NASDAQ:ALMU Q4 2025 Earnings Call Transcript

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Gary | Conference Operator:

Good day, and thank you for standing by. Welcome to Illuma's fourth quarter and full fiscal year 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question and answer session. Please be advised that today's conference call is being recorded. At this time, I would like to turn the call over to Tony Rossi, investor relations for Illuma. Please go ahead.

Tony Rossi | Investor Relations, Illuma:

Thanks, Gary. Good afternoon and welcome to Aluma's fourth quarter in year-end 2025 earnings call. I'm here today with founder and CEO Jonathan Clampkin and CFO Christopher Stewart. Today's discussions and responses to questions may include forward-looking statements, which are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. These risks and uncertainties are detailed in the earnings press release issued today, along with the reports filed with the United States Securities and Exchange Commission. These reports, along with today's earnings release, can be found under the Investors section of our website. Voluma assumes no obligation to update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this call. Throughout the discussion, the company will refer to non-GAAP financial measures, including EBITDA and adjusted EBITDA. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures is included in our earnings press release and SEC filings. Now I'll turn the call over to Illumis CEO, Jonathan Clampkin. Jonathan?

Jonathan Clampkin | Founder and CEO, Illuma:

Thank you, Tony. I would like to begin by welcoming everyone to Illumis' first conference call as a NASDAQ-listed company. I would especially like to acknowledge our two new covering analysts, Richard Shannon from Craig Hallam and David Williams from Benchmark Equity Research. Thank you all for joining. I'm excited to highlight what our team accomplished in fiscal 2025 and the bright future we see ahead. I'm also excited to have our new CFO, Christopher Stewart, join me today on our conference call debut. By way of introduction, Chris brings over 20 years of financial leadership experience at high-growth technology companies. Chris has the strategic and financial perspective needed to scale Illuma through its next stage of growth. Let me begin by sharing that we have an incredibly successful year executing on our plan. We consistently perform on our R&D contracts while still having a relatively small team consisting primarily of R&D personnel. Looking ahead, with confidence in our technology's capabilities and relevance, we are building a critically important business development and go-to-market team to accelerate our engagements in target commercial markets. Interest in our technology has never been higher. We count 20 active engagements with prospective customers, including OEMs, Tier 1 and Tier 2 suppliers, system integrators, and chip manufacturers that are evaluating our technology for potential integration in future generation products. I believe that we are approaching an inflection point when our game-changing technology will be ready for commercial adoption, aligning with the growing demand for high-performance semiconductors across a wide array of applications and industries. For those new to the Illumistory, we started with a simple but powerful concept. Semiconductors are everywhere, and they can be better. We believed that if you could take the highest performance semiconductor materials and innovate ways to manufacture them at scale, the impact across industries would be transformational. This was no easy feat. The modern semiconductor industry has been around for over 70 years, and yet successfully scaling compound semiconductors, which

are higher performing materials made from two or more elements, has remained elusive. Fast forward, following extensive R&D, 30 issued and pending patents, and the numerous trade secrets, our team has seemingly cracked the code. Our proprietary technology is sufficiently compelling that we have attracted key government agencies like DARPA, NASA, and the Navy to support us to advance these next-generation semiconductors for mission-critical applications. These partnerships have brought non-dilutive capital for strategic R&D that has enabled technical feasibility and provided market credibility. In this regard, the term dual-use technology comes to mind, addressing the demanding requirements for government or defense while also creating value in commercial markets. Developing technology for mission-driven systems and subsequently scaling it for commercial deployment is not a new concept, but it is core to our strategic approach. And until now, this commercial scaling of compound semiconductors has been rather limited. Leveraging our transformative technology, we have been purposefully bidding on R&D contracts to further innovation, grow our reputation, and advance our goal to commercialize in target markets. For example, we have been collaborating with the U.S. Navy to apply Illumiz Optical Interconnect technology to aircraft to help move large amounts of information quickly between sensors and onboard computers. This core technology is highly adaptable to data center interconnects for AI infrastructure, where it can enable high-speed transfer of massive data sets between compute nodes. In fact, we're engaged in discussions with several Tier 1 suppliers exploring the integration of our technology for AI infrastructure. We're also collaborating with the Department of Energy and the Navy to advance Illuma's imaging sensor technology for critical systems to enable them to see beyond what is visible to the human eye. Our technology not only meets their rigorous requirements, but it can also be adapted for broader applications in our target markets, including mobile devices, consumer electronics, industrial automation, robotics, and autonomous systems. Several Tier 1 suppliers and OEMs across these markets are actively evaluating our technology. To this end, we have attracted significant interest from prospective customers, and our pipeline of opportunity is growing. Several third parties have validated our technology through sample evaluations, and we have active engagements with 20 prospective customers. We expect our future business development team to advance these engagements across our funnel and to increase the pipeline to approximately double the number of commercial revenue growth opportunities over the next fiscal year. Here's how we size up the opportunity and how we are positioned to capitalize on it. We believe our technology is poised to become indispensable across the semiconductor industry. As one senior tech leader from a major tier one supplier put it, If Aluma succeeds, the entire industry will have to manufacture this way. That's the very definition of a disruptive technology, and Aluma has the platform to accelerate adoption across numerous markets. Based on market research and internal analysis, we estimate our SAM, the market segments that our technology addresses, could reach $4.9 billion by 2030, growing at a 48% compound annual growth rate from a base of $1 billion in 2026. Coming back to Illumistory. With substantial momentum in technology advancement, IP generation, supply chain development, and customer traction, we were ready for a bigger public stage. On March 28th, we announced both our uplisting to NASDAQ and the closing of an oversubscribed public offering with $13.8 million in gross proceeds to pursue significant growth opportunities we see in commercial markets. We are also proud to be an early advocate of restoring American leadership in semiconductors. In addition to the reshoring of semiconductors aimed at incentivizing increased U.S. semiconductor manufacturing, we believe it is critically important to protect American innovation, a core principle at Illuma, where from our headquarters in California, we have established a one-of-a-kind R&D and manufacturing capability. On May 1st, we rang the closing bell at NASDAQ to celebrate our uplisting. This was a proud milestone for our team, our board, and our shareholders. Building from this, we were recently added to the Russell 3000 Index and MSCI Global Micro Cap Index, providing additional visibility and opportunity as a public company, as well as increased liquidity for our trading partners. To summarize our strong financial position, we have $15.7 million in cash and cash equivalents, no debt, and a solid portfolio of contracts to support R&D and commercialization in fiscal 2026. With our capital life manufacturing model, we believe Aluma is positioned to scale quickly and effectively to address mass market opportunities. In our early days, we concentrated on building our IP portfolio and our R&D and manufacturing capabilities. Now that we have a strong foundation in place, we are expanding our business development capabilities to focus on commercial market opportunities. Our efforts in fiscal 2026 are aimed at establishing the foundation to transition from R&D revenue to commercial product revenue. We attracted new talent to our technical team, and we're fortunate to have Chris join our executive

leadership. We recently ramped up wafer fabrication activities with our foundry partners and added equipment to support prototyping and test and validation. We are also seeing momentum building in defense and aerospace, data center interconnects for AI infrastructure, and mobile and consumer electronics, and markets with significant growth potential for Aluma. Our partnerships with government agencies continue to strengthen, and we recently announced New wins, including contracts with NASA, the U.S. Navy, and the Department of Energy. These programs will advance Illumis semiconductor platform for quantum systems, optical interconnects, and imaging sensors. We are also engaged directly with major defense tech companies that are evaluating our technology for mission-critical systems applications. We unveiled the manufacturing breakthrough in collaboration with Thor Labs, advancing quantum enabling capabilities with Illumis CMOS-compatible semiconductor platform, which is scalable to 300-millimeter wafers, today's industry standard used by leading semiconductor fests. This innovation supports commercial scalability and positions us to accelerate adoption of quantum systems. Beyond our ongoing R&D work with government agencies, we're actively engaged with a leading quantum company to explore integration of our technology. Tying it all together, Illumis technology is being considered for many of today's most exciting growth sectors. Shortwave infrared sensors for 3D imaging and health monitoring, optical interconnects that transmit data seamlessly using light, and quantum systems that will usher in a new era of high-performance computing. These are very exciting times, and Illuma is where the future is headed. Now, I'll turn the call over to our new CFO, Chris Stewart, to discuss the financials.

Christopher Stewart | CFO, Illuma:

Thanks, Jonathan. First, I want to say that I'm thrilled to be at Illuma. The company is making great progress with its game-changing technology, And I really look forward to working with this talented team as we continue to build on our strong financial foundation and make the transition from R&D to commercialization. Now I'll share some highlights of our fiscal fourth quarter and full year 2025 financial results. We are pleased to report another strong quarter of revenue from our government and commercial research and development contracts. For the quarter ending June 30th, we reported revenue of $1.3 million compared to $279,000 in the same quarter of 2024 and $1.3 million in the third quarter of 2025. Revenue for the full fiscal year was $4.7 million, slightly above the high end of our previous guidance of $4.4 to $4.6 million. This compares to $919,000 for fiscal 2024. GAAP net loss for the fourth quarter was $859,000, or 5 cents per share, versus a net loss of $989,000, or 8 cents per share, for the comparable period last year. On a sequential basis, GAAP net income for the third quarter was $1.5 million, or 12 and 11 cents per basic and diluted share. The change in net income from the prior quarter was primarily due to a $2.6 million one-time non-cash gain in the fair value of derivative liabilities recorded in the third quarter. Non-GAAP net loss for the fourth quarter was $112,000, or one cent per share, compared to a GAAP net income of $7,000, or break-even on a per-share basis in the prior quarter, and a loss of $817,000, or seven cents per share, in the comparable period last year. Adjusted EBITDA for the quarter ended June 30, 2025 was a loss of $113,000 compared to a loss of $718,000 in the same quarter last year and a gain of $109,000 in the prior quarter. Adjusted EBITDA for the year was $186,000 compared to an adjusted EBITDA loss of $3.5 million for fiscal 2024. The year-over-year improvement in adjusted EBITDA was primarily due to the $3.7 million increase in revenue. We closed the fourth quarter with a strong balance sheet, including $15.7 million in cash and crash equivalents, compared to $1.3 million as of June 30, 2024, and $15.9 million as of March 31, 2025. We were fortunate to have a low cash burn model. Sorry. We currently have no debt, and given the near balance of revenue and operating expense in fiscal 2025, we were fortunate to have a low cash burn model. Our net cash used in operating activities was $1.1 million in fiscal 2025, compared to $3.5 million in fiscal 2024. Now, turning to our expectations for fiscal 2026, Illuma expects revenue in the range of approximately $4 to $6 million, primarily from new and existing government and commercial R&D contracts. For most of these contracts, revenue is recognized on achievement of program milestones. The timing of reaching these milestones can lead to quarter-to-quarter variability in our revenue. We view this revenue as important non-diluted financing that supports our development efforts to progress our technology toward commercial readiness. Given our disruptive technology and shifting more of our focus to commercialization, We are highly selective with these

engagements, bidding only on projects we believe will have broad commercial appeal in our target markets. Going forward, we expect to gradually increase spending as we invest in growth initiatives, including increased wafer fab production and expanding our business development, operation, and technical teams. We expect to approximately double headcount over the course of fiscal 2026 and expect our expenses to increase accordingly. We are extremely proud of our accomplishments to date, especially the speed with which our small team has transitioned from idea to validation, revenue generation, and customer traction, all while being prudent with our resources and increasing shareholder value. With our historically capital efficient model, we plan to increase investment in areas that we believe will position us to benefit from exciting opportunities we see for our technology. Our momentum continues to build as we lay the groundwork to effectively transition to commercialization and a critical time when several of our target market industries are poised for significant technology-enabled growth. Now I'll turn the call back to Jonathan for his closing remarks before we open the call to your questions.

Jonathan Clampkin | Founder and CEO, Illuma:

Thank you, Chris. We are extremely encouraged by the confidence our current and prospective customers have in our technology, our ability to deliver, and by the huge opportunities ahead of us across multiple industries. We are deeply committed to our mission, which is to deliver the world's highest performing semiconductors, and to our business model, which combines cutting-edge IT with capital-like manufacturing. We anticipate that fiscal 2026 will be a year of considerable progress in value creation. Our priorities are to execute on our R&D contracts while also accelerating the development of our commercial opportunities across several large and exciting markets. Our objectives are aimed to best position us to capitalize on the large market opportunities we expect over the next few years and to drive toward long-term profitable growth. These include building our business development and go-to-market team by hiring experienced and connected leaders in our target markets, while also investing in our production capabilities to advance manufacturing readiness. Following our uplisting to NASDAQ, we are also committed to having a best practices, investor relations program, and we recently engaged financial profiles to help us communicate the Illumist story to a larger universe of potential investors. We will be participating in several upcoming investor conferences, including the LB Micro Conference in San Diego in October and the Craig Hallam Alpha Select Conference in New York City in November. We look forward to seeing some of you at these events. Lastly, I would like to thank our incredible team, our shareholders, and our customers for joining us on our journey to reshape semiconductor manufacturing for future generation systems. Operator, you can now open the call for questions.

Gary | Conference Operator:

Thank you. The first question is from Richard Shannon with Craig Hallam. Please go ahead.

Richard Shannon | Analyst, Craig Hallam:

Well, great. Thanks, Jonathan and Chris. Great to be on your first conference call. Thanks for having me on here to ask a few questions. I think I'm going to start with the first one regarding your guidance for this year here and trying to understand the assumptions built in here. So Chris, I heard your comments about This is including both new and existing government-related contracts. Maybe you could help us understand to the extent to which you're expecting new contracts coming in here versus just the baseline of the ones you've had in fiscal 25.

Christopher Stewart | CFO, Illuma:

Yeah, our guidance is really focused mainly on contracts that we have either already signed or are near signing. but we are working on additional contracts. We're being somewhat conservative with our guidance as the timing of meeting the milestones to achieve revenue and signing these contracts is a little bit unclear. But the key thing from our perspective is You know, we're really focused on the transition to commercial this year. So, again, you know, the revenue is great. We consider it non-diluted financing, funding our R&D. But, you know, we're trying to shift our focus more to being commercial ready, increasing our production capabilities, and engaging on the commercial side. So that's a little bit about, you know, where the guidance is coming from.

Richard Shannon | Analyst, Craig Hallam:

Okay, that is helpful, Chris. Thanks for that. And I'll take your cue to maybe talk more on the commercial side here. So you talked about 20 engagements. You mentioned, I think, a few different end markets here. I guess I'd love to have you elaborate a little bit more, maybe in a few different areas. First of all, what are some of the new engagements and which markets they're in? And then I think probably the area that a lot of people are interested in here is which markets do you think are going to get to some sort of commercial agreement here sooner rather than later?

Jonathan Clampkin | Founder and CEO, Illuma:

Great. Thanks, Richard. Maybe I'll take that one. One thing I'll mention is that our near-term commercial focus is defense and aerospace, which, as you know, is typically a lower volume but high margin market, AI infrastructure, including data center interconnects, which is a large volume market, typically in the sort of millions of units per year, and then mobile and consumer electronics, which is very large volume, typically tens of millions of units per year. As you likely know, our technology is broadly applicable, so there are other markets that we're active in, such as automotive, industrial and robotics, and even quantum computing and communications. But those we see as slightly longer term revenue opportunities. The first three I mentioned are where our focus is today.

Richard Shannon | Analyst, Craig Hallam:

Okay, fair enough. Thanks for that. Let me ask a question. You talked about winning, I think, three to seven government development-related contracts this year. Maybe if you can quantify what the potential of revenue is from these contracts you have visibility into to give us a sense of potential scale here, and then any way to help us understand in what areas they might be focused on to be great.

Jonathan Clampkin | Founder and CEO, Illuma:

Maybe I can start with areas to focus on. So, as Chris mentioned, we have historically been somewhat selective of government contracts that we bid on, bidding only on programs that are very synergistic with our technology, and where we see synergies with commercial applications. And moving forward, we're probably being even more selective with those contracts. So most likely no new major areas outside of traditional sort of image sensing applications, 3D imaging, and communications applications, because that's where we see lots of synergy with commercial market opportunities. And Chris, I don't know if you want to add.

Christopher Stewart | CFO, Illuma:

No, I just say in terms of the size of the contracts, they really vary. You know, if you've probably seen, you know, we've had contracts as big as, $11 million over three years and as small as a couple hundred thousand dollars. And, you know, the ones that we're bidding on today are, you know, just like the priced ones. They're all over the place. Not quite as big as the biggest, but in that range.

Richard Shannon | Analyst, Craig Hallam:

Okay. That's helpful perspective. Let me ask one more question. I'll jump out of line here. So also in your press release, you talked about one of the strategic priorities for this year. about enhanced manufacturing readiness and specifically expanding supply chain partnerships. My specific question here is I think one of the key aspects of this is establishing an external high volume founder relationship here and just want to get a sense of when we might expect to see that announced.

Jonathan Clampkin | Founder and CEO, Illuma:

Well, what I can say is we have engagements currently with four fabs, meaning we've delivered wafers to those four fabs for development and to fabricate small volumes of our product offerings. And we're also in discussions with two other prospective fab partners. And as you know, our supply chain also includes partners for things like test assembly, integration, and packaging. You know, under NDA, if justified by a business opportunity with a customer, we have disclosed our FAB partners to some prospective customers, but disclosing such supply chain information prematurely may limit our opportunities because FABs are competitors with one another, and prospective customers have preferred boundaries. So I would say while we're not entirely opposed to disclosing supply chain information, such disclosures, you know, should be made by us opportunistically. For example, if a particular FAB relationship is to be leveraged to deliver technology to a customer. And maybe I'll just close by saying, you know, the weight for capacity of our FAB partners varies. Some FAB partners are small volume FABs. Some are very large volumes. And our BAT partners are primarily in the U.S. strategically.

Richard Shannon | Analyst, Craig Hallam:

Okay. That's very helpful detail, Jonathan. I will jump on the line. Thank you.

Jonathan Clampkin | Founder and CEO, Illuma:

Thank you, Richard.

Gary | Conference Operator:

The next question is from David Williams with Benchmark. Please go ahead.

David Williams | Analyst, Benchmark Equity Research:

Good afternoon, gentlemen. Thanks for taking my questions, and congrats on the really solid progress here. Thank you, David. Thanks, David. Yeah. lot of the higher level, but I want to ask maybe if we think about, you know, if you had, say, a 1 million unit order, you said in the past that it would qualify as maybe a low to mid volume, but what could we expect in terms of maybe a revenue opportunity, kind of thinking about your ASPs and the different markets, but I'm just trying to understand the magnitude of what even a small order could

look like in terms of revenues.

Jonathan Clampkin | Founder and CEO, Illuma:

I so maybe I'll make a couple of comments one relates to sort of those three sort of near-term primary market focuses for us the defense and aerospace which tends to be lower volume but very high margin market and we see lots of growth in that market the AI infrastructure data center interconnects we're seeing a lot of activity there and interest in our technology as well and that's sort of a few million unit per year opportunity. And then the sort of more volatile market is the mobile and consumer electronics, where volumes are extremely high, tens of millions per year, more cost sensitive, but we see an appetite to adopt new technology and a willingness to pay a little bit more for this chip technology, at least in the near term until, you know, volumes increase and and cost to come down. But it might be worth making a comment just on how we sort of progress through the business development funnel and kind of where we are so that maybe we could set some expectations for timing and scale of some of these opportunities. So a typical progression for us are starting with discovery, targeting customers and having initial meetings, technology evaluation this is where we might need to follow meetings with an NDA so that we can have more in-depth technical and business discussion we share proprietary information and our prospective customers share desired specifications and then maybe request samples to evaluate and test to validate our data and then NRE or custom development where we're generating prototypes for the customer toward meeting their customer specifications. And we're at various stages of those first few steps of the supply chain with those 20 prospective customers that I mentioned. What comes next is qualification. That's when you'd expect the design win, and now you're qualifying the production in unison with your customer, and then eventually production, in production for, intended product delivery. So, again, if I look at the 20 active engagements, we're in steps one, two, and three with those prospective customers. And it's really when we're at the later stage when a customer makes a commitment and wants to move to the qualification stage that we might be able to provide more information on scale and volumes in the near term versus long term.

David Williams | Analyst, Benchmark Equity Research:

Really great color there. So I guess in the near term, if we look out over the next 12 months, how likely do you think it could be if you could have something that can move fairly quickly? Because it seems like on the mobile side, maybe it moves more quickly on the cycle as opposed to maybe AMD that takes longer. But it seems like on the mobile, you could potentially grab something maybe a little earlier. Is that fair? Yeah.

Jonathan Clampkin | Founder and CEO, Illuma:

I think mobile and consumer electronics I would quantify as a very volatile market that can grow very quickly, but timings are typically less clear. So we tend not to provide guidance on when we expect a significant commercial engagement in mobile. It doesn't mean that we're not engaged with prospective customers across the supply chain in that market. Defense and aerospace is quite a bit more stable. There's lots of activity there. Much of our revenue comes from government agencies, specifically geared toward defense and aerospace applications, and we have active engagements with defense and aerospace tech companies that are sampling and evaluating our technology, and they seemingly could move faster. And then sort of the third focus market for us, the AI infrastructure and data center interconnect, That's a market that exists, but is starting to adopt some new technologies to enable the growth that is expected and required. So things like co-packaged optics and massively parallel optical interconnects. So there's sort of an inflection point happening in that industry, and that's usually the best time to engage and have those customers adopt the new technologies. So what excites us about Illumis technology and market focus is that if we just look at those three primary near-term focuses, you sort of cover the entire gamut of something that's very stable in near-term, something that's fastly growing and happening, and something that could be huge in volumes but

is a bit more volatile. So we could sort of find a balance across those different market protocols to ensure that we're capitalizing in the near-term but also building very very good value in the long term.

David Williams | Analyst, Benchmark Equity Research:

Great. Appreciate the color there. And then maybe just kind of think about your resources and how constrained you've been, very selective on those products. But as you double your head count, especially on the engineering side, should we expect that you can take on more of these opportunities? And is there a way to kind of think about how many of those that come to you that you're moving forward with as opposed to maybe what you're not moving forward with?

Jonathan Clampkin | Founder and CEO, Illuma:

Yeah, that's a good question. I would say that it's good to remind everyone that we do have a small team and resources are limited. So we have been very selective, both with government contracts that we bid on, but I should say also with commercial opportunities. We try to focus on where we see near-term revenue opportunities and where there are synergies with our technology. What I would say is that as headcount grows, we are going to leverage the additional resources to focus on the commercial revenue opportunities. So if we had a bigger team, we could bid on more government contracts, but that's not the primary focus moving forward.

David Williams | Analyst, Benchmark Equity Research:

Okay, thanks. And then maybe just one last one for me here, but if, say, you had an order, if you were at the end of maybe that design cycle and you secured an order, how quickly could you ramp to maybe a mid-volume if you got the order today? Is that something you do in six months because you've done a lot of work on the supply chain, or is that a longer maybe design cycle or a longer time to production?

Jonathan Clampkin | Founder and CEO, Illuma:

So I think it depends a bit on the market vertical and the requirements, but we have established small to medium volume processes. And so in the near term, reasonable volumes, even upwards of a million units, we could certainly support in the near term. The larger volumes that you might expect in mobile and consumer electronics, we could support maybe the front end of a program, but we're going to need to rely heavily on our supply chain partners because we don't intend to scale by adding lots more equipment in-house. We're going to scale by leveraging the capabilities of our partners. So hopefully that answers your question. In the near term, we're confident that we could deliver relatively quickly for sort of small to medium volumes, and we're making investments with supply chain partners to ensure that we can deliver on the higher volume markets thereafter.

David Williams | Analyst, Benchmark Equity Research:

Is it fair to assume that you feel fairly comfortable with the progress you've made, and if you did have, say, a high-volume order, that you would be able to bring those or stand up that FAB partners quickly enough to fulfill that?

Jonathan Clampkin | Founder and CEO, Illuma:

I feel confident in the status of the technology and in the supply chain partners that we've selected. They seem committed to the technology. They see lots of opportunity to adopt this technology for companies even other markets that we're not necessarily pursuing. And as I mentioned, you know, four current FAB partners, which is important to, you know, to have multiple suppliers or partners in your supply chain. Four FAB partners, multiple suppliers of substrates, multiple vendors that support packaging and integration, and so on.

David Williams | Analyst, Benchmark Equity Research:

All right, very good. And lastly, Chris, just wanted to say congratulations and looking forward to working with you.

Christopher Stewart | CFO, Illuma:

Thanks, same here. Great to have you. Appreciate it.

Jonathan Clampkin | Founder and CEO, Illuma:

Thank you for the questions.

Gary | Conference Operator:

The next question is a follow-up from Richard Shannon with Craig Hallam. Please go ahead.

Richard Shannon | Analyst, Craig Hallam:

Well, hi, guys. Thanks for letting me ask a quick follow-on here, probably more for Chris. So I want to get a sense of how to think about OPEX throughout this year. You talked about doubling headcount, and I think your comment was a commensurate amount of growth on the OpEx side here. Just any way you can quantify how we should think about that going throughout the year. And then using that as a proxy for ultimately thinking about what kind of cash burn that you're expecting within the context of this $46 million sales guide for the year. Thank you.

Christopher Stewart | CFO, Illuma:

Right. So, yeah, so like we said, we're expecting to give or take double headcount over the course of the year. Our spending, you know, really today is largely headcount driven. So as we add headcount gradually over the year, our expenses are going to drift up. Our non-headcount spending, a lot of that is FAB related as we run wafers through our FAB partners. And that we're going to be increasing through the year. But also, I wouldn't look for any major step functions. I would look at it as a gradual increase over the course of the year. You know with revenue, you know where it's at, you know, I think you'll see a slight uptick in burn but again You know, it's going to be gradual and we're we're doing things in a very measured way meaning You know, we're adding the right headcount or we're being selective Waiting till we find the right people and we're kind of reading the signals within the market and trying to kind of react accordingly and make sure we have a the team in place to capitalize on the opportunities we have. We did talk a little bit about our priorities. Today, I just remind everyone today, we don't have a business development team, so we are going to be definitely looking to build out that business development team this year, as well as expanding our R&D teams and our operations teams to really, again, this year, a lot of this year is about positioning us to make that transition

from pure R&D to commercial.

Richard Shannon | Analyst, Craig Hallam:

Okay, great, guys. That's all for me. I'll jump out of line.

Christopher Stewart | CFO, Illuma:

Thank you. Thanks very much.

Gary | Conference Operator:

The next question is a follow-up from David Williams with Benchmark. Please go ahead.

David Williams | Analyst, Benchmark Equity Research:

We've got to keep you on your toes to keep you busy, so I appreciate the follow-up here. But one other quick one I wanted to ask is, Jonathan, you alluded to this earlier, but how do you think about where your technology progress is today? And is there anything that you think is standing in the way, or is it simply just adoption from the customer side? So is it fair to say that we've done all the heavy lifting and now it really is just that commercial adoption is where we are?

Jonathan Clampkin | Founder and CEO, Illuma:

Thanks for the question. Yeah, I think it's important to recognize that we've developed a disruptive technology. Very happy with the progress we've made over the last few years. But this is a disruptive technology. It's not sort of an off-the-shelf, like we're making something just a little different than someone else already. So when you have such a disruptive technology that can really impact multiple markets, that requires a commitment from customers. You know, this is for future generation systems. Again, not a direct replacement of an existing component in a system that's already in production. So it's all about aligning the timing here, like advancing our go-to-market strategy with the new BizDev team, progressing the engagements across the stages of the funnel to really get those solid foundational commitments from the customers. that we've maybe already done custom development for. They've adopted the technology. It's not always clear to us the timing. When do they want to integrate this technology into the next generation products? But, you know, biz dev and go to market is critical for us. And then also advancing the production capacity so that we're ready to deliver at scale. I think we're at a stage where there's enough excitement and enthusiasm and interest in our technology. It's matured to a level that's meeting the requirements of many of our customers and prospective customers. And so it makes sense at this time to start to make investments to really scale, to be running more and more wafers through our foundries, you know, to really qualify the processes and ensure that they're ready when the customers, you know, ask us to deliver at scale.

David Williams | Analyst, Benchmark Equity Research:

Fantastic. Thanks so much. Again, appreciate it. Best of luck on the quarter.

Jonathan Clampkin | Founder and CEO, Illuma:

Thank you very much.

Gary | Conference Operator:

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

Jonathan Clampkin | Founder and CEO, Illuma:

Jonathan Clampkin Yeah, I'd like to thank everyone for joining our inaugural conference call, and we look forward to reporting on our progress on our first quarter call. Thank you.

Gary | Conference Operator:

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.