially in the near infrared (NIR) spectral region (greater than 750 nm), cutting off near 940 nm. InGaAs not only demonstrates higher absorption in the NIR, but also extends well into the shortwave infrared (SWIR) spectrum (900-1700 nm), cutting off near 1700 nm, with the ability to extend to near 2500 nm.

We believe that we are also positioned to win on price in competing with current InGaAs sensors while having the ability to realize much larger area photodetector arrays because of our ability to manufacture on up to 12-inch silicon substrates, whereas competing InGaAs photodetectors are manufactured on indium phosphide (InP) substrates that are typically 2-4 inches in size. Therefore, in addition to realizing many more sensor chips per wafer, we have the ability to realize array sizes that are larger than what is possible with traditional InGaAs manufacturing on InP wafers.

Existing and potential competitors have or could have advantages such as greater name recognition, longer operating histories, broader and deeper product portfolios, larger customer bases, substantially greater financial and other resources, and larger scale manufacturing operations. However, we believe that our products will have the potential to compete because of our unique ability to manufacture high performance devices at scale and at low cost.

Customers

Aeluma has customer engagements that involve development of wafers, delivery of engineering samples for evaluation, and delivery of small volumes of chips. Aeluma's technology is broadly applicable. Potential markets include automotive LiDAR, industrial LiDAR, robotics, mobile, AR/VR, AI, communications, and defense and aerospace. Our current strategy is to pursue partnerships with system integrators, including LiDAR companies and Tier 1 automotive suppliers, or semiconductor manufacturing companies. Aeluma is pursuing direct sales relationships.

Potential customers include those in the mobile market (both mobile phone manufacturers and companies that sell integrated solutions to them), LiDAR for cars and other vehicles, and defense and aerospace.

Markets

The CMOS image sensors market is projected to be \$30B in 2026 (Source: Yole Development). In terms of total market unit sales, the following are projected for 2024: 1.73 billion mobile phones, 131 million tablets, and 113 automotive vehicles (Source: www.idc.com). Manufacturers of mobile phones, tablets, and LiDAR for automotive vehicles may be prospective customers for Aeluma. In the mobile market, Apple arguably leads in terms of deploying advanced capabilities such as LiDAR sensing in their devices; Apple does not use our technology. Apple leverages VCSEL emitters in conjunction with SPAD detectors for a LiDAR scanner in smartphones and tablets and such technology "helps to deliver faster, more realistic augmented reality experiences and improves autofocus in low-light scenes in photos and videos" (<https://www.apple.com/newsroom/2021/05/apple-awards-an-additional-410-million-from-its-advanced-manufacturing-fund-to-ii-vi/>). Other major smartphone suppliers include Samsung, Xiaomi, OPPO, vivo, Huawei, and realme (Source: www.counterpointresearch.com). The automotive LiDAR market is projected to be between \$5-80B in 2030 (<https://www.bloomberg.com/press-releases/2022-05-31/lidar-market-size-to-be-worth-4-71-billion-by-2030-grand-view-research-inc>; AEye Presentation, LD Micro Invitational 2022; Estimate by Velodyne).

Intellectual Property

Aeluma has filed several patent applications with the United States Patent and Trademark Office (USPTO). We have filed trademarks for the name "Aeluma" and the slogan "Sensing Reimagined" with the USPTO. We maintain protection of trade secrets that include "know-how" and process recipes.

Our Intellectual Property Approach

Our strategy for the protection of our proprietary technology is to seek worldwide patent protection with a focus on jurisdictions that represent significant global semiconductor markets. However, we will assess on a case-by-case basis whether it is strategically more favorable to maintain trade secret protection for our inventions and "know-how" rather than pursue patent protection. Generally, patents have a term of twenty years from the earliest priority date, assuming that all maintenance fees are paid, no portion of the patent has been terminally disclaimed and the patent has not been invalidated. In certain jurisdictions, and in certain circumstances, patent terms can be extended or shortened.

Governmental & Environmental Regulations

Our primary products are anticipated to be compound semiconductor optoelectronic devices manufactured on silicon substrates, including InGaAs photodetectors and photodetector arrays. To the extent that our products are or become subject to U.S. export controls and regulations, these regulations may limit the export of our products and technology, and provision of our services outside of the United States, or may require export authorizations, including by license, a license exception, or other appropriate government authorizations and conditions, including annual or semi-annual reporting. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons, and entities. In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. The exportation, re-exportation, and importation of our products and technology and the provision of services, including by our partners, must comply with these laws or else we may be adversely affected, through reputational harm, government investigations, penalties, and a denial or curtailment of our ability to export our products and technology. Complying with export control and sanctions laws may be time-consuming and may result in the delay or loss of sales opportunities. Although we take precautions to prevent our products and technology from being provided in violation of such laws, our products and technology may have previously been, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. Export or import laws or sanctions policies are subject to rapid change and have been the subject of recent U.S. and non-U.S. government actions. Changes in export or import laws or sanctions policies, may adversely impact our operations, delay the introduction and sale of our products in international markets, or, in some cases, prevent the export or import of our products and technology to certain countries, regions, governments, persons, or entities altogether, which could adversely affect our business, financial condition and results of operations.

We seek to comply with all applicable statutory and administrative requirements concerning environmental quality. Expenditures for compliance with federal state and local environmental laws have not had, and are not expected to have, a material effect on our capital expenditures, results of operations or competitive position.

In addition, to the extent that our facilities and operations are or become subject to the plant and laboratory safety requirements of various environmental and occupational safety and health laws in the U.S., we believe we are in compliance with all such laws and regulations, and to date, those regulations have not materially restricted or impeded operations. Further, we believe our processes to be highly efficient, generating very low levels of waste and emissions. For this reason, we do not view issues surrounding climate change and any currently foreseeable related regulations as materially impacting our business and financial statements, beyond any inestimable impact on the macro-economic environment.

We are also generally subject to other industry and environmental regulations for electronic and semiconductor products such as the Restriction of Hazardous Substances Directive 2002/95/EC.

Manufacturing

We have established a manufacturing and research and development facility at our headquarters in Goleta, California. We have installed key equipment and we plan to control our core materials manufacturing and development. In addition to our facility, we work with a variety of vendors and are establishing relationships with industrial foundries to build out our manufacturing supply chain.

Sales

We are now delivering wafers and chips to some customers, primarily for research and development and sampling purposes.

Marketing

Marketing activities include direct relationships with potential customers and partners. We are under nondisclosure agreement (NDA) with a number of potential customers and partners, several of which have either visited Aeluma or hosted a visit by Aeluma representatives at their sites.

Employees

At June 30, 2023, Aeluma had 11 full-time employees, 2 part-time employees, and consultants. The majority of employees work in engineering. We plan to hire additional persons on an as-needed basis. On a case-by-case basis, Aeluma may offer stock options to employees for attraction and retention.

Litigation

There is no material litigation, arbitration, governmental proceeding or any other legal proceeding currently pending or known to be contemplated against us or any members of our management team in their capacity as such, and we and the members of our management team have not been subject to any such proceeding in the 10 years preceding the date of this Report. We may however be involved, from time to time, in claims and lawsuits incidental to the conduct of our business in the ordinary course. We carry insurance coverage in such amounts as we believe to be reasonable under the circumstances and that may or may not cover any or all of our liabilities in respect of these matters. We do not believe that the ultimate resolution of these matters will have a material adverse impact on our consolidated financial position, cash flows or results of operations, but cannot guarantee the same.

Item 1A. Risk Factors.

As a smaller reporting company, we are not required to provide the information called for by this Item. However, we encourage you to review the risk factors included in our registration statement on Form S-1 (File No. 333-273149) that was filed with the SEC on July 6, 2023.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive office is located at 27 Castilian Dr., Goleta, California. Effective February 22, 2021, we entered into a triple-net lease agreement with SBR Associates LP for the commercial building at 27 Castilian Dr. Goleta, California for a term of five years, which began on April 1, 2021. The current rent for this property is \$13,673 per month, with a CPI escalation over the initial base rent over the term of the lease. The lease expires on March 31, 2026, with the option to renew the lease with reasonable notice.

Item 3. Legal Proceedings.

We are not currently involved in any material legal proceedings. From time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. We could be forced to incur material expenses with respect to these legal proceedings, and in the event that there is an outcome in any that is adverse to us, our financial position and prospects could be harmed.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock trades on the OTCQB system under the symbol "ALMU." Our CUSIP number is 00776X. There is currently limited trading volume for our Common Stock.

Holders of Record

As of September 21, 2023, we had 12,167,930 shares of our common stock outstanding held by approximately 126 stockholders of record.

Dividend Policy

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

Recent Sales of Unregistered Securities

During the periods covered by this Report, we have not issued unregistered securities to any person, except as described below. None of these transactions involved any underwriters, underwriting discounts or commissions, except as specified below, or any public offering, and, unless otherwise indicated below, the Registrant believes that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof and/or Rule 506 of Regulation D promulgated thereunder, and/or Regulation S promulgated thereunder regarding offshore offers and sales. All recipients had adequate access, though their relationships with the Registrant, to information about the Registrant.

2021 Offering

On June 5, 2021, we issued 20,000 shares of common stock pursuant to an advisory agreement.

On June 10, 2021, we issued an aggregate of 511,278 shares of common stock pursuant to three individual Advisory Agreements, which includes an additional 164,108 shares to Mr. DenBaars, who is one of our directors.

On June 10, 2021, we issued an aggregate of 99,414 shares of common stock pursuant to an Omnibus Equity Agreement, pursuant to which each of the signatories pursuant thereto agreed to convert his/her shares issuable under his/her respective Simple Agreements for Future Equity agreements into shares of our common stock at the close of the Merger.

On June 10, 2021, we entered into an amended advisor agreement with Mr. DenBaars to issue an additional 164,108 for the consideration amount of \$2,461.62 to take on additional advisor duties.

On June 22, 2021, pursuant to the Merger, we issued an aggregate of 4,100,000 shares of our Common Stock in exchange for all of the shares of Biond Photonics' shares of capital stock issued and outstanding immediately prior to the Merger.

On July 1, 2021, we sold 115,000 common stock shares at a purchase price of \$2.00 per share in a private placement offering for net proceeds (after deducting offering costs of \$23,070) of \$206,930 and issued 11,500 warrants to purchase common stock to GP Nurmenkari Inc., who acted as the placement agent for this private placement offering.

2022 Offering

On November 7, 2022, we issued 150,000 shares of common stock to a consultant for providing consulting services to us.

On December 22, 2022, we issued an aggregate of 517,000 shares of our common stock to 21 accredited investors, for aggregate gross proceeds of \$1,551,000 (the “2022 Private Offering”).

On January 10, 2023, we held a second close of the 2022 Private Offering, pursuant to which we issued an aggregate of 214,667 shares of our common stock for aggregate gross proceeds of \$644,000.

On March 31, 2023, we held the third closing of the 2022 Private Offering, pursuant to which we issued an aggregate of 715,665 shares of our common stock for aggregate gross proceeds of \$2,147,000.

On May 10, 2023, we held the final closing of the 2022 Private Offering, pursuant to which we issued an aggregate of 570,166 shares of our common stock for aggregate gross proceeds of \$1,710,500.

Item 6. [Reserved].

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties as described under the heading “Forward-Looking Statements” elsewhere in this report. You should review the disclosure under the heading “Risk Factors” in other filings we make with the SEC for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

On June 22, 2021, we, Acquisition Sub and Biond Photonics, entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, on June 22, 2021, Biond Photonics merged with and into Acquisition Sub, with Acquisition Sub continuing as the surviving corporation and our wholly owned subsidiary.

As a result of the Merger, we acquired the business of Biond Photonics, a California corporation, doing business as Aeluma. See “Description of Business” above. At the time the certificates of merger reflecting the Merger were filed with the Secretaries of State of California and Delaware, each of Biond Photonics’ shares of capital stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive (a) 1.299135853 shares of our common stock (the “Common Share Conversion Ratio”), with the maximum number of shares of our common stock issuable to the former holders of Biond Photonics’ capital stock equal to 4,100,002 after adjustments due to rounding for fractional shares. Immediately prior to the effectiveness of the Merger, an aggregate of 2,500,000 shares of our common stock owned by the stockholders of Parc Investments, Inc. prior to the Merger were forfeited and cancelled (the “Stock Forfeiture”).

The issuance of shares of our common stock to Biond Photonics’ former security holders are collectively referred to as the “Share Conversion.”

The Merger Agreement contained customary representations and warranties and pre- and post-closing covenants of each party and customary closing conditions.

As a condition to the Merger, we entered into an indemnity agreement with our former officer and directors (the “Pre-Merger Indemnity Agreement”), pursuant to which we agreed to indemnify such former officer and directors for actions taken by them in their official capacities relating to the consideration, approval and consummation of the Merger and certain related transactions.

The Merger was treated as a recapitalization and reverse acquisition for us for financial reporting purposes. Biond Photonics is considered the acquirer for accounting purposes, and our historical financial statements before the Merger were replaced with the historical financial statements of Biond Photonics before the Merger in filings with the SEC. The Merger is intended to be treated as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended.

The issuance of securities pursuant to the Share Conversion was not registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering, and Rule 506 of Regulation D promulgated by the SEC thereunder. These securities may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirement and are subject to further contractual restrictions on transfer.

Prior to the Merger, our sole business purpose was to seek the acquisition of or merger with, an existing company.

As a result of the consummation of the Merger, on June 22, 2021, Biond Photonics, Inc. became our wholly owned subsidiary and the business of Biond Photonics, Inc. became our business going forward. Accordingly, at the closing, we ceased to be a shell company.

Aeluma develops novel optoelectronic devices for sensing and communications applications. Aeluma has pioneered a technique to manufacture devices using high performance compound semiconductor materials on large diameter silicon wafers that are commonly used to manufacture mass market microelectronics. This enables cost effective manufacturing of high-performance photodetector array circuits for imaging applications in mobile devices. These devices may be used as image sensors that generate an image by detecting light, in a manner similar to a digital camera taking a picture. Our devices may incorporate additional functionality and enhanced performance to enable 3D image capture when integrated into various system architectures. This technology has the potential to greatly enhance the performance and capability of camera image sensors, Lidar, augmented reality, facial recognition, and other applications. Aeluma has acquired a key piece of manufacturing equipment and has headquarter in Goleta, California with a manufacturing cleanroom to house this equipment.

The Private Placement Following the Merger

Immediately following the Merger, we sold 3,482,500 shares of our common stock pursuant to an initial closing of a private placement offering at a purchase price of \$2.00 per share (the “Offering Price”). We held a second closing on June 28, 2021 for an additional 402,500 shares of our common stock and a third and final closing on July 1, 2021 for an additional 115,000. Accordingly, we sold a total of 4,000,000 shares of our common stock. This private placement offering is referred to herein as the “Merger Offering.”

The aggregate gross proceeds from the three closings of the Merger Offering were \$8,000,000 (before deducting placement agent fees and expenses of the Merger Offering).

The three closings of the Merger Offering were exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated by the SEC thereunder. The common stock in the Merger Offering was sold to “accredited investors,” as defined in Regulation D, and was conducted on a “reasonable best efforts” basis.

In connection with the Merger Offering and subject to the closing of the Merger Offering, we agreed to pay the placement agent, GP Nurmenkari Inc. (the “Placement Agent”), a U.S. registered broker-dealer, a cash placement fee of 10% of the gross proceeds raised from investors in the Merger Offering (other than the first \$630,000 of common stock sold to pre-Merger Biond Photonics shareholders and their friends and family, for which the Placement Agent received a 3% cash fee, and \$170,000 of common stock sold to pre-Merger Biond Photonics friends and family for which the Placement Agent received no cash fee) and to issue to it 50,000 shares of our common stock and warrants to purchase a number of shares of our common stock equal to 10% of the number of shares of common stock sold in the Merger Offering (other than the first \$800,000 of common stock sold to pre-Merger Biond Photonics shareholders and their friends and family), with a term of five years and an exercise price of \$2.00 per share (the “Placement Agent Warrants”). We also agreed to pay certain expenses of the Placement Agent in connection with the Merger Offering.

As a result of the foregoing, we paid the Placement Agent an aggregate commission of \$748,900 and issued to it 50,000 shares of our common stock and Placement Agent Warrants to purchase 360,000 shares of our common stock in connection with the two closings of the Merger Offering. We have also reimbursed the Placement Agent for approximately \$265,000 for legal and other expenses incurred in connection with the Merger Offering.

A note payable to an officer of Parc Investments, Inc. in the amount of \$50,000 was repaid directly from the proceeds from the Merger Offering.

Subject to certain customary exceptions, we have agreed to indemnify the Placement Agent to the fullest extent permitted by law against certain liabilities that may be incurred in connection with the Offering, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments the Placement Agent and their sub-agents may be required to make in respect of such liabilities.

Recent Private Placement

Between December 2022 and May 2023, we entered into subscription agreements (the “Subscription Agreement”) with certain accredited investors, pursuant to which we issued an aggregate of 2,017,498 shares of our common stock, par value \$0.0001 per share, at a per share purchase price of \$3.00, for aggregate gross proceeds of \$6,052,500 (the “Offering”).

In connection with the Subscription Agreement, we also entered into a Registration Rights Agreement with the Investors, pursuant to which we agreed to register all of the shares of common stock issued in the Offering, including the shares of common stock underlying the warrant issued to the placement agent in this registration statement. (See, Description of Securities – Registration Rights Agreement)

Pursuant to the Offering, we paid a cash placement agent fee and expenses in the amount of \$411,015 and issued placement agent warrants (“Placement Agent Warrants”) to purchase up to an aggregate of 85,653 shares of common stock at an exercise price of \$3.00 per share.

The Subscription Agreement also contains customary representation and warranties of us and the Investors, indemnification obligations of us, termination provisions, and other obligations and rights of the parties.

The foregoing description of the Subscription Agreement, Registration Rights Agreement and form of Placement Agent Warrants is qualified by reference to the full text of the forms of Subscription Agreement, Registration Rights Agreement and form of Placement Agent Warrants, which are filed as Exhibits hereto and incorporated herein by reference.

Departure and Appointment of Directors and Officers

Our board of directors is authorized to have five members. As of the effectiveness of the Merger, Mr. Ian Jacobs and Mr. Mark Tompkins resigned from our board of directors, and Mr. Jonathan Klamkin, Mr. Lee McCarthy and Mr. Steven DenBaars were appointed to our board of directors. Mr. DenBaars is a Class I director.

Also, as of the effectiveness of the Merger, Mr. Jacobs resigned from all officer positions with us, and Jonathan Klamkin was appointed as our President and Chief Executive Officer, Lee McCarthy was appointed as our interim Chief Financial Officer and Chief Operating Officer.

Mr. McCarthy resigned from his position as interim Chief Financial Officer on August 18, 2021 and from his directorship on December 1, 2021. To fill Mr. McCarthy's vacancy on the board, we appointed Ms. Palvi Mehta. Ms. Mehta is a Class II director.

On December 1, 2021, we also appointed Mr. John Paglia to the board of directors; Mr. Paglia is a Class I director.

On November 8, 2022, Lee McCarthy provided notice of his resignation as our Chief Operating Officer effective November 17, 2022. Mr. McCarthy's decision to resign was not the result of any disagreements with us on any matter related to the operations, policies, or practices of us.

Plan of Operations

We have been developing our materials and characterization capabilities at our headquarters in Goleta, California, in connection with the further development of our business and the implementation of our plan of operations. We have installed some key manufacturing equipment at our headquarters and will continue to develop relationships with manufacturing partners to carry out certain steps of our manufacturing processes externally. We have gained access to a rapid prototyping facility and are leveraging this access to fabricate early-stage prototypes. In the future, we intend to implement appropriate quality and manufacturing controls. Some equipment was procured previously, and other equipment is being procured through purchase orders with equipment vendors.

The primary sources of funding for equipment procurement and installation are the seed funding raised prior to becoming a public company and the funding raised from our financings. We have also leveraged funds to continue strengthening our intellectual property including patent applications, trademarks, and development of trade secrets and manufacturing process recipes. We will continue to develop our manufacturing and product development strategy by further engaging customers and strategic partners.

Limited Operating History

We cannot guarantee that the proceeds from the Offering will be sufficient to carry out all of our business plans. Our business is subject to risks inherent in growing an enterprise, including limited capital resources, risks inherent in the research and development process and possible rejection of our products in development.

If financing is not available on satisfactory terms, we may be unable to carry out all of our operations. Equity financing will result in dilution to existing stockholders.

Components of Results of Operations

Revenue

Our revenue currently consists of commercial product sales and government contracts. For the year ended June 30, 2023, products are sold as samples and government contracts are primarily for research and development.

Operating Expenses

The cost of revenue consists of costs of materials, as well as direct compensation and expenses incurred to provide deliverables that resulted in payment of our success fee and wafers delivered. We anticipate that our cost of revenue will vary substantially depending on the nature of products and/or services delivered in each customer engagement.

Research and development expenses consist primarily of compensation and related costs for personnel, including stock-based compensation and employee benefits as well as costs associated with design, fabrication, packaging and testing of our devices. We expense research and development expenses as incurred.

General and administrative expenses consist primarily of compensation and related costs for personnel, including stock-based compensation and employee benefits. In addition, general and administrative expenses include third-party consulting, legal, audit and accounting services.

Facility expenses consist primarily of lease and utility expenses at our headquarters in Goleta, California and insurance expenses consist mainly of directors and officers insurance.

Other Income

Other income, net of other expenses, consists primarily of income generated from subleasing a portion of our research and development facility.

Income Tax Expense

Income tax expense consists primarily of income taxes in certain state jurisdictions in which we conduct business.

Results of Operations

Year ended June 30, 2023 compared to the year ended June 30, 2022

Our results of operations for the year ended June 30, 2023, as compared to the same period of 2022, were as follows (some of the balances on the prior period's combined financial statements have been reclassified to conform to the current period presentation):

	<u>Year Ended June 30,</u>		<u>Change '23 vs. '22</u>
	<u>2023</u>	<u>2022</u>	
Revenue	\$ 193,339	\$ -	\$ 193,339
Operating expenses	(5,703,024)	(3,733,522)	(1,969,502)
Other income	130,103	281,823	(151,720)
Loss before income tax expense	(5,379,582)	(3,451,699)	(1,927,883)
Income tax expense	-	-	-
Net loss	\$ (5,379,582)	\$ (3,451,699)	\$ (1,927,883)

Revenue: The company recognized its first revenue of \$193,339, consisting of \$15,000 from product sales and \$178,339 from a government contract.

Operating Expenses: During the years ended June 30, 2023 and 2022, we incurred operating expenses of \$5,703,024 and \$3,733,522, respectively. This increase was mainly due to increased salaries and stock-based compensation resulting from additional employees hired to support our growth and increased costs related to research and development activities.

Other income: During the years ended June 30, 2023 and 2022, we recorded other income of \$130,103 and \$281,823, respectively. The decrease was primarily due to a decrease in sub-lease rental income. The sub-lease ended in March 2023.

Income tax expense: We recorded no income tax expense for the years ended June 30, 2023 and 2022.

Net Loss: Net loss increased to \$5,379,582 for the year ended June 30, 2023, as compared to \$3,451,699 for the same period of 2022. The increase was primarily due to increases in operating expenses resulting increased salaries and stock-based compensation, and research and development activities.

Capital Resources and Liquidity

Our financial statements have been presented on the basis that are a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As presented in the financial statements, we incurred a net loss of \$5,379,582 and \$3,451,699 for the years ended June 30, 2023 and 2022, respectively, and losses are expected to continue in the near term. The accumulated deficit was \$9,062,066 at June 30, 2023. We have been funding our operations through private loans and the sale of common stock in private placement transactions.

Management anticipates that significant additional expenditures will be necessary to develop and expand our business before significant positive operating cash flows can be achieved. Our ability to continue as a going concern is dependent upon our ability to raise additional capital and to ultimately achieve sustainable revenues and profitable operations. At June 30, 2023, we had \$5,071,690 of cash on hand. These funds are insufficient to complete our business plan and as a consequence, we will need to seek additional funds, primarily through the issuance of debt or equity securities for cash to operate our business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in the case of equity financing.

Management has undertaken steps as part of a plan to improve operations with the goal of sustaining our operations for the next twelve months and beyond. These steps include (a) raising additional capital and/or obtaining financing; (b) controlling overhead and expenses; and (c) executing material sales or research contracts. There can be no assurance that we can successfully accomplish these steps and it is uncertain that we will achieve a profitable level of operations and obtain additional financing. There can be no assurance that any additional financing will be available to us on satisfactory terms and conditions, if at all. As of the date of this Report, we have not entered into any formal agreements regarding the above.

In the event we are unable to continue as a going concern, the Company may elect or be required to seek protection from its creditors by filing a voluntary petition in bankruptcy or may be subject to an involuntary petition in bankruptcy. To date, management has not considered this alternative, nor does management view it as a likely occurrence.

We had working capital of \$4,576,807 and \$4,058,409 at June 30, 2023 and 2022, respectively. Current assets increased \$903,058 to \$5,333,906 at June 30, 2023 from \$4,430,848 at June 30, 2022, primarily due to the private placement described above. Current liabilities increased \$384,660 to \$757,099 at June 30, 2023 from \$372,439 at June 30, 2022, due to increases in accounts payable.

The following table shows a summary of our cash flows for the periods presented:

	<u>Year Ended June 30,</u>		<u>Change '23 vs. '22</u>
	<u>2023</u>	<u>2022</u>	
Net cash (used in) provided by:			
Operating activities	\$ (3,637,972)	\$ (2,252,791)	\$ (1,385,181)
Investing activities	(672,545)	(955,667)	283,122
Financing activities	5,641,485	161,930	5,479,555
Increase (decrease) in cash	\$ 1,330,968	\$ (3,046,528)	\$ 4,377,496

Net cash used in our operating activities increased \$1,385,181 to \$3,637,972 for the year ended June 30, 2023, compared to \$2,252,791 for the same period in 2022, primarily due to a \$1,927,883 increase in net loss. The decrease was reduced mainly by non-cash expense increases of \$258,000 in consultant expense, \$244,433 in stock-based compensation expense, and \$302,172 in accounts payable.

Net cash used in our investing activities were \$672,545 and \$955,667 for the years ended June 30, 2023 and 2022, respectively. Investing activities for the periods presented are related to the equipment purchases and the setup of our facility.

Our financing activities resulted in a cash inflow of \$5,641,485 and 161,930 for the years ended June 30, 2023 and 2022, respectively. Financing activities for the periods presented are proceeds from the sale of common stock in private placements.

Recent Accounting Pronouncements

The Company has evaluated all issued but not yet effective accounting pronouncements and determined that they are either immaterial or not relevant to the Company.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

	Page
<u>Report of Independent Registered Public Accounting Firm (PCAOB No. 00468)</u>	F-2
<u>Consolidated Balance Sheets as of June 30, 2023 and 2022</u>	F-3
<u>Consolidated Statements of Operations for the Years Ended June 30, 2023 and 2022</u>	F-4
<u>Consolidated Statements of Changes in Shareholders' Equity for the Years Ended June 30, 2023 and 2022</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended June 30, 2023 and 2022</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Aeluma, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Aeluma, Inc. and Subsidiary (the Company) as of June 30, 2023 and 2022, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2023, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred significant operating losses and negative cash flows from operations, and has generated limited revenue. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) "PCAOB" and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

Rose, Snyder & Jacobs LLP

We have served as the Company's auditor since 2021

Encino, California

September 22, 2023

**Aeluma, Inc. and Subsidiary
Consolidated Balance Sheets**

	June 30, 2023	June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,071,690	\$ 3,740,722
Accounts receivable	189,239	-
Deferred compensation, current portion	53,034	662,464
Prepays and other current assets	19,943	27,662
Total current assets	5,333,906	4,430,848
Property and equipment:		
Equipment	1,209,656	619,613
Leasehold improvements	546,864	464,362
Accumulated depreciation	(300,445)	(96,987)
Property and equipment, net	1,456,075	986,988
Intangible assets		
Right of use asset - facility	9,833	12,833
Deferred compensation, long term portion	351,013	476,370
Other assets	-	11,034
Total assets	\$ 7,163,841	\$ 5,931,087
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 461,797	\$ 114,100
Accrued expenses and other current liabilities	133,092	101,351
Lease liability, current portion	162,210	156,988
Total current liabilities	757,099	372,439
Lease liability, long term portion	296,452	458,705
Commitments and contingencies	-	-
Total liabilities	1,053,551	831,144
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized, and none issued and outstanding at June 30, 2023 and 2022	-	-
Common stock, \$0.0001 par value; 50,000,000 shares authorized at June 30, 2023 and 2022, and 12,817,500 and 10,650,002 shares issued and outstanding at June 30, 2023 and 2022, respectively	1,282	1,066
Additional paid-in capital	15,171,074	8,781,361
Accumulated deficit	(9,062,066)	(3,682,484)
Total stockholders' equity	6,110,290	5,099,943
Total liabilities and stockholders' equity	\$ 7,163,841	\$ 5,931,087

The accompanying notes are an integral part of consolidated financial statements.

Aeluma, Inc. and Subsidiary
Consolidated Statements of Operations

	Year Ended June 30,	
	2023	2022
Revenue	\$ 193,339	\$ -
Operating expenses:		
Cost of revenue	109,395	-
Research and development	2,175,268	1,063,926
General and administrative	2,610,580	1,906,530
Facility	421,626	435,814
Insurance	386,155	327,252
Total expenses	<u>5,703,024</u>	<u>3,733,522</u>
Loss from operations	<u>(5,509,685)</u>	<u>(3,733,522)</u>
Other income:		
Sub-lease rental income and other income	128,913	279,727
Interest income	1,190	2,096
Total other income	<u>130,103</u>	<u>281,823</u>
Loss before provision for income tax	<u>(5,379,582)</u>	<u>(3,451,699)</u>
Income tax expense	-	-
Net loss	<u>\$ (5,379,582)</u>	<u>\$ (3,451,699)</u>
Basic and diluted loss per share	<u>\$ (0.47)</u>	<u>\$ (0.32)</u>
Weighted average common shares outstanding - basic and diluted	<u>11,379,480</u>	<u>10,650,002</u>

The accompanying notes are an integral part of consolidated financial statements.

Aeluma, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity

	<u>Common Stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, July 1, 2021	10,535,002	\$ 1,054	\$ 8,415,432	\$ (230,922)	\$ 8,185,564
Issuance of common stock, net of offering cost of \$1,059,505 (Note 3)	115,000	12	206,918	-	206,930
Other offering costs	-	-	(45,000)	-	(45,000)
Stock-based compensation	-	-	204,011	-	204,011
Net loss	-	-	-	(3,451,699)	(3,451,699)
Other	-	-	-	137	137
Balance, June 30, 2022	10,650,002	1,066	8,781,361	(3,682,484)	5,099,943
Issuance of common stock, net of offering cost of \$411,015 (Note 3)	2,017,498	201	5,641,284	-	5,641,485
Issuance of common stock for service (Note 4)	150,000	15	299,985	-	300,000
Stock-based compensation	-	-	448,444	-	448,444
Net loss	-	-	-	(5,379,582)	(5,379,582)
Balance, June 30 2023	12,817,500	\$ 1,282	\$ 15,171,074	\$ (9,062,066)	\$ 6,110,290

The accompanying notes are an integral part of consolidated financial statements.

Aeluma, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
Operating activities:		
Net loss	\$ (5,379,582)	\$ (3,451,699)
Adjustments to reconcile net loss to net cash used in operating activities:		
Issuance of shares for services	258,000	-
Amortization of deferred compensation	662,464	662,464
Partial refund of facility lease deposit	-	52,055
Lessor incentive	-	134,625
Stock-based compensation expense	448,444	204,011
Depreciation and amortization expense	206,458	98,987
Change in accounts receivable	(189,239)	-
Change in prepaids and other current assets	7,719	(5,141)
Change in accounts payable	347,697	45,525
Change in accrued expenses and other current liabilities	67	6,382
Net cash used in operating activities	(3,637,972)	(2,252,791)
Investing activities:		
Purchase of equipment	(590,043)	(503,725)
Payment for leasehold improvements	(82,502)	(451,942)
Net cash used in investing activities	(672,545)	(955,667)
Financing activities:		
Proceeds from Private Placement, net of offering costs	5,641,485	206,930
Payment of other offering costs	-	(45,000)
Net cash provided by financing activities	5,641,485	161,930
Net change in cash	1,330,968	(3,046,528)
Cash, beginning of period	3,740,722	6,787,250
Cash, end of period	\$ 5,071,690	\$ 3,740,722

The accompanying notes are an integral part of consolidated financial statements.

Aeluma, Inc. and Subsidiary
Notes to Consolidated Financial Statements

Note 1 – Business

Aeluma, Inc., headquartered in Goleta, California, is engaged in the research and development of infrared (IR) optical sensors to disrupt the market for IR sensors, and using its proprietary technology aims to produce a much higher performance alternative to today's low-cost sensors at much lower prices than would otherwise be possible. The focus of Aeluma, Inc. ("the Company") will be the image sensor market. Initial efforts hope to penetrate the 3D imaging and sensing (mobile and consumer, defense and aerospace, industrial, medical, auto) and LiDAR (robotic vehicles, advanced driver assistance systems vehicles (ADAS), topography, wind, industrial) markets.

On June 22, 2021, Biond Photonics, Inc., a privately held California corporation ("Biond Photonics") merged with and into our wholly owned subsidiary, Aeluma Operating Co., a corporation formed in the State of Delaware on June 22, 2021 ("Acquisition Sub"). Pursuant to this transaction (the "Merger"), Acquisition Sub was the surviving corporation and remained our wholly owned subsidiary, and all the outstanding stock of Biond Photonics was converted into shares of our common stock. As a result of the Merger, the Company acquired the business of Biond Photonics and continued the existing business operations of Biond Photonics as a public reporting company under the name Aeluma, Inc.

Going Concern

The Company incurred a net loss of \$5,379,480 and \$3,451,699 for the years ended June 30, 2023 and 2022, respectively, and has accumulated deficit of \$9,062,066 at June 30, 2023. In addition, the Company is in the research and development stage and has generated limited revenue to date. In order to support its operations, the Company will require additional infusions of cash from the sale of equity instruments or the issuance of debt instruments, or the commencement of profitable revenue generating activities. If adequate funds are not available or are not available on acceptable terms, the Company's ability to fund its operations, develop or enhance its sensors in the future or respond to competitive pressures would be significantly limited. Such limitations could require the Company to curtail, suspend or discontinue parts of its business plan.

These conditions raise doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared in conformity with GAAP, which contemplate continuation of the Company as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that could result from the outcome of this uncertainty. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been presented in accordance with generally accepted accounting principles in the United States ("GAAP").

The summary of significant accounting policies presented below is designed to assist in understanding the Company's financial statements. Such financial statements and accompanying notes are the representations of the Company's management, who is responsible for the Company's integrity and objectivity.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

The Company considers cash in banks, deposits in transit, and highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents.

Concentration of Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company's accounts are insured by the FDIC but at times may exceed federally insured limits.

Fair Value of Financial Instruments

As defined in Financial Accounting Standards Board ("FASB") ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses the market or income approach. Based on this approach, the Company utilizes certain assumptions about the risk inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values. As a basis for considering these assumptions, ASC 820 defines a three-tier value hierarchy that prioritizes the inputs used in the valuation methodologies in measuring fair value.

Level 1 – Unadjusted quoted prices in active, accessible market for identical assets or liabilities

Level 2 – Other inputs that are directly or indirectly observable in the marketplace

Level 3 – Unobservable inputs which are supported by little or no market activity

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying values of the Company's cash, accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair value due to the relatively short maturity of these items.

Property and Equipment

Property, equipment and leasehold improvements are reported at historical cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the remaining lease term. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or the asset's useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Intangible Assets

Intangible assets are associated with the Aeluma.com domain name and are amortized on a straight-line basis over 10 years.

Revenue Recognition

The Company follows a five-step approach for recognizing revenue, consisting of the following: (1) identifying the contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when, or as, the entity satisfies a performance obligation. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components associated with its revenue contracts, as payment is received within one year.

- Product sales: Revenue will be recognized at a point in time when the product is shipped or is delivered to the customer's location.
- Government contract: Revenue is principally generated under research and development contracts with agencies of the U.S. government or with prime contractors. These contracts may include cost reimbursement and fixed firm price terms.

The company recognized its revenue of \$193,339, consisting of \$15,000 from product sales and \$178,339 from a government contract, primarily for sampling purchases and research and development, for the year ended June 30, 2023.

Loss Per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing the net loss attributable to common stockholders by the sum of the weighted average number of common shares outstanding plus potential dilutive common shares outstanding during the period. Potential dilutive securities, comprised of stock warrants and stock options, are not reflected in diluted loss per share because such shares are anti-dilutive. Dilutive impact of potential common shares resulting from common stock equivalents is determined by applying the treasury stock method.

Stock-Based Compensation

The Company accounts for stock-based compensation arrangements in accordance with guidance issued by the FASB, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, consultants, and directors based on estimated fair values.

The Company estimates the fair value of stock-based compensation awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations. The Company estimates the fair value of stock-based compensation awards using the Black-Scholes model. This model requires the Company to estimate the expected volatility and value of its common stock and the expected term of the stock options, all of which are highly complex and subjective variables. For employees and directors, the expected life was calculated based on the simplified method as described by the SEC Staff Accounting Bulletin No. 110, Share-Based Payment. For other service providers, the expected life was calculated using the contractual term of the award. The Company's estimate of expected volatility was based on the volatility of peers. The Company has selected a risk-free rate based on the implied yield available on U.S. Treasury securities with a maturity equivalent to the expected term of the options. The Company accounts for forfeitures upon occurrence.

Income Taxes

The Company is expected to have net operating loss carryforwards that it can use to offset a certain amount of taxable income in the future. The Company is currently analyzing the amount of loss carryforwards that will be available to reduce future taxable income. The resulting deferred tax assets will be offset by a valuation allowance due to the uncertainty of its realization. The primary difference between income tax expense attributable to continuing operations and the amount of income tax expense that would result from applying domestic federal statutory rates to income before income taxes relates to the recognition of a valuation allowance for deferred income tax assets.

The Company has adopted FASB ASC 740-10, “*Income Taxes*” which clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold of more likely than not as a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a Company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. The Company’s policy is to include interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties totaled \$0 for the periods presented. The Company’s net operating loss carryforwards are subject to IRS examination until they are fully utilized, and such tax years are closed.

The Company will file tax returns in the U.S. federal jurisdiction and the state of California. The Company’s federal and state return forms are subject to review by the taxing authorities. The Company is not currently under examination by any taxing authority, nor has it been notified of an impending examination.

Recent Accounting Pronouncements

The Company has evaluated all issued but not yet effective accounting pronouncements and determined that they are either immaterial or not relevant to the Company.

Note 3 – Stockholders’ Equity

Authorized Shares

The Company’s Articles of Incorporation authorize the issuance of two classes of shares of stock. The total number of shares which this corporation is authorized to issue is 50,000,000 shares of \$0.0001 par value common stock and 10,000,000 of \$0.0001 par value preferred stock. No preferred shares were issued as of June 30, 2023.

Common Stock Offering

Immediately following the Merger, on June 22, 2021, the Company sold 3,482,500 shares of common stock pursuant to an initial closing of a private placement offering at a purchase price of \$2.00 per share, with gross proceed of \$6,965,000 (before deducting placement agent fees and expenses of \$949,736). The Company held a second closing on June 28, 2021 for an additional 402,500 shares of common stock, with gross proceed of \$805,000 (before deducting placement agent fees and expenses of \$109,769), and a third and final close on July 1, 2021 for an additional 115,000, with gross proceed of \$230,000 (before deducting placement agent fees and expenses of \$23,070). Accordingly, the Company sold a total of 4,000,000 shares of common stock with total gross proceeds of \$8,000,000 (before deducting total placement agent fees and expenses of \$1,082,577).

On December 12, 2022, the Company sold an aggregate of 517,000 shares of common stock in a private placement offering at a price of \$3.00 per share, with gross proceeds of \$1,551,000 (before deducting placement agent fees and expenses of \$124,385). On January 10, 2023, the Company held a second closing for an additional 214,667 shares of common stock, with gross proceeds of \$644,000 (before deducting placement agent fees and expenses of \$28,640). On March 31, 2023, the Company held a third closing for an additional 715,665 shares of common stock, with gross proceeds of \$2,147,000 (before deducting placement agent fees and expenses of \$117,830). On May 10, 2023, the Company held a fourth and final close for additional 570,166 shares of its common, with gross proceeds of \$1,710,500 (before deducting placement agent fees and expenses of \$140,160). Accordingly, the Company sold a total of 2,017,498 shares of common stock with a total gross proceeds of \$6,052,500 (before deducting total placement agent fees and expenses of \$411,015) in this private placement. The two private placement offerings held above are together referred to herein as the “Offering.”

The Offering was exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated by the SEC thereunder. The common stock in the Offering was sold to “accredited investors,” as defined in Regulation D, and was conducted on a “reasonable best efforts” basis.

Issued and Vested Shares to Officers

On October 27, 2020, the Company issued 1,623,920 shares of common stock to Jonathan Klamkin, Director and Chief Executive Officer, and 1,623,920 shares of common stock to Lee McCarthy, Director, interim Chief Financial Officer and Chief Operations Officer, for an aggregate sum of \$10,000 each. Initially 20% or 324,784 shares vested on October 27, 2020, and the remaining 1,299,136 shares vest in equal amounts, monthly over the subsequent 4 years. The stock purchase agreement contains a repurchase option whereby unvested shares may be repurchased by the Company, at the Company's option, within 90 days after employee termination. At June 30 2023, Jonathan Klamkin had 1,190,875 vested shares and 433,045 unvested shares, and Lee McCarthy had 974,350 vested shares and 649,570 unvested shares. Lee McCarthy left the Company in November 2022.

Registration Rights Agreement

The Company entered into a registration rights agreement that provides for certain liquidated damages upon the occurrence of a "Registration Event," which is defined as the occurrence of any of the following events: (a) the Company fails to file with the Commission the Registration Statement on or before the Registration Filing Date; (b) the Registration Statement is not declared effective by the Commission on or before the Registration Effectiveness Date; (c) after the SEC Effective Date, the Registration Statement ceases for any reason to remain effective or the Holders of Registrable Securities covered thereby are otherwise not permitted to utilize the prospectus therein to resell the Registrable Securities covered thereby, except for Blackout Periods permitted herein; or (d) following the listing or inclusion for quotation on an Approved Market, the Registrable Securities, if issued and outstanding, are not listed or included for quotation on an Approved Market, or trading of the Common Stock is suspended or halted on the Approved Market, which at the time constitutes the principal markets for the Common Stock, for more than three (3) full, consecutive Trading Days (other than as a result of (A) actions or inactions of parties other than the Company or its affiliates or of the Approved Market not reasonably in the control of the Company, or (B) suspension or halt of substantially all trading in equity securities (including the Common Stock) on the Approved Market). The maximum amount of liquidated damages that may be paid by the Company shall be an amount equal to eight percent (8%) of the shares covered by the registration rights agreement. This filing covered 11,010,002 shares. The Company currently expects to satisfy all of its obligations under the Registration Agreement and does not expect to pay any damages pursuant to this agreement; therefore, no liability has been recorded.

Note 4 – Stock-Based Compensation

Restricted Stock Awards

During the six months ended June 30, 2021, the Company sold 723,008 shares of common stock to certain individuals in exchange for future management advisory services, for discounted prices price ranging from \$.0104 to \$.0195 per share. The shares are subject to restrictions that allow for repurchase of the shares by the Company due to a termination of the service agreement or other certain provisions. This repurchase right declines on a pro-rata basis over vesting periods (corresponding to the service period) ranging from 2-4 years. Related to these issuances, the Company has recorded deferred compensation of \$1,372,435 for the value of the shares in excess of the purchase price paid by the advisors. The deferred compensation will be expensed as consulting expense in the consolidated statements of operation over the service period. For each of the years ended June 30, 2023 and 2022, \$662,464 has been amortized in the consolidated statements of operations, and \$11,034 is presented as part of the current portion of deferred compensation on the consolidated balance sheets at June 30, 2023.

In March 2022, the Company signed an agreement to issue 150,000 shares of common stock valued at \$300,000 to a consultant for providing consulting services to the Company for eighteen months. Related to these issuances, the Company has recorded deferred compensation of \$300,00 which will be expensed as consulting expense in the consolidated statements of operation over the eighteen months. For the year ended June 30, 2023, \$258,000 has been amortized in the consolidated statements of operations and \$42,000 is presented as part of the current portion of deferred compensation on the consolidated balance sheet at June 30, 2023.

The following is a schedule summarizing restricted stock awards for the periods indicated:

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Fair Value Per Share</u>
Outstanding at July 1, 2021		
Granted	691,232	\$ 1.90
Vested	(346,806)	\$ 1.90
Forfeited	-	-
Outstanding at June 30, 2022	344,426	\$ 1.90
Granted	150,000	\$ 2.00
Vested	(419,133)	\$ 1.92
Forfeited	-	-
Outstanding at June 30, 2023	75,293	\$ 1.97

Stock Options

In July 2021, the Company issued an option to purchase 10,000 shares of common stock to a director at a price of \$2.00 per share, expiring in 10 years, and an option to purchase 10,000 shares of common stock to an advisor at a price of \$2.00 per share expiring in 5 years. These options vested over periods ranging from one month to three months.

In December 2021, the Company issued options to purchase common stock to two directors in increments of 125,000 each. The options have an exercise price of \$2.00, expire in 10 years, vest 12,500 options per quarter in the first year and 9,375 per quarter for the following two years.

In February 2022, the company granted 16,750 in options to one director and 15,500 to another director at a price of \$2.00 per share, for committee service. These options are subject to quarterly vesting over four quarters and expire in 10 years. On February 1, 2022, the Company entered into a consulting advisory agreement which grants 2,500 options with every patent filing. On February 4, 2022, the advisor was granted 2,500 options with an exercise price of \$2.00 and an expiration date of ten years.

In April 2022, the Company issued 513,000 options to purchase common stock to employees. The options have an exercise price of \$2.00 and expire in 10 years with 25% vesting after one year and the remainder scheduled to vest each quarter for three years, subject to the continued status as an employee to the Company through each vesting date.

In December 2022, the Company issued 161,000 options to purchase common stock to employees. The options have an exercise price of \$2.00 or \$2.10 and expire in 10 years with various vesting schedules from six months to 48 months, subject to the continued status as an employee to the Company through each vesting date.

During the three months ended March 31, 2023, the Company issued 109,750 options to purchase common stock to employees and directors. The options have an exercise price of \$3.00 and expire in 10 years with various vesting schedules from 12 months to 48 months. Stock options granted to employees are subject to the continued status as an employee to the Company through each vesting date. During the three months ended March 31, 2023, the Company also issued 37,500 conditional options to purchase common stock to non-employee advisors. The options have an exercise price of \$3.00 and expire in 10 years, vesting on the date when certain vesting conditions are met.

During the three months ended June 30, 2023, the Company issued 163,000 options to purchase common stock to employees. The options expire in 10 years and have an exercise price of \$2.60 with immediate vesting or \$3.00 with a vesting schedule of 48 months. Stock options granted to employees are subject to the continued status as an employee to the Company through each vesting date.

The Company estimates the fair value of each option award using the Black-Scholes option-pricing model. The Company used the following assumptions for to estimate the fair value of stock options for directors issued for the years ended June 30, 2023 and 2022:

	Year Ended June 30,	
	2023	2022
Weighted-average fair value	\$ 2.45	\$ 1.48
Expected volatility	100% - 134%	100%
Expected term	5.0 years - 7.0 years	5.0 years
Dividend yield	0.00%	0.00%
Risk-free interest rate	1.26% - 4.24%	1.15% - 2.41%

For the years ended June 30, 2023 and 2022, stock-based compensation expenses for options granted were \$448,444 and \$204,011, respectively. Unrecognized stock-based compensation expense was \$1,342,964 and average expected recognition period was 1.6 years as of June 30, 2023.

The following is a schedule summarizing stock option activities for the periods presented:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (1)
Outstanding at July 1, 2022	817,750	\$ 2.00	\$ -
Granted	471,250	\$ 2.68	
Exercised	-	-	
Expired/cancelled	(255,000)	\$ 2.00	
Outstanding at June 30, 2023	1,034,000	\$ 2.31	\$ 639,775
Exercisable at June 30, 2023	360,060	\$ 2.05	\$ 309,248

(1) Represents the excess of the fair value on the last day of period (which was \$2.90 as of June 30, 2023) over the exercise price, multiplied by the number of options.

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at July 1, 2021	-	\$ -	\$ -
Granted	817,750	\$ 2.00	
Exercised	-	-	
Expired/cancelled	-	-	
Outstanding at June 30, 2022	817,750	\$ 2.00	\$ -
Exercisable at June 30, 2022	83,250	\$ 2.00	\$ -

Note 5 – Facility Operating Lease

On April 1, 2021, the Company commenced a 5-year operating lease for a facility in Goleta, California with total lease payments of \$781,813. The Company determined the lease constitutes a Right of Use (ROU) asset and has recorded the present value of the lease payments as an asset and liability per ASC 842. The value of the asset will be amortized on a straight-line basis over the 60-month period and amortization began at the start of the lease. Additionally, the lease agreement waived the first three months of rent with payments commencing July 2021. At the commencement of the lease, the net present value of the lease payments was \$767,553. In addition to these lease payments, the Company is also responsible for its shares of common area operating expenses and electricity. Such expenses are considered variable costs and are not included in the measurement of the lease liability. The lease agreement also provides for the option to extend the lease for two additional sixty-month periods. The lease payments for these additional periods are not included in the lease liability amount presented on the balance sheet.

The following table presents maturities of operating lease liabilities on an undiscounted basis as of June 30, 2023:

Fiscal 2024	\$	165,096
Fiscal 2025		169,224
Fiscal 2026		129,282
Total		<u>463,602</u>
Less imputed interest		(4,940)
Total operating lease liability		485,662
Less: current portion		162,210
Lease liability, long term	\$	<u>296,452</u>

The lease term and the discount rate for the lease at June 30, 2023 is 2.8 years and 0.75%, respectively. The total lease payments were \$129,437 and \$157,141 for the years ended June 30, 2023 and 2022, respectively. The variable costs for common area operating expenses and electricity were \$264,280, and \$240,421 for the years ended June 30, 2023 and 2022, respectively.

Beginning April 1, 2021, the Company began subleasing a portion of their facility. The sub-lease provided for base monthly rent of \$13,013 through May 31, 2021 and \$8,400 starting June 1, 2021 plus common area operating and utility costs. The sublease was amended again on May 17, 2022 to sublease a smaller portion of the property at a base rental rate of \$5,200 per month effective June 1, 2022. Of rental income, including reimbursement of common area operating and utility costs, the Company recognized \$128,921 and \$279,727 for the years ended June 30, 2023 and 2022, respectively. The sub-lease ended in March 2023.

Note 6 – Warrants to Purchase Common Stock

In connection with the Offering held from December 2022 through May 2023, the Company issued warrants of 85,653 to purchase common stock to the Placement Agents. The warrants carry a term of 5 years and an exercise price of \$3.00.

The following warrants to purchase common stock were outstanding as of June 30, 2023:

Number of Shares	Exercise Price	Expiration Date
360,000	\$ 2.00	June 28, 2026
29,067	3.00	December 22, 2027
4,933	3.00	January 10, 2028
6,720	3.00	March 31, 2028
44,933	3.00	May 10, 2028
<u>445,653</u>		

Note 7 – 401(k) Plan

The Company has a 401(k) savings plan (the 401(k) plan). The 401(k) plan is a defined contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code. All full-time employees of the Company are eligible to participate pursuant to the terms of the 401(k) plan. The Company made contributions of \$50,034 and \$15,484 for the years ended June 30, 2023 and 2022, respectively.

Note 8 – Subsequent Events

On September 10, 2023, the Company exercised its option to purchase 649,750 unvested restricted shares of Lee McCarthy for a total consideration of \$4,001, the initial purchase price of these shares.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rule 15d-15(e)) are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer (principal executive officer) and Principal Financial Officer (principal financial officer), based on their evaluation of our disclosure controls and procedures as of June 30, 2023, concluded that our disclosure controls and procedures were ineffective as of that date.

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Principal Financial Officer (principal financial officer), has assessed the effectiveness of our internal control over financial reporting as of June 30, 2023. In making this assessment, management used the criteria set forth in the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013)*.

Based on the assessment using those criteria, management concluded that, as of June 30, 2023, our internal control over financial reporting was ineffective due to an insufficient number of personnel with appropriate technical accounting and SEC reporting expertise to adhere to certain control disciplines and to evaluate and properly record certain non-routine and complex transactions.

A material weakness in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis.

Attestation report of the registered public accounting firm. This report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only the management's report in this report.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers and Directors

At the closing of the Merger, Messrs. Klamkin, McCarthy and DenBaars were appointed to our board of directors, and Mr. Ian Jacobs and Mr. Mark Tompkins resigned from our board of directors. Our executive management team was also reconstituted immediately following the closing by the appointment of Mr. Klamkin as our Chief Executive Officer and Mr. McCarthy as our interim Chief Financial Officer and Chief Operating Officer, and the resignation of Mr. Jacobs from all positions with us. Mr. McCarthy resigned from his position as interim Chief Financial Officer on August 18, 2021.

As per our amended and restated bylaws, our board of directors is divided into three classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose terms are then expiring, to serve from the time of election and qualification until the third annual meeting following their election or until their earlier death, resignation or removal.

The Class I directors consist of Mr. DenBaars and Mr. Paglia, whose term expired at our first annual meeting of stockholders following the Merger and both of whom were re-appointed at such meeting.

The Class II director is Ms. Mehta and her term will expire at our second annual meeting of stockholders following the Merger.

The Class III director is Mr. Klamkin and his term will expire at our third annual meeting of stockholders following the Merger.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control. See the section of this Report captioned "Description of Securities-Anti-Takeover Provisions" for a discussion of these and other anti-takeover provisions found in our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately the closing of the Merger.

A majority of the authorized number of directors constitutes a quorum of the Board of Directors for the transaction of business. The directors must be present at the meeting to constitute a quorum. However, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors individually or collectively consent in writing to the action.

On November 15, 2021, we accepted the resignation of Mr. McCarthy as one of our directors, which was effective December 1, 2021; Mr. McCarthy informed us that he wanted to resign from his position as a member of the Board of Directors to permit the appointment of an independent director to our three-person Board and not as a result from any disagreement regarding any matter related to the Company's operations, policies or practices.

On November 15, 2021, the Board also approved the appointment of Ms. Palvi Mehta to fill the vacancy created by Mr. McCarthy's resignation for the remainder of his term, and her independent director agreement, which sets her compensation and establishes other terms and conditions governing her service on the Board. Ms. Mehta served as an independent director as of December 1, 2021.

On December 1, 2021, we appointed Mr. John Paglia to the board of directors.

On November 8, 2022, Lee McCarthy provided notice of his resignation as our Chief Operating Officer effective November 17, 2022. Mr. McCarthy's decision to resign was not the result of any disagreements with the Company on any matter related to the operations, policies, or practices of the Company.

The following table provides information regarding our executive officers and directors as of the date hereof:

<u>Name</u>	<u>Age</u>	<u>Positions</u>	<u>Directors Class, if applicable</u>	<u>Expiration of Director Term</u>
<i>Executive Officers</i>				
Jonathan Klamkin	43	Chief Executive Officer & Chief Financial Officer & President & Chairman	Class III	2024
<i>Non-Employee Directors</i>				
Steven P. DenBaars*	61	Director	Class I	2025
Palvi Mehta	56	Director	Class II	2023
John Paglia*	55	Director	Class I	2025

* Re-elected at the 2022 annual shareholder meeting.

Background of Officers and Directors

Jonathan Klamkin serves as President and Chief Executive Officer and is one of our directors. Mr. Klamkin has been the CEO and Director of Biond Photonics (now Aeluma) since February 28, 2019. He is a Professor of Electrical and Computer Engineering at the University of California, Santa Barbara (2015-present), where his group conducts pioneering research in integrated photonics and optoelectronics for communications and sensing applications. Mr. Klamkin was with BinOptics Corp. (2001-2002), a laser diode manufacturer that was acquired by Macom in 2015. Jonathan is the recipient of numerous awards including the NASA Young Faculty Award, the DARPA Young Faculty Award, and the DARPA Director's Fellowship. He has published more than 200 papers, holds several patents, and has given more than 100 invited presentations to industry, government and the academic community. Mr. Klamkin holds a Bachelor of Science in Electrical and Computer Engineering from Cornell University and a Master of Science in Electrical and Computer Engineering and a Ph.D. in Materials from the University of California, Santa Barbara.

Steven P. DenBaars serves as one of our directors. Steven has been on Biond Photonics' (now Aeluma's) Board of Directors since June 5, 2021. He is a Professor of Materials and Electrical and Computer Engineering at the University of California Santa Barbara (1991-pres). Prof. DenBaars has been very active in entrepreneurship, having helped co-found several start-up companies in the field of photonics and electronics. In 1996, he Co-founded Nitres Inc., which was acquired by Cree Inc. in May 2000. In 2013, he Co-Founded SLD Laser, and helped build the company to over 150 employees before being acquired by Kyocera Corporation in 2021. In 2014, he assisted Dr. Jeffrey Shealy in the founding of Akoustis Technologies Inc. (AKTS) for commercialization of RF Filters, and he is currently on the Board of Directors. In 2022 he joined the Board of Directors of SmartKem Ltd., a high-performance organic semiconductor company. He received the IEEE Fellow award in 2005, member of the National Academy of Engineers in 2012, and National Academy of Inventors in 2014. He has authored or co-authored over 980 technical publications, 360 conference presentations, and over 185 patents. Mr. DenBaars has a Bachelor of Science in Metallurgical Engineering from the University of Arizona and a Master of Science and a Ph.D. in Material Science and Electrical Engineering, respectively from the University of Southern California. We believe Mr. DenBaars qualifies as our director because of his entrepreneurial and start-up experience, as well as his engineering knowledge.

Palvi Mehta serves as one of our directors. Ms. Mehta is an operating partner and CFO for Pioneer Square Labs (PSL), a start-up studio and venture fund with \$200M in assets under management. She provides financial and operational oversight, supports the investment process, and assists portfolio companies with financial, operating and scaling strategies. Palvi joined PSL after two decades in senior financial roles in the wireless, manufacturing, networking, and security industry. Prior to PSL, she was the CFO of three venture-backed startups. She was most recently the CFO at ExtraHop Networks. A veteran of the tech startup community, Ms. Mehta has also been the CFO of NewPath Networks, and RadioFrame Networks. During her career, she has raised hundreds of millions of dollars across both the equity and debt markets and has successfully completed multiple exits. She began her career as a CPA and an auditor at Ernst & Young. Palvi received the 2018 Executive Excellence Award from Seattle Business Magazine. In addition, she was selected by the Puget Sound Business Journal as the 2016 CFO of the Year for mid-size companies. Ms. Mehta graduated Summa Cum Laude from the University of California, Berkeley with a B.S. in business, with an emphasis in finance and accounting. Palvi is a strong supporter of women in tech and is passionate about providing the opportunity for CS education to women and underrepresented minorities. She is a board member of Code.org. We believe she qualifies as one of our directors because of her leadership and entrepreneurial experience and knowledge.

John Paglia serves as one of our directors and chairs our audit committee. Dr. Paglia is also an independent board director and audit committee chair for Simulations Plus, Inc. (NASDAQ: SLP), an advisor to a number of venture capital funds and startup companies; and sits on Pepperdine's Most Fundable Companies Council. At Pepperdine University's Graziadio Business School, he is a tenured Professor of Finance where his specialty areas are venture capital, private equity, corporate finance, business valuations, and mergers and acquisitions. In addition, he held a number of leadership positions at Pepperdine University since joining the faculty in 2000, most recently as Senior Associate Dean where he had oversight for all of the business school faculty and key strategic projects, and, prior to that, as executive director of Graziadio Business School's entrepreneurship institute. Dr. Paglia holds a Ph.D. in Finance, an MBA, a B.S. in Finance, and is a Certified Public Accountant, Chartered Financial Analyst, and is NACD Directorship Certified™. Dr. Paglia is a recipient of several prestigious honors for his work on the financing and capital markets. We believe his knowledge of technical accounting issues and business experience qualify him as an expert in financial matters and as a qualified candidate for the Board.

Corporate Social Responsibility

We believe that social responsibility is essential for a healthy and equitable corporate culture; one that balances the interests of its various worldwide stakeholders, including employees, shareholders, and our potential partners and customers. We are committed to sound corporate citizenship in the way we manage our people, our business and our impact on society and the environment. Furthermore, we acknowledge our responsibility to ensure our products will be designed, developed, and supplied in an environmentally safe and sound manner. We believe that we obey and comply with all laws and regulations that apply to us in the communities where we do business. Last but not least, we value our shareholders' governance view and seek to solicit feedback from our shareholders on a regular basis relating to matters that are important to them, including the compensation of our executive officers and directors and environmental, social and governance ("ESG") topics.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, none of the following events occurred during the past ten years that are material to an evaluation of the ability or integrity of any of our executive officers, directors, Director Nominees or promoters:

(1) A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(2) Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

(i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) Engaging in any type of business practice; or

(iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

(4) Subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described by such activity;

(5) Found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

(6) Found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

(7) Subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

(i) Any Federal or State securities or commodities law or regulation; or

(ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

(iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(8) Subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S. C 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Director Independence and Board Committees

We are not currently required under the Securities and Exchange Act to maintain any committees of our Board. We are not currently subject to listing requirements of any national securities exchange or inter-dealer quotation system which has requirements that a majority of the board of directors be “independent” or maintain any committees of our Board and, as a result, we are not at this time required to have our Board of Directors comprised of a majority of “independent directors” or have any committees. However, as of the date hereof, we currently have two independent directors on our board and are operating with three board committees.

Our board of directors shall determine which directors qualify as “independent” directors in accordance with listing requirements of The NASDAQ Stock Market, or NASDAQ. The NASDAQ independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us.

Our Board of Directors has determined that Ms. Mehta and Mr. Paglia shall be considered independent directors in accordance with the definition of independence applied by the NASDAQ Stock Market.

Although it is not required, we established three standing committees: an audit committee in compliance with Section 3(a)(58)(A) of the Exchange Act, a compensation committee and a nominating and governance committee. We will add independent directors, as needed, to each committee at the necessary time as per the applicable exchange’s rules.

Audit committee. Under the national exchange listing standards and applicable SEC rules, we are required to have at least three members of the audit committee, all of whom must be independent, subject to certain phase-in provisions. At this time, Ms. Mehta and Mr. Paglia are the only directors who meet the independent director standard under national exchange listing standards and under Rule 10-A-3(b)(1) of the Exchange Act; Mr. DenBaars also serves on the Audit committee, although he is not considered “independent”. Mr. Paglia was selected to serve as chairman of our audit committee. Each member of the audit committee is financially literate and our Board has determined that Ms. Mehta qualifies as an “audit committee financial expert” as defined in applicable SEC rules.

We adopted an audit committee charter, which will detail the purpose and principal functions of the audit committee, including:

- appoint, compensate, and oversee the work of any registered public accounting firm employed by us;
- resolve any disagreements between management and the auditor regarding financial reporting;
- pre-approve all auditing and non-audit services;
- retain independent counsel, accountants, or others to advise the audit committee or assist in the conduct of an investigation;
- seek any information it requires from employees-all of whom are directed to cooperate with the audit committee’s requests-or external parties;
- meet with our officers, external auditors, or outside counsel, as necessary; and
- oversee that management has established and maintained processes to assure our compliance with all applicable laws, regulations and corporate policy.

Compensation Committee. The compensation committee consists of Ms. Mehta (Chair), Mr. Paglia and Mr. DenBaars. Under the national exchange listing standards and applicable SEC rules, we are required to have at least two members of the compensation committee, all of whom must be independent, subject to certain phase-in provisions. Ms. Mehta and Mr. Paglia meet the independent director standard under national exchange listing standards applicable to members of the compensation committee.

We adopted a compensation committee charter, which details the purpose and responsibility of the compensation committee, including:

- discharge the responsibilities of the Board relating to compensation of our directors, executive officers and key employees;
- assist the Board in establishing appropriate incentive compensation and equity-based plans and to administer such plans;
- oversee the annual process of evaluation of the performance of our management; and
- perform such other duties and responsibilities as enumerated in and consistent with compensation committee's charter.

The charter will permit the committee to retain or receive advice from a compensation consultant and will outline certain requirements to ensure the consultants, independence or certain circumstances under which the consultant need not be independent. However, as of the date hereof, the Company has not retained such a consultant.

Nominating and Governance Committee. The nominating and governance committee consists of Mr. DenBaars (Chair), Ms. Mehta and Mr. Paglia. We adopted a nominating and governance committee charter, which details the purpose and responsibilities of the nominating and governance committee, including:

- assist the Board by identifying qualified candidates for director nominees, and to recommend to the board of directors the director nominees for the next annual meeting of stockholders;
- lead the Board in its annual review of its performance;
- recommend to the board director nominees for each committee of the Board; and
- develop and recommend to the Board corporate governance guidelines applicable to us.

Meetings of the Board of Directors

During the year ended June 30, 2023, Board meetings were held on September 22, 2022, December 1, 2022, February 9, 2023 and May 11, 2023. The Board also transacted business by unanimous written consent throughout the year.

Family Relationships

There are no family relationships by between or among the members of the Board or other executive officers of the Company.

Indemnification

Our articles of incorporation and bylaws include provisions limiting the liability of directors and officers and indemnifying them under certain circumstances. See "Indemnification Agreements" for further information. We intend to secure directors' and officers' liability insurance following the completion of this offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Company pursuant to Delaware law, we are informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Board Leadership Structure and Role in Risk Oversight

Mr. Klamkin serves as our Chief Executive Officer and our Chairman. Although the roles of our Chief Executive Officer and Chairman of our board of directors are currently performed by the same person, we do not have a policy regarding the separation of these roles, as our board of directors believes that it is in the best interests of the Company and our shareholders to make that determination from time to time based upon the position and direction of the Company and the membership of our board of directors.

Our board of directors has determined that our leadership structure is appropriate for the Company and our shareholders as it helps to ensure that the board of directors and management act with a common purpose and provides a single, clear chain of command to execute our strategic initiatives and business plans. In addition, our board of directors believes that a combined role of Chief Executive Officer and Chairman is better positioned to act as a bridge between management and our board of directors, facilitating the regular flow of information. Our board of directors also believes that it is advantageous to have a Chairman with an extensive knowledge of our industry.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of our common stock, file reports of ownership and changes of ownership with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that, during the reporting period covered by this Report, all Section 16(a) filing requirements were satisfied on a timely basis.

Code of Business Conduct and Ethics

Our Board of Directors adopted a Code of Ethics, a copy of which is attached herein as Exhibit 14.1, that applies to all of directors and employees, pursuant to rules described in Regulation S-K. The code provides fundamental ethical principles to which these individuals are expected to adhere to and will operate as a tool to help our directors, officers and employees understand the high ethical standards required for employment by, or association with, our Company. This Code constitutes a “code of ethics” as defined by the rules of the SEC. You can review the Code of Ethics by accessing our public filings at the SEC’s web site at www.sec.gov. Copies of the code can be also obtained from our website, www.aeluma.com. Any amendments to, or waivers from, a provision of our code of ethics that applies to any of our executive officers will be posted on our website in accordance with the rules of the SEC.

Shareholder Board Nominations

Pursuant to our amended and restated bylaws adopted on June 22, 2021, nominations of persons for election to the board of directors of the Company shall be made at an annual meeting of shareholders only (A) by or at the direction of the board of directors or (B) by a shareholder of the Company who (1) was a shareholder of record at the time of the giving of the notice required by the bylaws, on the record date for the determination of shareholders entitled to notice of the annual meeting and on the record date for the determination of shareholders entitled to vote at the annual meeting and (2) has complied with the notice procedures set forth in the bylaws. In addition to any other applicable requirements, for a nomination to be made by a shareholder, the shareholder must have given timely notice thereof in proper written form to the secretary of the Company. Such notice must include the information required by Section 2.4(ii) of the amended and restated bylaws and, a nomination to be made by a stockholder must be received by the secretary of the Company at the principal executive offices of the Company not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the Company first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year’s annual meeting; *provided, however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year’s annual meeting, then, for notice by the shareholder to be timely, it must be so received by the secretary not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the tenth day following the day on which Public Announcement (as defined in the bylaws) of the date of such annual meeting is first made. The amended and restated bylaws also set forth procedures for which shareholders can nominate directors at a special shareholder meeting. In addition to the foregoing provisions, a shareholder must also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth, including, with respect to business such shareholder intends to bring before the annual meeting that involves a proposal that such shareholder requests to be included in the Company’s proxy statement, the requirements of Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in the bylaws shall be deemed to affect any right of the Company to omit a proposal from the Company’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Item 11. Executive Compensation.

Executive Compensation

As an “emerging growth company” as defined in the JOBS Act and a smaller reporting company we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies and smaller reporting companies.

Summary Compensation Table

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended June 30, 2023 and 2022 in all capacities for the accounts of our executive, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operations Officer (COO):

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Jonathan Klamkin	2023(1)	\$ 215,000	-	-	\$ 259,660(2)	-	-	-	474,600
<i>CEO, CFO and Director</i>	2022(1)	\$ 230,000	-	-	-	-	-	-	230,000
Lee McCarthy,	2023(4)	\$ 77,292	-	-	-	-	-	-	77,292
<i>Interim CFO, COO, Director(3)</i>	2022	\$ 200,000	-	-	-	-	-	-	200,000

- (1) The Board of Directors approved an annual base compensation of \$230,000 for Mr. Klamkin effective July 1, 2021. On October 14, 2022, the Board of Directors approved the adjustment of Mr. Klamkin’s compensation to \$10,000.00 per month for the period from October 1, 2022 to December 31, 2022, and then back to \$19,166.67 per month (\$230,000 per year) as of January 1, 2023. On November 30, 2022, the Board of Directors approved an increase in Mr. Klamkin’s annual salary to \$255,000 and also approved issuing him 100,000 options with a 4-year vesting schedule, with an exercise price of \$2.10 per share, subject to continued service as of each such vesting date.
- (2) The dollar amounts in this column reflect the grant date fair value of stock option awards granted during the year ended June 30, 2023. These amounts have been calculated in accordance with FASB Accounting Standards Codification Topic 718.
- (3) Mr. McCarthy served as interim Chief Financial Officer and Chief Operating Officer from the Merger until November 2022; he also served as a director from the Merger until November 2021.
- (4) Mr. McCarthy received five (5) months of his annual salary in the fiscal year ending June 30, 2023.

Employment and Change in Control Agreements

We do not have an employment agreement with any of our officers. However, pursuant to our advisor agreement with Mr. Denbaars, if there is a change of control, other than the Merger, while he is still retained by the Company as an advisor, all of his unvested shares, per his amended advisor agreement, will vest at the closing of such change in control transaction. Additionally, as per the restricted stock purchase agreements we maintain with Mr. Klamkin and Mr. McCarthy, if either of their respective employment with the Company is terminated by the Company, other than for cause, or is terminated by the individual for Good Reason (as defined in the related agreement), within a year after the Merger, then, effective as of such termination, 100% of such terminated person’s unvested shares will vest.

Outstanding Equity Awards at Fiscal Year End

The following table presents information regarding certain outstanding shares held by each of our named executive officers as of June 30, 2023. These shares were converted into shares of our common stock in connection with the Merger, and the table below reflects all outstanding shares as of June 30, 2023 as if they had been granted by us. None of our named executive officers held any outstanding options, restricted stock unit or other equity awards as of that date.

Outstanding Equity Awards at June 30, 2023

Name	Stock Options					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Prices (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Share or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Been Issued (#)	Equity Incentive Plan Awards: Markey or Payout Value of Unearned Shares, Units or Other Rights That Have Not Been Issued (\$)
Jonathan Klamkin	12,500(1)	87,500(1)	-	2.10	11/30/2032	433,045	\$ 1,255,831(2)	-	-
Lee McCarthy	-	-	-	-	-	-	-	-	-

- On November 30, 2022, we granted to Mr. Klamkin a stock option to purchase 100,000 shares of our common stock. The shares will vest in equal quarterly installments over the following four years, subject to continued service as of each such vesting date
- These shares were purchased pursuant to Founder's Restricted Stock Purchase Agreement between Mr. Klamkin and the Company on October 27, 2020. Mr. Klamkin purchased a total of 1,623,920 shares (represented 1,250,000 shares of Biond prior to the Merger) pursuant to the agreement. Pursuant to the agreement, 20% of the shares vested on the date the agreement was signed and starting on November 30, 2020 and for every month thereafter until employment termination, 1/48th of the remaining shares shall vest on the last day of each succeeding calendar month. The agreement also provides that if there is a change of control, like the Merger, and if Mr. Klamkin is terminated, other than for cause, during the period starting 90 days before the Merger and for a year thereafter, all unvested shares shall vest at the date of termination. Accordingly, as of June 30, 2023, 1,190,875 shares have vested. The market value of the unvested shares was based on \$2.90 per share, which was the closing price of our common stock on June 30, 2023.

Compensation Paid to Directors

The following table provides a summary of compensation paid to directors, who are not also executive officers, during the fiscal year ended June 30, 2023. The only director who is also an executive director is Mr. Klamkin, whose compensation is included in the Summary Compensation table above.

Director	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)(2)(3)	All Other Compensation (\$)	Total (\$)
Steven P. DenBaars	-	-	-	-	-
Palvi Mehta	-	-	35,890	-	35,890
John Paglia	-	-	38,785	-	38,785

- The dollar amounts in this column reflect the grant date fair value of stock option awards granted during the year ended June 30, 2023. These amounts have been calculated in accordance with FASB Accounting Standards Codification Topic 718.
- On February 10, 2023, we granted Ms. Mehta and Mr. Paglia stock options to purchase 15,500 and 16,750 shares, respectively, of our common stock at a price of \$3.00. The shares will vest in equal quarterly installments over one year, subject to continued service as of each such vesting date.
- Pursuant to Ms. Mehta and Mr. Paglia's appointment as directors, we entered into an independent director agreement with each of them, pursuant to which we issued each of them 125,000 stock options at a price of \$2.00 per share and provided each with standard indemnification. The terms of the option grants are the same for Ms. Mehta and Mr. Paglia: 50,000 of the stock options shall vest in equal quarterly increments during the first year of directorship; an additional 37,500 shall vest in equal quarterly increments over the second and third year of the directorship, if re-elected; if the director is not re-elected, any unvested options are cancelled. For each year of committee service, Ms. Mehta will receive an additional 15,500 options with vesting in equal quarterly increments, and Mr. Paglia will receive an additional 16,750 options with vesting in equal quarterly increments. Both agreements became effective as of December 1, 2021, and committee service commenced on February 10, 2022. As of June 30, 2023, 89,417 options have vested for Ms. Mehta, and 101,083 options have vested for Mr. Paglia, pursuant to their independent director agreements.

Pension, Retirement or Similar Benefit Plans

With the exception of the executive officers that are eligible for participation in the company 401(k) plan, there are currently no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Cash or non-cash compensation may be paid to our executive officers, including stock options, at the discretion of the board of directors or a committee thereof.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of September 20, 2023, by:

- each of our named executive officers;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

The percentage of shares beneficially owned is computed on the basis of 12,167,930 shares of common stock outstanding as of September 20, 2023. Shares of common stock that a person has the right to acquire within 60 days of September 20, 2023 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated, the address of each beneficial owner in the table below is c/o Aeluma, 27 Castilian Drive, Goleta, California 93117.

	Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Directors and Named Executive Officers		
Jonathan Klamkin, CEO, CFO and Director	1,645,745(1)	13.53%
Steven P. DenBaars, Director	410,088	3.37%
Palvi Mehta, Director	105,250(2)	*
John Paglia, Director	129,937(3)	1.07%
All directors and executive officers as a group (5 persons)	2,291,020	18.73%
5% Stockholders		
Mark Tompkins (4)	2,715,833	22.32%
Lee McCarthy	977,425(5)	8.03%

* Less than 1%.

- (1) Represents 1,626,995 shares held by Mr. Klamkin, 18,750 shares that vested pursuant to his stock options agreement through the date hereof.
- (2) Represents 101,375 shares that vested pursuant to Ms. Mehta's stock options and director agreement through the date hereof, and 3,875 shares that shall vest within the next 60 days pursuant to the terms of her stock options per director agreement.
- (3) Represents 12,500 shares held by Mr. Paglia, 113,250 shares that vested pursuant to his stock options and director agreement through the date hereof, and 4,187 shares that shall vest within the next 60 days pursuant to the terms of her stock options per director agreement.
- (4) Includes 2,275,000 shares Mr. Tompkins retains from his ownership before the Merger and 357,500 shares he purchased in the Offering for \$715,000. Mr. Tompkins served as our director since inception; he resigned on the effective date of the Merger.
- (5) Assumes a buyback of 649,570 unvested shares following Mr. McCarthy's resignation for an aggregate purchase price of \$4,001.

Securities Authorized for Issuance under Equity Compensation Plans

The following table discloses information as of the end of the period ending June 30, 2023, with respect to compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance, aggregated as follows:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Shares of common stock remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	1,034,000	\$ 2.31	1,044,350 ⁽¹⁾
Equity compensation plans not approved by security holders	-	-	-
Total	1,034,000	\$ 2.31	1,044,350

(1) The number of shares reserved for issuance under our 2021 Plan (as defined below) was initially 980,000; such amount will increase automatically on January 1 of each of 2022 through 2031 by the number of shares equal to the lesser of 5% of the total number of outstanding shares of our common stock as of the immediately preceding December 31, or a number as may be determined by our board of directors. On January 1, 2022 and 2023, the number of shares reserved for issuance was increased by 532,500 shares and 565,850 shares, respectively. As of June 30, 2023, the number of shares available for future issuance under our 2021 Plan was 1,044,350.

Our 2021 Equity Incentive Plan

Pursuant to the Merger Agreement and upon the closing of the Merger, we adopted our 2021 Equity Incentive Plan (the “2021 Plan”), which provides for the issuance of incentive awards of stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance awards, cash awards, and stock bonus awards. We initially reserved 980,000 shares of our common stock for issuance pursuant to awards granted under our 2021 Plan. The number of shares reserved for issuance under our 2021 Plan will increase automatically on January 1 of each of 2022 through 2031 by the number of shares equal to the lesser of 5% of the total number of outstanding shares of our common stock as of the immediately preceding December 31, or a number as may be determined by our board of directors. On January 1, 2022 and 2023, the number of shares reserved for issuance was increased by 532,500 shares and 565,850 shares, respectively. As of June 30, 2023, the number of shares available for future issuance under our 2021 Plan was 1,044,350.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since July 1, 2021, in which the amount involved in the transaction exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year-end for the last two completed fiscal years.

The Company is party to that certain Advisory Agreement with Mr. DenBaars, one of our directors, dated as of December 31, 2020, pursuant to which Mr. DenBaars shall serve as an advisor to the Company. Under the agreement, as partial compensation for his advisory services, the Company granted Mr. DenBaars the right to purchase 32,805 shares of common stock (represents 25,252 shares of Biond common stock prior to the Merger) at a price \$0.008 per share; the shares have a four-year vesting schedule and Mr. DenBaars purchased such shares on February 4, 2021, prior to being appointed as one of our directors. The Advisory Agreement with Mr. DenBaars was amended on June 10, 2021 to reflect additional advisory services. Under this agreement, as partial compensation for his advisory service, the Company granted Mr. DenBaars the right to purchase an additional 213,198 shares of the Company’s common stock (represents 164,108 shares of Biond common stock prior to the Merger) at a price of \$0.015 per share; the shares have a two-year vesting schedule. Pursuant to the terms of his advisory agreements, 233,702 of the shares have vested as of the date of this Report.

Participation in the Offering

Certain of our existing investors, including investors affiliated with certain of our directors and prior directors, have purchased an aggregate of 400,000 shares of our common stock in the Offering, for an aggregate gross purchase price of \$800,000. Such purchases were made on the same terms as the shares that were sold to other investors in the Offering and not pursuant to any pre-existing contractual rights or obligations.

Indemnification Agreements

We maintain indemnification agreements with each of our current executive officers. The indemnification agreements and our restated bylaws will require us to indemnify our directors to the fullest extent not prohibited by Delaware General Corporation Law. Subject to very limited exceptions, our restated bylaws will also require us to advance expenses incurred by our directors and officers.

Promoters and Certain Control Persons

As per the definition of a “promoter” under the Securities Act, generally defined as anyone involved in the formation of the issuer, Mr. Tompkins, the incorporator of the Company, would be considered a “promoter.” Mr. Tompkins received 4,750,000 shares of the Company’s common stock at the time it was incorporated. Immediately prior to the Merger and in connection therewith, Tompkins forfeited 2,450,000 of those shares, which were then cancelled. Mr. Tompkins’ shares are currently subject to a lock-up agreement with Aeluma pursuant to which he is restricted from selling or transferring his shares for a period of 18 months from the date shares of our common stock commence trading on the OTCQB or OTCQX market maintained by OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE American.

The term “promoter” includes: i) any person who, acting alone or in conjunction with one or more persons, directly or indirectly takes initiative in founding and organizing the business or enterprise of an issue; or ii) any person who, in connection with the founding and organizing of the business or enterprise of an issuer, directly or indirectly receives in consideration of services or property, or both services and property, 10 percent or more of any class securities of the issuer or 10 percent or more of the proceeds from the sale of any class of such securities. However, a person who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this paragraph, if such person does not otherwise take part in founding and organizing the enterprise.

Other than Mr. Tompkins, there are no promoters being used in relation to this offering. No person who may, in the future, be considered a promoter will receive or expect to receive any assets, services or other consideration from the Company. No assets will be or are expected to be acquired from any promoter on behalf of the Company.

Item 14. Principal Accounting Fees and Services.

The following table shows the fees that were billed for the years ended June 30, 2023 and 2022.

	Year Ended June 30,	
	2023	2022
Audit fees	\$ 64,500	\$ 71,000
Audit-related fees	13,500	10,650
Tax fees	7,250	17,000
All other fees	-	-
Total	\$ 85,250	\$ 98,650

Audit Fees — This category includes the audit of our annual financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

This category consists of assurance and related services by the independent registered public accounting firm that is reasonably related to the performance of the audit or review of our financial statements and is not reported above under “Audit Fees.” The services for the fees disclosed under this category include consultation regarding our correspondence with the Securities and Exchange Commission and other accounting consulting.

Tax Fees — This category consists of professional services rendered by our independent registered public accounting firm for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

All Other Fees — This category consists of fees for other miscellaneous items.

Our board of directors has adopted a procedure for pre-approval of all fees charged by our independent registered public accounting firm. Under the procedure, the board approves the engagement letter with respect to audit and review services. Other fees are subject to pre-approval by the board, or, in the period between meetings, by a designated member of the board. Any such approval by the designated member is disclosed to the entire board at the next meeting.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) *Financial Statements*

We have filed the financial statements in Item 8. Financial Statements and Supplementary Data as a part of this report on Form 10-K.

(b) *Exhibits*

The following is a list of all exhibits filed or incorporated by reference as part of this report on Form 10-K.

Exhibit No.	Description
2.1	<u>Agreement and Plan of Merger and Reorganization among Parc Investments, Inc., Aeluma Operating Co. and Biond Photonics, Inc. (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
3.1	<u>Certificate of Merger relating to the merger of Aeluma Operating Co. with and into Biond Photonics, Inc., filed with the Secretary of State of the State of California on June 22, 2021 (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
3.2	<u>Amended and Restated certificate of incorporation, filed with the Secretary of State of the State of Delaware on June 22, 2021 (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
3.3	<u>Amended and Restated Bylaws. (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
4.1	<u>Form of Lock Up Agreement (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
4.2	<u>Form of Placement Agent Warrant (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
4.3	<u>Description of Securities</u>
10.2	<u>Form of Post-Merger Indemnification Agreement (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
10.3	<u>Form of Pre-Merger Indemnification Agreement (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
10.4	<u>Form of Subscription Agreement, dated June 22, 2021, by and between the Company and the parties thereto (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021) (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
10.5	<u>Registration Rights Agreement, dated June 22, 2021, by and between the Company and the parties thereto (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
10.6+	<u>2021 Equity Incentive Plan and form of award agreements (incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)</u>
10.7	<u>Restricted Stock Purchase Agreement between Biond Photonics, Inc. and Mr. Klamkin (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)</u>

10.8	Restricted Stock Purchase Agreement between Biond Photonics, Inc. and Mr. McCarthy (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)
10.9	Advisor Restricted Stock Purchase Agreement between Biond Photonics, Inc. and Mr. DenBaars, dated December 21, 2020 (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)
10.10	Advisor Restricted Stock Purchase Agreement between Biond Photonics, Inc. and Mr. DenBaars, dated June 10, 2021 (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)
10.11	Advisory Agreement between Biond Photonics, Inc. and Mr. DenBaars, dated December 31, 2020 (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)
10.12	Advisory Agreement between Biond Photonics, Inc. and Mr. DenBaars, dated June 10, 2021 (incorporated by reference to the Registration Statement on Form S-1/A filed on October 15, 2021)
10.13	Director Agreement by and between the Company and Palvi Mehta (incorporated by reference to the Current Report on Form 8-K filed on November 18, 2021)
10.14	Director Agreement by and between the Company and John Paglia (incorporated by reference to the Current Report on Form 8-K filed on November 30, 2021)
10.15	Subscription Agreement (incorporated by reference to the Current Report on Form 8-K filed on December 23, 2022)
10.16	Registration Rights Agreement (incorporated by reference to the Current Report on Form 8-K filed on December 23, 2022)
14.1	Code of Ethics
16.1	Reserved.
21.1	Subsidiaries of the Registrant (Incorporated by reference to the Current Report on Form 8-K filed on June 28, 2021)
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002*
99.1	Audit Committee Charter
99.2	Nominating Committee Charter
99.3	Compensation Committee Charter
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Indicates a management contract or compensatory plan, contract, or arrangement.

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 herewith are deemed to accompany this Form 10-K and will not be deemed filed for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AELUMA, INC.

Date: September 22, 2023

By: /s/ Jonathan Klamkin
Name: Jonathan Klamkin
Title: Chairman, Chief Executive Officer &
Principal Financial Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on September 22, 2023.

<u>Signature</u>	<u>Title</u>
<u>/s/ Jonathan Klamkin</u> Jonathan Klamkin	Chairman, Chief Executive Officer, Principal Financial Officer and President (Principal Executive Officer & Principal Financial Officer)
<u>/s/ Steven DenBaars</u> Steven DenBaars	Director
<u>/s/ Palvi Mehta</u> Palvi Mehta	Director
<u>/s/ John Paglia</u> John Paglia	Director

DESCRIPTION OF SECURITIES

The following description summarizes the most important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our restated certificate of incorporation and restated bylaws, which are included as exhibits hereto, and to the applicable provisions of Delaware law.

We have authorized capital stock consisting of 50,000,000 shares of common stock and 10,000,000 shares of preferred stock. Except as otherwise provided in the certificate of designation of any series of preferred stock we may issue, the number of authorized shares of common stock or preferred stock may from time to time be increased or decreased (but not below the number of shares of such class outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of our capital stock.

As of June 30, 2023, we had 12,517,500 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding. Unless stated otherwise, the following discussion summarizes the term and provisions of our restated certificate of incorporation and our restated bylaws.

Common Stock*Dividend Rights*

Subject to preferences that may apply to any shares of redeemable convertible preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Holders of our common stock are entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our restated certificate of incorporation. Except as otherwise required by law, the restated and amended certificate of incorporation, the restated and amended bylaws or the rules of any applicable stock exchange, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at a meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the amended and restated certificate of incorporation or the amended and restated bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Accordingly, even if a director receives 1% of the votes cast, he or she will be elected assuming there is no opposition candidate; where there is an opposition candidate, the candidate receiving the most votes wins, without regard to whether those votes constitute a majority of the votes at the meeting. Our restated bylaws establish a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution, or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating redeemable convertible preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of redeemable convertible preferred stock.

Preferred Stock

Our board of directors will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Warrants and Options

As of June 30, 2023, we have no warrant outstanding and 1,034,000 stock options outstanding. We are not registering shares of common stock underlying any options in this registration statement.

Placement Agent Warrants

As of June 30, 2023, we have Placement Agent Warrants outstanding that allow the placement agent and its assigns to purchase up to a total of 445,653 shares of our common stock. The following is a summary of material terms of the Placement Agent Warrants; such summary does not purport to be a complete description of the terms of the Placement Agent Warrants and you are urged to read the warrant agreement in its entirety.

Pursuant to the Offering, we issued Placement Agent Warrants to purchase up to an aggregate of 445,653 shares of common stock. The exercise price of the Placement Agent Warrants is \$3.00 per share, subject to adjustment as set forth in the warrant agreement, and are also exercisable on a cashless basis. The Placement Agent Warrants are exercisable, at any time, and from time to time, in whole or in part, within five years commencing on or after the closing of this Offering; however, the shares underlying the Placement Agent Warrants may not be sold or transferred for a period of six months from the date on which this Offering closes.

Registration Rights Agreement

In connection with the Offering, we entered into a registration rights agreement (the “Registration Rights Agreement”), pursuant to which we have agreed that promptly, but no later than 60 calendar days from the final closing of the Offering, we will file this registration statement with the SEC (the “Registration Statement”), covering (i) the shares of our common stock issued in the Offering and (ii) 445,653 shares of common stock issuable upon exercise of the Placement Agent Warrants ((i) and (ii) collectively, the “Registrable Shares”). We will use our commercially reasonable efforts to ensure that this Registration Statement is declared effective within 150 calendar days after the final closing of the Offering (which 150 day period shall be extended for each day of a U.S. government shut down that results in the SEC temporarily discontinuing review of, or acceleration of the effectiveness of, registration statements, if any).

We must use commercially reasonable efforts to keep the Registration Statement effective for period of five (5) years after the date it is declared effective or for such shorter period as such securities no longer constitute registrable securities, as such term is defined in the Registration Rights Agreement.

We will pay all expenses in connection with the registration obligations provided in the Registration Rights Agreement, including, without limitation, all registration, filing, and stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, the fees and disbursements of our counsel and of our independent accountants, and the reasonable fees and disbursements of a single counsel to the holders of the Registrable Securities, not to exceed \$10,000. Each holder will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any other attorney or advisor such holder decides to employ.

All descriptions of the Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as Exhibit 10.16 hereto and incorporated herein by reference.

Anti-Takeover Provisions

The provisions of the DGCL, our restated certificate of incorporation, and our restated bylaws following the Offering could have the effect of delaying, deferring, or discouraging another person from acquiring control of our Company. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and encourage persons seeking to acquire control of our Company to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms. See the section, "*Restated Certificate of Incorporation and Restated Bylaw Provisions*" below.

Section 203 of the DGCL

As per our amended and restated certificate of incorporation, we are not subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. As per our amended and restated certificate of incorporation, the Company shall not engage in any business combination (as defined in the amended and restated certificate of incorporation), at any point in time at which the Common Stock is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with any interested stockholder (as defined amended and restated certificate of incorporation) for a period of three (3) years following the time that such stockholder became an interested stockholder, except under certain circumstances, such as if the board of directors approved the transaction before the stockholder became an interested stockholder, if at least 66 and 2/3 of the Company's outstanding voting stock voted in favor (not by written consent) of the combination or if the stockholder, at the time it consummated the transaction pursuant to which it became an interested stockholder, owned at least 85% of the Company's voting stock (not including stock held by officers, directors or employee stock plans).

The amended and restated certificate of incorporation includes the definition of the terms used in this section, including that an interested stockholder is any person (other than the Company and any direct or indirect majority-owned subsidiary of the Company) that (i) is the owner of 15% or more of the outstanding voting stock of the Company, or (ii) is an affiliate or associate of the Company and was the owner of 15% or more of the outstanding voting stock of the Company at any time within the 3-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term "interested stockholder" shall not include any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the Company; provided that such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Company deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" included in the amended and restated certificate of incorporation, but shall not include any other unissued stock of such Company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

Transfer Agent

The transfer agent and registrar for our common stock will be VStock Transfer, LLC. The transfer agent's address is 18 Lafayette Place, Woodmere, New York 11598, and its telephone number is (212) 828-8436.

AELUMA, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

Purpose

This Code of Business Conduct and Ethics (this “**Code**”) contains general guidelines for conducting the business of Aeluma, Inc., (the “**Company**”) consistent with high standards of business ethics.

This Code applies to all of our directors, officers and other employees. We refer to all officers and other employees covered by this Code as “Company employees” or simply “employees,” unless the context otherwise requires. In this Code, we refer to our Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer as our “principal financial officers.”

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Company’s Chief Financial Officer (“**CFO**”) or designated legal counsel (“**Company Counsel**”).

Reporting Violations of the Code

All employees and directors have a duty to report any known or suspected violation of this Code, including violations of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor or the Company’s Chief Financial Officer. The Company’s Chief Financial Officer, will work with you and your supervisor or other appropriate persons to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Company’s Chief Financial Officer directly. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, a principal financial officer and the Company will protect your confidentiality to the extent possible, consistent with applicable laws and the Company’s need to investigate your concern.

It is Company policy that any employee or director who violates this Code will be subject to appropriate discipline, which may include termination of employment or removal from the Company’s board of directors (the “**Board**”), as appropriate. This determination will be based upon the facts and circumstances of each particular situation. If you are accused of violating this Code, you will be given an opportunity to present your version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and may incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Policy Against Retaliation

The Company prohibits retaliation against an employee or director who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Waivers of the Code

Any waiver of or deviation from this Code for our directors, executive officers or other principal financial officers may be made only by our Board or the appropriate committee of our Board and will be disclosed to the public on our website at www.ambrivis.com or our public filings, or otherwise as required by law. Waivers of this Code for other employees may be made only by our Chief Executive Officer or Chief Financial Officer.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's or director's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- **Outside Employment.** No employee or director should be employed by, serve as a director of, or provide any services to a company that the individual knows or suspects is a material customer, supplier or competitor of the Company.
- **Improper Personal Benefits.** No employee or director should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- **Financial Interests:** No employee should have a significant financial interest (ownership or otherwise) in any company that the individual knows or suspects is a material customer, supplier or competitor of the Company. A "significant financial interest" means (i) ownership of greater than 10% of the equity of a customer, supplier or competitor or (ii) an investment in a customer, supplier or competitor that represents more than 10% of the total assets of the employee.
- **Loans or Other Financial Transactions.** No employee or director should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that the individual knows or suspects is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- **Service on Boards and Committees.** No employee or director should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- **Actions of Family Members.** The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's or director's objectivity in making decisions on behalf of the Company. For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters, parents, in-laws and children, whether such relationships are by blood or adoption.

For purposes of this Code, a company is a “material” customer if the customer has made payments to the Company in the past year in excess of \$100,000. A company is a “material” supplier if the supplier has received payments from the Company in the past year in excess of \$100,000. If you are uncertain whether a particular company is a material customer or supplier, please contact the Chief Financial Officer for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it in writing to your supervisor or the Company’s Chief Financial Officer. Your supervisor and the Chief Financial Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in “Waivers of the Code” above.

CORPORATE OPPORTUNITIES

As an employee or director of the Company, you have an obligation to advance the Company’s interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property or information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company while employed by us.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Company’s Chief Financial Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

CONFIDENTIAL INFORMATION⁴

Employees and directors have access to a variety of confidential information regarding the Company. Confidential information includes information regarding the progress and results of the clinical trials of the Company’s drug candidates and other non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Employees have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated. An employee’s obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Company’s Chief Financial Officer.

COMPETITION AND FAIR DEALING

All employees should endeavor to deal fairly with fellow employees and with the Company's customers, suppliers and competitors. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Relationships with Customers

The Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate, complete to the best of our knowledge, and comply with applicable regulatory requirements. Employees should not deliberately misrepresent information to customers.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment and other benefits that could be viewed as an inducement to or a reward for customer purchase decisions. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- Any information we receive from customers regarding patient health care should be kept confidential and protected from unauthorized access or disclosure.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors. Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, his or her objective assessment of the supplier's products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices. For further discussion of appropriate and inappropriate business conduct with competitors, see "Compliance with Antitrust Laws" below.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. Gifts and entertainment, however, should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
 - The items are of reasonable value;
 - A primary purpose of the meeting or attendance at the event is business related; and
 - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.
- Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.
- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

If you conduct business in other countries, you must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See “The U.S. Foreign Corrupt Practices Act” for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions in other countries.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Chief Financial Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Company’s Chief Financial Officer for additional guidance.

Note: Gifts and entertainment may not be offered or exchanged under any circumstances to or with any employees of the U.S., state or local governments. If you have any questions about this policy, contact your supervisor for additional guidance. For a more detailed discussion of special considerations applicable to dealing with the U.S., state and local governments, see “Interactions with Governments.”

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports, regulatory submissions and many other aspects of our business and guide our business decision-making and strategic planning. Company records include financial records, personnel records, records relating to our product development, clinical development, manufacturing and regulatory submissions and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. The Company has a formal document retention policy that each employee and director must follow with respect to Company records within such employee’s or director’s control. Please contact your supervisor or the Company’s Chief Financial Officer to obtain a copy of this policy or with any questions concerning the policy.

PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property;
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor;
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes;
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others; and
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company we are subject to various securities laws, regulations and reporting obligations. Both federal law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

The Company's principal financial officers and other employees working in the Company's finance department have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee and director has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, the development, testing, approval, manufacture, marketing and sale of our products and product candidates, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Company's Chief Financial Officer.

INTERACTIONS WITH THE GOVERNMENT

The Company may conduct business with the federal, state and local governments and the governments of many other countries. The Company is committed to conducting its business with all governments and their representatives with the highest standards of business ethics and in compliance with all applicable laws and regulations, including the special requirements that apply to communications with governmental bodies that have regulatory authority over our products and operations, such as government contracts and government transactions. In your interactions with the government, you should:

- Be forthright and candid at all times. No employee or director should intentionally misstate or omit any material information from any written or oral communication with the government.
- Ensure that all required written submissions are made to the government and are timely, and that all written submissions, whether voluntary or required, satisfy applicable laws and regulations.
- You should not offer or exchange any gifts, gratuities or favors with, or pay for meals, entertainment, travel or other similar expenses for, government employees.

If your job responsibilities include interacting with the government, you are expected to understand and comply with the special laws, rules and regulations that apply to your job position as well as with any applicable standard operating procedures that the Company has implemented. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from your supervisor and the Company's Chief Financial Officer.

Company employees with responsibilities in the areas governed by the FFDCa and the FDA are required to understand and comply with these laws and regulations. These employees are expected to have a thorough understanding of the laws, regulations and other relevant standards applicable to their job positions, and to comply with those requirements. The Company has developed standard operating procedures and provides regular training to aid employees in understanding and complying with the requirements of the FFDCa and the FDA. If any doubt exists regarding whether your job position or a particular course of action is governed by these laws and regulations, you should seek advice immediately from your supervisor and the Company's Chief Financial Officer.

In addition to the above, you must obtain approval from the Company's Chief Financial Officer for any work activity that requires communication with any member or employee of a legislative body or with any government official or employee. Work activities covered by this policy include meetings with legislators or members of their staffs or with senior executive branch officials on behalf of the Company. Preparation, research and other background activities that are done in support of lobbying communication are also covered by this policy even if the communication ultimately is not made. If any doubt exists about whether a given work activity would be considered covered by this provision, you should seek advice immediately from your supervisor and the Company's Chief Financial Officer.

POLITICAL CONTRIBUTIONS AND VOLUNTEER ACTIVITIES

The Company encourages its employees and directors to participate in the political process as individuals and on their own time. However, federal and state contribution and lobbying laws severely limit the contributions the Company can make to political parties or candidates. It is Company policy that Company funds or assets not be used to make a political contribution to any political party or candidate, unless prior approval has been given by our Chief Executive Officer and our Chief Financial Officer.

The following guidelines are intended to ensure that any volunteer political activity you pursue complies with this policy:

- **Contribution of Funds.** You may contribute your personal funds to political parties or candidates. The Company will not reimburse you for personal political contributions.
- **Volunteer Activities.** You may participate in volunteer political activities during non-work time. You may not participate in volunteer political activities during working hours.
- **Use of Company Facilities.** The Company's facilities generally may not be used for political activities (including fundraisers or other activities related to running for office). However, the Company may make its facilities available for limited political functions, including speeches by government officials and political candidates, with the approval of our Chief Executive Officer and the Company's Chief Financial Officer.
- **Use of Company Name.** When you participate in non-Company political affairs, you should be careful to make it clear that your views and actions are your own, and not made on behalf of the Company. For instance, Company letterhead should not be used to send out personal letters in connection with political activities.

These guidelines are intended to ensure that any political activity you pursue is done voluntarily and on your own resources and time. Please contact the Company's Chief Financial Officer if you have any questions about this policy.

COMPLIANCE WITH ANTITRUST LAWS

Antitrust laws of the U.S. and other countries are designed to protect consumers and competitors against unfair business practices and to promote and preserve competition. Our policy is to compete vigorously and ethically while complying with all antitrust, monopoly, competition or cartel laws in all countries, states or localities in which the Company conducts business. You should consult the Company's Chief Financial Officer with any questions you may have concerning compliance with these laws.

Meetings with Competitors

Employees should exercise caution in meetings with competitors. Any meeting with a competitor may give rise to the appearance of impropriety. As a result, if you are required to meet with a competitor for any reason, you should obtain the prior approval of the Company's Chief Financial Officer. You should try to meet with competitors in a closely monitored, controlled environment for a limited period of time. You should create and circulate agendas in advance of any such meetings, and the contents of your meeting should be fully documented. Specifically, you should avoid any communications with a competitor regarding:

- Progress or results of the clinical trials of the Company's drug candidates;
- Prices;
- Costs;
- Market share;
- Allocation of sales territories;

- Profits and profit margins;
- Supplier's terms and conditions;
- Product or service offerings;
- Terms and conditions of sale;
- Bids for a particular contract or program;
- Selection, retention or quality of customers;
- Distribution methods or channels;
- Marketing strategies;
- Future development plans or product roadmaps; or
- Other subjects relating to or affecting the production or sale of products to existing or prospective customers.

If you participate in a meeting with a competitor in which any of the above topics are broached, you should affirmatively end the discussion, and you should state your reasons for doing so. During meetings with competitors, avoid sharing or obtaining confidential information from the competitor. Also avoid statements that could be construed as unfair acts such as harassment, threats or interference with the competitors' existing contractual relationships.

Professional Organizations and Trade Associations

Employees should be cautious when attending meetings of professional organizations and trade associations at which competitors are present. Attending meetings of professional organizations and trade associations is both legal and proper, if such meetings have a legitimate business purpose and are conducted in an open fashion, adhering to a proper agenda. At such meetings, you should not discuss the restricted topics listed above under "Meetings with Competitors," the Company's pricing policies or other competitive terms or any other proprietary, competitively sensitive information. You are required to notify your supervisor or the Company's Chief Financial Officer prior to attending any meeting of a professional organization or trade association.

COMPLIANCE WITH INSIDER TRADING LAWS

Company employees and directors are prohibited from trading in the Company's stock or other securities while in possession of material, non-public information about the Company or its subsidiaries. In addition, Company employees and directors are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell the Company's stock or other securities on the basis of material, nonpublic information. Employees and directors who obtain material non-public information about another company in the course of their duties are prohibited from trading in the stock or securities of the other company while in possession of such information or "tipping" others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

PUBLIC COMMUNICATIONS AND REGULATION FD

Public Communications Generally

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Company's Chief Financial Officer.

Compliance with Regulation FD

In connection with its public communications, the Company is required to comply with a rule under the federal securities laws referred to as Regulation FD (which stands for "fair disclosure"). Regulation FD provides that, when we disclose material, non-public information about the Company to securities market professionals or stockholders (where it is reasonably foreseeable that the stockholders will trade on the information), we must also disclose the information to the public. "Securities market professionals" generally include analysts, institutional investors and other investment advisors. You are required to direct all inquiries regarding disclosure of information to securities market professionals to the Company's Chief Financial Officer or Company Counsel.

SOCIAL MEDIA

The Company is committed to ensuring that the professional and personal use of social media by the Company's directors, officers and employees maintains the Company's credibility and reputation in a manner consistent with its values and policies. Accordingly, you are required to read carefully and comply with our Social Media Policy, as amended from time to time. Please inform your supervisor or the Chief Financial Officer if you do not have a copy of our Social Media Policy.

THE FOREIGN CORRUPT PRACTICES ACT

The Foreign Corrupt Practices Act (the "**FCPA**") prohibits the Company and its employees, directors and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickback or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation or "grease" payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is "routine" if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, "routine" functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Company's Chief Financial Officer and must be clearly and accurately reported as a business expense.

ENVIRONMENT, HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which it does business. Company employees and directors must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Company's Chief Financial Officer or Company Counsel if you have any questions about the laws, regulations and policies that apply to you.

Environment

All Company employees and directors should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials.

Health and Safety

The Company is committed not only to comply with all relevant health and safety laws, but also to conduct business in a manner that protects the safety of its employees. All employees and directors are required to comply with all applicable health and safety laws, regulations and policies relevant to their positions. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the Human Resources Department.

EMPLOYMENT PRACTICES

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of the Company's detailed policies are available from the Human Resources Department. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association and privacy. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Company's Human Resources Department or Company Counsel if you have any questions about the laws, regulations and policies that apply to you.

Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company also prohibits harassment based on these characteristics in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive or racially degrading objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Human Resources Department. All complaints will be treated with sensitivity and discretion. Your supervisor, the Human Resources Department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a complaint.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Human Resources Department immediately.

Alcohol and Drugs

The Company is committed to maintaining a drug-free work place. All Company employees must comply strictly with Company policies regarding the abuse of alcohol and the possession, sale and use of illegal substances. Drinking alcoholic beverages is prohibited while on duty or on the premises of the Company, except at specified Company-sanctioned events or as otherwise authorized by management. Possessing, using, selling or offering illegal drugs and other controlled substances is prohibited under all circumstances while on duty or on the premises of the Company. Likewise, you are prohibited from reporting for work, or driving a Company vehicle or any vehicle on Company business, while under the influence of alcohol or any illegal drug or controlled substance.

Violence Prevention and Weapons

The safety and security of Company employees is vitally important. The Company will not tolerate violence or threats of violence in, or related to, the workplace. If you experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or affects the Company's business you must immediately report the situation to your supervisor or the Human Resources Department.

The Company does not permit any individual to have weapons of any kind in Company property or vehicles, while on the job or off-site while on Company business. This is true even if you have obtained legal permits to carry weapons. The only exception to this policy applies to security personnel who are specifically authorized by Company management to carry weapons.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with high standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Company's Chief Financial Officer. The Company expects all of its employees and directors to adhere to these standards.

This Code of Business Conduct and Ethics, as applied to the Company's principal financial officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

I, Jonathan Klamkin, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended June 30, 2023 of Aeluma, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 22, 2023

/s/ Jonathan Klamkin
Jonathan Klamkin
Chief Executive Officer
(Principal Executive Officer)

I, Jonathan Klamkin, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended June 30, 2023 of Aeluma, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 22, 2023

/s/ Jonathan Klamkin

Jonathan Klamkin
Chief Finance Officer
(Principal Financial and Accounting Officer)

**Certification Pursuant To
Section 906 of Sarbanes-Oxley Act of 2002**

I, Jonathan Klamkin, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual report on Form 10-K of Aeluma, Inc. for the fiscal year ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 22, 2023

/s/ Jonathan Klamkin

Jonathan Klamkin
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

**Certification Pursuant To
Section 906 of Sarbanes-Oxley Act of 2002**

I, Jonathan Klamkin, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual report on Form 10-K of Aeluma, Inc. for the fiscal year ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 22, 2023

/s/ Jonathan Klamkin

Jonathan Klamkin

Chief Finance Officer

(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

AELUMA, INC.
AUDIT COMMITTEE CHARTER

I. PURPOSES

The Audit Committee (the “*Committee*”) is appointed by the Board of Directors (the “*Board*”) of Aeluma, Inc., (the “*Company*”) to assist the Board in its oversight of the accounting and financial reporting processes of the Company and the Company’s compliance with legal and regulatory requirements. To assist the Board in fulfilling its responsibilities, the Committee shall: (A) oversee: (i) audits of the financial statements of the Company; (ii) the integrity of the Company’s financial statements; (iii) the Company’s processes relating to risk management and the conduct and systems of internal control over financial reporting and disclosure controls and procedures; (iv) the qualifications, engagement, compensation, independence and performance of the Company’s independent auditor, and the auditor’s conduct of the annual audit of the Company’s financial statements and any other services provided to the Company; and (v) the performance of the Company’s internal audit function, if any; and (B) produce the annual report of the Committee required by the rules of the U.S. Securities and Exchange Commission (the “*SEC*”). Although the Company does not currently have a class of securities listed on Nasdaq Capital Market (“*Nasdaq*”), it is the Company’s intent to follow the Nasdaq rules as a guideline.

II. COMMITTEE MEMBERSHIP

A. Composition

The Committee shall consist of at least three members of the Board, subject to applicable phase-in rules of the Nasdaq. Except as otherwise directed by the Board, a director selected as a Committee member shall continue to be a member for as long as he or she remains a director or until his or her earlier resignation or removal from the Committee. Any member may be removed from the Committee by the Board, with or without cause, at any time. Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

B. Chair

The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee’s information needs, except as otherwise provided by the Board or the Committee; provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

C. Independence

Each member of the Committee shall be an “independent” director in accordance with applicable listing standards of Nasdaq and Rule 10A-3 under the United States Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), subject to any exceptions or cure periods that are applicable pursuant to the foregoing requirements and the phase-in periods permitted under the rules of Nasdaq under which the Committee is required to have only one independent member at the time of listing, a majority of independent members within 90 days of listing and all independent members within one year of listing. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

D. Financial Literacy

Each member of the Committee shall in the judgment of the Board have the ability to read and understand fundamental financial statements and otherwise meet the financial literacy requirements of Nasdaq. At least one member shall be an “audit committee financial expert” as such term is defined under applicable SEC rules.

E. Service on Multiple Audit Committees

No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

III. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company, and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter it determines to be necessary or appropriate to the accomplishment of its purposes.

The Committee shall have authority to retain, direct and oversee the activities of, and to terminate the engagement of, the Company’s independent auditor and any other accounting firm retained by the Committee to prepare or issue any other audit report or to perform any other audit, review or attest services and any legal counsel, accounting or other advisor or consultant hired to assist the Committee, all of whom shall be accountable to the Committee.

The Company shall provide the Committee with appropriate funding, as determined by the Committee, for the payment of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (b) compensation to any independent counsel or other advisers retained by the Committee in carrying out its duties; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly scheduled basis at least four times per year and additionally as circumstances dictate.

The Committee shall establish its own schedule of meetings. The Committee may also act by unanimous written consent of its members.

Notice of meetings shall be given to all Committee members or may be waived, in the same manner as required for meetings of the Board. Meetings of the Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other. A majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee shall otherwise establish its own rules of procedure.

The Committee shall meet in executive session separately with each of the independent auditor, the internal auditor, if any, and with senior management, at least quarterly. At the end of each of the Committee's regularly scheduled meetings, and more frequently as deemed necessary, the Committee shall meet in private session with only the Committee members.

V. DELEGATION

The Committee, by resolution approved by a majority of the Committee, may form and delegate any of its responsibilities to a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee and such delegation is not otherwise inconsistent with law and applicable rules and regulations of the SEC and Nasdaq.

VI. KEY RESPONSIBILITIES

The Committee relies on the expertise and knowledge of management, the internal auditors, if any, and the independent auditor in carrying out its oversight responsibilities. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company, and for establishing and maintaining effective internal control over financial reporting. The independent auditor is responsible for auditing the Company's financial statements and, if applicable, the Company's internal control over financial reporting, and for reviewing the Company's unaudited interim financial statements.

The responsibilities set forth in this charter do not reflect or create any duty or obligation of the Committee to plan or conduct any audit; to determine or certify that the Company's financial statements are complete, accurate, fairly presented or in accordance with generally accepted accounting principles ("*GAAP*") or applicable law; to guarantee or otherwise certify as to the independent auditor's reports; to conduct investigations; or to assure compliance with laws and regulations or the Company's code of business conduct and ethics, internal policies, procedures and controls. The following responsibilities are set forth as a guide for fulfilling the Committee's purposes in such manner as the Committee determines is appropriate.

A. Oversight of the Independent Auditor

- (i) Independent Auditor Retention. The Committee is solely and directly responsible for the appointment, evaluation, compensation, retention and, if appropriate, replacement of the independent auditor. The Committee may, in its discretion, seek stockholder ratification of the public accounting firm selected to be the Company's independent auditor.
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- (ii) Independence. The Committee shall assess at least annually the independent auditor's independence. In connection with this assessment, the Committee shall ensure the receipt of and review formal written statements from the independent auditor delineating all relationships between the auditor and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board ("**PCAOB**") regarding the independent auditor's communications with the Committee concerning independence. The Committee shall engage in an active dialogue with the independent auditor concerning any disclosed relationships or services that may impact the objectivity and independence of the auditor and take, or recommend that the Board take, appropriate action to oversee and ensure the independence of the auditor.
- (iii) Quality and Performance. The Committee shall evaluate at least annually the qualifications and performance of the independent auditor, including the lead partner. The evaluation will include obtaining a written report from the independent auditor describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review, PCAOB inspection, or other PCAOB review of the firm, by a peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the past five years, respecting one or more independent audit or audits carried out by the firm, and any steps taken to address any such issues; and all relationships between the independent registered public accounting firm and us to assess the independent registered public accounting firm's independence.
- (iv) General Oversight. The independent auditor reports directly to the Committee. The Committee is responsible for oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting. In connection with its oversight responsibility, the Committee shall consider the independent auditor's communications regarding, among other things, critical accounting policies and practices, all alternative accounting treatments within GAAP related to items material to the financial statements that have been discussed with management, including the ramifications of the alternative treatments and the treatment preferred by the independent auditor, and all material written communications between the independent auditor and management, and shall review the effect or potential effect of any regulatory regime, accounting initiatives or off-balance sheet structures on the Company's financial statements.
- (v) Audit Oversight. The Committee shall establish with the independent auditor an understanding of the terms of the audit engagement, the role of the auditor with respect to the Company's financial statements and coordination of audit efforts to ensure completeness of coverage, reduction of redundant efforts, the effective use of audit resources, and the use of accounting firms other than the appointed auditors of the Company. The Committee shall review the scope of the annual audit or interim review (including the level of involvement with unaudited quarterly or other interim-period information), and discuss the results, including, without limitation, the independent auditor's report and all matters required to be communicated to the Committee by the independent auditor in accordance with applicable auditing standards.

The Committee shall discuss with the independent auditor, before the issuance of the audit report, the overall audit strategy, including the timing of the audit, significant risks the auditor identified and significant changes to the planned audit strategy or identified risks. The Committee shall review with the independent auditor any audit problems or difficulties encountered during the course of the audit work and management's response, including any restrictions on the scope of the independent auditor's activities or access to required records, data and information, any difficult or contentious matters for which the auditor consulted outside the engagement team (for example, the audit firm's national office), any significant disagreements with management, and any other matters arising from the audit that are significant to the oversight of the Company's financial reporting process.

- (vi) Auditor Rotation. The Committee shall consider whether, in addition to assuring the regular rotation of the lead audit partner as required by law, in the interest of assuring continuing independence of an independent auditor, the Company should regularly rotate the firm appointed as the Company's independent auditor.
- (vii) Pre-Approval of Auditor Services. The Committee is exclusively authorized and directed to consider and, in its discretion, approve in advance any services (including the fees and material terms thereof) proposed to be carried out for the Company by the independent auditor or by any other firm proposed to be engaged by the Company as its independent auditor. In connection with approval of any permissible tax services and services related to internal control over financial reporting, the Committee shall discuss with the independent auditor the potential effects of such services on the independence of the auditor.

B. Financial Statements and Other Financial Disclosures

- (i) Quality and Integrity of Financial Statements. The Committee shall review and discuss with management and the independent auditor: the critical accounting policies and practices used by the Company, and any significant changes in the selection or application of the Company's accounting and auditing principles and practices as suggested by the Company's independent auditor, internal auditors, if any, or management; the accounting treatment to be applied in respect of significant new transactions or other significant events not in the ordinary course of the Company's business; other policies and procedures adopted by the Company to fulfill its responsibilities regarding the presentation of financial statements in accordance with GAAP and applicable rules and regulations of the SEC, including the proper explanation and reconciliation of any non-GAAP measures presented; and any issues that arise with respect to the quality or integrity of the Company's financial statements.
 - (ii) Audited Financial Statements. The Committee shall review and discuss with management and the independent auditor, before the issuance of the audit report, the financial statements and related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" proposed to be included in the Company's Annual Report on Form 10-K. In this connection, the Committee shall review and discuss with management and the independent auditor the analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements (including analyses of the effects of alternative GAAP methods on the financial statements), and such other matters for which discussion shall be required by applicable auditing and related PCAOB standards. The Committee shall make a recommendation to the Board as to whether such financial statements should be included in the Company's Annual Report on Form 10-K.
 - (iii) Audit Committee Report. The Committee shall annually prepare an audit committee report for inclusion where necessary in the proxy statement relating to the annual meeting of stockholders and/or annual report of the Company.
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- (iv) Quarterly Financial Statements. The Committee shall review and discuss with management and the independent auditor the quarterly financial statements and related notes and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” proposed to be included in the Company’s Quarterly Reports on Form 10-Q, together with the analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, and such other matters for which discussion shall be required by applicable auditing standards and related PCAOB standards.
- (v) Earnings Releases and Other Financial Information. The Committee shall discuss with management and the independent auditor and, prior to issuance, review and approve the Company’s earnings releases, including the financial information, use of any “pro forma” or “adjusted” non-GAAP information, and earnings guidance (if such is provided) to be disclosed in such releases. The Committee shall also discuss with management other significant financial information to be provided to analysts or rating agencies.
- (vi) Payments. The Committee shall review on a quarterly basis all payments made to the Company’s sponsor, officers or directors, or to the Company’s or their affiliates.

C. Controls and Procedures

- (i) Oversight. The Committee shall provide oversight of management’s design and maintenance of the Company’s internal control over financial reporting and disclosure controls and procedures. Prior to the filing of the Company’s Annual Report on Form 10-K, the Committee shall review with the independent auditor, management and the head of the internal audit function, if any: the Company’s annual assessment and report and the independent auditor’s report on the effectiveness of the Company’s internal control over financial reporting, to the extent then applicable; any “material weakness” or “significant deficiency” in the design or operation of internal control over financial reporting, any steps taken to resolve any such control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting; and any related significant findings and recommendations of the independent auditor or internal audit function, if any, together with management’s responses (including, in the case of the independent auditor, any concerns regarding matters within the scope of, and compliance with, Section 10A of the Exchange Act).
 - (ii) Certifications. The Committee shall review and discuss with management and the independent auditor the certifications and any related disclosures made by the Company’s Chief Executive Officer and Chief Financial Officer in the Company’s periodic reports about the results of their evaluation of the effectiveness of disclosure controls and procedures and any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, and any fraud involving management or other employees who have a significant role in the Company’s internal control over financial reporting, prior to the filing of the Company’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.
 - (iii) Internal Audit Function. At least annually, the Committee shall review with the independent auditor the responsibilities, budget, staffing, effectiveness and performance of the internal audit function, if any, including the structure, qualification and activities of the internal audit function and the scope of internal audit responsibilities in relation to the independent auditor’s duties. The Committee shall review and assess the annual internal audit plan, if any, the process used to develop the plan, and the status of activities, significant findings, recommendations and management’s response. The Committee shall recommend for Board approval all matters related to responsibilities, budget and staffing of the internal audit function, if any. The Committee shall recommend for Board approval the appointment and, if appropriate, replacement of the senior internal audit executive.
 - (iv) Hiring Policies. The Committee shall establish clear policies regarding the hiring of employees and former employees of the Company’s independent auditor.
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D. Risk Management, Compliance and Ethics

- (i) Risk Management. The Committee shall review and discuss with management, the head of the internal audit function, if any, and the independent auditor any significant risks or exposures and the Company's policies and processes with respect to risk assessment and risk management, and shall assess the steps management has taken to monitor and control such risks, except with respect to those risks for which oversight has been assigned to other committees of the Board or retained by the Board. The Committee shall review the Company's annual disclosures concerning the role of the Board in the risk oversight of the Company.
- (ii) Legal and Regulatory Compliance. The Committee shall review and assess with the Chairman, Co-Chairman or Co-Executive Chairman of the Board or outside counsel, as appropriate, legal and regulatory matters that may have a material impact on the Company's financial statements or accounting policies. The Committee shall also review and recommend for Board approval the code of business conduct and ethics and any other appropriate compliance policies, and will review requests for waivers under the code of business conduct and ethics sought with respect to any executive officer or director. The Committee shall review annually with the Chairman, Co-Chairmen or Co-Executive Chairman of the Board or outside counsel, as appropriate, the scope, implementation and effectiveness of the ethics and compliance program, and any significant deviations by officers and employees from the code of business conduct and ethics or other compliance policies, and other matters pertaining to the integrity of management.
- (iii) Procedures for Complaints. The Committee shall establish "whistleblowing" procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters. The Committee shall review any such significant complaints or concerns.
- (iv) Review and Approval of Swap Transactions. The Committee shall at least annually review and approve the Company's decision to enter into swaps and other derivative transactions that are exempt from exchange-execution and clearance requirements under "end-user exception" regulations, and review and discuss with management applicable Company policies governing the Company's use of swaps subject to the end-user exception.
- (v) Related Person Transactions. The Committee shall review and, if appropriate, approve or ratify any related person transactions and other significant conflicts of interest, in each case in accordance with the Company's Code of Business Conduct and Ethics and Related Party Transactions Policy.

E. Self-Evaluation and Reporting

- (i) Self-Evaluation and Charter Review. The Committee shall conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this charter, and recommend to the Board such amendments of this charter as the Committee deems appropriate.
- (ii) Reporting. The Committee shall report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.

The Committee shall undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.

**CHARTER OF THE NOMINATING AND GOVERNANCE
COMMITTEE
OF THE BOARD OF DIRECTORS OF
AELUMA, INC.**

I. PURPOSE OF THE COMMITTEE

The purpose of the Nominating and Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Company is to assist the Board in discharging the Board’s responsibilities regarding:

- a) identification of qualified candidates to become Board members;
- b) selection of nominees for election as directors at the next annual meeting of shareholders (or special meeting of shareholders at which directors are to be elected);
- c) selection of candidates to fill any vacancies on the Board or any committee thereof;
- d) annual review of the composition of the Board in light of the characteristics of independence, experience and availability of the Board members;
- e) oversight of the evaluation of the Board; and
- f) compliance with the Company’s Code of Business Conduct and Ethics, including reviewing the adequacy and effectiveness of the Company’s procedures to ensure proper compliance.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s articles of incorporation and bylaws (collectively, the “**Articles**”). The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it. Although the Company does not currently have a class of securities listed on Nasdaq Capital Market (“*Nasdaq*”), it is the Company’s intent to follow the Nasdaq rules as a guideline.

II. MEMBERSHIP

The Committee shall be comprised of three (3) or more directors, as determined by the Board, each of whom (a) satisfies the independence requirements of the Nasdaq, and (b) has experience, in the business judgment of the Board, that would be helpful in addressing the matters delegated to the Committee.

The members of the Committee, including the chairperson of the Committee (the “**Chair**”), shall be appointed by the Board. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. MEETINGS AND PROCEDURES

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s Articles that are applicable to the Committee.

The Committee shall meet on a regularly scheduled basis twice per year, or more frequently as the Committee deems necessary or desirable. A meeting of the Committee may be conducted in person or via telephone conference or similar communications equipment where every meeting participant can hear each other.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management, or any other person whose presence the Committee believes to be desirable and appropriate. Notwithstanding the foregoing, the Committee may exclude from its meetings any person it deems inappropriate, including but not limited to, any non-management director who is not a member of the Committee.

The Committee may retain any independent counsel, experts or advisors that the Committee believes to be desirable and appropriate. The Committee may also use the services of the Company’s regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such search firm’s fees and other retention terms.

The Chair shall report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairperson of the Board. Minutes of the meetings shall be kept by a person designated by the Chair. Draft and final versions of the minutes of meetings shall be sent to all Committee members for their comments and records respectively, in both cases within a reasonable time after the meetings.

IV. DUTIES AND RESPONSIBILITIES

- a) At an appropriate time prior to each annual meeting of shareholders at which directors are to be elected or re-elected, the Committee shall recommend to the Board for nomination by the Board such candidates as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.
- b) At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, the Committee shall recommend to the Board for appointment by the Board to fill such vacancy, such prospective member of the Board as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.
- c) For purposes of (a) and (b) above, the Committee may consider the following criteria, among others the Committee shall deem appropriate, in recommending candidates for election to the Board:
 - i. personal and professional integrity, ethics and values;
 - ii. experience in corporate management, such as serving as an officer or former officer of a publicly held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment;
 - iii. experience in the Company's industry and with relevant social policy concerns;
 - iv. experience as a board member of another publicly held company;
 - v. academic expertise in an area of the Company's operations;
 - vi. practical and mature business judgment, including ability to make independent analytical inquiries; and,
 - vii. if applicable, for re-election, the director's past attendance at meetings and participation in and contributions to the activities of the Board.

- d) The foregoing notwithstanding, if the Company is legally bound by contract or otherwise to permit a third party to designate one or more of the directors to be elected or appointed (for example, pursuant to rights contained in shareholders' agreement), then the nomination or appointment of such directors shall be governed by such requirements.
- e) The Committee shall advise the Board periodically with respect to significant developments in the law and practice of corporate governance as well as the Company's compliance with applicable laws and regulations, and make recommendations to the Board on all matters of corporate governance and on any corrective action to be taken.
- f) The Committee shall monitor compliance with the Company's Code of Business Conduct and Ethics, including reviewing the adequacy and effectiveness of the Company's procedures to ensure proper compliance.
- g) The Committee shall, at least annually, review the performance of each current director and shall consider the results of such evaluation when determining whether or not to recommend the nomination of such director for an additional term.
- h) The Committee shall oversee the Board in the Board's annual review of its performance (including its composition and organization), and will make appropriate recommendations to improve performance; the Committee will also be responsible for establishing the evaluation criteria and implementing the process for such evaluation.
- i) The Committee shall consider, develop and recommend to the Board such policies and procedures with respect to the nomination of directors or other corporate governance matters as may be required pursuant to any rules promulgated by the U.S. Securities and Exchange Commission or otherwise considered to be desirable and appropriate in the discretion of the Committee.
- j) The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.
- k) The Committee shall periodically report to the Board on its findings and actions.
- l) The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. DELEGATION OF DUTIES

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with the Company's Articles and applicable laws, regulations and rules of the markets in which the Company's securities then trade.

AELUMA, INC.
COMPENSATION COMMITTEE CHARTER**I. PURPOSES**

The Compensation Committee (the “*Committee*”) is appointed by the Board of Directors (the “*Board*”) of Aeluma, Inc., (the “*Company*”) to: (A) assist the Board in overseeing the Company’s employee compensation policies and practices, including (i) determining and approving the compensation of the Company’s Chief Executive Officer (“*CEO*”) and the Company’s other executive officers, and (ii) reviewing and approving incentive compensation and equity compensation policies and programs, and exercising discretion in the administration of such programs; and (B) produce the annual report of the Committee required by the rules of the U.S. Securities and Exchange Commission (“*SEC*”). Although the Company does not currently have a class of securities listed on Nasdaq Capital Market (“*Nasdaq*”), it is the Company’s intent to follow the Nasdaq rules as a guideline.

II. COMMITTEE MEMBERSHIP**A. Composition**

The Committee shall consist of two or more members of the Board. Except as otherwise directed by the Board, a director selected as a Committee member shall continue to be a member for as long as he or she remains a director or until his or her earlier resignation or removal from the Committee. Any member may be removed from the Committee by the Board, with or without cause, at any time. Any vacancy on the Committee shall be filled by a majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

B. Chair

The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee’s information needs, except as otherwise provided by the Board or the Committee; provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

C. Independence

Each member of the Committee shall be an “independent” director in accordance with the applicable listing standards of the Nasdaq, including standards specifically applicable to compensation committee members, subject to any exceptions or cure periods that are applicable pursuant to the foregoing requirements and the phase-in periods permitted under the rules of Nasdaq under which the Committee is required to have only one independent member at the time of listing, a majority of independent members within 90 days of listing and all independent members within one year of listing. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company, and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes.

The Committee shall have the sole discretion to retain or obtain advice from, oversee and terminate any compensation consultant, legal counsel or other adviser to the Committee and be directly responsible for the appointment, compensation and oversight of any work of such adviser retained by the Committee, and the Company will provide appropriate funding (as determined by the Committee) for the payment of reasonable compensation to any such adviser.

IV. COMMITTEE MEETINGS

The Committee shall meet as often as necessary to carry out its responsibilities, which, following the Company's initial business combination, shall be at least quarterly.

The Committee shall establish its own schedule of meetings. The Committee may also act by unanimous written consent of its members.

Notice of meetings shall be given to all Committee members or may be waived, in the same manner as required for meetings of the Board. Meetings of the Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other. A majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee shall otherwise establish its own rules of procedure.

V. DELEGATION

The Committee, by resolution approved by a majority of the Committee, may form and delegate any of its responsibilities to a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee and such delegation is not otherwise inconsistent with law and applicable rules and regulations of the SEC and Nasdaq.

In addition, the Committee may, by resolution approved by a majority of the Committee, delegate to management the administration of the Company's incentive compensation and equity-based compensation plans, to the extent permitted by law and as may be permitted by such plans and subject to such rules, policies and guidelines (including limits on the aggregate awards that may be made pursuant to such delegation) as the Committee shall approve, provided that, consistent with paragraphs (d), (e) and (f) of Section VI below, the Committee shall determine and approve the awards made under such plan to any executive officer and any other member of senior management as the Committee shall designate and shall at least annually review the awards made to such other members of senior management as the Committee shall designate.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide for fulfilling the Committee's purposes in such manner as the Committee determines is appropriate:

- (a) establish and review the objectives of the Company's management compensation programs and its basic compensation policies;
- (b) review and approve corporate goals and objectives relevant to the compensation of the CEO and other executive officers, including annual and long-term performance goals and objectives;
- (c) review and approve, subject to such further action of the Board as the Board shall determine, any employment, compensation, benefit or severance agreement with any executive officer;
- (d) evaluate at least annually the performance of the CEO and other executive officers against corporate goals and objectives including the annual performance objectives and, based on this evaluation, determine and approve, subject to such further action of the Board as the Board shall determine, the compensation (including any awards under any equity-based compensation or non-equity-based incentive compensation plan of the Company and any material perquisites) for the executive officers based on this evaluation;
- (e) determine and approve the compensation level (including any awards under any equity-based compensation or non-equity-based incentive compensation plan of the Company and any material perquisites) for other members of senior management of the Company as the Committee or the Board may from time to time determine to be appropriate;
- (f) review at least annually the compensation of other employees as the Committee determines to be appropriate (including any awards under any equity-based compensation or non-equity-based incentive compensation plan of the Company and any material perquisites);
- (g) review on a periodic basis the Company's management compensation programs, including any management incentive compensation plans as well as plans and policies pertaining to perquisites, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s), and recommend to the Board any appropriate modifications or new plans, programs or policies;
- (h) review, approve and recommend to the Board the adoption of any equity-based compensation plan for employees of or consultants to the Company and any modification of any such plan;

- (i) administer the Company's equity-based compensation plans for employees of and consultants to the Company as provided by the terms of such plans, including authorizing all awards made pursuant to such plans;
- (j) review, approve and recommend to the Board the adoption of any non-equity-based incentive compensation plan for employees of or consultants to the Company and any material modification of any such plan and review at least annually the awards made pursuant to such plans;
- (k) review, approve and recommend to the Board the adoption of any employee retirement plan, and other material employee benefit plan, and any material modification of any such plan;
- (l) review at least annually (a) the Company's compensation policies, plans and practices for executives, management employees and employees generally to assess whether such policies and practices could lead to excessive risk taking behavior and (b) the manner in which any risks arising out of the Company's compensation policies and practices are monitored and mitigated and adjustments necessary to address changes in the Company's risk profile;
- (m) with respect to any compensation consultant who has been engaged to make determinations or recommendations on the amount or form of executive or director compensation: (a) annually, or from time to time as the Committee deems appropriate, assess whether the work of any such compensation consultant (whether retained by the compensation committee or management) has raised any conflicts of interest; and (b) review the engagement and the nature of any additional services provided by such compensation consultant to the Committee or to management, as well as all remuneration provided to such consultant;
- (n) annually, or from time to time as the Committee deems appropriate and prior to retention of any advisers to the Committee, assess the independence of compensation consultants, legal and other advisers to the Committee, taking into consideration all relevant factors the Committee deems appropriate to such adviser's independence, including factors specified in the listing standards of the Nasdaq;
- (o) review and discuss with management the Compensation Discussion and Analysis disclosure required by SEC regulations and determine whether to recommend to the Board, as part of a report of the Committee to the Board, that such disclosure be included in the Company's Annual Report on Form 10-K and any proxy statement for the election of directors; as part of this review, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation ("say-on-pay" vote) required by Section 14A of the Exchange Act;
- (p) at least every six years or more frequently as appropriate, make a recommendation to the Board regarding the frequency with which the Company will conduct a say-on-pay vote;
- (q) review the form and amount of director compensation at least annually, and make recommendations thereon to the Board;

- (r) oversee and monitor other compensation related policies and practices of the Company, including: (i) the Company's share ownership guidelines for directors and executive officers; (ii) compliance by management with rules regarding equity-based compensation plans for employees and consultants pursuant to the terms of such plans, and the guidelines for issuance of awards as the Board or Committee may establish; (iii) the Company's recoupment policy and procedures; and (iv) all special perquisites, special cash payments and other special compensation and benefit arrangements for the Company's officers and employees;
- (s) oversee shareholder communications relating to executive compensation and review and make recommendations with respect to shareholder proposals related to compensation matters;
- (t) conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this charter, and recommend to the Board such amendments of this charter as the Committee deems appropriate;
- (u) report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities;
- (v) from and after the completion of the Company's initial business combination, in consultation with the CEO, annually report to the Board on succession planning, which shall include emergency CEO succession, CEO succession in the ordinary course and succession for other members of senior management, working with the entire Board to evaluate potential successors to the CEO; and
- (w) undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.