NASDAQ:INSG Q3 2026 Earnings Call Transcript

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Conference Operator | Operator:

Hello and welcome to Inseego Corp.'s third quarter 2026 financial results conference call. Please note that today's event is being recorded. All participants today will be in a 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 for Q&A. To ask a question, please press star and then one on your telephone keypads. On the call today are Juho Sarvikas, Chief Executive Officer, and Steven Gatoff, Chief Financial Officer. During this call, certain non-GAAP financial measures will be discussed. A reconciliation to the most directly comparable GAAP financial measures is included in the earnings release, which is available on the Investors section of the company's website. An audio replay of this call will also be archived there. Please also be advised that today's discussion will contain forward-looking statements. These forward-looking statements are not historical facts, but rather are based on the company's current expectations and beliefs. For a discussion on factors that could cause actual results to differ materially from the expectations, please refer to the risk factors described in the company's Form 10-K, 10-Q, and other SEC filings, which are available on the company's website. Please also refer to the cautionary note regarding forward-looking statements section contained in today's press release. With that, I'd like to turn the floor over to Juho Sarvikas, Chief Executive Officer. Please go ahead.

Juho Sarvikas | Chief Executive Officer:

Good afternoon, everyone, and thank you for joining us today. Q3 played out largely as we described in our last call. Revenue was $33.3 million and adjusted EBITDA was a loss of $1 million, both within our guidance ranges. Mobile revenue increased sequentially, while FWA revenue declined, reflecting the customer dynamics we discussed last quarter. A delayed recovery at our largest FWA customer and lower orders from our newest U.S. Tier 1 customer following its large Q2 purchase. While these results were in line with our expectations, I'm not satisfied with our overall performance. These challenges in our legacy business, which we're now going to refer to as Insego North America, with the October 1 closing of our acquisition of Nokia's FWA business, are impacting our current quarter, where the later timing of our new FWA launch and higher carrier inventory levels are affecting our outlook for Q4. I have taken steps to address the engineering and product delivery issues that I highlighted last quarter, including bringing in a new CTO and beginning to restructure the engineering function. We have also reduced our cost and spend in response to lower revenue, putting us on a path back towards profitability and positioning the business to execute better in 2027. At the same time, as I just mentioned, we're pleased to have completed the acquisition of Nokia's Fast Mile FWA business on October 1. This addition meaningfully expands in Seego's broad portfolio and customer relationship and added world-class engineering. I'll discuss each of these developments today, starting with a closer look at Q3. With that context, let me share my key takeaways from Q3 before turning the dynamics we're seeing now in Q4 and the actions we're taking to strengthen the business as we close out 2026 and position ourselves for 2027. In mobile, carrier purchases ahead of anticipated component price increases and supply uncertainty supported the quarter's performance. That purchasing behavior has also contributed to an uneven ordering pattern. FWA remained below the level we needed to be. The recovery at our largest FWA customer did not materialize in Q3, and our next-generation product remains central to rebuilding that business. Our newest US Tier 1 customer also continued working through its large Q2 inventory purchase, limiting new orders as expected. Channel activity was solid, with new deployments and repeat orders across enterprise and public sector customers. Several included Inseego Connect subscriptions, reinforcing the value of combining our devices with cloud-based management. We also secured a new premium-tier MiFi award with our newest US Tier 1 carrier customer for the first responder market. This adds a new slot and

represents a market share gain for our mobile business. We expect revenue contribution around mid-next year, providing a new growth opportunity for 2027. Overall, Q3 played out broadly as expected with mobile growth and solid channel activity offset by weakness in FWA. While we made progress on our mobile portfolio, restoring FWA performance remains a priority. Let me now turn the dynamics affecting our Q4 outlook and path forward. Two developments have lowered our expectations for our North America business in Q4. The timing of our next generation FWA launch and carrier customer inventory levels in mobile. As I mentioned, our next generation FWA product is an important part of restoring go-to-market alignment with our largest FWA customer. We had expected to launch the product in Q4, but extended PCB or printed circuit board lead times have pushed supply availability beyond our 2026 launch window. We are now planning to launch in Q1, shifting the anticipated recovery with this customer into 2027. On the go-to-market side, our customer has realigned its sales organization and go-to-market approach around this Q1 new product introduction. Together, we believe these steps give us a path back to the historical quarterly revenue levels we have generated with this customer. In mobile, our U.S. carrier customers are working down their inventory levels as they manage their year-end. We're seeing them selling units already purchased and placing smaller replenishing orders. That dynamic lowers our Q4 sales expectation but should leave customers with leaner inventory positioning entering 2027 versus the current quarter. The FWA launch and lower aggregate carrier mobile inventory levels at year-end compared to Q3 should provide a path to improved revenue performance in North America as we enter 2027. Moving on, in order to address the engineering execution issues that have had a material impact on 2026 performance, we have begun overhauling the engineering function and operations. Going into 2026, we had won a record amount of new business across all three Tier 1 carriers. As we accelerated new product introductions, our engineering capability was not up to the task. I have brought in Nick Lambourne as our new Chief Technology Officer. Nick is now leading the restructuring of the engineering function, and I'm pleased with the immediate impact Nick has already had. Nick came to Insego from DG International. He previously served as CTO of Particle, which was acquired by Digi, and brings experience across cellular hardware, embedded software, and cloud services. His mandate is clear. Improve product quality, strengthen program execution, and deliver reliably for our customers. In Nick's first month, we brought our cloud engineering teams together around a unified platform and introduced a common framework to measure engineering performance. We're also establishing shared development practices and tools across our cloud, device, and hardware teams. These initiatives are intended to reduce fragmentation, strengthen accountability, and create a more consistent foundation for delivery. As part of this work, we're expanding access to AI-enabled development tools and connecting them to shared engineering systems, including source code and task management. Together with the Fast Mile team, we're planning targeted pilots in automated quality assurance, and Rapid Software and Hardware Prototyping. In parallel, we're developing a common software platform to support our portfolio of MiFi mobile hotspots and FWA devices, drawing on the strongest engineering practices from both the In-SEGO and FastMile teams. Our objective is to establish a repeatable development and delivery model that can be tailored to individual programs and operator requirements supported by automated testing and AI-assisted development. We will measure progress through product quality, test coverage, development cycle times, and our ability to deliver against committed program milestones, which ultimately will result in delivering greater revenue. In addition to overhauling our engineering capability, we have taken steps to reduce our cost structure in response to lower Insego North America revenue. In October, we executed an action to reduce operating spend, taking approximately $8 million in annual employee headcount and contractor expenses out of the business. These actions are an important step towards returning the business to profitability. Achieving that goal also requires stronger execution and focus on delivering on the opportunities we have already won. Now let me turn to the Fast Mile FWA business we acquired from Nokia, which closed on October 1 and will contribute a full quarter of operations in Q4. The acquisition broadens our FWA portfolio, particularly in residential applications, and has established global carrier relationships and strong engineering capabilities. Combining those products within Seego's existing enterprise FWA, mobile, and cloud software portfolio gives us a broader set of solutions to bring to a much expanded global customer base. Since closing the FWA acquisition, I have continued spending time with the global team and speaking with customers. Those conversations have reinforced my confidence in the product portfolio, engineering talent, and customer relationships we acquired. Our integration priorities are to maintain continuity for customers, align our broad roadmaps, and bring our

engineering teams together across the combined business. This is a global integration, and bringing our engineering organizations together is an important part of the opportunity. Nick is leading that work including shared platforms, tools, and development practices with the goal of improving delivery and reducing duplication across the combined business. I also want to provide some insights on the macro environment of the business we just acquired. As we see across the industry, higher memory costs are affecting customer purchasing, particularly in markets where monthly subscriber revenues are meaningfully lower and equipment price increases are harder to absorb. We have seen this with our largest FastMall customer based in India, reducing purchasing in response to those market component price increases and that's contributing to a lower revenue baseline for the acquired business that is reflected in our Q4, 2026 outlook. Importantly, that key customer recently renewed his FWA agreement through the end of 2028, including a minimum purchase commitment. This provides a foundation for the relationship and we will share more detail on our business outlook on our February earnings call. Overall, our immediate priorities for the acquisition are customer continuity and operational integration with a clear focus on putting the underlying acquired business on a path to break-even independent of Nokia's first-year operating support. At the same time, we're pursuing growth opportunities across both existing Inseego business and the acquired FWA business, building on their respective portfolios and customer relationships. In summary, while we have a significant opportunity ahead, we have a lot of work to do. On one hand, our performance in 2026 has fallen short of our expectations. On the other hand, the Fast Mile FWA acquisition has created a significant opportunity for INSEGO as a global wireless broadband company and we are taking the steps needed to rebuild operating and financial momentum. We have taken action to address the engineering and product delivery issues and to reduce our cost structure. We now need to translate those actions into more consistent execution and financial performance. As we close 2026 and prepare to enter 2027, our focus is on launching the next generation FWA product and returning to more normalized carrier inventory levels. Together with leaner cost structure, these steps provide a foundation for improving performance and working our way back to profitability. Our expanded portfolio, global customer relationships, and engineering capabilities give us the opportunity to serve more customers with a wider range of wireless broadband solutions while building an operating structure that can support sustainable profitability across the combined company. I am confident in the opportunity ahead on the new FastMod business and our growth potential. I'm also clear on where we need to improve to deliver on this opportunity. With that, I will turn the call over to Steven.

Steven Gatoff | Chief Financial Officer:

Thank you, Juho. Hi, everyone. Thank you for joining us.

Steven Gatoff | Chief Financial Officer:

I'd like to cover two topics today. First, I'll take you through more details on our Q3 2026 financial results, and second, I'll talk through the financial profile of the business and provide our guidance for Q4 as we look to close out 2026. To be clear, Q3 2026 results are for the pre-acquisition and SEGO business only, which as you heard, we refer to as in SEGO North America for discussion purposes. The acquisition of the Nokia Fast Mile FWA business closed last month on October 1st, so Q4 2026 includes a full quarter of the acquired business, which we refer to as Fast Mile. As we outlined last quarter, we're providing the Q4 2026 revenue guidance for each revenue stream, along with a total company revenue and adjusted EBITDA guidance. As we always do, we'll wrap up by opening the call for your questions. Starting with our Q3 2026 financial results, total revenue was $33.3 million above the midpoint of our guidance range and largely reflecting the carrier purchasing and inventory dynamics that we outlined on the August call. Product revenue was $23.3 million or 70% of total revenue and within that, mobile solutions revenue was $19.1 million up 10% sequentially over Q2 2026. Carrier purchases ahead of anticipated memory and wide-ranging component price increases contributed to Q3 shipments, while FWA revenue came in at $4.2 million in Q3. On this front, our newest U.S. Tier 1 carrier customer continued to work through inventory from its large Q2 2026 purchase, while shipments to our largest FWA customer were lower as anticipated and previously communicated.

Software services and other revenue was $10 million, or 30% of total revenue for the quarter, consistent with the contract renewal we discussed in August. Q3 2026 non-GAAP gross margin was 34%, essentially flat sequentially. A dynamic in Q3 that impacted the product gross margin was a $1.8 million inventory reserve associated with our soon-to-be legacy FWA product, that addresses the lower sales that we've discussed. As we've talked about in managing memory and component price increases, we have been implementing customer price increases to pass through the higher component costs that are being seen across the industry. The distinction to note is the impact on gross margin dollars versus gross margin percentage. While we have been able to pass through dollar costs and thereby maintain gross profit dollars per unit, This zero margin revenue mathematically dilutes the gross margin percentage. Orders of magnitude, we had approximately $1.5 million of pass-through revenue in Q3 2026, negatively impacting gross margin percentage by about 1.6 percentage points. Moving down the P&L, Q3 non-GAAP operating expenses were $14.8 million, versus $16.9 million in Q2, reflecting the lower aggregate sequential spend. Pulling this together, Q3 2026 adjusted EBITDA was a loss of $1 million, at the better end of our guidance range. Lower operating expenses helped offset the revenue and product gross margin dynamics I just described. Closing out Q3 with a balance sheet, we ended September with cash of $6.6 million, and a balance of $7.6 million on our $20 million working capital facility. As you likely saw in the closing information subsequent to quarter end, we received a $10 million cash equity investment from Nokia in October and a new $10 million engineering support payment for our Inseego product interoperability work over the first year. With that, Let's turn to the current Q4 and our guidance. As Juho discussed, two important revenue dynamics are shaping the Insego North America business in the near term. First, the next generation FWA product launch has moved out to Q1 2027, so the anticipated recovery with our largest FWA customer and the revenue move into Q1 2027. Second, in mobile hotspots, We're seeing carriers working through inventory they purchased in Q2 and Q3 2026, such that we're expecting lower orders in Q4 as they manage their 2026 year-end inventory positions. Looking at Q4 gross margin, we expect Insego North America non-GAAP total gross margin to improve sequentially, primarily reflecting a higher proportion of services and other revenues. Product gross margin is also expected to improve with continued solid contribution from Channel and the Q3 2026 inventory reserve not repeating. At the total company level, the addition of Fast Mile, which has a lower gross margin profile, will bring down the Q4 2026 consolidated non-GAAP gross margin percentage. And looking at operating expense, we have reduced headcount and program spend, as Juho noted, taking out approximately $8 million in annual spend from the Insego North America business. This action brings our cost structure into better alignment with where we want the combined business to be and moves us to a path to return to profitability as we look to drive revenue growth going forward. An additional note for our Q4 2026 outlook that is helpful to know is a change in the financial statement treatment of our internal software development costs. Beginning Q4, 2026, we have evolved our accounting measures to a more straightforward approach to capitalization, which brings our Insigo North America practices into alignment with the practices of the acquired Fast Mile FWA business. This will result in us recognizing more of the R&D spend as expense in the income statement as it's incurred in a quarter, as opposed to capitalizing it and amortizing it to DNA over time. Capitalization is not stopping. We're just expecting it to continue at a reasonably lower level as a greater share of development spending will now go through R&D expense and be included in adjusted EBITDA in a given quarter rather than being capitalized and not get included in adjusted EBITDA. This does not by itself mean that we're spending more on R&D, and it does not drive any change in cash. It is simply a move that brings our accounting for internally driven software development costs more in line with peer practices, our non-GAAP net income measures, and the practices of the fast model business. To put that in context, using this same new approach for the prior year, Q4 2025, for Insego North America, adjusted EBITDA would have been approximately $3.9 million or 8% of revenue compared to the $6 million or 12% of revenue that was reported at the time based on the accounting practices in that period. That comparison excludes the acquired FWA business. With this backdrop and as we outlined on our last call, we're now providing Q4 2026 revenue guidance for the Insego North America business, and the acquired Fast Mile FWA business along with total company revenue and adjusted EBITDA. As noted, Q4 2026 includes a full quarter of the Fast Mile business. Beginning with our Q4 2026 earnings call in February 2027, we intend to guide the report as a combined company with historical financial information and pro forma revenue comparisons provided to support an apples-to-apples assessment of Total Company Performance. Pulling this all together, for Q4 2026, we

expect revenue for the Insego North America business of $21 million to $25 million, revenue for the Fast Mile business of $35 million to $40 million, total company revenue of $56 million to $65 million, and consolidated adjusted EBITDA of $0 to $2 million. This adjusted EBITDA expectation is inclusive of the Nokia Fast Mile make-hole and engineering support that together we expect to be in a range of $12 million to $14 million for Q4. You'll see this all in our Q3 2026 earnings presentation that's published on our IR website. and that includes supplemental financial information and selected historical financial info for the acquired Fast File business. We also wanted to let you know that we'll be filing additional historical and pro forma financial info over the coming month or so as we complete those filings. With that, we appreciate your time and support and are glad to open the call for questions.

Steven Gatoff | Chief Financial Officer:

Operator?

Conference Operator | Operator:

We will now begin that question and answer session. Our first question today comes from Scott Cyril from Roth Capital. Please go ahead with your question.

Scott Searle | Analyst, ROTH Capital Partners:

Hey, Juho, Steven. Hey, thanks for taking the questions. Hey, maybe just quick clarification. I just want to make sure, Steven, I got the $1.8 million obsolete inventory charge, so product gross margins about 20% in the third quarter. And then in terms of I want to clarify, it sounds like $2 million of quarterly OPEX savings. Is that fully recognized in the fourth quarter?

Steven Gatoff | Chief Financial Officer:

No, it's not, Scott, for two reasons. One, for timing. It was done into the quarter. And two, there's a bit of an offset on severance and cost of implementing that.

Scott Searle | Analyst, ROTH Capital Partners:

and product gross margins and normalized about 20%. That's currently where we are and we should expect that slight improvement going forward as surcharges are kicking in in the fourth quarter in 27.

Steven Gatoff | Chief Financial Officer:

And when you say product gross margin percentage of... Oh, I'm normalizing for the inventory charge, Steven.

Steven Gatoff | Chief Financial Officer:

That feels high to us, Scott.

Scott Searle | Analyst, ROTH Capital Partners:

But there was a $1.8 million inventory charge in the quarter, is that correct?

Steven Gatoff | Chief Financial Officer:

I'm sorry, Scott, I apologize. You cut out on our end. Would you mind just saying that again?

Scott Searle | Analyst, ROTH Capital Partners:

My apologies. Just clarifying, I wanted to make sure there's – I thought I heard a $1.8 million obsolete inventory charge was taken in the third quarter. Is that correct?

Steven Gatoff | Chief Financial Officer:

Yes.

Scott Searle | Analyst, ROTH Capital Partners:

and then Juho, moving on to the Nokia Fast Mile business some of the broad stroke financial details that you included in the release it shows that the business has been under a little bit of pressure going back into 25 and several quarters ago was running at north of $70 million a quarter you're guiding to $35 to $40 million on the quarter I'm wondering if you could take us through some of the dynamics on that front and also from a gross margin perspective, assume it's suffering from the same sort of component and pricing headwinds that you've seen in the core business. What is the timing, the strategy and plan of attack to return that to a more normalized gross margin? How we should be thinking about that going into 27? Thanks.

Juho Sarvikas | Chief Executive Officer:

Thanks for the question, Scott. I believe we earlier shared that when Nokia in the capital markets day in late 2025 announced that they will be divesting Some customers reacted to that announcement. And some customers were effectively lost at that point in time, while others modified their purchasing behavior. The $200 million number that we've communicated on business was the Q126 revenue of $50 million annualized. So that was the math behind it. The Q4 is largely explained, or the other dynamic that's important to understand here is that the rising memory costs, they have an outsized impact on low ARPU markets. So if you take India as an example, where we have the largest customer of our new fast-mile business, their ARPU is very low. So, absorbing increased equipment pricing has its limits, and that's impacting the velocity. At the same time, what I'll say is that I'm very encouraged, not only by securing continuation with the existing customers. One fact I wanted to share here is that that large customer in India, they just renewed with us for two years, up until the end of 2028. We also have very good response from the broader market and broader customer base that we're already fast-market customers. And, hey, look, so one of the reasons why we acquired the business is that we think we can go on growing. So that's absolutely on our agenda. Maybe, Steven, if you want to take the question from Scott on the cross-marketing profile of the fast-market business.

Steven Gatoff | Chief Financial Officer:

Yeah, we had talked a little bit about that on earlier calls, Scott. And the model really, as you know and others know, is a More of a high volume, high velocity, lower gross margin, more residential based. There is some business and B2B customers in there on the carrier side as well. It does have a higher margin, but the volume in the customer base, as we've discussed, is in the residential. So that has a gross margin profile more in the 10% to 13% zip code than it does for our business.

Juho Sarvikas | Chief Executive Officer:

And maybe Scott, just to complete the picture here. So the customers and the global portfolio, they're highly complementary. So we add residential, we add what I'll call rest of the world, which is essentially everything outside of the U.S., where Insego North America operates today. At the same time, the backend is highly synergistic. So if you look at the hardware platform, software platform, cloud platform, we won't have two, we'll have one. And then we'll have one global operation across the engineering and supply chain. So to Steven's good point, add a lot of revenue with the gross margin profile that was described while unifying the backend is the game plan here.

Scott Searle | Analyst, ROTH Capital Partners:

Great, very helpful. And if I could, a question on mobile hotspots. It sounds like with new product coming into the mix in the first quarter of next year, you start to get back on track. Can you give us an idea of what your expectation would be maybe in the second half of 27? How big would the mobile hotspot business be, particularly as the competitive dynamics have really shifted in your favor, right? Whether it's Chinese exclusion or a lot of the other traditional players that have there have been slowly exiting the market and or losing share to you. So just love to get your thoughts. from a high level of what we could be expecting a couple of quarters out as you have engineering development back on track and you start to get a little bit more scale in the business. Thanks.

Steven Gatoff | Chief Financial Officer:

Scott, we'll probably tag team that as usual. For the numbers themselves, super reasonable and smart question, and we'll probably get to the quantification of that on the next call as we're in the midst of 2027 planning, particularly for and with the new business. and so we'll probably punt to the next call if you don't mind on the actual quantification of that as we kind of move through the year.

Juho Sarvikas | Chief Executive Officer:

Yeah, and hey, I think it's important to acknowledge that this year has been rather abnormal for two reasons. One, like you pointed out, we had the delays with our new generation. So we lost significant revenue from part of the year At the same time, once we've now gotten the three hotspots out there across all the three U.S. carriers, I'm pleased with how we're ramping up the sell-out run rate. But then what has happened is that the carriers have chosen to do large-quantity inventory purchases in Q2 and in Q3 in anticipation and to mitigate the memory-driven price increases. So you've seen this, I'll call it lumpiness, lack of a better technical term, in the purchasing behavior from the carriers, which is another characteristic of this year. Going into next year, like we mentioned in the prepared remarks, we're going to enter 2027 with a much leaner mobile inventory level across the carrier base, which is, of course, very favorable. I'm also very excited about the new offering that our largest mobile hotspot customer has announced. It's a new offer for mobile business professionals. The initial uplift in terms of sellout is promising, so there's a lot of tailwinds in that already. And then on this new award, Luke, I think one thing we set as a priority right when I got here beginning of 2015

We're going to go and consolidate the mobile market. And we've done a relatively good job in that, in winning a new large tier one carrier. And now this latest win, which I'll call it a premium tier mobile hotspot, so we're unseating a competitor. It is rocket, high power class, first responder, but also broader market appeal. So the progress that we're making on mobile and the way that we're setting up 2027, I think we should have a pretty good year.

Scott Searle | Analyst, ROTH Capital Partners:

Great. Thanks so much. I'll get back in the queue.

Steven Gatoff | Chief Financial Officer:

Appreciate it, Scott.

Conference Operator | Operator:

Our next question comes from Tyler Burmeister from Lake Street Capital Markets. Please go ahead with your question. Absolutely.

Tyler Burmeister | Analyst, Lake Street Capital Markets:

Hey guys, thanks for letting me ask some questions here. Maybe first, I don't know if I missed it, but could you give us first what the Nokia, the Fast Mile business, what the revenue is in Q3? And then just, you know, as you think about that business heading into next year, based on your conversation with those customers, you know, do you think that can be a growth business next year for you?

Steven Gatoff | Chief Financial Officer:

Tyler, we're working on the pro forma and historical info on the Fast Mile business. We obviously didn't own it in Q3, so we have not reported that out. But two data points that we believe are helpful. One is we've included – you'll see it published on our website – The same period numbers for Fast Mile business for Q4 of last year. So for the quarter we own it now, Q4, we guided, we broke out the revenue in guidance for Fast Mile and for North America. And we gave the prior year, you'll see that in a table. It'll list off the revenue and it'll show you that quarterly it'll say Q4 2025 revenue $68 million for the Fast Mile business. So you have apples to apples. Within the next month or so, we're going to be filing the required pro forma and selected financial info, and then that's where we'll provide more quarterly detail in the interim periods as we get all that audited annual numbers into quarterly numbers and post that and publish it.

Juho Sarvikas | Chief Executive Officer:

Luke, one of the very exciting things Thank you very much. Very busy in making sure that we compete aggressively, we drive growth in that. There's a couple of really interesting micro-dynamics on FWA, if you look at globally. Here in U.S., if you remember a year ago, definitely two years ago, the narrative was pretty much that the carriers will deploy fiber. Apart from the one guy who really only had cellular assets, The strategy was largely Fiber. Fast forward to today, everyone we use here in the US, FWA, has a very important complementary product or service to Fiber, and it's acknowledged that it's a good way of driving your network marketization. Now, if I project that to global discussions, whether it's Europe, markets like Australia, I'm seeing that same dynamic play out more and more where even if the fiber penetration is extremely high, FWA

still plays a distinct role in enabling the carriers to drive extra monetization of their network assets. So that's great. On the other hand, I mentioned that India is a large customer for us. Obviously, that market is very different. In many cases, you have no scenarios, you have no other means of connectivity. There's no fiber. Fiber deployment might not be realistic. Another example in the broader AFAC region would be Indonesia. So I'm seeing this emergence of FWA as a strategic play for global carriers in developed markets and then new pockets of developing markets where FWA really will be instrumental in closing the digital divide. These assets, these business that we've acquired, I think is very uniquely suited to compete in that kind of opportunity space.

Steven Gatoff | Chief Financial Officer:

Okay.

Tyler Burmeister | Analyst, Lake Street Capital Markets:

maybe ask in another way, the Nokia business sounds like you guys are still very confident that over the next year with those support payments from Nokia that you can get that to be profitable post the one year period there. Just wondering in that assumption, what's the required revenue level of that business for it to be able to be profitable one year from now?

Juho Sarvikas | Chief Executive Officer:

I think the key thing, One cornerstone. So we obviously invested in a brand new sales and marketing muscle for the new combined company in EMEA and in APAC. As a part of the carve-out, the sales and marketing was largely not there. I'm very happy with that ramp. So we obviously need to feed that team. So that's an element that we need to cover from the new global perspective. Global Business in the Cross-Margin, and so is, of course, G&A expansion. But a really fundamental, super important thing to understand here is that, let's call it both businesses or both companies, so Insego North America and FastMile were investing independently $30 million plus when it comes to engineering spend. And like I mentioned earlier in this Q&A, When it comes to technology platform, when it comes to like the actual product reusability across the markets, across the opportunities, significant synergies in terms of where we need to spend the capacity. So that one plus one or 30 plus, 30 plus, plus, 30 plus, it will obviously equal greatly less than two. And that's a fundamental driver or lever on driving the profitability of the business.

Steven Gatoff | Chief Financial Officer:

Yeah, and then good thought and question on, you know, okay, so what does top line look like? And that is something for us that we knew getting into this acquisition, what the dynamic was, as Juho said before about the analyst day and what that did to the company customer revenues and what the component memory cost increases are tending to have an outsized impact in more residential low ARPU markets. And so Our view is we need to get this to a break-even business so that when we come off the support payments, it's not dilutive to EBITDA for the combined company and its stockholders. So that's our objective, almost irrespective of where revenue goes. We will manage to that outcome.

Tyler Burmeister | Analyst, Lake Street Capital Markets:

Okay, I appreciate all that color. Maybe last one here, Steven, to be a little bit on the models. On OpEx, you know, all these different moving pieces a little bit, the combination of the fast model business, the support payments, can you, you know, what's the Q4 OpEx you're making, you're guiding?

Steven Gatoff | Chief Financial Officer:

Yeah, sure. So, recall, too, that OpEx is going to be for Q4, well, we talk obviously on a non-GAAP basis, But combined, right? And so we're looking at OPEX, you know, somewhere in the neighborhood of just, you know, around $30 million on a combined basis. And that compares, for example, to a In-Sego North America standalone of about $15 million for Q3. And so, as you can see, the businesses are about the same size. The revenues are about the same size today.

Steven Gatoff | Chief Financial Officer:

Hence the synergy, cost synergy opportunity. Okay. All right. Perfect. That's very helpful. That's all for me. Thanks, guys. Well, sure. Be a good time. Thanks.

Conference Operator | Operator:

Our next question comes from Christian Schwab from Craig Hallam Capital Group. Please go ahead with your question.

Christian Schwab | Analyst, Craig-Hallum Capital Group:

Great. Thanks. I understand why the business fell off from 300 million and 25. Can you tell me how the business grew so quickly from 151 to 326, from 24 to 25? Oh, yeah. So the big uplift in the acquired fat model business is really large.

Juho Sarvikas | Chief Executive Officer:

Those two would be the key drivers for that year on year growth.

Christian Schwab | Analyst, Craig-Hallum Capital Group:

Fantastic. And those two customers are still customers today? I understand probably one of them is a large Indian customer. Is the European customer still a customer today?

Steven Gatoff | Chief Financial Officer:

Correct.

Christian Schwab | Analyst, Craig-Hallum Capital Group:

So is the plan over time to drive this business, the acquired business, to a $200 million run rate business, or do you see an opportunity for this to become a $300 billion business again, taking into account the eventual normalization of memory?

Juho Sarvikas | Chief Executive Officer:

The FWA, if you look at the market, any industry projection, the category is going to be large between now and going into the beginning of the next decade. So everybody's consensus is that FWA as a category, volume global, is going to experience large growth. We are now in a position where we can compete for all of those opportunities with a very efficient strategy. Call it single engineering, single platform investment. If you look at where the Fast Mile business is or isn't today, let's take Europe as an example. Depending on how you count it, Europe has three or four large multinational operators. Currently, Fast Mile is in one of them. Now, we see great opportunity in expanding with that one large group but obviously we're engaged with the other ones where the business is not participating today. Just picking up another example, if you look at Australia, which has very similar characteristics to our domestic market here in terms of advanced technology, scale of deployment. Again, the Fast Small Business is present at only one of that large pool of customers. So I see this Addressable market, obviously for us, opened up on an unprecedented scale with the acquisition by just having the market access. But then at the same time, the market is growing very fast. And we're coming from a position where even though Fast Mile, largely because of the single large customer in India, is the global volume leader in FWA, there is still from a market share standpoint of view, plenty of opportunity to go and grow. I also maintain that the playbook that we have here in the U.S. with more enterprise or B2B FWA is very relevant for the global market. We'll modify our approach, but that differentiation is clearly appreciated. So not only do all of these global customers want to find the monetization for the networks from FWA, they of course acknowledge the B2B or enterprise segment. has higher ARPU for them and, quite frankly, better profitability for us as well. So there's multiple vectors of driving the growth. So I don't think we'll go into putting a number behind that. We'll share more in our view on the business on a February call. But definitely, it's a growth strategy for Fast Mile standalone and, of course, for the company as well.

Christian Schwab | Analyst, Craig-Hallum Capital Group:

Okay, the reason why I ask is if your aspirational goal is on high volume, lower gross margin residential business is 10 to maybe 13% doesn't look like it's done that in the last few years, but let's just call it 10%. And your operating expenses to support that business are 15 million to get that business and many more.

Juho Sarvikas | Chief Executive Officer:

and many others. Thank you. Thank you.

Conference Operator | Operator:

And with that, we'll conclude today's question and answer session. I'd like to turn the floor back over to Juho for closing remarks.

Juho Sarvikas | Chief Executive Officer:

Thank you, operator, and thanks, everyone, for joining us today and for your continued interest in ASEGO. Steven and I look forward to seeing some of you in New York later this month at Greg Hallam Alpha Select and Roth Capital Technology Conferences. Really appreciate your time.

Conference Operator | Operator:

The conference has now concluded we do thank you for attending today's presentation. You may now disconnect your lines.