NASDAQ:CEVA Q2 2025 Earnings Call Transcript

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Rocco | Conference Operator:

Good morning and welcome to the SEVA Inc. Second Quarter 2025 Earnings 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, and if you withdraw your question, please press star then two. Please note today's event is being recorded. Now I'd like to turn the conference over to Richard Kirschman, Vice President, Market Intelligence, Investor and Public Relations. Please go ahead.

Richard Kirschman | Vice President, Market Intelligence, Investor and Public Relations:

Thank you, Rocco. Good morning, everyone, and welcome to SEVA's second quarter 2025 earnings conference call. Joining me today on the call are Amir Panoush, Chief Executive Officer, and Yaniv Ariely, Chief Financial Officer of SEVA. Before handing over to Amir, I would like to remind everyone that today's discussion contains forward-looking statements that involve risks and uncertainties, as well as assumptions that if they materialize or prove incorrect, could cause the results of SEVA to differ materially from those expressed or implied by such forward-looking statements and assumptions. Forward-looking statements include statements regarding our strategy and growth opportunities, including with respect to expanding our NPU business into infrastructure and data center markets, market positioning, trends and dynamics, including with respect to increasing importance of AI and integration of our AI into consumers' products, into our customers' products, expectations regarding demand for and benefits of our technologies and revenues, and our financial goals and guidance regarding future performance. SEVA assumes no obligation to update any forward-looking statements or information which speak as of their respective dates. We will also be discussing certain non-GAAP financial measures, which we believe provide a more meaningful analysis of our core operating results and comparison of quarterly results. A reconciliation of non-GAAP financial measures is included in the earnings release we issued this morning and in the SEC filing section of our Investors Relations website. With that said, I'd like to turn the call over to Amir, who will review our business performance for the quarter and provide some insights into our ongoing business. Amir?

Amir Panoush | Chief Executive Officer:

Thank you, Richard, and good morning, everyone. This quarter was marked by strong licensing execution across all our core offering pillars, Connect, Sense, and Infer. We secured 13 license agreements, including five first-time customers and four OEM customers. highlighting the breadth and strength of our IP portfolio. We saw a healthy sequential rebound in our royalty business, driven by increased shipments from our consumers and smartphones customers. In licensing, this quarter marked by a pivotal moment for our AI business as we entered the broad adoption phase for our edge AI NPUs. Following extensive evaluations with leading customers, we secured four strategic, high-impact NPU customer agreements, validating the market's readiness in our innovative, market-leading NPU portfolio. This includes two Newport Nano deals related to audio in embedded applications and two Newport M deals targeting two diverse use cases. AI is increasingly central to the next-generation audio experiences. In earbuds and hearing aids, it enables adaptive noise cancellation and personalized sound profiles. In smart speakers, it powers far-field voice recognition and context-aware processing. And in smartwatches, it expands voice commands and health diagnosis capabilities. These are just a few of the powerful capabilities that on-device AI can enable in the smallest, most power-constrained devices, which is why a broad base of our customers are integrating AI into their products. One of the Newport Nano agreements was signed with an existing high-volume connectivity customer expanding into AI-powered audio, reflecting the growing trends of customers integrating multiple SIVA IPs into a single chip. This approach boosts product capabilities, enhances deal economics, and increases royalty per device. It also marks the second major connectivity customer to adopt our Agile AI NPUs in recent quarters, reinforcing our strategy of deepening relationships through multiple IP agreements. We also signed a new NPU agreement with Ali Corporation, a leader in set-to-boxes chipsets to integrate Nupo Nano and Nupo M into their next-generation video platforms. As AI becomes essential in set-to-boxes and smart displays, our NPUs offer scalable, energy-efficient performance for advanced edge workloads. Another key deal was with a photonic computing company developing a next-generation communication acceleration platform for cloud AI inference. Their high throughput, low latency systems require scalable NPUs, and our new PoEM paired with our AI software stack was selected for its ability to deliver multi-core performance within tight silicon and power constraints. As AI workloads grow more complex, traditional infrastructures faces pressure to improve performance and efficiency. Our new POEM architecture is designed to address these challenges, enabling intelligence workloads, orchestration, adaptive data routing, and low latency inference. We see significant opportunities to expand our NPU business into infrastructure and data centers markets. In automotive, we secured two strategic agreements this quarter. One was a licensing deal with Qualcomm following the requisition of Autotox. a long-time SIVA customer. Our DSPs are integral to Autotox V2X solutions, now part of Qualcomm's Snapdragon digital chassis, supporting global V2X rollouts. With Autotox already in volume production, this collaboration is poised to accelerate global V2X rollouts while reinforcing SIVA leadership in next-generation automotive connectivity. The second deal involves our sensor fusion DSP for a US customer developing next generation 4D radar platform, which is gaining traction in ADAS and autonomous vehicles. Our automotive momentum continues to build. In Q2, a leading semiconductor began production of level 2, 3 SOCs using our vision DSPs and AI accelerators. And another top tier customer, is set to begin production on a SIVA-powered platform. These wins, along with the new ProAM design win at Nextchip and several others, position us for meaningful long-term royalty streams in automotive. Now turning to royalties, we saw good sequential growth across most of our markets, with royalties up 16% sequentially. On a year-over-year basis, royalty declined by 5%, mainly attribute to the lackluster smartphone sales at the lower end of the market, where widespread softness has been reported by our peers and which we also experience. With regards to the higher end of the smartphone market, our share is expected to grow at a leading US OEM using our technology in their in-house 5G modem. Outside of mobile, our consumer IoT customers showed strong sequential and year-over-year growth in shipments, driven by record high cellular IoT and Wi-Fi 6 shipments. Overall, consumer IoT shipments were up 21% sequentially and 60% year-over-year. We expect that the sequential growth in royalty will continue throughout the rest of the year as our customers build towards the holiday season and our share grows at our US OEM smartphone customer. Last week, we also announced a major milestone, over 20 billion SIVA power devices shipped. This achievement places us among a very small and select group of elite IP companies alongside the likes of Arm Holdings to reach this scale. It reflects our position as a foundational technology leader in the mobile and IoT eras and positions us strongly for the smart edge era now underway. Our board IP portfolio across Connect, Sense and Infer is increasingly sought after as reflected in both our licensing and royalty performance. With AI now contributing meaningfully to licensing revenue, we are well positioned to become the NPU IP of choice across the semiconductor industry. The trust we have built over the past two decades give us a strong platform to scale our AI business and deepen our role as a strategic partner to the world's leading chip makers. We view the 20 billion shipments milestone not as a finish line, but as a launchpad for CIVA's next chapter, becoming the trusted IP powerhouse of smart edge era and delivering long-term value for our shareholders. I will now hand the call over to Yaniv for the financials.

Yaniv Ariely | Chief Financial Officer:

Thank you, Amir. I'll now start reviewing the results of our operations for the second quarter of 2025. Revenue for the second quarter was $25.7 million, down 10% compared to $28.4 million for the same quarter last year. The revenue breakdown is as follows. Licensing and related revenue totaled $15 million, representing 59 percent of our total revenue for the quarter. This reflects a 13 percent year-over-year decline primarily due to the catch-up in licensing revenue recognized in the second quarter of 24 following a slip in the first quarter of last year. Licensing revenue for the first half of 2025 reached $30.1 million, a 5 percent increase compared to $28.7 million for the same period in 2024. This growth reflects the strength and stability of our expanded IP portfolio, the growth opportunity in AI licensing, and the solid execution of our global sales organization. Royalty revenue for the quarter was $10.7 million, reflecting 41% of total revenue. 16% sequential increase, but a 5% decrease year-over-year. The first half of 2025 royalty revenue totaled $19.9 million compared to $21.8 million in 2024. The year-over-year decrease reflects a slower start in the handset market during the first half of 2025. However, we anticipate sequential growth in the second half of the year with particularly strong momentum in the fourth quarter. Gross margins came in in line with guidance, 86% on GAAP and 87% on non-GAAP basis compared to 90% and 91% on GAAP and non-GAAP respectively a year ago. Total GAAP operating expenses for the second quarter or $26.6 million, above the high end of our guidance, due mainly to higher employee-related benefit provision after a slower first quarter result and associated adjustments. We're also continuing to build on our strategic investments in AI, strengthening our leadership position and fueling future growth. Total non-GAAP operating expenses for the second quarter, excluding equity-based compensation expenses, amortization of intangibles and related acquisition costs, were $21.6 million, also just above the high end of our guidance for the same reasons I just mentioned. Non-GAAP operating margins and income were 3% of revenue and $0.8 million. Operating margins of 15% and operating income of $4.4 million were recorded in the second quarter of last year, respectively. Gap operating loss for the second quarter was $4.5 million as compared to gap operating loss of $35,000 for the same period last year. Gap and non-gap taxes were $1.1 million just below our guidance and affected by the geographies of deals signed. Gap that lost for the second quarter was $3.7 million and diluted loss per share was 15 cents as compared to a net loss of $0.3 million and diluted loss per share of 1 cent for the same period last year. Non-GAAP net income and diluted income per share for the second quarter of 25 was $1.8 million and $0.07 respectively, better than forecasted. In the same period last year, net income was $4.2 million and diluted net income per share was $0.17. With respect to other related data, shipped units by SEVA's licensees during the second quarter of 25 were 488 million units, up 16% sequentially and up 6% from the second quarter 2024 reported shipments. Of the 488 million units reported, 55 million units or 11% were for mobile handset modems. 409 million units were for consumer IoT markets up 16% from 353 million units in the second quarter of 24. 24 million units were for industrial IoT markets, down 16% from 28 million units in the second quarter of last year. Bluetooth shipments were 254 million units in the quarter, down 5% from 266 million in the second quarter of 24. Cellular IoT shipments were all-time record high at 66 million units, up 66% year over year. Wi-Fi shipments were 62 million units, up 80% from 35 million units a year ago. Wi-Fi 6 shipments reached a new record high and were up 113% year over year, as we continue our Wi-Fi 6 customer ramp-up in the consumer and industrial markets. Overall, good sequential growth in royalties and shipments in many of our customer and markets, while softness was evident in the smartphone and some areas of industrial. As for the balance sheet items, As of the end of June this year, SEVA's cash, cash equivalent balances, marketable securities, and bank deposits were approximately $157 million. In the second quarter this year, we were more active on our buyback program and repurchased 300,000 shares for approximately $6.2 million. As of today, around 725,000 shares are still available for repurchase under the repurchase program as expanded in November of last year. Our DSOs for the second quarter were 42 days, lower than the norm and lower than prior quarters. During the second quarter, we generated $1.2 million of cash from operation activities Ongoing depreciation and amortization was $1.1 million, and the purchase of fixed assets were $0.7 million. At the end of the second quarter, our headcount was 435 people, of whom 354 are engineers. Now for the guidance. Our licensing pipeline and potential deal flow especially around edge AI prospects, look healthy entering into the third quarter and second half of the year. We have demonstrated strong licensing execution in 2025, notably achieving five sequential quarters with about $15 million or above in licensing revenue. Roti revenue historically are stronger in the second half of the year due to seasonality, a new product deployment, a shipment ramps ahead of the holiday season. We're encouraged by the strength of many of our customers and in market demand, particularly around our seller IoT and Wi-Fi 6 product lines. We also anticipate growth in smartphone royalties in the second half of the year, driven by share gains at a US OEM smartphone customer using our technology for their in-house 5G motor. Such we're maintaining our overall revenue guidance growth as discussed in the prior earnings call. We continue with our long-term investment in AI and other new technologies to enrich our IP portfolio along with continued focus on expenses. We reiterate our belief that we will reach a double-digit percentage increase of non-GAAP net income and fully diluted non-GAAP EPS relatively to 2024. As for the third quarter, Total revenue is expected to be between $26 to $30 million. Gross margin is expected to be 1% higher than the second quarter, approximately 87% on gap basis and 88% on non-gap basis, excluding an aggregate of $0.2 million of equity-based compensation expenses and $0.1 million amortization of acquired intangibles. Gap OPEX is expected to be at a similar level to the second quarter in a range of $26 to $27 million. Of the anticipated total OPEX for the third quarter, $4.7 million is expected to be attributed to equity-based compensation expense, $0.2 million for amortization of acquired intangibles, and $0.1 for expenses related to business acquisitions. Non-GAAP OPEX is also expected to be quite similar to the second quarter in the range of $21 to $22 million. Net interest income is expected to be approximately $1.3 million. Taxes for the third quarter is expected to be approximately $1.8 million. And the share count for the third quarter is expected to be 25.8 million shares. Rocco, you could now open our Q&A session, please.

Rocco | Conference Operator:

Yes, sir. If you'd like to ask a question, please press star and 1. If your question has already been addressed and you'd like to remove yourself from queue, please press star and 2. Today's first question comes from Kevin Cassidy, Rosenblatt Securities. Please go ahead.

Kevin Cassidy | Analyst, Rosenblatt Securities:

Yes, thanks for taking my question and congratulations on the great results. You know, as you get an increasing of your licensing in NPUs, would this adjust, you know, it's a higher valued IC, so would we expect in the future royalty revenues would have higher leverage or, you know, see an acceleration?

Amir Panoush | Chief Executive Officer:

Hi, good morning, Kevin. Thanks for the question. Yeah, definitely, as we discussed also previously, right now we see Great momentum with overall licensing, our NPUs. I personally, with the management team, are very encouraged about how we see the prospect of winning those deals. But more looking into the long term, as you pointed out on the royalty side, those deals definitely have better economics. The complexity of the technology and the needs of the technology is higher than our so-called average typical royalty that we have today. And with that, we're expecting the royalty to have a meaningful increase, definitely per unit, as those devices will deploy in the marketplace.

Kevin Cassidy | Analyst, Rosenblatt Securities:

Okay, great. And maybe just as the timing for that is, I guess, is the time from licensing to royalty longer with this more complex design? And also, because the AI market is moving so fast, would we expect that the tail for the royalty, meaning the product life cycle, is that going to shorten compared to your past, especially wireless customers?

Amir Panoush | Chief Executive Officer:

Yes. So typically, Kevin, what we see is that the time between so-called when we license the technology until we start getting royalty reports or the royalty is between 18 and 24 months. And in this case, I would say the valuation sometimes takes longer, but actually the time for our customer to take it into production is similar. In consumer, it can be even shorter than 24 months. It can be 18 months. In a little bit more complex systems, in infrastructure and so on, it can be 24 months or so. Overall, I would say our customers, as you pointed out, AI is moving quickly, and customers really need to deploy it as soon as possible from their perspective. So we do expect the royalty to take the same as typically in consumers to some degree, maybe even slightly faster. In terms of the tail of that, again, depends to what system it goes to. If it goes to the typical consumer devices, so we should expect the same cycle. If it goes to more the infrastructure side, then the tail is much longer, whether it's automotive, whether it's wireless infrastructure, whether it's more on cloud enterprise support and so on.

Kevin Cassidy | Analyst, Rosenblatt Securities:

I see. So end market is more important. Great. Okay. Thank you.

Rocco | Conference Operator:

Thank you, Kevin.

Kevin Cassidy | Analyst, Rosenblatt Securities:

Yeah, thanks a lot, Kevin.

Rocco | Conference Operator:

Thank you. And our next question today comes from Suzy DeSilvo at Roth Capital. Please go ahead.

Suzy DeSilvo | Analyst, Roth Capital:

Hi, I'm Mary. Hi, Yaniv. Congratulations on reaching 20 billion units. I'd be curious what the number was when Yaniv joined the company. The royalty stream being stronger in the second half, fourth quarter, I presume flagship smartphone customers are a key part of that. I'm wondering if that number or that contribution matters. would be going up in 26 as the flagship customer continues to mix in its in-house modem, or do you have any visibility there?

Amir Panoush | Chief Executive Officer:

Yeah, I would say first, Suji, we haven't guided anything for 26 yet, so it's not that we are going to comment on the specifics on that. But generally speaking, our expectation that we see the success of our technology penetrating as the customer technology keeps wrapping up, Definitely, we're assuming that for the second half of this year. For 26 and beyond, of course, as we get closer, we will be able to share more.

Yaniv Ariely | Chief Financial Officer:

But, Suzy, I would add, even if you exclude that U.S. customer, historically, Q4 has been the strongest on the high-volume, low-cost smartphones for many, many years. It's not something new. Q1 is the slowest quarter and the slow start for the year, and then it ramps up. with Q4 always being the strongest. So even historically, we have pretty good data to back that up unless something that we don't anticipate will happen for this year. That's where the confidence is coming from on the rest of it.

Suzy DeSilvo | Analyst, Roth Capital:

That sounds like a good tailwind there. And then on AI, congrats on the progress there. You talk about sort of scaling AI. I mean, you're hitting kind of a scale point. Is that software tools, ecosystem? Can you give us the elements of what gives you sort of a scaled opportunity in the Edge AI ecosystem? And, you know, maybe you can talk specifically about what data center might be for you guys. It's an interesting avenue that you guys might be charting out. Thanks.

Amir Panoush | Chief Executive Officer:

Yeah, definitely. Thanks. So first from a, I would say the applicability of our NPOs and why we are very encouraged with the interest and the momentum that we see in the market from a scalability point of view that you asked. There are two aspects to that. One from the hardware IP, the Silicon IP capabilities. We are really providing a very scalable platforms going from hundreds of jobs all the way to hundreds of tops and type of product line. And actually our customers can tune and fine tune that to their own requirements. And we have with that a very good fit to what they need. On top of that, from a software perspective, we really give them the complete SDK or software stack to support it. and one that is quite easy to integrate into their own system and to support their own customers. So on both forms, the Silicon IP and the software IP that comes on top of that, the scalability that we provide resonates extremely well with our customer base. And that's why this quarter, we really got four deals, two more, I would say, on the lower end of the spectrum, so called Nupo Nano, and two on the higher end of the spectrum, the Nupo M. Within that, actually, as we pointed out this quarter, We are starting to see an interesting fit of our so-called Edge NPU solution, where everything is about low power, very efficient utilization, high performance, and also small size, becoming applicable also for inference on the cloud. This is not really to replace every socket like I hand GPUs, but it's where you need to complement with NPUs to run the additional arithmetics and to support the very high bandwidth 3D DDR that typically is used in those systems. So it's great to see the applicability happens there that adds for us additional markets to support and to go after. But of course, the core of our solution is how to make it very optimized for edge, which become also applicable in some cases for cloud inference AI as well. Okay, appreciate the clarification. Amir, thanks.

Rocco | Conference Operator:

Thank you, Suzy. And our next question today comes from Chris Reamer of Barclays.

Chris Reamer | Analyst, Barclays:

Please go ahead. Yeah, thanks for taking my questions and congratulations on strong results. I was wondering if you could talk a bit about the pipeline. You mentioned last quarter that you had several new products coming to the market. Are they already working and do you have anything else coming new looking toward the end of the year?

Yaniv Ariely | Chief Financial Officer:

Sure. So on AI, I think Amir highlighted that this is a pivotal point in our business. For a long time, we've been talking about AI. For the last year, we came out with new products, mid last year, the end of last year, with new products around AI for the higher end and lower end markets and use cases. So that's something that the traction It was record high for us in licensing in the second quarter, but we have seen a deal per quarter over the last three quarters before that. So obviously, we are trying and will try to get that in the market and in different customers. And we have multiple evaluations on these technologies as we speak. So that is a very strong add-on. to our portfolio on top of the typical connectivity, different Wi-Fi, Bluetooth, audio solution and the rest of the portfolio. I think we're continuing to invest and come up with new features, new technologies all the time. The AI is an interesting add-on and as we've talked about in the past, different cellular IoT, segment of the market. Finally, we are seeing the benefits in royalties with a record high in volume shipments or Wi-Fi 6, which is not necessarily new in licensing. We're seeing its great results with a record high also in the second quarter in volume. So it's the same mix of enhancing our portfolio of licensable technologies on one hand, and over time, the royalties kick in and help us from different markets and new customers that are starting to ramp

Chris Reamer | Analyst, Barclays:

Got it. Yeah. And just looking at shipments, nice uptick this quarter. And you did mention the addition of the customer in the US, the smartphone expected shipments to go up. But how should we be looking at some of the other segments? Do you have any color on other segments of the market that may be shipping higher?

Amir Panoush | Chief Executive Officer:

Yeah, maybe I'll give a good color about each of the end market that we are looking at. So I'll start actually with the smartphone industrial that have been slower than what we expected in Q1, Q2, so-called the first half. These two we expect to have a very strong, so-called sequential growth in the second half of the year. But overall, smartphone, generally speaking, I would say it's flattish to a little bit soft overall. But we are gaining market share and with that we're expecting a very strong sequential growth in the second half of the year. The rest of the market, the consumer IoT and the infrastructure and all the other markets that we are supporting actually has been doing very well and we expect additional sequential growth in the second half. That's all also what we see is our Wi-Fi 6 is keep ramping very, very strongly. So that's a strong tell for us in the second half, as well as the solo IoT that we pointed out in these earnings as well.

Chris Reamer | Analyst, Barclays:

Okay. Yeah, thanks. That's good, Kelly. That's it for me.

Yaniv Ariely | Chief Financial Officer:

Thank you, Chris.

Rocco | Conference Operator:

And as a reminder, if you'd like to ask a question, please press star then 1. Our next question comes from Martin Yang at Oppenheimer. Please go ahead.

Martin Yang | Analyst, Oppenheimer:

Thank you for taking my question. I want to ask about Bluetooth. That product has been growing pretty consistently year-over-year in the past few quarters. What contributed to this quarter's decline on a year-over-year basis? Anything on customer or market dynamics worth pointing out?

Amir Panoush | Chief Executive Officer:

There wasn't something specific this quarter that I will point to on the Bluetooth 4.0. I would say, generally speaking, we expect the second half good sequential growth for our Bluetooth technology as well. There is the shift that is coming right now to adopt more the Bluetooth 6.0 in production. Of course, we are already Bluetooth 7.0, which will drive significant growth for us in the 26, 27. Overall, it's very healthy for us. It can be a little bit the mix of our customers for this quarter, but nothing more than that.

Yaniv Ariely | Chief Financial Officer:

Yeah, in general, Martin, it's about a quarter of a million devices, which is not that bad because annually, last year, we powered 1.1 billion devices. And again, Q1 and Q2 tend to be slower than the second half of the year, so I think that number will pick up in the next two quarters.

Amir Panoush | Chief Executive Officer:

And on that one, also generally speaking for our top customers, we see they've been doing well this quarter and we expect good sequential growth in the second half as well. Thank you.

Martin Yang | Analyst, Oppenheimer:

And in the context of overall annual guidance, do you think overall Bluetooth will give you year-over-year growth for the year on units?

Yaniv Ariely | Chief Financial Officer:

Well, it's hard to guess. This is why we don't give annual guidance on specifically licensing on royalties. There's so many moving parts. There's so many different markets. There's so many different use cases from hearing aids to watches and to a lot of IoT devices. Very difficult to know all that. In general, if you look at the last couple of years, the answer is yes. We've grown Bluetooth year over year. We've grown Wi-Fi significantly year over year. Cellular IoT took a long time, many, many years to pick up. But in the last two years, we're seeing tremendous growth in that market. So I think the answer should be yes without having a bottom-up type of analysis. But from a top-down and the customer use case and the customers that come back, and license newer generation of each of these technologies, we are seeing a lot of good momentum there.

Amir Panoush | Chief Executive Officer:

Yeah, but just to add on that, if you look at actually at the first half of the year for 24, that was, for 25, sorry, that has been a growth over 24. So first half, the Bluetooth volume growth is already there and we expect for the full year to keep seeing an increase year over year for our Bluetooth shipment.

Yaniv Ariely | Chief Financial Officer:

which is also true for Wi-Fi and cellular IoT. First half of this year was higher than the first half of last year for all of these three different markets and technologies. So good sign from the company.

Martin Yang | Analyst, Oppenheimer:

Thank you, Adib.

Yaniv Ariely | Chief Financial Officer:

Yeah, sure.

Martin Yang | Analyst, Oppenheimer:

Thank you, Amir.

Amir Panoush | Chief Executive Officer:

Thank you.

Rocco | Conference Operator:

Thank you. This concludes today's question and answer session. I'd like to turn the conference back over to Amir Paloush for any closing remarks.

Amir Panoush | Chief Executive Officer:

Yeah, thank you. On behalf of the SIVA team, thank you for joining us today. We continue to execute on our strategy to democratize Edge AI to our portfolio of technologies that enable connectivity, sensing, and inference. Our strong licensing performance, expanding royalty base, and milestones of over 20 billion devices shipped underscore the trust our customers place in us as a foundational technology provider. With AI adoption accelerating across consumer, industrials, and automotive markets, and our IP portfolio more relevant than ever, we are well positioned to drive long-term growth and shareholder value. We look forward to meeting many of you during the third quarter at investor conferences. Richard, I will hand over to you to wrap it up.

Richard Kirschman | Vice President, Market Intelligence, Investor and Public Relations:

Thank you, Amir. As a reminder, the prepared remarks for this conference call are filed as an exhibit to the current report on Form 8K and accessible through the investor section of our website. With regards to upcoming events, we will be participating in the following conferences. The Oppenheimer 28th Annual Technology Internet of Communications Conference, August 13th, being held virtually. The Rosenblatt Virtual Tech Summit, August 19th, being held virtually. Sixth Annual Needham Virtual Semiconductor and Semicap One-on-One Conference, August 20th. Jefferies Semiconductor IT Hardware and Communications Technology Conference, August 26th in Chicago. The Evercore Semiconductor IT Hardware and Networking Conference, August 27th in Chicago. TD Securities Technology Growth Cap Summit, September 4th in New York. and Jefferies Tech Trek 2025, September 11th in Tel Aviv, Israel. For information on these events and all events we will be participating in can be found on the investors section of our website. Thank you and goodbye.

Rocco | Conference Operator:

Thank you. This concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines and have a wonderful day.