

# NASDAQ:AMSC Q4 2025 Earnings Call Transcript

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## **Keith | Conference Call Operator:**

Good day and welcome to the AMSC Fourth Quarter Fiscal 2025 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note, this event is being recorded. I would now like to turn the conference over to Nicole Goles, Director of Communications. Please go ahead.

## **Nicole Goles | Director of Communications:**

Thank you, Keith. Good morning, everyone, and welcome to American Superconductor Corporation's fourth quarter and full fiscal year 2025 conference call. I am Nicole Goles, AMSE's Director of Communications. Joining me today are Daniel McGann, Chairman, President, and Chief Executive Officer, and John Kasiba, Senior Vice President, Chief Financial Officer, and Treasurer. Yesterday, after market closed, American Superconductor issued its earnings release for the fourth quarter and full fiscal year 2025. A copy of this release is available on the investor's page of the company's website at [www.amsc.com](http://www.amsc.com). Remarks that management may make during today's call about American superconductors' future expectations, including future financial results, plans, and prospects constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors including those set forth in the risk factor section of American Superconductors' annual report on Form 10-K for the year ended March 31st, 2026, which the company filed with the Securities and Exchange Commission on May 27th, 2026, and the company's other reports filed with the SEC, which are also available on our website. The company disclaims any obligation to update these forward-looking statements. On today's call, management will refer to non-GAAP net income on non-GAAP financial measures. Tables of reconciliation of GAAP to adjusted financial measures can be found in the company's earnings release. With that, I will now turn the call over to Chairman, President, and Chief Executive Officer, Daniel McGann. Daniel?

## **Daniel McGann | Chairman, President, and Chief Executive Officer:**

Thanks, Nicole. Good morning, everyone. And thank you for joining us. I will begin today by providing an update and sharing a few remarks on our business. John Kasiba will then provide a detailed review of our financial results for the fourth quarter and full fiscal year 2025. He will also provide guidance for the first quarter of fiscal 2026, which will end June 30, 2026. And following our remarks, we'll open up the line for questions from our analysts. We're really excited to report a record revenue quarter. Our fourth quarter closed a very successful fiscal 2025, and we delivered another year of significant growth. Revenue for the quarter came in at a new high, surpassing \$85 million. We saw revenue grow by nearly 30% over the year-ago quarter. Our grid business revenue grew by more than 30%, over the year-ago quarter, while our wind business revenue increased by 15% for the same period. We delivered three recent record revenue quarters during the fiscal year, over \$72 million for the first quarter, over \$74 million in the third quarter, and now over \$85 million in the fourth quarter. We have delivered seven consecutive quarters of GAAP profitability and 11 consecutive quarters of non-GAAP profitability. We believe these record results and continued profitability reflect the strong momentum and the discipline behind our success. The business is growing, the business is scaling, and the business has been consistently profitable. Now let's take a look at our order bookings for the quarter, which were extremely strong. Fourth quarter orders reached nearly \$100 million, driven by strong

utility and traditional energy demands. In the traditional energy sector, we are increasingly supporting the growing demand for reliable power across natural gas, coal and large industrial power applications. As these energy facilities expand and modernize, their operations rely on large motors, compressors and electrical systems that can create power quality and grid challenges. For example, LNG facilities cool natural gas into a liquid for easier transportation, then convert it back into gas for local distribution. These facilities utilize large motors, compressors, drives, and other heavy electrical loads that require certain level of power and can create harmonics, poor power factor, and voltage instability. To mitigate these electrical disturbances, we provide solutions which help the site maintain power quality and protect assets within their operations. Our offerings are for both power supplies and power quality solutions for this key market. Additionally, nearly 10% of our fourth quarter orders were driven by the data center sector within our utility market. This demand combined with our orders in traditional energy reflects a powerful tailwind across our core markets. We closed the fiscal year with a robust 12-month backlog of over \$280 million. This represents nearly a 40% increase versus the year-ago 12-month backlog of \$200 million. We believe that this puts us in great position to keep momentum going in the business for fiscal year 2026. Average quarterly orders in fiscal 2025 exceeded \$70 million. This compares to about \$60 million in the prior year, adjusting the numbers for the one-time Royal Canadian Navy order, which was more than \$70 million itself. We booked a total of nearly \$290 million of new orders in fiscal 2025 across larger projects, repeat customers, and increasing activity in our end markets. fiscal 2025 represented a significant step forward for our company. We completed the acquisition of Comtrafo, which broadened our transformer product portfolio and expanded our reach into Brazil and Latin America. We believe this acquisition creates new opportunities across utilities, transmission infrastructure, and grid expansion. We saw total revenue grow more than 30% to nearly \$300 million. We saw revenue diversity across traditional energy, renewables, materials, military, utility, as well as some other sectors. Over half our sales came from traditional and renewable projects combined. The remainder came from materials at over 15%, followed by military and utility projects at over 10% each. A significant part of our strong performance was driven by our core business, which achieved approximately 25% organic growth for the fiscal year. We ended the year with over \$145 million in cash. These accomplishments highlight the growing demand for our solutions, as well as our position as a trusted partner domestically and growingly abroad. We also made great strides in our military business. In fiscal year 2025, we completed the delivery of another ship protection system for the U.S. Navy San Antonio-class platform aboard the USS Richard McCool, Jr. Today, our power supplies play a critical role in the shipyards by providing steady, reliable power to vessels during assembly and docking when they're disconnected from other power sources. And principally, we are powering critical ship systems for the U.S. Navy. Through our renewable installations, we're facilitating the grid infrastructure needed to safely expand and integrate distributed power. This ensures utilities can maintain reliability without sacrificing performance. In our wind business, we showed year-over-year growth driven by INOX business and the proven capabilities of our two and three megawatt ECS. We believe the business is aligned and poised to deliver improvement. Now I'll turn the call over to John Kasiba to review our financial results for the fourth quarter and full fiscal year 2025, and provide guidance for the first quarter of fiscal 2026, which will end June 30, 2026. John?

### **John Kasiba | Senior Vice President, Chief Financial Officer, and Treasurer:**

Thanks, Daniel, and good morning, everyone. Total revenues for the fourth quarter of fiscal 2025 were 86.4 million. This is an increase of 30% compared to the year-ago quarter of 66.7 million. Grid business revenues of \$73.7 million increased by 33% versus the year-ago quarter, while our wind business unit revenues of \$12.7 million increased by 15% versus the year-ago quarter. Moving on to the full fiscal year, our total revenues in fiscal 2025 were \$299.2 million. This is an increase of 34% compared to fiscal year 2024 revenues of \$222.8 million. In fiscal 2025, our grid business revenues increased by 34 percent and represented 84 percent of total revenue. The year-over-year increase is a result of organic growth as well as contributions from Comropa. Wind business revenues increased 34 percent in fiscal 2025 and represented 16% of total revenue. The year-over-year increase is a result of increased ECS shipments to INOX for our 2-megawatt and 3-megawatt class ECS systems. Gross margin for the fourth quarter of fiscal 2025 was

27.3% compared to the year-ago quarter of 26.5%. Including in cost of goods sold in the fourth quarter was approximately \$1.5 million of purchase accounting and non-cash adjustments related to Comtrapa. This had an impact of approximately 170 basis points on the quarter. For the full fiscal year, AM received generated gross margins of 30.5%. This was up from 27.8% in fiscal year 2024. This represents a gross margin expansion of 270 basis points over the prior year. Now moving on to operating expenses for the fourth quarter of fiscal 2025, research and development and SG&A expenses totaled \$18.8 million. This was up from \$15.6 million in the year-ago quarter. Approximately 20% of R&D and SG&A expenses in the fourth quarter of fiscal 2025 were non-cash. For the fiscal year, research and development and SG&A expenses totaled \$73.4 million, compared with \$54.5 million in fiscal 2024. The year-over-year increase is largely associated with the inherited operating expenses and one-time acquisition-related expenses from our recent acquisition of Comtrapa. Our net income in the fourth quarter of fiscal 2025 was \$4.5 million, or \$0.10 per share. This compares to \$1.2 million, or \$0.03 per share, in the year-ago quarter. Included in our fourth quarter fiscal 2025 net income was a \$4.2 million loss on contingent consideration, a non-cash expense related to the likelihood of achieving Comtropo earn-out targets. Our non-GAAP net income for the fourth quarter of fiscal 2025 was \$14.1 million, or \$0.31 per share. This is compared to a non-GAAP net income of \$4.8 million, or 13 cents per share, in the year-ago quarter. Included in our fourth quarter of fiscal 2025 net income and non-GAAP net income was a tax benefit of \$5.3 million due to the release of the valuation allowance on deferred tax assets. For the full fiscal year, our net income was \$133.8 million, or \$3.12 per share. This compares to a net income of \$6 million or \$0.16 per share in fiscal 2024. Our non-GAAP net income for fiscal 2025 was \$158.1 million or \$3.68 per share. This compares to non-GAAP net income of \$24 million or \$0.65 per share for fiscal 2024. Included in our fiscal year 2025 net income and non-GAAP net income was a tax benefit of \$118.4 million due to the release of a valuation allowance on deferred tax assets. We ended fiscal year 2025 with \$147.6 million in cash, cash equivalents, and restricted cash. This compares with \$85.4 million on March 31st, 2025. In the fourth quarter of fiscal 2025, we generated \$9.3 million in operating cash flow. For the full fiscal year, we generated \$23.1 million in operating cash flow. Now turning to our financial guidance for the first quarter of fiscal 2026, we expect our revenues will exceed \$85 million. Our net income on that revenue is expected to exceed \$3 million or \$0.07 per share, and our non-GAAP net income is expected to exceed \$8 million or \$0.17 per share. Included in our net income and non-GAAP net income guidance is approximately \$1.5 million of purchase accounting and non-cash amortization associated with the Comtropo acquisition that is expected to be expensed into cost of goods sold. These charges will taper down starting in Q2 FY2026. Once these non-cash purchase accounting charges fall off the amortization schedule, We expect Comtropo's gross margin will fall well within AMSE's gross margin. With that, I'll turn the call over to Daniel.

### **Daniel McGann | Chairman, President, and Chief Executive Officer:**

Thanks, John. AMSE delivered a transformational year. During fiscal 2025, we grew organically while expanding throughout acquisition. Profitability improved this year, marking an important milestone for us. After delivering seven consecutive quarters of GAAP profitability, and 11 consecutive quarters of non-GAAP profitability, we are now operating as a profitable company. And that includes adapting to normal financial items, such as tax expenses. As our company scales, and to the extent that we're unable to utilize our existing net operating losses, we expect items such as tax expenses to become more regular going forward. We are now seeing our financials reflect the characteristics of a more mature company. More importantly, this progress reflects the strength of the business and the customer relationships we've built over time. We've cultivated growing relationships with our customers across multiple projects that have increased in size, scope, and technical complexity. Today, we're delivering greater volumes to repeat customers. In addition, we are delivering integrated solutions that add unique value to the challenges customers face. By delivering integrated power systems, we ensure that certain products such as rectifiers, filters, statcoms, capacitor banks, and or transformers are designed to work together. This design simplifies integration and improves project reliability. We believe our integrated power systems help improve power quality and meet grid requirements from the start, avoiding extra costs, downtime, redesigns, expensive grid updates, or penalties

from utilities. We are now providing our integrated power solutions to customers in the mining and utility sector. We believe our diverse bookings, strong balance sheet, and operational success in fiscal 2025 have set the stage for long-term improvement in the business. The business is in its strongest position ever, and we believe it's still getting better. We enter fiscal 2026 confident in achieving our goal to continue building a more resilient and profitable company. It is certainly nice to be talking about \$85 million of revenue this quarter, considering we were talking about 30 million of revenues per quarter only three years ago. With that, let's turn our focus to fiscal 2026, starting with the growing opportunities in our power solutions. Global energy demand is accelerating, putting more pressure on the grid. Traditional energy, renewables, semiconductors, data centers, and defense are driving major investments in power infrastructure, while reshoring and aging infrastructure increase the need for reliability. This is creating strong demand for our power solutions as customers expand capacity, particularly in environments where harmonics voltage instability, and rapidly changing loads challenge grid performance. Our solutions are supporting applications across natural gas, mining, renewable heavy grids, and data centers. And we are participating in more utility projects. During fiscal 2025, we extended our utility presence into Latin America, as well as entering the data center market. These utility projects improve substation power quality to support demand, including that of data centers, stabilize voltage to enable expansion as thermal plants retire, reinforce transmission infrastructure to support industrial load growth, including large mining operations on vulnerable lines, and integrating renewables and distributed energy resources while supporting wind, rooftop, and community solar, and battery storage systems. Our products are designed to optimize reliability, maximize output, and enhance power quality. We are uniquely positioned to enable our customers to power facilities in ways that scale without adding complexity or size. We're not just responding to grid challenges. We're enabling the changes to support the changing environment. Additionally, our power supplies power critical ship systems. and deliver reliable power for shipyards and docked vessels. Our ship protection systems, or SPS, help naval vessels by reducing their visibility to enemy threats. Over the last several years, we've delivered on four out of the five SPS systems to the U.S. Navy's following vessels, the USS Fort Lauderdale, the USS Harrisburg, the USS Pittsburgh, And most recently, this fiscal 2025, delivered on the USS Richard McCool, Jr. We expect to begin our first delivery to the Royal Canadian Navy this fiscal year, 2026. We've continued to deliver advanced power solutions that keep naval operations running strong at the shipyard. In our wind business, we design and supply electrical control systems, or ECS, that make wind turbines more competitive and efficient. In fiscal 2025, we secured nearly \$50 million in orders for our two and three megawatt ECS from INOX to service their growing demand. About 40% of these systems were shipped during the fiscal year, leaving our backlog in a great position. Our proprietary technology is helping INOX scale. supporting what they've called their strongest backlog in recent memory, with over three gigawatts of orders. In closing, fiscal 2025 was a defining year of execution and scale for our company. We delivered record revenue, growing more than 30% year over year, driven by 25% organic growth. We increased our workforce from 569 to 1,195 team members during the year, marking a new record employment level. We are surrounded by an exceptionally driven, innovative and accountable team that helps us take our service, value and company to the next power. We closed an acquisition backed by an ambitious team that is deeply inspired by our purpose to power progress. Operationally, We experienced momentum from powerful tailwinds. We expanded our 12-month backlog by 40% to over \$280 million, giving us exceptional visibility into the next fiscal year while maintaining a strong balance sheet with over \$145 million of cash. Strategically, we successfully diversified our revenue base by expanding our geographic footprint, expanding our product portfolio, and delivering integrated solutions. Furthermore, our initial entry to data centers quite early validates our ability to capture high-growth tailwinds. We closed a fantastic fiscal 2025 and are off to a very good start for fiscal 2026 with tremendous opportunities ahead of us. We are at the center of some of the most important transformations of our time, from defense to industrial growth from renewable integration to grid modernization. With a proven strategy, a strong capital position, and a unified organization, we believe we are exceptionally well positioned to drive long-term value for our customers. Our solutions are helping power the evolution of a grid that is fit for the future. A more reliable and resilient grid built to support and incorporate a broad mix of energy sources. We are executing on our vision and believe that our creativity can meet today's challenges and help us progress to a better future. This means using future-facing technologies to harmonize the world's desire for decarbonization with the need for more reliable, effective, and efficient power delivery. We are committed to powering progress by designing,

developing, and deploying power control solutions that harmonize an increasingly complex energy system. Thank you for your continued trust and support. We look forward to sharing our progress with you in the months ahead and invite you to explore our new website, which better reflects the company AMSC has become. Keith, we can now open the line to any questions from our analysts.

**Keith | Conference Call Operator:**

Yes, thank you. 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. If at any time your question has been addressed and you would like to withdraw it, please press stars and two. At this time, we will pause momentarily to assemble the roster. And the first question comes from Eric Stein with Craig Hellam.

**Eric Stein | Analyst, Craig-Hallum Capital Group:**

Hi, Daniel. Hi, John. Good morning. Good morning. Hey, so can we just talk about the orders first? I mean, obviously a highlight of the quarter. And this is a pretty good step up. You referenced the 70 million average over the last previous four. So just curious, you know, how much of that is Comtrafo? Is this is there something that impacted this, you know, that's out of the ordinary? Or should we expect this to kind of be a new level as you, you know, as your business historically has kind of made these steps up over time?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

We're hoping it's a step up to the next level. I think to be blunt, so far in 2026, things have started out very well for us. These tailwinds are really driving the business. There's a part of it, but it's proportional for Comtrafo, so they're moving at the right pace. We're very excited about them and the prospects there in that market. It's a diverse set of orders. A lot of it is traditional energy. We highlighted 10% of it as data centers. Last quarter, we had 5% with data centers, so that's a piece. I think we're just in the right place at the right time. The problems that we solve are paramount and being invested in by a number of parties. And we're very excited, Eric, about what the prospects bear for us for 2026.

**Eric Stein | Analyst, Craig-Hallum Capital Group:**

No, absolutely. Maybe just sticking with data center. So I know that last quarter, one thing you highlighted is that you had made a sale or delivered directly to a data center customer. I know historically you have been involved, but it is in support of utilities as they prepare for everything that's required there. And it sounds like the 10% this quarter was more skewed to utility. So maybe just kind of talk about that breakdown.

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

Yeah, that was, again, I'm sorry. It was. That was. It was direct to utility, which is why we, sorry, direct to a data center, which is why we highlight it. There's additional utility business. And we do think that there will be a fit for us for the same application set in Latin America as well, and that's something that we're going to work on.

**Eric Stein | Analyst, Craig-Hallum Capital Group:**

Okay. Thank you for that clarification. And I guess this last thing, I mean, I know in some of your other applications, the way that they have played out over time is you get in, you prove the application, then eventually you are spec'd in. So I know it's still pretty early days, but is that kind of how you see this playing out in the data center space as well?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

That's what we hope. That's the playbook that we've run in the other markets, and we're seeing the beginning of that. We have a pretty robust pipeline of future orders for data center, which is why I'm opening my big mouth today, highlighting it again. We think it's part of the business. I'm always joyful... in the diversification that this opportunity presents. We're a well-diversified company in power, and I think that we're in a fantastic position, and it's really now incumbent on us, as you're getting at, you know, the order book, you know, seeing that grow certainly helps support the thesis that we're taking advantage of these tailwinds, which is what we want to continue to do.

**spk10 | Analyst (unspecified):**

Okay, thank you.

**spk09 | Conference Call Operator:**

Thank you. And the next question comes from Colin Rush with Oppenheimer.

**Colin Rush | Analyst, Oppenheimer & Co.:**

Thanks so much, guys. Dan, can you talk a little bit about the Comtrafo integration and progress on qualifying the transformer product for the U.S.? I'm just curious about, from a product perspective, if there's a mixed headwind near term as you guys work through all the supply chain optimization and then how quickly we might be able to see some of those transformers sold into North America.

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

Yeah, I don't see a headwind there. What I see is a company that is very excited to be part of us. What I see is a company that's operating exceptionally well, driven by a family that is super excited to be part of AMSC. I think the opportunities ahead of us combined are extraordinary, to be very blunt. I think in the near term, we tend to our knitting in Brazil. There's a huge opportunity. in the utility space and in the industrial space in Brazil alone. The main reason that we went forward with the acquisition of Comtrafo is the access to that opportunity and the expansion of the product line in the form of large power transformers. So I think that alone really is the focus and what's going to drive us. I do think the North American market will come. I am very excited about the prospects there. I'm very excited about the progress that we're making. And I look forward, Colin, that becomes a highlight of a future call. But right now we're trying to get the team to focus on let's take advantage of the Brazilian opportunity. Let's plant the seeds throughout Latin America to be able to expand the combined business in mining and in utilities throughout Latin America. and then be in position to be a qualified supplier for North American utilities. The third part will take time, but I'm very excited that we'll be able to demonstrate some progress hopefully along the way as that develops. So there's kind of a three-step focus on Brazil, expand throughout Latin America with the combined product offering, and then bring those large power transformers here to North America.

### **Colin Rush | Analyst, Oppenheimer & Co.:**

Perfect. And then shifting gears a little bit into the military opportunity, I appreciate the level of detail on the ship protection systems, but I'm curious about the port opportunity and how quickly that might move. We're seeing pretty substantial numbers tossed around for budgets in the U.S., and I'm curious, given the portfolio that you have and the ability to really support incremental power out to the ports, how we might see that start to run through the grid business.

### **Daniel McGann | Chairman, President, and Chief Executive Officer:**

Yeah, I think as we look at where we are given the conflicts in the world, given where we are with energy demands and prices for things, that we are seeing demand driven on the grid in a variety of areas. And the port thing is we initially started looking at shipyards and how we take our industrial power supplies and bring them there. I think that there is further diversification that we're gonna see happen throughout energy infrastructure, all the way through to the delivery at the port. So it's an opportunity that we're positioned, we hope to take advantage of, and we're excited about that broader opportunity and more traditional power.

### **spk09 | Conference Call Operator:**

Great, thanks so much, guys. Thank you. And the next question comes from Justin Clare with Ross Capital Partners.

### **Justin Clare | Analyst, Ross Capital Partners:**

Hey, good morning. Thanks for taking our questions here. I wanted to follow up just on the data center opportunity. Wondering if you could just better help us understand how AMSE is participating here and where in the value chain. If you could share, you know, which types of products are being pulled forward by the data center related demand. And then is this primarily utility-side power quality equipment that's at the substation, or are you actually supplying equipment that is installed on the data center campus or within the facility itself?

### **Daniel McGann | Chairman, President, and Chief Executive Officer:**

Let me try to unpack all that. So the data center wins that we've had direct to the data centers are principally for power quality at the data center as the data center is being constructed. What's being realized in the industry is that as data centers get larger, there is a persistent power quality problem that we can uniquely solve. It's very akin to what we do in semiconductors with semiconductor fabs. So it's managing voltage. It's managing harmonics. It's basically providing power quality. Now, that being said, we do think that there's an opportunity for power supplies at data centers. And part of the the mindset and shifting to have a more broad offering in transformers, a lot of transformers are getting sold into data centers. It puts us in the position now to be an offering, again, direct to data centers for there. We do also, kind of as a compliment, continue to see demand on the utility side to be able to further bolster the grid in part because of data center demand. So there's kind of a, what we used to say was kind of, we were kind of a, a second order driver to data centers. Now we kind of have a one-two punch. Support the data center directly and also be able to support the utilities as clusters of these grow and the grid itself gets more strained or constrained.

**Justin Clare | Analyst, Ross Capital Partners:**

Got it. Okay. I appreciate that. And then, you know, we're just looking through the 10K. We saw that the Asia Pacific grid revenue for fiscal 25, it increased almost six times year over year relative to fiscal 24. I was wondering if you could just help us understand what drove the magnitude of that growth. Was this concentrated in a few large projects or with specific customers, or does this reflect kind of a broader regional inflection in the demand you're seeing there?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

That's a good pickup in the tables and the detail. So on the grid side, you know, if you look on the wind side, you know that's really driven by INOX. On the grid side, it's a couple things. It's supporting some very large renewable projects in the region, which I won't say is brand new to us, but it's a bigger business opportunity this year, which helped drive some of that growth. But principally, it's semiconductor and in the material space. So we are actively promoting, not only in North America, but in Asia Pacific, those solutions and offerings. And we had a tremendous year in the Asia-Pac region overall. Got it.

**spk10 | Analyst (unspecified):**

Okay. Good to see the strength. Appreciate the time. Thanks.

**Keith | Conference Call Operator:**

Thank you. And once again, please press star then 1 if you would like to ask a question. And the next question comes from Tim Moore with ClearStreet.

**Tim Moore | Analyst, ClearStreet:**

Thanks and congratulations on your order growth and backlog magnitude subsequent to the Contraffa contribution boost in the December quarter. Good job on the EBITDA margin expansion. I just want to kind of go into a thread on SG&A expense leverage. I mean, it's been an important part of our thesis. We know you'll expand gross margin with volume, but we know that SG&A seasonality seems to be the lowest percentage of revenue in the last three years in your fiscal fourth quarter. How do you think about SG&A as a percentage of revenues improving this fiscal year despite getting some traffic?

**John Kasiba | Senior Vice President, Chief Financial Officer, and Treasurer:**

Yeah, so if you look at our Q4 SG&A, I would say that, you know, that's a fairly good representation. If you back out to continuing consideration, obviously, we don't know what that will be quarter to quarter. But if you look at the research and development sales and marketing and regular G&A, you know, we feel pretty good. That's not a bad baseline to run into 2026. We'll have some growth as the business scales up. but not to the level of hopefully the revenue growth that we experience.

**Tim Moore | Analyst, ClearStreet:**

That's helpful.

**John Kasiba | Senior Vice President, Chief Financial Officer, and Treasurer:**

We've said several times that we still believe the business, we're still sized overall that we think the business can grow substantially before we have to really see substantial increases in SG&A.

**Tim Moore | Analyst, ClearStreet:**

That's a great driver. Incremental EBITDA margin, part of our thesis. And just switching gears, I know you've talked a lot about the backlog, but just please correct me if I'm wrong. Your backlog figure that you report in your release and talk about quarterly, that's the 12-month amount, right? Not the 18-month value that could be 75 or 100 million higher? Is that true?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

Yeah, the total backlog, I think, is about 375. Okay.

**Tim Moore | Analyst, ClearStreet:**

Okay.

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

And the 12-month number we highlight because it gives people a good predictor of what the next four quarters could look like at any point in time. And, you know, our lead times are still kind of averaging in that 9 to 12 month, which means that we can continue to add orders to improve the forward-looking four quarters.

**Tim Moore | Analyst, ClearStreet:**

That's terrific. We know you're going to plan to add capacity in Brazil for Contrapo, but how comfortable are you with any capacity constraints in the U.S. and North America, given your backlog that's been growing? Do you need to add any more capacity?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

The good thing about the way the business is designed is to increase capacity, it's just increasing labor. going to more days and more shifts. And we're seeing some of that beginning in some of our factories. So we're really excited about the opportunities that our customers are presenting to us for challenging work for our employees. So we're very much in a we need to take care of our business now, operate very well, and service our customers. And that's coming back kind of in spades with bigger orders and more business from those customers. So the factories are set up to be able to scale, to be able to respond, and it's really principally driven by labor.

**Tim Moore | Analyst, ClearStreet:**

Great. Thanks, Dan. My last question is, now that Comtrapa integration is underway, you've had it for almost six months. We know you've got to do capacity planning, expansion there. How comfortable would the management team be to possibly make another acquisition this fiscal year, maybe something in North America, given your cash balance?

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

Yeah, I think we'll see on that. I think we're still digesting Comtrafo. We're only four months into the relationship with them. It's really brought a whole new level of excitement because in North America, the team is very excited about some of the earlier comments that were made that I tend to say, well, let's take our time. But the team is very excited about the opportunities for Comtrafo in North America. to the point where I kind of try to slow it down and say, you know, hey, let's make sure, you know, we're taking advantage of all our opportunities. But I think the combined product offering throughout Latin America really is a huge winner. And I don't think that's something that we've probably talked a lot about. Hopefully, in the coming quarters, we'll have demonstrable success that we can highlight along the way. But we're a very different company than we were even a year or so ago. I mean, the total available market for us went up by 50%. I don't know if people appreciate that. The opportunity for this company and the tailwinds that we're seeing really is a unique time in history. And we're super excited and we're trying to be in position to take advantage of those opportunities as they come.

**Tim Moore | Analyst, ClearStreet:**

That's terrific color and clarity. Thanks. That's it for my questions.

**Keith | Conference Call Operator:**

Thank you. And that does conclude the question and answer session. I would like to turn the conference back over to Daniel again for any closing comments.

**Daniel McGann | Chairman, President, and Chief Executive Officer:**

I think one thing I'll say is in John's remarks, he made a very important reflection on gross margin. So that would be something I definitely would point out and say he really tried to explain things so you understand that gross margin will continue to improve probably incrementally. Really, but going forward, It's growing the top line and getting the leverage over the operating expenses that we're going to see really help drive profit. And that's what the team is focused on going forward. This has really been a transformative year for the company. I can't say that enough or in as many different ways. I don't think it's fully appreciated. I think within our employee base, they're just starting to really understand we are much bigger and broader. than we ever have been or ever thought we would be from a product lineup standpoint. The nearly \$300 million in revenue, that represents really, it's 34% growth. I mean, it's extraordinary and really driven by the organic part of the business. We showed pretty significant improvement in gross margin, going from about 28 to about 30, right? So continuing to be able to move that. Delivering profit consistently, that's something that we're very proud of. but we know now we need to drive the leverage throughout the business. We believe we're positioned for growth given just where the FY26 backlog sits and having the acquired revenue from Catraffo. The expansion you can hear I'm just jubilant about in Latin America, the diversification of our revenue, and this is really driven by traditional energy and utility business. We're becoming now really about power, and the new tagline of the company is to the next power, AMSC. That's really purposeful. It's very powerful. And that's where we're headed. So we're excited. Hope that you are as well. We appreciate your time and attention and look forward to be able to talk to you in the coming months. Thank you. Be well. Thank you.

**Keith | Conference Call Operator:**

This concludes today's teleconference. Thank you for attending today's presentation. We now disconnect your lines.