NASDAQ:LTRX Q2 2026 Earnings Call Transcript

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Operator | Conference Facilitator:

Good day and welcome to the Landtronics, Inc. 2026 Second Quarter 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, please press star then 1 on a touch-tone phone. To withdraw your question, please press star, then two. Please note this event is being recorded. I would now like to turn the conference over to Brent Stringham, Chief Financial Officer. Please go ahead.

Brent Stringham | Chief Financial Officer:

Brent Stringham Good afternoon, and thank you for joining our fiscal second quarter earnings call. Joining me today is our President and Chief Executive Officer, Salil Alseray. 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, we may make forward-looking statements which involve risks and uncertainties that could cause our results to differ materially from current expectations. We encourage you to review the cautionary statements and risk factors contained in today's earnings release, which was furnished to the SEC and is available on our website, and other SEC filings such as our 10-K and 10-Qs. Lantronics undertakes no obligation to revise or update publicly any forward-looking statements to reflect future events or circumstances. Additionally, during the call, we 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 Alseray | President and Chief Executive Officer:

Thanks, Brent, and thank you, everyone, for joining today's call. We continued our momentum into the second quarter through discipline execution, delivering revenue of $29.8 million and non-GAAP EPS of $0.04, both well within our guidance range. As expected, we experienced double-digit growth year over year when excluding our MER Smart Grid customer grid expertise. Profitability remained strong, driven by continued year-over-year gross margin expansion and the operating leverage created by last year's cost optimization initiatives. Overall, Q2 was another step forward in aligning financial execution with our long-term Edge AI strategy. More importantly, we are now seeing that strategy translates into tangible customer adoption across multiple end markets as several customer engagements are moving from development and pilots into broader deployment. As we discuss our end markets, it's worth noting that the government shutdown last quarter created a short-term slowdown in purchasing activity from certain federal agency customers. Despite this disruption, our teams executed well and delivered solid results. Diving into the markets we operate in, beginning with drones and unmanned systems, calendar 2026 is widely expected to mark the start of an unmanned aerial systems super cycle, reflecting accelerating adoption of autonomous platforms across defense and commercial applications. This view is increasingly supported by the broader defense funding environment. The signed fiscal 2026 US defense budget already includes over 13 billion in enacted funding allocated across unmanned systems, autonomy, ISR, and counter UAS programs, including reconnaissance drone initiatives across the full range of mission profiles. While portions of this funding has yet to be released, the scale and breadth of these allocations suggest meaningful capacity to support more advanced unmanned platforms as programs move from development into execution. Looking ahead, we believe unmanned

autonomous and AI-enabled platforms are well positioned to capture a growing share of future defense modernization spending. We are also seeing a broader shift in how the Department of War engages with domestic drone supply chain with a more commercial and partnership-oriented mindset focused on accelerating readiness and scaling production across trusted suppliers. Against this backdrop, our evolution within unmanned systems positions Lantronic squarely in the value creation layer of the ecosystem. Since entering this market, we've moved up the stack from initially providing general purpose compute modules to delivering intelligent imaging platforms, and now to enabling integrated system level workflows that combine sensing, processing, and secure connectivity. In many deployments, Our AI Edge compute modules serve as the brains of the drone, enabling autonomous operation and real-time decision-making independent of a network connection. As a result, Lantronics operates at the intersection of payload, compute, and connectivity, three of the highest value and least easily substituted layers in modern unmanned systems. where we believe value creation and customer relationships compound over time. We currently focus on group one and two short-range reconnaissance drones, which aligns well with where a significant portion of current unmanned funding is directed. These programs typically represent multi-year engagement with strong lifetime value, supporting applications ranging from surveillance to advanced payloads. Today, we are working with over 15 OEMs, and these customers are increasingly looking to deepen their engagement with us. In response to customer demand, we introduced our drone reference kit at CES last month. designed to accelerate time to market for defense and commercial UAV developers. This platform reinforces our strategic shift from a component supplier to a platform partner by reducing integration complexity and development risk in regulated environments. REDCAT with their teal drones continues to expand their work with us beyond hardware. into software and next-generation platform development. As their production needs increase, we are expanding our support accordingly, including higher volume builds for the TEAL platform and follow-on commitments that reinforce REDCap's confidence in our capabilities. We are also partnering in their next-generation drone platform, strengthening our position as a long-term partner. Additionally, we were selected by FlightWave, a Red Cat company, to incorporate our OpenCUE system and module into their new drone, another example of the deepening trust in our technology across the ecosystem. Importantly, these engagements are not limited to design or early development. We have demonstrated the operational capability to support high volume production today, and we believe we are well positioned to scale alongside our customers as the United States and allied governments accelerate deployment of unmanned system. In December, our Edge AI solution was selected by Trillium Engineering to power Gimbal imaging systems deployed across ISR, infrastructure inspection, and Wi-Fi operations, validating the performance, security, and reliability of our Edge AI architecture for mission-critical deployments. We also recently secured our first design win with flock safety in the drone as first responder or DFR category, extending our Edge AI capabilities into public safety applications. While early, this win represents growing interest beyond defense in real time, AI enables situational awareness at the edge. Lastly, we expanded our engagement into AI-enabled threat detection through a new collaboration with SafePro Group. Together, we are helping building an integrated edge intelligence ecosystem by combining SafePro's object threat detection models with our compute modules to enable real time on device detection of landmines and other ground hazards without the reliance on cloud connectivity. By allowing drones and autonomous platforms to identify threats that endanger soldiers, vehicles, and civilians on the ground, This collaboration meaningfully strengthens our role at the center of a growing network of defense and autonomous systems standardizing on AI compute technology. We are seeing clear and accelerating momentum in our drone business to the first half of fiscal 2026. Drone revenues grew meaningfully from Q1 to Q2. driven by deeper customer engagement and the early benefits of our platform-led approach, positioning us to realize operating leverage as programs scale over time. As customer programs expand and move further into execution, we are seeing continued growth through the remainder of the fiscal year and into fiscal 2027. Reflecting the strength and the pace of our momentum since entering the drone market approximately a year ago, we are raising our expectation to a range of $8 million to $12 million in drone revenue this fiscal year. An increase from the previous range of $5 million to $10 million with drones becoming an increasingly meaningful contributor as programs scale. Now, turning to critical infrastructure monitoring, an important long-term pillar of our industrial IRB strategy, where our intelligent hardware, secure connectivity, and perception software come together to deliver end-to-end solutions. Moving to our tier one US mobile network operator, the rollout continues to progress as expected. We recognize

revenue over the last two quarters, and this deployment remains an important foundation of our recurring revenue strategy. Looking ahead, our focus is on expanding beyond monitoring generators into additional high-value applications within the tower, including backup power banks and rectifiers. Each cell tower includes these systems, and the opportunity is compatible in size to the generated deployment we support today. This program represents a step forward in building recurring revenue and scaling into a repeatable multi-year deployment model. Over the last 12 months, software and services accounted for approximately 6% of total revenue, which we view as the early innings. As we replicate this model across additional sites and applications, we see a clear and achievable path to more than doubling that mix over the term by layering software, analytics, and AI pipeline orchestration into hardware deployments already in the field. At CES, we debuted SmartEdge AI and SmartSwitch AI, our new Edge AI gateway and AI-powered fiber switch. Together these solutions create a unified platform for real-time video analytics, intelligent connectivity, and multi-camera orchestration across enterprise and industrial environments. A key advantage of this platform is its ability to upgrade existing infrastructure. There are millions of deployed non-intelligent cameras and devices already in the field. and our solutions enable customers to bring AI capabilities to these environments without requiring hardware replacement. This significantly expands our addressable market and supports scalable, brownfield upgrade opportunities across surveillance, smart buildings, and critical infrastructure. In summary, I'm encouraged by our performance through the first half of fiscal 2026. We're executing with discipline as we scale high-growth verticals, expand software-enabled recurring revenue, and deliver continued operating leverage from a leaner cost structure. What's most compelling is that our diversified growth vectors, unmanned systems, critical infrastructure monitoring, and enterprise connectivity are increasingly converging around a common edge AI platform. This convergence enables efficient scaling, deeper customer relationships, and positions Lantronics to capture long-term secular trailwinds across aerospace, defense, and intelligent infrastructure. With that, I'll turn the call back to Brent to cover the financial results.

Brent Stringham | Chief Financial Officer:

Brent. Thank you, Sunil. Let me begin by going through the financial results for our fiscal second quarter, including some of the key drivers behind our performance. I'll then provide our outlook for the third quarter ending March 31, 2026. As Salil noted, in the current quarter, we delivered revenue of $29.8 million. Excluding GridSpertice, we experienced year-over-year growth driven by strength in embedded compute, including our A&D and drone programs, along with solid contributions from our network infrastructure switch products. We also delivered higher SAS-based ARR, supported by the ongoing ramp of our critical infrastructure monitoring deployment with the Tier 1 MNO we've discussed. Turning to gross margins, in the second quarter, GAAP gross margin was 43.6% compared to over a three-year high of 44.8% last quarter and was up from 42.6% a year ago. On a non-GAAP basis, gross margin was 44% compared to 45.3% last quarter and 43.2% in the prior year quarter. As we mentioned previously, the prior quarter's margin partially benefited from certain inventory recoveries and royalty benefits that came in slightly above plan. Overall, our continued underlying margin performance is supported by a higher mix of premium products and the disciplined cost management that we've been speaking to. Turning to expenses and profitability, GAAP operating expenses in the second quarter of fiscal 2026 were 14 million, down just under 6% from the prior quarter, and also down approximately 9% from 15.4 million in the year-ago period. as our P&L continues to benefit from the actions we took last year. Gap net loss for the second quarter of fiscal 2026 improved to $1.3 million or $0.03 per share compared to gap net loss of $2.4 million or $0.06 per share in the year-ago quarter. On a non-gap basis, net income improved to $1.6 million or $0.04 per share compared to non-gap net income of $1.5 million or $0.04 per share in the prior quarter. Turning to the balance sheet, net inventories were $27.1 million as of December 31, 2025 compared to $26.8 million in the prior quarter and $29.1 million in the year-ago quarter. We ended the quarter with cash and cash equivalents of $23 million, an increase of approximately $800,000 from the prior quarter. During the second quarter, we also generated positive operating cash flow of nearly $2.2 million. During the quarter, we paid down about another $1 million of our outstanding debt, leaving a remaining balance of approximately $9.7 million as of December 31, 2025, which

compares to $14.7 million a year ago. Our corresponding net cash position currently is approximately $13.3 million. Now moving to our outlook for the third quarter of fiscal 2026, which ends March 31, 2026. We expect revenue to be in the range of 28.5 million to 32.5 million. Non-GAAP EPS is expected to be in the range of three to six cents per share. I'll now turn the call back to Saleel for closing remarks.

Salil Alseray | President and Chief Executive Officer:

Thanks, Brent. As we move to the second half of fiscal 2026, I'm energized by the momentum across our business and the clarity we have around our path forward. Our edge AI strategy is driving real adoption across our growth vectors, and we're increasingly operating from a position of strength. There are three key takeaways I want to leave you with today. First, drones are scaling faster than we initially expected. We are seeing strong execution, expanding customer engagement, and clear momentum as programs move into broader deployment. Reflecting this progress, we increased our fiscal 2026 drone revenue outlook to $8 to $12 million, a meaningful step up from our prior expectations. Second, we see drones becoming a material contributor to our business as we look ahead. Based on the trajectory of current programs and customer demand, we expect drone revenue to represent approximately 15 to 20% of the total revenue in fiscal 2027, reinforcing our confidence in the durability and scale of this opportunity. Third, our platform-led approach is creating leverage. We are combining edge AI, embedded compute, and connectivity across drones, critical infrastructure, and enterprise markets, while maintaining a disciplined cost structure and expanding recurring revenue. This positions us to scale efficiently as demand accelerates. We are disciplined, well positioned, and entering our next phase of growth with momentum. We believe Lantronics is building a differentiated edge AI platform with expanding end markets, increasing mix of higher value revenue, and a clear runway ahead. With that, we'll now open the call for questions. Operator?

Operator | Conference Facilitator:

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 2. At this time, you will pause momentarily to assemble our roster. The first question today comes from Scott Searly with Roth Capital. Please go ahead.

Scott Searly | Analyst, Roth Capital:

Hey, good afternoon. Thanks for taking my questions. Nice to see the drone momentum starting to accelerate a little earlier than expected. Maybe quick to kick off, Salil, To calibrate on IoT systems and solutions, I think it was down sequentially. Can you just provide some commentary in terms of what happened on that front and kind of how we expect things to transition over the next couple of quarters going forward? And then on drones, I wonder if you could give us an idea about what the December quarter looked like in terms of contribution. And I want to clarify your comments in terms of Fiscal 27, raising the guidance for fiscal 26, but in 27, I thought you said 15 to 20% of the mix, which gets drones over 20 million in absolute dollars in fiscal 27. Want to make sure that that's in the ballpark. And then a lot of developments going on within the marketplace, and specifically in the last day or so, I think there was commentary around the drone dominance program starting to kick into gear with awards starting in March. I'm wondering if you could provide some commentary about your participation in that. I think there are 25 entities involved and it sounds like you're working with 15 plus and just kind of give us an idea of how well you are positioned there and how defensible the opportunity is for you. Thanks.

Salil Alseray | President and Chief Executive Officer:

Scott, thanks for the question. Let me start with the drone section first because you've got a few things that let me unpack all of that for you. So let's do revenue. On the revenue side, as I said, our prior expectation was about $5 million to $10 million for fiscal 26, which ends in June. We have now moved it up to $8 million to $12 million in fiscal 26. So it's a meaningful increase. We're seeing a lot of momentum in the business, so we feel good where we are at. Without getting into the details, Q1 to Q2, we saw a big bump up. So we are very happy. And that's why we believe we'll continue to increase every quarter into Q3 and Q4 as I look forward. For fiscal 27, you've done the math right. It should be 15% to 20%. So it could be anywhere from $20 million to $30 million range, give or take. So that's how big part of our company's revenue it will become. The other question you had is about the differentiation and how we are winning. Let me spend some time on that. It's really a very important point, and let's spend a few minutes on it. So first, our differentiation starts where we operate in the drone stack. We are at the intersection of payload integration with our edge compute and secure connectivity. So it all goes hand in hand. Second is our long-term relationship with Qualcomm, which is a real advantage because we are able to meet the requirements, which is known as SWAP, size, weight, power, compared to what's in the market right now. So we are winning using that solution, making a system on module. At CES, as you know, we announced a drone platform in anticipation of the drone dominance program, and I'll come back to that in a minute. So we announced that, we started providing a full solution and a kit. So we're providing a system solution as opposed to just a module. And I've said this in the past, we win because embedding cameras into systems is in our DNA. We've done that for a long time, and this is probably one of the more complex ones where they have six to eight cameras on each drone. We know how to integrate that into a solution that the customer can use and go to market. The other thing is the market is up and coming and new, and us making it easier for our customers to get to market fast is really a big differentiator now as we are able to go out and work with a lot of customers. And over time, I believe, this creates a lot of stickiness, all the things that I talked about, and the margins are going to improve. Out of the 25 folks who won, the vendors who won the drone dominance, this is the first one, by the way. It's going to be a multi... Quarter program and then it's going to be a total of I believe 300,000 drones over the lifetime over the next 18 months So they only did 30k in the program, which is a start We are working with a sizable amount of them either directly or through some of our partners where we are in the gimbal so The list was very exciting to see the list. I happen to know a lot of the folks on the list. I So I hope I covered all the drones questions. I'm going to have Brent take the IoT systems a little bit into detail, but just want to remind everybody we did have a bit of a shutdown last quarter where some of our IoT system products get sold. With that, Brent, go ahead.

Brent Stringham | Chief Financial Officer:

Yeah, Scott, to build on that real quick on some of our IoT box products, the quarter ending September or so, our prior quarter, is traditionally a heavier quarter with some of the Fed customers in the Fed buying season in that summer quarter ending in September. Some of that was expected in terms of a sequential decline. We also saw a pretty meaningful ramp in our Tier 1 M&O customer from the prior two quarters as we shipped and deployed a A big number of those losses to them. And so here in the December quarter, we were still shipping, but the program is nearing its end point on the rollout. So I think those two things are kind of contributing to that category being down quarter over quarter. Great. Thanks so much.

Scott Searly | Analyst, Roth Capital:

Very exciting news about the drones. I'll get back in the queue. Thank you. Thank you, Scott.

Operator | Conference Facilitator:

The next question comes from Christian Schwab with Craig Hallam. Please go ahead.

Christian Schwab | Analyst, Craig Hallam Capital Group:

Yeah. Congrats on the acceleration of the drone business. Can you explain or give us a little bit of color on what the ASE uptake would be moving from just providing modules to an entire system?

Salil Alseray | President and Chief Executive Officer:

Yeah. Thank you for that question, Christian. So as you stated pretty clearly, our ASP is in the 400 to 500 range today. And this is mainly in the class group two drones that we are in. As we go to a full turnkey kind of solution, it will move up quite nicely as we do more integration in the hundreds of dollars more. And if we go And our plan is then also to go after the FPV drones, which will have a bit of a lower ASP. So it's going beyond one kind of price point where we're now having a portfolio that we're going after. So it's going to vary, but it's a healthy ASP that we are seeing and good margins in the business.

Christian Schwab | Analyst, Craig Hallam Capital Group:

Great. And then as we look, you know, we kind of, in essence, gave guidance for what we think the drone business is can be in fiscal year 27. What type of growth rate do you think we should assume for the core business or the non-drone business in 27? And what would be the potential puts and takes to that?

Salil Alseray | President and Chief Executive Officer:

You know, Christian, we do quarterly guidance, as we've said in the past. We see, let me, the drone business I think is new and exciting and you can see double digit, high double digit growth rates in that, which is great. Also the December quarter, Lantronics grew 17% YOY when you remove grids per tees. And drones were a component of it, but the other businesses also. At the midpoint that we have put out there, the whole business is again growing. So I see fiscal 27 to be a good year. The numbers that the analysts have us at are what we're working through, and we're not allergic to what the numbers are out there right now.

Christian Schwab | Analyst, Craig Hallam Capital Group:

Okay, that's fair. And then regarding operating expenses, given the increased growth opportunities, is there anything that you're aware of that would materially change operating expenses on a go-forward basis? or should we just assume less than revenue, obviously?

Brent Stringham | Chief Financial Officer:

Yeah, Christian, on the near term, next quarter or two, I think it's safe to assume OpEx kind of in the range of around 11.8 to maybe 12.3 million a quarter, so kind of in the range of what we're seeing in the last couple quarters. OpEx was slightly lower than that, I believe, here in this quarter, but in Q3 and Q4, the range I just mentioned is probably a reasonable estimate.

Christian Schwab | Analyst, Craig Hallam Capital Group:

Okay. That's fantastic. Congrats. No other questions. Thank you. Thank you, Christian.

Operator | Conference Facilitator:

The next question comes from Jason Schmidt with Lake Street. Please go ahead.

Jason Schmidt | Analyst, Lake Street:

Hey guys, thanks for taking my questions. Just curious if you could quantify what the government shutdown or that impact was in the December quarter. Obviously, as you noted, it causes cost and friction. And then relatedly, if you're seeing any supply constraints today, obviously with the well-known memory shortage out there, just curious if you're seeing any other dynamics.

Salil Alseray | President and Chief Executive Officer:

What I want to leave you with on the government shutdown, and I think Brent talked a little bit about the IoT system, which is our box products, which were a bit slower than we anticipated because of the shutdown, but the team executed so well that we were able to make up all of it, and I'm really happy with that. So think about that from that perspective. You know, the government is starting to normalize, so we hope I expect and hope that things will improve on that side if you think about it. On the memory, great question on the memory shortage, by the way, Jason. Everybody's talking about it. We do see pricing and supply pressures going on. We are proactively working with our customers to alleviate this, to ensure that we are supplying them enough product, especially in some of the new Businesses like our drone stuff, so we've got supply that we have prepared for them. They're working with us closely on that. And we don't see a big issue in the short term, even the midterm. Longer term, I mean, we've got to think about all of that. But we are able to work around most of the issues that we are having, and we're working with our customers very closely to ensure there is no supply disruptions.

Jason Schmidt | Analyst, Lake Street:

Okay, that's really helpful. And then just as a follow-up, given the momentum and upward revision to your drone revenue guidance, coupled with, I mean, it sounds like the software piece of the pie is going to continue to grow going forward. How should we think about the gross margin profile? Or are you thinking about sort of the near-term or medium-term gross margin profile differently given those dynamics?

Brent Stringham | Chief Financial Officer:

Yeah, Jason, on the margins for that business specifically, and to answer your question on the near term, I think we've said previously the margins are near our corporate average, maybe slightly below those levels. But longer term, as software services become a bigger part of what we're providing our customers, we would expect the margin to slightly increase. But In the near term, next quarter or two, we're not forecasting a meaningful increase in what we previously discussed.

Salil Alseray | President and Chief Executive Officer:

Jason, let me add another point on the gross margin. You can see compared to the year ago, we are up. Last quarter we were up. This quarter we are up. So the trajectory is where we want it to be. And we are working on all of this as you think about it. So, you know, that gives you an understanding that we're building a moat around our business. Right? That's how the gross margin is improving. And we got to keep working it, but I'm pleased to see the upward progress that the team has made.

Jason Schmidt | Analyst, Lake Street:

No, gotcha. Thanks a lot, guys.

Operator | Conference Facilitator:

The next question comes from Austin Moeller with Canaccord. Please go ahead.

Austin Moeller | Analyst, Canaccord:

Hi. Good afternoon. Nice quarter. Thanks, Austin. Just my first question. So now the defense budget is passed and the FCC has banned new Chinese drones. So how should we be thinking about how quickly we might see demand materialize into your backlog, either from the 340,000 American drone dominance initiative or on the commercial side for SOMS?

Salil Alseray | President and Chief Executive Officer:

Yeah, so on the drone dominance and the FCC ruling on December 23rd is going to be helpful for all American manufacturers. And Austin, we are working with a slew of companies now to get them enabled and into the market faster. And, you know, I can go over the list. We've got Red Cat, multiple programs, multiple Red Cat companies, Trillium, which is big and it's in the large ecosystem there. Sightline, Grimsy, we worked with SafePro, and you're gonna be seeing more announcements from us, so we are getting geared up to support this, and that's why we increased our expectations for next year to 15 to 20% of the company's revenue, which is very meaningful. The other little thing in my prepared remarks that you might have got, we got our first win in the drone as a first responder category. which is if you would think about it as a commercial or a public safety area. Now, that's new and unique because that was all held by the Chinese in the past. Now, that's getting created in the United States, and we want to be a part of that also. So, you know, great and exciting times ahead of us, and we are ready. We are ready.

Austin Moeller | Analyst, Canaccord:

Okay. And how should we think about potential M&A that you might be eyeing to expand margins and drive ASPs beyond, like, the $400 to $500 range for, like, broader systems or subsystems?

Salil Alseray | President and Chief Executive Officer:

Yeah. We are looking at M&A really in two areas as I think about the company. Looking at, A, subsystems like, you know, Now, we're working with some companies that do a lot of the drone manufacturing already, but can we integrate more into our SOMs? Can we add a software layer around it? SPAR is a perfect example where we partnered with somebody who's putting their IP onto our SOMs. So M&A is going to be an important feature as I think about the future as we create more of an ecosystem and a platform play, Austin.

So we're talking and talking to a bunch of folks in that. The other area we're also looking at M&A is around our critical infrastructure monitoring, where we want ARRs and software to be a larger portion of the company. So both of those areas are areas we're going to focus on, and that will get this company to higher gross margins, higher software revenues, higher stability as I think about it.

Austin Moeller | Analyst, Canaccord:

That's very interesting. Exciting time in the drone industry. Thanks.

Salil Alseray | President and Chief Executive Officer:

Thank you, Austin.

Operator | Conference Facilitator:

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

Salil Alseray | President and Chief Executive Officer:

Thank you for your questions and joining us today. We appreciate your continued interest in Lantronics and look forward to keeping you updated as we execute our strategy. We are excited to have you with us on this journey, and we believe we are just beginning to take flight. With that, thank you very much.

Operator | Conference Facilitator:

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