NASDAQ:LTRX Q4 2025 Earnings Call Transcript

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Operator | Conference Operator:

Good day and welcome to the Landtronic's fourth quarter and full year 2025 results conference call. All participants 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 to ask questions. To ask a question, you may press star, then one on a touch-tone phone. To withdraw your question, please press star, then two. Please note that this event is being recorded. I would now like to turn the conference over to Brent Stringham, Chief Financial Officer. Please go ahead.

Brent Stringham | Chief Financial Officer:

Good afternoon, and thank you for joining our fiscal fourth quarter and full year 2025 earnings call. Joining me today is our President and Chief Executive Officer, Celio Alceray. A live and archived webcast of today's call will be available on the company's website. In addition, you can find the call-in details for the phone replay in today's earnings release. During this call, management may make forward-looking statements which involve risks and uncertainties that could cause our results to differ materially from management's current expectations. We encourage you to review the cautionary statements and risk factors contained in the earnings release, which was furnished to the SEC today and is available on our website, and in the company's SEC filings, such as its 10-K and 10-Qs. Landtronics undertakes no obligation to revise or update publicly any forward-looking statements to reflect future events or circumstances. Please refer to the news release and the financial information in the Investor Relations section of our website for additional details that will supplement management's commentary. Furthermore, during the call, the company will discuss non-GAAP financial measures, today's earnings release, which is posted in the investor relations section of our website, describes the differences between our non-GAAP and GAAP reporting, and presents reconciliations for the non-GAAP financial measures that we use. With that, I will now turn the call over to Salil.

Salil Asare:

Thanks, Brent, and thank you, everyone, for joining today's call. Fiscal 2025 marked returning point for Landtronics. A year of disciplined execution, meaningful transformation, and building the foundation for sustainable long-term growth. The progress was evident in our fourth quarter results, with revenue of $28.8 million and a non-GAAP EPS of $0.01, both well within our quarterly guidance range. These results reflect a return to growth in our core revenue base, excluding the impact of grids, but these are EMEA smart grid customers. As we enter the new fiscal year, we see powerful industry dynamics creating significant opportunities for landtronics. We believe we are entering a multiyear growth cycle for unmanned aerial systems supported by record defense funding and favorable regulatory momentum. According to the U.S. Department of Defense, more than $13 billion is year marked for unmanned platforms in 2026. that increased focus on secure U.S.-made technologies. We believe the demand environment for our solutions has never been stronger. Against this backdrop of growing demand, we are beginning to see meaningful traction in the market, highlighted by our most recent win with Red Cat Steel Drones, which we formally announced last week. We've been collaborating with their team for some time, And our TAA and NDAA-compliant solution now powers TEAL's Black Widow drones for the U.S. Army's short-range reconnaissance program. As a blue UAS-approved platform, this program highlights both the rigor of qualification process and the mission-critical role of our technology. We began shipments in the June quarter. generating initial revenue and strengthening visibility into fiscal 2026. We believe our competitive edge lies in our deep camera expertise. Military and other high-performance drone requirements include advanced camera tuning, sensor fusion, and complex software integration, capabilities we have refined over many years. Equally important, being North America-based and fully compliant with NDAA and TAA regulations, further positions us as a trusted supplier to OEMs and defense contractors engaged in U.S. government programs. Red Cat's Teal Drones exemplifies our secure edge compute solutions, drive long-term growth opportunities in the drone market. Beyond defense, our partnership with Aurora highlights our ability to deliver high-performance edge AI solutions for commercial drone applications. By combining our compute module with Teledyne FLIR's thermal camera and Prism AI software, we enable more intelligent, real-time decision-making for applications like autonomous flight, surveillance, and industrial inspection. Early market feedback has been very positive. and we expect revenue contribution from these solutions to begin fiscal 2026. Looking ahead, we see broader industry trends, including government investment and rising demand for U.S.-based suppliers, creating a strong runway for both defense and commercial growth. Moving to our next win, we recently signed a multi-year agreement with a major U.S. mobile carrier to provide devices and services as they modernize over 50,000 backup power systems at wireless cell sites nationwide. This win is a strong validation of our edge infrastructure strategy, enabling resilient network uptime, improved lifecycle management, and real-time operational visibility across thousands of distributed locations. So far, we've booked nearly all the initial units and have begun shipping in the June quarter. With additional orders expected as the rollout continues, we believe this is a long-term opportunity with this customer and expect additional volume beyond this initial deployment, reflecting the depth of our relationship and the strategic nature of the program. In addition to the sizable hardware deployment, this design win also incorporates our perception platform, enabling remote monitoring and ongoing management of connected assets, As these devices are brought online, we expect they will contribute our growing base of high-margin annual recurring revenue. This win also opens the door to broader collaboration with the carrier over time, including additional software-enabled services and potential expansion across their larger network footprint. These types of wins highlight our transition from a traditional hardware supplier through a strategic platform partner, helping customers accelerate intelligence at the edge. This evolution positions us to capture a larger share of customer wallet, deepen long-term relationships, and embed our solution more directly in their critical operations. By moving up the value chain, we are not only expanding revenue opportunities, but also creating stickier, high-margin business over time. Turning to our growth outlook. As we turn the corner into a new fiscal year, we are seeing growing momentum fueled by recent design wins that are expanding our customer base and enhancing the predictability of our business. This diversification marks an important step forward as we move past the impact of risk apiece and underscores the underlying strength of our core platform. Q1 is off to a strong start. With healthy engagement from both new and existing customers across multiple verticals, our core business has stabilized and is now positioned to deliver growth over the longer term. At the same time, we are beginning to see encouraging traction in our Edge AI strategy. Looking ahead, our visibility in fiscal 2026 has improved, supported by momentum across the two strategic pillars of our platform. Edge IoT, spanning compute and connectivity, and network infrastructure encompassing out-of-band management and networking solution. The momentum is driven by recent design wins in edge IoT and out-of-band, continued investment in product innovation, and expanding relationships across our distribution and technology partner ecosystems. Together, these initiatives reinforce our ability to scale profitably and capture long-term opportunities at the intelligent edge. With that, I turn the call over to Brent to provide more detail on our financial performance. Brent?

Brent Stringham | Chief Financial Officer:

Thanks, Salil. Building on that strategic context, I'll now walk through our fourth quarter and fiscal 2025 financial results, highlight the key drivers behind our performance, and provide our outlook for the first quarter of fiscal 2026. Looking back on fiscal 2025, we delivered revenue of $123 million, reflecting the transition from a record fiscal 2024 to a more normalized revenue base. As we've noted before, fiscal 2024 included a significant contribution from grid expertise, which accounted for roughly 25% of revenue that year. In fiscal 2025, we recognized just over 11 million from Grits4Tease in the first half, with minimal revenue contribution in the second half of the year as the customer continued to work through its prior deployments. Excluding this customer, our core revenue base stabilized in the second half of the year, and the operational discipline we've driven over the last 12 months positions us for more sustainable and diversified growth in fiscal 2026. In the fourth quarter of fiscal 2025, we delivered revenue of $28.8 million, a sequential increase from $28.5 million in the prior quarter, and approximately 4% higher than fiscal Q4 2024 when excluding the impact of grid expertise. This growth, driven by continued momentum in our edge IoT products, underscores the strength of our core platform and the benefits of a more diversified revenue base. Turning to margins. In the fourth quarter, GAAP gross margin was 40% compared to 43.5% in the prior quarter and 38.1% in the year-ago period. On a non-GAAP basis, gross margin was 40.6% versus 44.1% last quarter and 38.8% in the year-ago quarter. The sequential decline primarily reflects inventory charges for aged inventory and higher duties and tariffs incurred in the quarter. Despite these temporary impacts, margins remain above the year-ago period, reflecting benefits from our ongoing cost and supply chain initiatives, as well as a favorable product mix. As we continue to carefully manage our inventories and the impact of tariffs, we expect gross margins to recover to the levels we achieved in the first half of fiscal 2025. We've made strong progress on our 90-day plan to further improve our cost structure and supply chain efficiency. As of today, the vast majority of US-bound products are now manufactured outside of China, reducing costs and minimizing potential tariff exposure going forward. Turning to expenses and profitability, GAAP operating expenses in the fourth quarter of fiscal 2025 were $14.7 million, down from $16 million in the prior quarter and $18.2 million in the year-ago period. Gap net loss for the fourth quarter of fiscal 2025 was $2.6 million or $0.07 per share compared to gap net income of $400,000 or $0.01 per share in the year-ago quarter. Gap results for both the fiscal fourth quarter and full year include restructuring charges of $900,000 and $3.5 million, respectively, related to the cost reduction initiatives we executed during the year. On a non gap basis, we reported net income of just under 400,000 or one cent per share compared to non gap net income of 1.1 million or three cents per share in the prior quarter. Cost reductions that we have discussed in recent quarters continue to benefit our P&L with non gap operating expenses down by just under 200,000 from the prior quarter, and approximately 1.9 million compared to the year ago quarter. Importantly, The proactive steps we took have reduced just over $4 million of costs relative to fiscal 2024, and the implemented efficiency measures have created a leaner operating structure and meaningful leverage in our model. We streamlined our operations, optimized our supply chain, and reduced operating expenses while continuing to invest in strategic growth initiatives. These actions allowed us to maintain profitability on a non-GAAP basis despite the year-over-year revenue decline. Turning to the balance sheet, net inventories decreased to $26.4 million as of June 30, 2025, compared to $28.2 million in the prior quarter and $27.7 million at the end of fiscal 2024. We ended the June quarter with cash and cash equivalents of $20.1 million up from the prior quarter. For the quarter, we generated positive operating cash flow bringing our full year fiscal 2025 operating cash flow to $7.3 million. During the year, we paid down approximately $4.5 million of term debt, or 28% of our outstanding balance. As of June 30, 2025, our remaining debt was approximately $11.8 million, resulting in a net cash position of $8.3 million, providing us with a stronger balance sheet entering fiscal 2026. We also recently refinanced this term debt into an asset-backed line of credit with the same lending partner. This refinancing reduces interest expense, provides greater flexibility on principal repayments, and extends the maturity to August 2028. Together with our debt reduction efforts, these actions strengthen liquidity and improve the efficiency of our capital structure. Now turning to our outlook for the first quarter of fiscal 2026, which ends September 30, 2025. We expect revenue to be in the range of $28.5 million to $30.5 million. Non-GAAP EPS is expected to be in the range of $0.02 to $0.04 per share. With that, I'll turn the call back to Solil for closing remarks.

Salil Asare:

Thanks, Brent. To close, fiscal 2025 was a year of transformation for Landtronics. one in which we built a strong foundation for profitable growth and positioned the company to capitalize on high-value opportunities and edge AI and infrastructure modernization. We reshaped our global operations, established four centers of excellence, streamlined our cost structure, and strengthened our balance sheet. We successfully integrated the Netcom IoT acquisition and deepened our strategic partnership with Qualcomm. expanding our capabilities in edge IoT and AI-driven innovation. On top of this, we proactively mitigated tariff exposure and realigned our supply chain, actions that reduce risk and support improved gross margin performance going forward. Collectively, these initiatives have focused our resources on the highest impact opportunities, embedded meaningful operating leverage into our model, and strategically reposition Nantronics to scale with sustained profitability as we enter fiscal 2026. With that, we now open the call for your questions.

Operator | Conference Operator:

Thank you. We will now begin the question and answer session. To ask a question, you may press star, then 1 on your touchtone phone. 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 your question, please press star, then two. And your first question today will come from Jason Schmidt with Lake Street. Please go ahead.

Jason Schmidt | Analyst, Lake Street:

Hey, guys, thanks for taking my questions. I just want to start with the drone opportunity. Obviously, a massive market, and you guys are seeing some really nice traction here out at the gate. How should we think about the potential for you guys here in the near term, both with REDCAD and what you potentially have in the pipeline?

Salil Asare:

Jason, Salil, thank you for that question. We are extremely excited about the drone market and the drone opportunity. Just to give you a frame of reference, we announced REDCAT about a week ago, but as of this quarter, we have over 10 different drone makers that we're working on, mainly military or industrial applications. We see this market growing really nicely into fiscal 26, representing a meaningful portion of our business longer term. And again, it's fueled by programs like the SRR with REDCAT, And as more funding comes, we are well-suited there. And I think the key is our competitive edge is our expertise in cameras. We've been working around cameras for a long time, and that's really what a drone requires. The camera tuning, the fusion, the software integration, and then us being North American-based, NDA and TA certified really allows us to win these contracts. So we have... Shift, as I said, last quarter, I mean, in the June quarter, we have visibility into fiscal 26 with a few of the 10 drone makers. And as we get into early 26 calendar, we'll be seeing more of these companies going into production. So we are feeling really good as I sit here today.

Jason Schmidt | Analyst, Lake Street:

Okay, that's really helpful. And then just as a follow-up, if you could comment on sort of what you're seeing from a bookings or order perspective so far here in September. If I look back at the past few years, usually September is sequentially down, but obviously the midpoint of your guidance for September here is for growth sequentially. Just curious if you could provide some additional color around the dynamics driving that growth.

Salil Asare:

Yeah, Jason, another great question. You're right. In the past, maybe last year or the year before, we were down sequentially. We are seeing momentum in our business. We are seeing new customers that we've acquired, and the momentum is really broad-based throughout our core business, including our edge IoT, which some of it is new, and then even our networking business. And out-of-band also is growing nicely into this quarter. So, builds a lot of confidence as you think about fiscal 26.

Christian Schwab | Analyst, Craig-Hallam Capital Group:

Perfect. Thanks a lot, guys. Thank you, Jason.

Operator | Conference Operator:

And your next question today will come from Ryan Koontz with Needham & Company. Please go ahead.

Ryan Koontz | Analyst, Needham & Company:

Great. Thanks. You had some brilliant comments there on gross margin. I just want to make sure I'm not losing the forest through the trees here, so to speak. Can you maybe unpack that, Salil, in terms of how you think about gross margins evolving over the next 12 months?

Salil Asare:

Yeah, Ryan, great question. I think – not I think. I know in the June quarter we had some one-off gross margin-related items like tariffs and some inventory. But moving forward, it's going to be closer to 44%, 45%. for the fiscal year, but I'll pass the mic to Brent to add a little bit more color to that.

Brent Stringham | Chief Financial Officer:

Yeah, I think, Ryan, as we talked about in the prepared remarks, we're seeing gross margins for the upcoming quarters here in fiscal 26 returning to what we saw a year ago in the, you know, Celio mentioned 44%. We're trending in that direction going forward. Great. Super. Thanks for that clarification.

Ryan Koontz | Analyst, Needham & Company:

And maybe, you know, all these opportunities in the drone market around defense and unmanned vehicles, can you talk a little bit about, you know, is that a new channel for you? Are you working direct? Are you working through integrators? I mean, maybe walk through some of the commercial side of these drone opportunities. Are they very similar to your business of the past or is it somewhat new market motion? Thanks.

Salil Asare:

Yeah, Ryan, another great question. And you and I have spoken before. We kind of started on this journey of unmanned UAS or drones, you know, in calendar 24. And into that, we've kind of worked with Teledyne FLIR, which was a very important announcement that we did. They are the leader in thermal imaging cameras, which this market is all about. they gave us, hey, we are a great partner for them. So that helped us, and we worked with them on major designs. And then just having this camera expertise, working with some of the integrators that are out there, and we've increased our understanding of the market, what we can do for the market, and that's how we've really gotten to winning somebody like Red Cat on one of their big programs. And this one, we pretty much got done in eight months from beginning to end. So it was really all systems go, all hands on deck to get them ready. So we are very proud of what we've done there.

Ryan Koontz | Analyst, Needham & Company:

That's great. So Teledyne sounds like somebody there, they're pulling you into some, some of these deals in a kind of a partner ecosystem.

Salil Asare:

Yeah. But Teledyne first pulling us into quite a few and, you know, they're a big company with a lot of access. So it's been very helpful. Yeah.

Ryan Koontz | Analyst, Needham & Company:

That's great. Maybe one last one, if I can squeeze it in. You talk about this backup generator for sell site opportunities. Great to finally get that deal closed. Any more you can tell us about that? And are there other opportunities similar to that in the pipeline that you can address? Thank you.

Salil Asare:

Yeah, thanks, Ryan. Another great question, right? We announced a big tier one mobile win with about 50,000, you know, of our customers. gateways, our FOX gateways in that. And we anticipate longer term, this should be at least three times what it is as we progress over the next couple of years. So the good news is we've booked most of the order. We started to ship in the June quarter, which we did, and we'll continue to ship throughout this fiscal year. I do want to make one point of clarification, Ryan, which is I think very important. Not only are we selling a hardware, but we are also incorporating our perception platform, enabling remote monitoring and device management. And as these devices come online, we are starting to get our first real ARR or annual recurring revenue. So that's another great thing. That's going to start – it's not starting at a big number, but as more and more devices come online, it's going to do that. So it shows the investments that we were making in the last 18 months in these areas where giving a platform, giving a solution has enabled us to be successful. So I'm optimistic just with this vendor, it could get bigger, and there are more that we're working on. Great. That's all I've got.

Ryan Koontz | Analyst, Needham & Company:

Thanks so much, Salil. Thank you, Ryan.

Operator | Conference Operator:

And your next question today will come from Christian Schwab with Craig Hallam Capital Group.

Christian Schwab | Analyst, Craig-Hallam Capital Group:

Please go ahead. Great. Thanks for taking my question. Just as it relates to the drone opportunity, can you give us an idea of what your average dollar content, you know, would be per device, you know, not specifically the REDCAT itself, but, you know, the entire – you know, 10 customers you're dealing with just kind of to give us either an idea of what your dollar content is, please?

Salil Asare:

Yeah, great. Great question, Christian. It's approximately around $500. So it's pretty very good from an ASP perspective. So as, you know, the volumes get into the, you know, many thousands or tens of thousands, this is meaningful revenue for the company as you think about moving forward.

Christian Schwab | Analyst, Craig-Hallam Capital Group:

Right. And then your prepared comments, you know, you talked about a meaningful revenue opportunity. You know, I assume some customers, of course, have different, you know, volumes that they would be planning on shipping over a multi-year timeframe. When you think of that market, could you give us a broad range of revenue? You know, is this a, you know, a $5 million business in two years? Is this a... $20 million business that, you know, some guideposts for us to be thinking about?

Salil Asare:

Yeah, great question again, Krishan. I would say the opportunity per customer, and again, some are going to be bigger, some are going to be smaller. The customer size could be four to five million annualized, each customer. Again, as I said, the ones that we're working with today, if they're a bit smaller ones, they could be smaller, but Again, they're going to come online, and as they win, they're socket. So could this be a 10% to 15% of Lantronics revenue in fiscal 27? There's a probability it could get there. But we're working through all that and working through all the customers. But the opportunity size on some of the early ones are, you know, $3 million to $5 million each.

Christian Schwab | Analyst, Craig-Hallam Capital Group:

Great. No other questions. Thank you, guys. Good quarter.

Salil Asare:

Thank you.

Operator | Conference Operator:

Your next question today will come from Scott Sorrell with Roth Capital. Please go ahead.

Scott Sorrell | Analyst, Roth Capital:

Hey, good afternoon. Thanks for taking my questions. Looks like I'll back clean up. Maybe just a quick clarification, Brent, on the inventory write-down. I'm wondering if you could quantify that. I'm not sure if I missed that. And then, you know, a couple of the segments there, I just want to clarify, you know, what are you seeing in terms of out-of-band management in terms of in the June quarter and as we're going into the back half of the calendar year here? And I just want to clarify in terms of the September guidance that there's no grids for keys in those numbers. And then I had a couple follow-ups.

Brent Stringham | Chief Financial Officer:

Yeah, thanks, Scott. On the inventory, you know, one way to maybe look at it is based on the margins that we disclosed here in the quarter, you know, we said that tariffs were a part of that. Tariffs probably made up about 100 basis points of the decline in margin quarter over quarter. with a large part of the difference being some of the inventory charges that we took in the quarter. Can you repeat the second part of your question?

Scott Sorrell | Analyst, Roth Capital:

Out-of-band management contribution in the quarter, what kind of growth were you seeing in June? What are you guys seeing in terms of the bulk in the build of business as we're looking into the second half?

Brent Stringham | Chief Financial Officer:

Yeah, out-of-band, quarter-of-a-quarter. Obviously, we don't break out the details at that level, but out-of-band was quarter-of-a-quarter from our third quarter, and we're seeing pretty solid momentum in that business with some of the resources and other things we have going on in that product line. And then you had asked about what was the third part of your question?

Scott Sorrell | Analyst, Roth Capital:

Yeah, just in terms of the guidance, yeah.

Brent Stringham | Chief Financial Officer:

Yeah, we don't currently have any grid expertise estimates in our guidance.

Salil Asare:

Scott, just to put it right, you've had no grid expertise since January 1st of this year, right? So we've taken it out. So as I said, the core business is growing nicely.

Scott Sorrell | Analyst, Roth Capital:

Great. No, just wanted to clarify. Now, Salil, the drone opportunity really starting to perk up for you. It seems like there's an incredible backlog of opportunities. Is there a number that you're comfortable with in fiscal 26? You talked about fiscal 27 maybe being 10% to 15% of revenues. What do you think that looks like in fiscal 26? And when does it start to become meaningful in terms of contribution on a quarterly basis in fiscal 26?

Salil Asare:

You know, we don't specifically call out the details, but it's definitely going to be meaningful in this year, and it's in the millions of dollars for the fiscal year, right? It's not tens of millions this year, but it's in the millions of dollars. And as I said, these guys are just starting to launch, and our ASP is pretty good at around 400. It's 500 approximately, give or take. So we're feeling good about that. Does that kind of give you a goalpost for this year?

Scott Sorrell | Analyst, Roth Capital:

Absolutely does, just trying to calibrate, you know, where we are in the ramp. And maybe, Salil, to follow up on that front, I want to make sure I understand in terms of your software content versus what FLIR brings to the equation. And then as you look at the characteristics of why you're being adopted in drones, being at low power, right, I think you're leveraging off of Qualcomm processors as well as your computer vision and AI capabilities. There are other markets related to security, surveillance, et cetera, that fit into that as well. I'm wondering if there are, I'll call them tethered opportunities as opposed to drones and UAV that are starting to perk up in your backlog or opportunity pipeline.

Salil Asare:

Yeah, so a bunch of questions there, right? So FLIR is a partner, but it's not for everyone. I want to be clear about that, right? FLIR is with some of the customers we're working with. The recent announced win we did does not use FLIR, so we had to provide FLIR. some camera tuning, some of the software that we had, and they also had some software. So it was kind of a combination of both teams. Remember, we did some services work for them, so it was kind of getting together on this. So FLIR is great. It's doing well for us, but we also are doing independent programs, Scott, on that. The other area that this is going to go into is robotics, as you think about it, right? Because robotics means cameras. Those are very – on the early days, I think you see opportunities percolating – Probably, you know, calendar Q1, calendar Q2 that we're looking at. But right now, we're laser focused on the drone area. As you know, the U.S. government is making a big push. The Secretary of Defense Hex had talked about two drones per platoon, the smaller ones. And you hit the key point. We have worked with our customer to make sure that they have enough range. And there's a whole – and you and I can talk offline of what the range means and how that needs to be. So – Right now, it's all hands on deck to get these guys, multiple guys over the hump.

Scott Sorrell | Analyst, Roth Capital:

Gotcha. And lastly, if I could, I'll just slip it in on the carrier opportunity. There's a nice recurring revenue component that goes along with it. I'm not sure if you quantify that. I'd love to get your thoughts. And then just in terms of RFP pipeline, it sounds like you think that could be three exercise of where it is today. I'm just kind of wondering if you're actually, those opportunities are currently percolating or you know, with a formal RFP or if you guys are just, you know, continuing to knock on other doors.

Salil Asare:

Thanks. So two questions. We do call out software and services, so the ARR will be a part of that. But we also have service portion of that, so it's going to be shown in that line as you think about the future. As for the carrier one, there is one RFP that we are bidding on, and we believe we've got a good high probability of getting that. But this carrier company has now sent us to the Generacs and these other guys who make these backup power generators, and they've kind of told us we are the approved vendor for that. So that also is in motion as you think about it. So, therefore, we believe in the next, you know, few years, next couple of years, this should be a larger portion. As I said, could be as high as three times of what we announced already.

Scott Sorrell | Analyst, Roth Capital:

Perfect.

Operator | Conference Operator:

Thanks so much.

Salil Asare:

Thank you, Scott.

Operator | Conference Operator:

This will conclude our question and answer session. I would like to turn the conference back over to Salil Asare for any closing remarks.

Salil Asare:

I want to thank everyone for you joining us. I know it's Labor Day coming up, so please enjoy the weekend. And Lantronics will be at the Gateway Conference next week in San Francisco. Please, hopefully, you can join us there. Thank you so much.

Operator | Conference Operator:

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.