



Lightwave Logic

**Second Quarter 2026 Financial Results
and Business Update**

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C O R P O R A T E P A R T I C I P A N T S

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P R E S E N T A T I O N

Operator

Greetings. Welcome to the Lightwave Logic Q2 2026 Financial Results and Business Update Conference Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star zero on your telephone keypad.

Please note this conference is being recorded.

I will now turn the conference over to Nick Teves of Investor Relations. Thank you, Nick. You may begin.

Nicholas Teves

Thank you, Operator, and good morning, everyone. Thanks for joining us today for Lightwave Logic's second quarter financial results and business update call.

I'm joined on today's call by Lightwave Logic's President and Chief Executive Officer, Yves LeMaitre, and Lightwave Logic's Chief Financial Officer, Fred Graffam.

Please note that this call is in listen-only mode for the duration of the call, and that a replay will be posted to the Company's website shortly after the call concludes. Some of the matters we'll discuss on this call, including statements and our business outlook, are forward-looking, and as such, this call speaks only as of today, August 11, 2026. Such statements may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

The matters discussed on this call are subject to known and unknown risks and uncertainties, and these risks and uncertainties could cause actual operating results to differ materially from those expressed in the call. A more detailed description of the risks our Company faces is more fully described by the Company under the caption risk factors included in our most recent Form 10-K and 10-Q. As always, Lightwave Logic assumes no obligation to update the information presented on this conference call. Lastly, you are cautioned that any time-sensitive information may no longer be accurate at the time replay, listening, or transcript reading.

With that, I'll turn the call over to Yves.

Yves LeMaitre

Hey, good morning, everyone, and thank you for joining us.

The second quarter of 2026 represented another step forward in our transition from technology development to commercialization. As you'll hear today, we expanded to five Stage 3 customers and made excellent progress with our multiple foundry engagements, with the first wafers expected to be delivered this month.

But let me start with a bigger picture. AI is being adopted and scaled at an incredible rate, and when something grows this fast, bottlenecks show up everywhere. The industry talks about the availability of compute, the memory wall, interconnect bandwidth, power delivery, and cooling. We can debate which one

is the biggest constraint at any particular point in time. The more important point is that they are all real, they're all connected, and each one has to be addressed if AI infrastructure is going to keep scaling.

For Lightwave Logic, the part of the problem we are focused on is the interconnect. Putting more processors into an AI cluster only helps if those processors can move enormous amounts of data between each other quickly and efficiently. In simple terms, the network has to keep up with the compute. Today, it simply doesn't. As clusters become larger and denser, copper reaches its practical limits over longer distances, and power consumption becomes a bigger part of the networking problem.

That is why optical networking, and silicon photonics in particular, is going so quickly. We are seeing it in actual foundry results, not just in industry forecasts. In their latest goals, GlobalFoundries said its communication infrastructure and data center business grew more than 60% year-over-year, driven in part by optical networking, and that it expects its silicon photonics revenue to more than double in 2026.

Tower Semiconductor reported that its silicon photonics revenue grew by more than 270% year-over-year, and said it is targeting a \$1 billion annualized run rate in the fourth quarter. Those are significant numbers, and they show how quickly silicon photonics is moving into the mainstream of AI infrastructure. This is a part of the AI infrastructure problem that Lightwave Logic is working to fix. Whether the application is scale up, scale out, or scale across, the industry needs more bandwidth, less power, and smaller devices that can be easily integrated with silicon and manufactured at scale.

Our perkinamine electro-optic polymers are designed to make silicon photonics faster and more power efficient with a much smaller footprint. Just as important, they are designed to fit into the foundry and packaging infrastructure the industry already uses. We are not asking the market to build completely new manufacturing systems around us. We are working to make the silicon photonics platform better.

Let me now turn to our silicon photonics foundry work with our partners. I'm pleased to report that we are making good progress. We currently have three dedicated foundry runs underway. We expect to receive two sets of wafers from those programs during this month of August. The third foundry is expected to deliver its wafers in the fourth quarter. We are also preparing a dedicated run with the fourth foundry and working towards a tape out later this year. Taken together, these four programs give us several parallel paths for advancing our technology and supporting our customers.

As we discussed on our first quarter call, several of the silicon photonics foundries are under pressure because they are dealing with the combination of very strong customer demand, process development for novel materials, and the need to catch up on capacity investment. Those pressures have not disappeared. In fact, the growth recently reported publicly by some of the leading players shows just how quickly demand for silicon photonics is increasing.

Despite this pressure, two foundries are on track to ship wafers to Lightwave Logic this month. Receiving the wafers is an important milestone, but it's not the end of the process. Once the wafers arrive, our team begins the back-end work. That includes depositing the polymer, encapsulating it, preparing the devices for testing, and then completing the characterization work. We will work closely with our customers throughout that process to confirm that the devices meet their performance requirements and to understand any changes that may be needed.

The foundries are learning from these runs as well. The objective is not simply to show that they can process high-bandwidth slot modulators. We are working with them to fine-tune the process, improve yield and device performance, and make the overall manufacturing flow more efficient and repeatable. That work is essential if we want to move from individual prototype runs to qualification and ultimately generate revenues with volume manufacturing.

Our active foundry ecosystem now includes GlobalFoundries, Tower Semiconductor, SilTerra, and a fourth partner that remains unnamed. We believe having several foundry options is important for our customers

and for the long-term scalability of our platform. We will continue strengthening these relationships while also looking for opportunities to add new foundry partners in the future.

Now let me move to customers. We continue to see strong interest from companies looking for better ways to meet the speed, power, and size requirements of AI networks. Interest is important but what matters to us is moving this discussion into real programs with real engineering work behind them. This quarter, a new unnamed Fortune Global 500 customer moved into Stage 3 of our design win process. With the addition of this new customer, it brings our total number of Stage 3 programs to five. This new customer program is initially focused on scale-across transceivers using coherent modulation.

While a lot of the AI discussion has focused on scale-up and scale-out, scale-across is making a strong comeback as a critical part of the next generation AI factory. The practical limits of building ever-larger data centers are forcing operators to connect multiple campuses located a few miles to tens of miles apart into one virtual data center. This requires extensive use of ultra-high-speed optical links, dense wavelengths division multiplexing, and coherent modulation.

Stage 3 is where the work becomes much more concrete. We are no longer talking only about requirements or running an initial evaluation. We are working with our customers' engineering resources on prototypes, foundry runs, device processing, and testing. For all of our Stage 3 programs, the job now is to meet the technical milestones required for qualification and eventually Stage 4. The next milestones include the delivery, backend processing, and testing of chips as mentioned earlier. We expect the fourth quarter to be very busy for our customer-facing technical staff and engineering team.

In parallel, we are working to turn these technical programs into commercial agreements covering material supply, licensing, and engineering work with volume production as a longer-term goal. One such material supply and licensing agreement is already in place, and we are actively negotiating a new agreement with another customer whose program is the most advanced on the path to productization with the goal of beginning volume production in the second half of 2027.

I want to be clear about the process. These programs take time. Foundry schedules, design changes, packaging, and system testing can all affect the pace. We are pleased with the progress, but we are not going to get ahead of the data of all the customers. Our focus is on doing the work, meeting the next milestone, and earning the right to move each program forward.

At this point, I would like to welcome Fred Graffam, our new Chief Financial Officer. Fred brings the type of financial acumen and operational experience we felt we needed to bring Lightwave Logic to the next level. I'm very happy to have him on the team. Fred will take you through our second quarter results and the main financial items for the period.

Fred, welcome to Lightwave Logic, and over to you.

Fred Graffam

Thank you, Yves, and good morning, everyone.

I am very pleased to have joined Lightwave Logic at this important stage in the Company's evolution and to be speaking with you for the first time today. While I am still early in my tenure, I have been highly encouraged by the strength of our technology, the caliber of our team, and the significant market opportunity ahead as the industry seeks solutions to increasing bandwidth and power efficiency demands.

My initial focus has been on understanding the business, our customer engagement and commercialization priorities, and ensuring the finance organization is well positioned to support the Company's next phase of growth. Working closely with Yves and the leadership team, I am focused on disciplined execution, prudent capital allocation, and transparent communications with our Shareholders.

Drawing on my experience in public company finance, strategic transactions, and investor relations, I look forward to helping advance our strategic objectives and effectively communicating our progress to the investment community. I look forward to meeting with many of you in the months ahead and discussing our progress. With that, let me turn to our financial results for the quarter.

During the second quarter of 2026, the Company maintained a strong balance sheet while continuing to invest in technical development, manufacturing readiness, customer engagement, and infrastructure initiatives that support product commercialization.

Revenue for the quarter was approximately \$33,000 compared with \$26,000 in the prior year period. As of June 30, 2026, the Company had approximately \$100,000 of deferred revenue that will be recognized upon achievement of certain milestones under an existing joint development agreement. Net loss was \$6.6 million or \$0.04 per share compared with a net loss of approximately \$5 million or \$0.04 per share in the second quarter of 2025.

Our operating expenses continue to reflect targeted investments to advance technology readiness and support future commercialization, including research and development, intellectual property expansion, foundry ecosystem integration, manufacturing scale-up activities, customer engagement, and organizational infrastructure needed to support long-term growth.

Research and development expense for the quarter was approximately \$3.9 million compared with \$2.6 million in the prior year period, reflecting continued investment in device performance, reliability, qualification, and integration activities.

General and administrative expenses for the quarter was approximately \$3.4 million compared with approximately \$2.3 million in the prior year period, primarily reflecting investments in personnel, systems, and processes designed to strengthen the infrastructure necessary to support future growth and commercialization.

We ended the quarter with \$95.9 million in cash, cash equivalents, and marketable securities, providing significant financial flexibility to execute our strategic priorities. Cash used in operating activities was approximately \$9.9 million during the first six months of 2026 compared with \$7.3 million in the prior year period, reflecting continued investment in fabrication runs, prototype device development, manufacturing capacity, and commercial expansion. Capital expenditures totaled approximately \$1.5 million during the first six months of the year, and we're focused on supporting production readiness and strengthening our IT infrastructure.

In summary, we remain focused on aligning our investments with the Company's commercialization priorities and long-term value creation strategy. During the second quarter, we strengthened the organization through targeted hiring, increasing headcount by 25% sequentially, particularly in areas critical to manufacturing scale-up, test engineering, and commercial development.

We also invested in equipment and cleanroom expansion to enhance perkinamine manufacturing capabilities and expand quality control processes while continuing to strengthen our IT and systems infrastructure. Collectively, these investments are enhancing our operational readiness, supporting customer engagement activities, and positioning the Company to capitalize on our commercial opportunities.

Looking ahead, we remain committed to maintaining a strong balance sheet while deploying capital thoughtfully to support commercialization and long-term value creation. We believe our financial position and operational investments provide a solid foundation to execute against our strategic priorities and support future growth.

With that, I'll turn the call back to Yves.

Yves LeMaitre

Thank you, Fred.

Before we go to questions, I want to come back on the five priorities we set for 2026 and give you a straightforward view of where we stand.

Our first priority was to move, is to move, our Stage 3 programs closer to qualification and Stage 4. The important change here is that more of these programs are moving from planning into execution. We now have five customers at Stage 3, and several are approaching the point where foundry-built devices can be tested against specific customer requirements. The wafer delivery is expected in August, and the fourth quarter should give us a much clearer technical picture and set up the next decision with those customers.

The second priority was commercialization. We are building the commercial framework alongside the engineering work instead of waiting until qualification is complete. One method of supply and licensing agreement is already in place and discussions on the second are active with the customer furthest along to all the products. The conversation is increasingly about how we move together through qualification and into production, not simply whether the technology is interesting.

The third priority was to reduce foundry risk and give customers credible manufacturing options. Access to silicon photonics capacity and support for a novel material were major constraints when we began. Today we are working across four foundry relationships at different stages of execution. Each run builds process knowledge, gives customers more flexibility, and it helps make polymer integration repeatable rather than a one-off engineering exercise.

The fourth priority was to extend platform performance at 200 gigabits per second, 400 gigabits per lane, and beyond. The opportunity is also broadening. Beyond scale up and scale out, we now have a stage three scale across program using coherent modulation. These applications place different demands on the modulator, but they all require higher bandwidth, lower power, and a small footprint. The next foundry devices will let us test those advantages in customer-relevant designs and manufacturing flows, not only in the lab.

Our fifth priority was to prepare the Company operationally for a potential production ramp beginning in 2027. Our expansion plans for perkinamine production in Denver are progressing well, with new staff being trained, new equipment being commissioned to increase our batch size and overall production output.

If I had to summarize our product position today, I would say that the different parts of the strategy are coming together. Customer programs, foundry execution, device performance, and commercial discussions are increasingly converging. We are not at the finish line, but the next steps are concrete, measurable, and much closer in front of us. Our job is to execute them well.

I want to finish by thanking our employees for the work they put every day, our customers and foundry partners for working through these programs with us, and our Shareholders for their continued support. We appreciate it.

With that, I will turn it back to Nick, and Fred and I will take your questions.

Nicholas Teves

Thank you, Yves.

When we announced this call, we invited investors to submit their questions ahead of time. We'd like to thank those investors who took the time to do so, and we appreciate your continued engagement.

What are the biggest bottlenecks inside the foundry ecosystem today? Capacity, process development, yield learning, packaging, or test availability?

Yves LeMaitre

Excellent question. We talked earlier about the current business pressure on foundries for building bare silicon photonics chips. They must increase capacity, establish new production sites, transition to 300-millimeter wafers, and bring in new materials such as electro-optic polymers.

We should also take a look at what we call BEOL at Lightwave Logic. It means back-end of line. These are the final steps of integration of perkinamine on a bare silicon photonic chip. We have mentioned in earlier calls that this process is currently done in-house at Lightwave Logic in Colorado, but that we are engaged with external partners in outsourcing this step for high-volume production.

This is an important project for Lightwave Logic in 2026 and 2027. We are working with one of our lead customers to build a scalable back-end production line so we can scale the production across all aspects of the final product, the perkinamine production, the front-end silicon photonic state production, and the back-end of line process.

Nicholas Teves

Does the current cash balance provide enough runway to reach the targeted production ramp, and assuming no major change in the development timeline?

Fred Graffam

Thanks for the question. We strengthened our balance sheet through capital raises completed in late 2025 and early 2026, positioning the Company to support its commercialization objectives and planned scale-up activities. We continue to closely monitor our progress and align operating and capital investments with key business and development milestones. With no debt and approximately \$96 million in cash and marketable securities at the end of the second quarter, we believe we have the financial flexibility to execute on our current organic growth strategy.

Nicholas Teves

What factors are considered when establishing licensing agreements and technology transfer agreements? Given public information and standard industry examples, what should investors expect from these agreements in dollar terms?

Yves LeMaitre

We cannot comment on a specific dollar value per agreement. Ultimately, it will depend on our pricing agreement for materials, one-time or recurring licensing fees, and royalties over the period of the contract. Most importantly, the value will be created by the success of our customers' products and their ability to win market share and volume allocation with the end-users, who are typically hyperscalers and AI networking companies.

Nicholas Teves

From a physics standpoint, is it possible that perkinamine is the only viable material with the performance characteristics to advance CPO in all three applications: scale-up, scale-across, and scale-out?

Yves LeMaitre

We are certainly not in a position to make such a broad statement. We have said that electro-optic polymers exhibit unique characteristics, such as ultra-fast bandwidth, efficient electro-optics conversion, and extremely compact size. These attributes bring value to a variety of applications. For instance, scale-across is pushing the bandwidth limits, while scale-out needs tiny modulators, lowest power, and integration with silicon.

Competition is fierce, and the industry's brightest minds are assessing all kinds of materials and solutions. At Lightwave Logic, we are fortunate to work with some of the industry leaders to demonstrate the value of perkinamine in scale-up, scale-out, and scale-across applications. We continue to report our progress towards design wins and volume production.

Nicholas Teves

Back in January of this year, you showed a slide indicating more than 15 customers in Stage 1, and 2 yet we have not seen or heard about any of them moving to Stage 3. Why is this?

Fred Graffam

Good question. We have announced a new customer reaching Stage 3 today, and our pipeline of customers in Stage 1 and 2 remains strong. There are a couple of important points to consider in bringing new customers to Stage 3. First, the results of ongoing and planned wafer runs at our foundry partners will increase the confidence of certain target customers who are relying on specific foundries for their silicon photonics chips.

In addition, while our technical team has expanded, we have intentionally focused on executing key programs in chip design and production for our leading customers.

Nicholas Teves

Thank you, Yves, Fred, and thank you again to everyone who sent your questions. I'd like to turn it over to you, our Operator, to include this conference call.

Operator

Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.