

NASDAQ:OPTX Q2 2025 Earnings Call Transcript

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Operator | Conference Call Operator:

Good afternoon, and welcome to Syntech Optics Holdings Inc's conference call to discuss the status of financial results and provide a business update. As a reminder, this conference call is being recorded. At this time, all participants are in a listen-only mode. Syntech Optics is a leading provider of mission-critical optics to scientific and technical instruments and equipment OEMs in diverse defense, biomedical, communications, and consumer end markets. I'll now turn the call over to Dean Rudy, Syntec Optics Chief Financial Officer. Please go ahead.

Dean Rudy | Chief Financial Officer:

Thank you, Operator, for your introduction and welcome. Al Kapoor, Chairman and Chief Executive Officer of Syntec Optics, will join me today as well. Here are a few quick reminders before we start. First, today's call is being webcast and our press release can be accessed along with it on the investor section of our company website, www.syntechoptics.com. Second, we'll make forward-looking statements based on current expectations during the call. Actual results may differ due to factors noted in this press release and in our filings. The company did an 8K filing on September 4, 2025 that addressed the status of the company's Form 10K for the period ending December 31, 2024. It's Form 10Q for the period ending March 31, 2025. And it's Form 10Q for the period ending June 30, 2025. Previously, NASDAQ had granted the company an exception until August 20, 2025, to file its Form 10-K for the year ending December 31, 2024, and its Form 10-Q for the period ending March 31, 2025. An additional exception will be granted to enable the company to regain compliance with all delinquent filings, but only for a maximum of 180 calendar days from the due date of the initial delinquent filing or October 13, 2025. The company submitted to NASDAQ an updated plan on September 5, 2025, to regain compliance with the filing requirement within the specified period. The update was as definitive as possible, including plans to file the Form 10-K and the two 10-Qs and detailing the progress the company has made. An audit committee meeting was held on September 4, 2025. The auditors presented the 10K audit results and communications. As a result, the audit committee approved the filings of the 10K. A similar audit committee meeting was held on September 11, 2025 for the audit results and communications of the 210Qs. The company targeted the filing of the 10K and the 210Qs together on September 15th, 2025 to regain compliance. However, the company's financial team is still working diligently, continuing the daily calls with auditors, completing the final steps for the auditor's quality department, and completing other final subject matter reviews by the auditors. all to provide results within the NASDAQ specified period. We will schedule a new conference call shortly to go over our final results. If you have any questions, please reach out to our investor relations as noted in the announcement, and we will try to address them at our next call. With that, I will turn the call over to Al Kapoor, Chairman and Chief Executive Officer.

Al Kapoor | Chairman and Chief Executive Officer:

Thank you, Dean, and thank you to everyone joining us today. As discussed before, Syntech Optics' strategy is to lead the large yet often overlooked market for light-enabled products by offering a diverse product portfolio tailored to blue chip customers' needs. This approach leverages our operational strengths of horizontal and vertical integration of optics manufacturing processes and techniques. We believe with more and more products becoming light enabled, we will have continued growth opportunities for many years to come. Here is how we are right this moment currently executing our strategy. We have implemented a very clear three-pronged execution plan that provides a clear roadmap for sustainable growth, which involves

everyone at the company, including technicians that make the very intricate optics. By focusing first on operational excellence, then scaling our talented team, and finally expanding into new high-growth, light-enabled markets, we are positioning Syntec Optics to capitalize on the immense opportunity. The company's execution plan is... centered on the following three pillars. Number one, operation excellence to maximize capacity. The first prong focuses on improving yields and maximizing capacity utilization to meet robust demand of our current products. All key customers are demanding increased volumes and in some cases 20%, 50%, 200% higher than we are currently delivering. The company is deploying enhanced operations KPIs, daily technician meetings, and ERP dashboards to provide real-time data for decision-making. This initiative targets increased efficiency in key growth areas that we have discussed before, like satellite optics and communications, aiming, night vision, integrated scope optics and defense, artificial intelligence deployment driven data center optics and communications, hospital diagnostic optics for biomedical. This execution builds upon our highly defensible model of vertical and horizontal integration. Number two, scaling production with increased staffing. Simultaneously, we are targeting yield improvements from 50% to 50%, in some cases, to reach 95%. And Syntec is increasing staffing as well in night shifts. This will allow the company to continue scaling its production platforms, ensuring it can not only satisfy existing customer demands, but also prepare for the next wave of growth from new and emerging applications. Number three, expansion into new breakthrough applications. The third prong centers on innovation and market expansion. As more products across end markets become light enabled, Syntec is securing new customers and breakthrough applications. Cue new areas that we have added over the past several months. include fusion energy, a new end market, hyperspectral imaging and defense, ground networks for satellite communications in space, and furthering quantum computing and DNA sequencing products. All simultaneously, we are positioning the company at the forefront of next generation technologies as well. I will hand it back to the operator.

Operator | Conference Call Operator:

Ladies and gentlemen, thank you for your participation and interest in Syntec Optics. This concludes today's event.