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Joining us today, we have Shai Lustgarten, Chairman, CEO, and President of OMNIQ Corp., which trades on the OTCQB market under the ticker OMQS. Welcome, Shai.

Shai Lustgarten

Hi, how are you? Thanks for having me.

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Absolutely. So, Shai, as always, I like to ask our ask our guests, can you give us a bit of background on yourself and OMNIQ Corp.?

Shai Lustgarten

Yes, absolutely. So, I'm the CEO of OMNIQ for now, seven years. And before that, I was the CEO of another company that was mostly involved in driver behavior applications, hardware solutions that learn about drivers and how to create efficiencies and automation in that space of transportation logistics and all my life been involved in ah more tech companies and um focusing on the growth of them. OMNIQ had been a great opportunity for me at first to come over and run a company that is for 38 something years had tried to focus on ah automation solutions as well, which fits my background and ah it was just ah an amazing opportunity at first. And then of course, I became the major shareholder as well, so um that's a little bit about myself.

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Wonderful. So, just some recent news, OMNIQ recently enhanced its AI-based public safety solutions through a partnership with the NEC. Can you tell us about the benefits of this collaboration and what it means for your customers? And perhaps some background on what the NEC would be helpful as well.

Shai Lustgarten

Yeah, well, NEC is a very large ah company, partner of OMNIQ, that we've established the relationship with them only recently. We've done, formally recently, but we've done some work before with them piloting our solution, AI solution, um to see how it fits and integrated into their complete solutions in border control and different other applications as well. They are a major player in that field. And we have created in OMNIQ, we started that about five years ago, our own algorithms in AI that focus on machine vision, computer vision, we believe that this would to be able to be the first, I mean the next-gen solution in

object identification, of course that is, in ah includes as well facial recognition which NEC required to ah to integrate into their total solution for ah access control, security, border control, etc. And ah when we've ah when we started that about five years ago, um the development and then about a couple, three years ago, deployments of our first solutions ah products into the into the field of access control. We've done that with, ah um after a lot of millions of dollars of investments and then ah we created and we have as well nine patents on that technology. The efficiencies that can be created, the automation that can be created when you use AI machine vision in the um in access control is enormous. Before identifying objects involved, you know putting a barcode label on an object or trying to read um with the scanning capabilities, RFID capabilities, different wireless capabilities. Now, with our solutions, with OMNIQ solutions, we put a sensor, ah we do it in a very so simple three-step process, we put a sensor that comes in the shape of a camera, that detects an object, and then we send that information to the AI level where our engine sits, the algorithms. That's where we do the identification, and then we send it out. We create automatic actions that come in the shape of applications of apps that we, again, do everything in-house. And the apps differ depending on the use case. With the NEC solution partnership that we have, what we did is we trained our engine the algorithms, we trained it to identify ah people, individuals in the vehicle, when the vehicle drives even 100 miles per hour, on a foggy day, maybe it's even snowing, etc. We know how to identify ah individuals inside a vehicle, we can count the number of individuals inside a vehicle we can capture images even from backseat and then we send that information to NEC to their platform where they do the matching with different databases and then raise and create notifications and alerts according to the requirements so ah the platform that we have provided was ah selected by NEC and because of again the accuracy and the speed of our ah solution, and the way that they can better service their customers this way. And I would say that you know it's tough to do this. I don't know any other company that can do that the way we do it today in the world. It's very unique in its accuracy and the speed we do it at. And we believe that this partnership can create a huge scalability for us um as a growth engine for the company going forward.

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That sounds incredible. It sounds like straight out of a James Bond movie, some of that stuff that you had mentioned. So ah just out of curiosity, who are, I mean, NEC sounds more of like a government contractor, military contractor sort of thing. Is that is that fair to say? Who are your other customers?

Shai Lustgarten

Any other access control, right? I mean, what we're talking about when we say AI and the way we invest in AI, we take it into the practical use cases of our everyday lives. Why use RFID tags when you get into an enterprise access control, when you go into an employee parking lot? Why do you need even a gate? Why do you need to stop? You know, you put a sensor and it matches and it can even create better security this way because then you create the information, you make the data, ah um you make it digital and you can cross check it with so many different databases. And that's exactly what OMNIQ does. And that's how you can create ah seamless, ah you know, crossing and access control without even stopping, without gates, much less investments by enterprises, global enterprises that want to use one platform and know exactly, for example, you talk about ah um one of our customers, I don't want to mention the name, we just started working with them, but it's a huge company, one of the largest in the world, and they have locations all over the world. Now, we can, OMNIQ, you can tell them in in less than a second, who's you know a manager that sits somewhere ah in the US, who's entering in Russia, right, yeah ah or anywhere else, and how to control that access, and how to create notifications and alerts, and different rules that you can customize once you create digital data out of the ah out of what happens in real life. Where this, you can view OMNIQ as a handshake between real world to the virtual world. And we know that there are so many databases, but they are meaningless if you're if you don't know how what happens in real time and in real life. And OMNIQ is that handshake. We can take the information um from the real life, make it digital, and then cross-check it with whatever databases you want us to cross-check it with, and then create notifications, alert, automatic actions, et cetera.

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All right, thank you for that ah that that download. I appreciate that. So I guess let's talk about your financials briefly. You saw a significant boost in your ah second quarter 2024 margins. What key initiatives helped drive this improvement and how does it tie into your long-term strategy?

Shai Lustgarten

The increase was planned and we knew that it's going to happen because as we advance and deploy more and more software solutions rather than ah the hardware ones, then that is how the margins will increase. The complete solution that OMNIQ delivers and deploy ah includes both hardware and software and now we can rely more on the software ah with our AI products and it can be

deployed much faster and this way we can see more increase in sales in AI products and increase of course in margins as well. How does that fit into our strategy is because as we become more and more recurring based a revenue company um from nothing few years ago to today about 25% recurring and going forward, it will be increased, our strategy is to be 60-40, 60% recurrent, 40% one-time cells. That will of course continue increasing our margins and the and better performance to the bottom line.

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Great. And Shai, last and certainly not least, ah if investors or potential customers have any other questions for you or want to learn more about your products or OMNIQ Corp, how can they best contact you?

Shai Lustgarten
So of course we're in all the social media platforms and I would say the best way to get in touch with us would be to get onto our website OMNIQ.com and then you can see you'll find there different ways to get in touch with us. In addition to that, we have ah the numbers as well, either to reach myself or to reach our IR. And this way we can respond, connect with you guys and respond to anyone that needs any additional information immediately.

OTC Markets
Got it. To our listeners, thank you very much. Again, we're talking with OMNIQ Corp. They trade on the OTCQB Venture Market under the symbol OMQS. Shai, thank you for joining us.

Shai Lustgarten
Thank you, sir, appreciate it.

This is an autogenerated transcript and may contain typos.