NASDAQ:ALMU Q1 2026 Earnings Call Transcript

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Gary | Operator:

Good day, and thank you for standing by. Welcome to Illuma's Q1 fiscal year 2026 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:

Thanks, Gary. Good afternoon and welcome to Aluma's first quarter fiscal 2026 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. Illuma 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 our 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 Illuma's CEO, Jonathan Clampkin.

Jonathan Clampkin | Founder & CEO:

Thank you, Tony. And thank you all for joining. Let's begin with the growing spotlight on AI adoption. It's rapid acceleration is driving unprecedented demand for optical component technologies for AI infrastructure. In response, Illuma has fast tracked the transition to commercial scale production of our high performance semiconductors. Illuma builds critical semiconductor photonics, including high-speed transceiver components and high-power quantum dot lasers for optical interconnects. We've invested in a breakthrough manufacturing platform with the potential to meet the performance, scale, and cost requirements for AI and other large volume markets. The way cloud computing became the new standard for deploying and managing digital services, we believe Illuma's approach will become the way of the future for semiconductor manufacturing. That is the definition of a disruptive technology. Think of the impact in the context of what is happening on a global scale. Demand for semiconductors in U.S. markets is at an all-time high, yet many fabs are overseas, and supply chain issues are impeding the usual way of doing things. Turn to Illuma. We do not rely on expensive indium phosphide substrates that now have historically long lead times and historically high prices. We currently work with multiple US-based fabs, including one well-known large volume pure play foundry. Manufacturing on small substrates made of materials that in short supply and with low volume specialty fabrication processes will not suffice. And Illuma is here to capitalize on this opportunity. The market for optical component technologies and AI infrastructure alone is projected to be several billion dollars within just a few years. And Illumis technology also applies to other high growth market verticals, including defense and aerospace, mobile and consumer electronics, industrial and robotics, to name a few. As we navigate a period of unprecedented demand, customer opportunities continue to expand, fueling our go-to-market plan. How were we executing? To begin, we completed an oversubscribed capital raise which strengthened our no debt balance sheet and boosted our cash to $38 million. With this strong financial position, plus the revenue

generated from R&D contracts, we continue to execute our strategic priorities and accelerate our transition to commercialization. Our ongoing R&D contracts reflect our dual-use technology approach to address market needs. We selectively bid on programs to advance technologies important to government customers, but that also have commercial applications in our target markets. This quarter, we signed a new contract with NASA to leverage our scalable semiconductor platform for quantum. Our approach provides a path to low-size weight and power quantum systems making them viable for space-based platforms. Programs like this provide non-dilutive funding for development, while commercial companies evaluate our technology for potential integration. As a reminder, Alumis technology combines best-in-class semiconductor materials with large-volume microelectronics manufacturing. We recently announced that, in collaboration with Thorlabs, We will be delivering a presentation on Aluma's scalable photonics platform at SPIE Photonics West Conference in January. This is the world's largest annual conference and exhibition for optics and photonics technologies, and we look forward to sharing our breakthrough at this prestigious gathering. We will also host a company booth at the exhibition, which is a terrific venue to meet with existing and potential customers and to showcase our technologies. Key to our go-to-market plan is increasing manufacturing readiness. This means qualifying our processes for production. To do so, we have increased wafer fabrication levels at our foundry partners nearly five-fold and made an investment in wafer-scale test capabilities. On the latter, we recently inked an amazing deal to acquire significant capital equipment assets from a major components and solutions provider at nearly one cent on the dollar. Also critical to increasing manufacturing readiness is adding team members to our team. We recently filled important roles, including director of supply chain manufacturing, director of technology enablement, among others, and we continue to recruit in the areas of business development, manufacturing, and operations. I am thrilled at the caliber of applicants we are interviewing. What we are doing at Aluma is attracting elite candidates, and we look forward to adding more talent to the team as we drive our transformative technology forward. The demand for high performance semiconductor components continues to rise, especially for photonic technologies supporting the adoption of AI. It's exciting to see new customer opportunities converging around our vision, growing interest in our technology, and the meaningful impact we're poised to deliver at scale. As we deepen and expand engagements with prospective customers, we're uncovering even greater opportunity aligned with our offerings and product roadmap. This reinforces confidence in our technology, approach, and business model. All pieces are falling in place to create the one plus one equals three value proposition that we believe paints a bright future for Aluma its customers, and its shareholders. Now I'll turn the call over to our CFO, Chris Stewart, to discuss the financials.

Christopher Stewart | CFO:

Thanks, Jonathan. Now I will share some highlights of our first quarter fiscal 2026 financial results. We are pleased to report another solid quarter of revenue from our government and commercial contracts. For the quarter ended September 30th, revenue was $1.4 million, compared to $481,000 a year ago and $1.3 million in the prior quarter. GAAP net loss for the first quarter was $1.5 million or $0.09 per share versus a net loss of $730,000 or $0.06 per share in Q1 of last year and a net loss of $859,000 or $0.05 per share in the June quarter. The increase in net loss from the prior quarter was primarily attributable to higher payroll and stock-based compensation expense. Non-GAAP net loss for the quarter was $437,000 or 3 cents per share versus a net loss of 550,000 or 4 cents per share in the first quarter last year and a non-GAAP net loss of 112,000 or 1 cent per share in the June quarter. Adjusted EBITDA for the quarter was a loss of $450,000 compared to a loss of $457,000 for the comparable period last year and a loss of $113,000 in the prior quarter. We ended the first fiscal quarter with $38.1 million in cash and cash equivalents, and we currently have no long-term debt. During the quarter, we closed a follow-on public offering for 1.955 million shares, raising net proceeds of $23.4 million. The capital significantly strengthened our balance sheet more than doubling our cash position. We expect this additional cash will support our plan to transition from exclusively R&D revenue to initial commercial product revenue. Now, turning to our expectations for fiscal 2026, we continue to expect revenue in the range of 4 to 6 million, as we stated in our year end call. For majority of our contracts, revenue is recognized upon achievement of technical milestones. Once again, in the quarter, we

hit all of our planned milestones, adding to our impressive track record of timely delivery. That said, revenue may vary quarter to quarter depending on the timing of achieving and receiving customer sign-off on these milestones. We view this R&D revenue as important, non-diluted financing that supports our development efforts and progress towards commercial readiness. As previously discussed, we are highly selective in bidding only on projects we believe will have an impact in our commercial target markets. while our strategic priority for fiscal 2026 is positioning Illuma to begin the transition to commercial product revenue. Going forward, we expect to prudently increase spending as we invest in growth initiatives, including increased production for technology validation and expanding our business development, manufacturing, and operations teams. With our established capital efficient market, we are focusing our investments on what is most critical for an effective transition to commercialization. Several of the industries that we are targeting are poised for significant technology-enabled growth, and we plan to be ready for this major inflection point in the semiconductor industry. Now I'll turn the call back to Jonathan for his closing remarks before we open the call to your questions.

Jonathan Clampkin | Founder & CEO:

Thank you, Chris. The fiscal year is off to a promising start with key objectives already underway. In support of our go-to-market strategy, we've made continued progress to strengthen our financial position, increase our manufacturing readiness, and expand our team. Demand for high-performance semiconductor technology in our key target markets continues to grow, and we believe we'll be in a position to deliver at the scale required by our customers. We look forward to sharing more information with you in the near future. I want to thank our incredible team for their commitment and hard work, and a special thank you to all our investors for your support and enthusiasm that drives us every day. Operator, you can now open the call for questions.

Gary | Operator:

We will now begin the question and answer session. To ask a question, you may press star then 1 on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star, then two. At this time, we will pause momentarily to assemble our roster. Our first question today comes from David Williams with Benchmark. Please go ahead.

David Williams | Analyst, Benchmark:

Hey, Dylan. Thanks for taking the questions and congrats on the continued progress here.

Christopher Stewart | CFO:

Thanks, David.

David Williams | Analyst, Benchmark:

Thank you. So, Jonathan, maybe first, last quarter you talked about having, you know, around 20 engagements or so, and just wondering if you could give us an update on how those are progressing and if there's been any that's kind of fallen out of that funnel or if they've progressed and just kind of how you're seeing the funnel of activity today.

Jonathan Clampkin | Founder & CEO:

Yeah, we've made continued progress with ongoing active engagements, especially in defense and aerospace areas. and AI infrastructure. Defense in aerospace continues to be strong, and we've been advancing engagements in this vertical across the pipeline. Maybe some notable achievements include a recent sample delivery to a key customer, custom NRE work that we're doing in this area related to our imaging sensors. And then sort of in terms of maybe the growth of the pipeline, There are some newer customers in the AI infrastructure space that are evaluating, in particular, high-speed transceiver component technology. So we continue to look at our market verticals broadly, but same as last quarter, there's a particular focus on AI infrastructure, optical component technologies for AI infrastructure, defense and aerospace, and mobile and consumer electronics.

David Williams | Analyst, Benchmark:

Perfect. Thank you. And then maybe just you talk about your commercial readiness here and that you've, by 5X, increased the wafer to your FAB partners. Can you maybe give us a little bit of an update on where you are and how quickly you can stand up the FABs? If you were to get an order today, how long would it take you before you could have volume kind of production out of your FAB partners?

Jonathan Clampkin | Founder & CEO:

So it's, yeah, obviously dependent on specific volume and market vertical and the qualification requirements for that market vertical. But as you mentioned, we are running more and more wafers through our FAB partners now on the order of fivefold, meaning the number of wafers or number of wafer lots that we're running through our FAB partners. The things that we're making at our external FAB partners are primarily detectors for imaging sensors and high-speed components for transceiver applications intended to deploy both in defense and aerospace, but also in AI infrastructure. With the capacity that we have in place now, we could support a reasonable volume, the types of volumes that you'd expect in defense and aerospace, and also in sort of the optical component technologies. For a big consumer market like mobile, or consumer electronics, we'd have to invest additionally in overall capacity.

David Williams | Analyst, Benchmark:

Okay. Very good. But you feel pretty confident that what you have lined up today, that you can support the probably nearer term type of potential engagements in aerospace and defense and optical?

Jonathan Clampkin | Founder & CEO:

That's correct. And, you know, there are several different use cases and formats sort of low to medium speed versions of some of our transceiver components, higher speed versions of our transceiver components, but at least some of them are ready, you know, to deliver for evaluation and ready to qualify for a customer's requirements.

David Williams | Analyst, Benchmark:

Okay. And on that transceiver side, can you talk a little bit about exactly what your components are, where are you participating, and then how do you Is there a way to kind of size that market if you break it out? And maybe not even breaking it out, but just kind of thinking about the lower speed and mid and maybe even upper speed. But where do you play and what do you think that total market is for you?

Jonathan Clampkin | Founder & CEO:

So thanks for asking this, David. One of the reasons I'm so excited about that market is that we're uncovering more and more use cases and architectures We've engaged with some newer customers in that space as recently as the last month or two. And what we're finding is that there's interest and a need for high performance technology for higher speed transceivers, for more traditional pluggable optics formats, just at higher data rates. Some of the component technologies today are very expensive. I still feel very strongly about our business model to deliver high performance semiconductor chips. And I think the margins could be very good there, especially in this market. So again, one of the reasons I'm so excited about that market is that some of our prospective customers are interested in very high performance, high speed components for a few different use cases. Some are interested in sort of lower speed but higher volume and arrays of devices. And then a little bit longer term, you know, co-packaged optics will eventually, you know, start to deploy and see adoption. And some of our high-power laser and quantum dot laser technology could make an impact there. So I'm very excited about sort of near-term prospects as well as, you know, future prospects a few years out.

David Williams | Analyst, Benchmark:

Okay. Fantastic. And then, you know, kind of going back to the prior question, but as you think about commercialization and how close you are and maybe tipping over some of these engagements, can you kind of talk us through the timeline of when you think you might have something that you might be able to announce in terms of a design win or falsification or something that kind of gives us a trajectory on that revenue opportunity, even if we're looking out into 27 or beyond?

Jonathan Clampkin | Founder & CEO:

in the company for the transition to commercialization. And so what that means is really solidifying the relationships with some of our prospective customers and maybe even some of the newer customers that have come to the table in the last couple of months. So in terms of timing, our goal is to get to initial commercial product revenue sometime during this fiscal year. I don't think we're ready to say what the volumes would be, what the prices would be, what the total revenue would be. Chris will answer other questions related to revenue and guidance. Our current revenue is based on bookings and R&D contracts. But what we're doing now is really laying the foundation for commercial scale production. And that means delivering more and more samples to our customers and solidifying relationships that might come in the form of NRE commitments from our customers, and at least some small volume orders, which might initially be for sampling purposes. But the point is, we're ensuring that we're going to be ready when customers are ready to adopt technology and place orders.

David Williams | Analyst, Benchmark:

Certainly appreciate it. One last one, if I may. Chris, just on the revenue or excuse me, on the balance sheet, you feel pretty comfortable that that will get you to kind of a cash flow or a cash neutral position from your current balance?

Christopher Stewart | CFO:

Yeah, there's a lot of dependencies in terms of like how the markets play out and what investments we need to make to support certain customers. But what we've said is we believe we have plenty of cash on the balance sheet to get to that initial revenue. And then we'll see if that gets us all the way to cash flow positive or if we need to make some investments in capacity to support really, really rapid growth.

David Williams | Analyst, Benchmark:

Thanks so much. I certainly appreciate it. Best of luck on the quarter, gentlemen. Thanks again. Thank you, David.

Gary | Operator:

The next question is from Richard Shannon with Craig Hallam. Please go ahead.

Richard Shannon | Analyst, Craig Hallam:

Well, thanks, Jonathan and Christopher. Let me ask a couple questions here. Jonathan, let's start with one of your early comments here regarding photonics and specifically fast-tracking some work here. Maybe you can elaborate on what exactly this means and probably have a couple of follow-ups on this topic.

Jonathan Clampkin | Founder & CEO:

I think our sort of focus areas in optical interconnects for the near term are becoming more and more clear. the more deeply we get engaged in customers and understand the requirements for that market. So fast tracking means dedicating resources to that specific market vertical and a few key prospective customers. And it also means ramping up the manufacturing readiness effort around the components that we're building for that market vertical and the hiring of people that have backgrounds in photonic component technologies for that specific market vertical. So it's a bit of a focused effort. And because of the funding that we've raised, we're able to accelerate and hire people probably faster than initially anticipated. We're able to run more and more wafers at our foundries more than initially anticipated because of the additional resources we have.

Richard Shannon | Analyst, Craig Hallam:

Okay. Jonathan, can you elaborate on what kind of components we're talking about here? You've obviously talked about quantum dots in the past here, which is obviously an emitter of a laser. What about, I think you're alluding to other components here, and I would assume detectors are in that, but any other components that you've also been working on that seem to be grabbing some attention?

Jonathan Clampkin | Founder & CEO:

Yes, so generally, ALUMA's technologies are emitters and detectors, as you know, for sensing and communication applications. So we work on both emitters and detectors, but we leverage this highly scalable platform to build those components. Quantum dot lasers, there's a lot of interest for that technology, especially for light engines for silicon photonics applications and maybe for some externally modulated lasers in the future. But I think that's a little bit more of a longer term prospect. In the near term, high performance just, you know, emitters and detectors are in very high demand right now. And if you recall, we've been working on high speed detectors initially with the Navy to deploy novel high-speed transceivers for multimode fiber links on aerial platforms. And a different flavor of that could be applied to a few different use cases in the data center market. And without going into too many specific details of exactly what we're doing, there are more than one use case for that technology. And again, this is in part why I'm so excited because slightly different flavors in terms of what the targeted speed performance is, the targeted sensitivity, the targeted format, how many of these detectors and are they arrays of detectors or banks of detectors or individual detectors. These are components that are traditionally somewhat expensive, especially when you get to the higher speeds. And I think Aluma can make a real impact here because of how we do our manufacturing on

different substrate platforms that are a lot less expensive and could lead to not only the scale, the higher volume, but also lower cost in the future.

Richard Shannon | Analyst, Craig Hallam:

Okay. That's helpful, Jonathan. Thanks for that perspective. Maybe a couple more questions for me. In the press release, you talked about a goal of, I think, three to seven new development contracts for this year, and you didn't give us any sort of number last quarter, at least that I recall. So maybe you can help us understand where you're expecting some of these to come from. Do you already have visibility into these opportunities with the government or with commercial partners here? And maybe kind of give us more detail there, please.

Jonathan Clampkin | Founder & CEO:

Yes. So last quarter we said three to seven new contracts, and this quarter we announced a one-time contract with NASA. So that's one of those three to seven. We do have a few pending bids out there that we expect to hear on in the next few months, and we're working on a few more proposals for for a few strategic government contracts. At the same time, we're also in discussions with some of our commercial partners in one case where we're performing on some NRE and discussing sort of a next phase of that work. And we are getting some requests from some of our commercial customers to scope out some NRE work. So I think we'll have more information to share as we go, but at least At this moment, we feel fairly comfortable with the three to seven number. Maybe one other item I'll just add related to that topic. I think eventually what you're going to see is that we're going to start to transition to bigger, you know, contract opportunities, meaning because the transition to commercialization is really our goal, setting the foundation for the transition to commercialization in this fiscal year. That's our highest strategic priority. And so what that means is that we may not bid on some of the smaller government contracts that we have in the past, even though those lead to nice prospective customer engagements and eventually more funding, it could be that we transition to bidding only on sort of larger scale opportunities that feed into our commercial opportunities. And if the commercial business picks up sooner than later, then obviously that's where our focus will be. And I think it's timely because if you think about the change in administration and budget cuts to some of the funding agencies and general slowdown with government funding and the recent government shutdown, it's a good time for us to focus on commercial because There might not be as much government contract funding. Maybe there will be some government funding really to support infrastructure and U.S.-based semiconductor manufacturing, which is what Luma is all about. And moving forward, I mean, our goal was to transition to commercialization, to leverage what we did in terms of developing technology under these R&D contracts. So I think that's sort of the shift that you'll you'll see moving forward. But again, just to come back to your question, we've bid on contracts, a few commercial and several government-funded contracts across agencies, primarily DOD and some NASA and DOE.

Richard Shannon | Analyst, Craig Hallam:

Okay. That's helpful, Jonathan. You partially answered my next question, but I'm going to ask anyway just to make sure there's a more complete answer here. But Just wondering about any impacts from the government shutdown. It sounds like there's been some here. It sounds like maybe this is more slowing down the initial RFQ, RFI process, but how about other contracts that are in process here? Are those being slowed down as well?

Jonathan Clampkin | Founder & CEO:

There's been, I mean, the government is shut down now, so it's hard to reach anyone. But there has been some general slowness in terms of new programs getting reviewed and contracts getting executed. We have seen that. It hasn't had a major impact on us because, as you know, we don't heavily rely on that funding. It's been really great to win some of that funding because it's been non-diluted funding, so it's really kept our cash burned down, and it's led to a lot of other things, not only with government customers, but with commercial customers or partners that are supporting us on some of those programs. But generally speaking, yes. I mean, things have been slower than usual. It's taking longer to get a contract signed. And there are some programs out there that we had bid on that got delayed and in some cases canceled and reformatted into something else. But again, we weren't relying on any of those bids in terms of capital needs. or revenue guidance. Everything that we speak of in terms of guidance is based on bookings and some assumptions around the success in delivering on milestones.

Richard Shannon | Analyst, Craig Hallam:

Okay. That sounds great. Thanks for that detail. Last question. I'll jump out of line here. Just asking about the FAB relationships here. The last quarter you talked about engaged with four of them and two more that might possibly enter the fold here. It sounds like that number might might go up here in this in this past quarter if you could update on that and then I guess I'm probably more interested in when a relationship becomes more formalized and contractual and one where you might even announce that Parker I know last quarter you said you're not going to announce them or even give that information out to potential partners until you actually have to but wondering if that's in the in the cards anywhere in the near future thank you so

Jonathan Clampkin | Founder & CEO:

We haven't formally added any new FAB partners in the last couple of months, but have increased the level of runs, the number of runs that we're doing at several of those FABs. And there are some new activities happening with some supply chain partners. Just to paint the entire picture, you know, one type of partner is a fab that does what we refer to as sort of the front-end fab. We deliver our wafers and devices get fabricated. But there are a few other steps in our process that happen other places. And so we've had to set up a supply chain. There's some, you know, back-end work, some integration work, wafer scale integration work. There's even some tests. So there are a number of partners that we've added to our supply chain. Some of them I might not characterize as a fab. But to answer your question, we may make announcements, but generally at this stage, given the volume of wafers that we're running at our fabs, we'll continue to do that. Maybe as things start to ramp up based on customer demand and we have data that statistical data that we're sharing with customers and we are ready to share information about qualified processes for a specific standard or for a specific customer, that might be a little bit more timely in terms of sharing a little bit more of our supply chain. I mean, generally speaking, you know, photonic component manufacturers don't share a lot of detail on their supply chain. We're certainly gonna try to find creative ways to share different proof points and forms of validation with our shareholders, but being mindful of confidentiality and trade secret information.

Richard Shannon | Analyst, Craig Hallam:

Okay, that makes sense. That is all from you guys, thank you.

Christopher Stewart | CFO:

Great, thanks Richard.

Gary | Operator:

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

David Williams | Analyst, Benchmark:

I appreciate you taking the follow-up here. I just wanted to ask, on the optical interconnects on the transceiver side, what is it that's driving your accelerated potential there? Is it an economics perspective? Is it the volume? Is it performance? What exactly, if you kind of look at while your customers are coming to you, what is driving that business there?

Jonathan Clampkin | Founder & CEO:

Well, the first way I'd answer that question is that that market is really booming right now. And there's a lot of demand, not only now, but expected in the coming years, as I'm sure you know, especially from some recent earnings calls from companies active in that market. So part of it is there's so much activity. Volumes are growing. And as we're growing as a company, we're engaging more and more customers that in some cases are new to our technology and sharing with us slightly different use cases for our technology and some of those end markets. I mean, that's a market that we knew was expected to grow substantially. And one of the reasons, as I mentioned, that we're sort of uh, dedicating lots of resources to that market in terms of customer interactions, business development, uh, and even, you know, the fraction of wafers we're running through our fabs, you know, geared toward transceiver components. The reason that we're doing that is, um, there's more than one use case, uh, and, uh, there's, um, high demand, um, and the component technologies that are needed are, are, um, are, you know, not inexpensive. They're expensive, and customers want more of them, and they'd like to see them at lower cost. So that, you know, really points to manufacturing approaches like Illumis, scaling and reducing cost. And so that's a very exciting market right now where I think, don't quote me on numbers, but I think some of the usual things uh, usual suppliers, um, are, are, you know, seeing significant increase in, in number of chips, uh, deploying in that market for maybe a few million to double digit millions. So it's a very exciting time to see volumes grow for components that are, uh, you know, very high performance in nature in terms of speed performance and, uh, and other specifications.

David Williams | Analyst, Benchmark:

Great. Then when you engage with the customer in that supply chain or in the optical side, are you engaging at the customer level? So would it be with an NVIDIA or the hyperscalers, or is it more in the module or OEM side? Just kind of where do you typically engage within that?

Jonathan Clampkin | Founder & CEO:

Across all levels of that value chain. As you know, that industry has gone through lots of changes in the last decade or so, and so the hyperscalers are deeply involved in the supply chain. That used to be different when Ciscos of the world would buy components. Component suppliers were not making so much margin, and so component suppliers said, maybe we need to start making modules. But then the higher-level customers made investments in contract manufacturing and packaging and assembly. And so hyperscalers are deeply involved in technology definition and supply chain. And the good news for Aluma is what that means for

component suppliers is that chip suppliers can – can benefit from a fairly profitable business. And so that's one of the reasons that we're, you know, so excited about that market. Very high-end chips that not so many companies in the world know how to make. And Aluma has an opportunity to scale, deliver the performance, and bring costs down.

David Williams | Analyst, Benchmark:

And just one last question here, I promise. But just was going to ask, if you can kind of walk through, you talked earlier about the low lower data rates the mid and the upper end but what is it that's kind of drawing you in and can you maybe speak to the components where you're seeing the most the pull ends on that on the low end we would suspect that your high performance would be at the very upper end but that we think it's interesting uh that you talked about the low end there so maybe just some color around the low and mid the range and why you're being pulled in there i mean generally speaking i i've i've said that

Jonathan Clampkin | Founder & CEO:

you know, we're identifying more and more use cases in the data center market. So if you think about AI clusters and short reach and higher speed and how you get there, and I'm sure you know what companies are doing, in some cases developing new technologies for short reach, but, you know, very high aggregate data rates. But, you know, outside of you know, short reach for compute clusters like that. Hyperscalers need more and more optics for rack to rack. And, you know, generally, you know, switch ASICs are increasing. There's been really nice announcements from Broadcom and others, you know, 100 terabit switches. So sort of across the board, there's more and more demand for high-performance transceiver components, you know, meaning higher volumes coming whether it's short reach, a few meters out to 100 meters, or sort of in the middle, up to a few kilometers, and maybe even longer. I would say most of the use cases where we're seeing interest in our technology are mostly around sort of the short and mid-reach, few meters out to maybe 100 meters, and then from there to maybe a couple of kilometers. And without going into too much detail, you know, formats of transceivers, whether it's pluggables or efforts being made to put optics on boards, you know, that's what we see really growing in the near term. Co-packaged optics is something many companies and fabs are investing in, and I think that's coming, you know, that'll slowly get adopted. And we have technology that that's applicable there as well, like the quantum dot lasers, for example, are a good fit, especially in the co-packaged optics world. So I'm just very enthusiastic about that end market because there's near-term demand, near-term growth, and expected long-term growth, especially as things like co-packaged optics start to get adopted over the next few years.

David Williams | Analyst, Benchmark:

Thanks again. Certainly appreciate it.

Gary | Operator:

Thanks, David. 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 & CEO:

Thank you. We look forward to connecting at investor conferences and other meetings in the future. Thank you for joining and have a great day.

Gary | Operator:

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