

NASDAQ:PDFS Q3 2025 Earnings Call Transcript

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John Kibarian | President and Chief Executive Officer:

year as investments were ahead of the growth they enabled. We expect the profits generated from these investments in 2025 will enrich our balance sheet in 2026 and beyond. Finally, I encourage you all to attend our Analyst Day and Users Conference. There you will see our customers, partners, and PDF folks talk about the needs and opportunities for AI and analytics in manufacturing. We are honored to have Mike Campbell, SVP of Qualcomm, Aziz Safa, Corporate VP of Intel, Tom Caulfield, Exec Chairman of Global Foundries, and Jean-Marc Cherie, CEO of STMicro, among others, share their perspectives. Now I'll turn the call over to Adnan. Adnan?

Adnan Raza | Chief Financial Officer:

Thank you, John. Good afternoon, everyone. Good to speak with you all again today. We're pleased to review the financial results of the third quarter and to bring you up to date on the progress of the business. We posted our earnings release and management report on the investor relations section of our website. Our Form 10Q has also been filed with the SEC today. Please note that all of the financial results we discuss in today's call will be on a non-GAAP basis, and a reconciliation to GAAP financials is provided in the materials on our website. As you saw from our press release, with our Q3 results, we achieved another record for quarterly revenue. Our bookings for this quarter totaled over \$100 million as a result of multiple large deals signed across our product portfolio of Leading Edge, Xencio, and SecureWise. During the third quarter, our bookings were greater than the prior two quarters combined. On a year-to-date basis, for the three-quarter period, our bookings were 49% higher than the comparable period of last year. With the contracts John mentioned, as well as additional business closed in the quarter, we ended Q3 with backlog of 292 million, which is 25% higher than last quarter and 22% higher than the same period a year ago. We are pleased that we were able to grow our backlog while delivering record quarterly revenue. Our total revenue for the Q3 period came in at \$57.1 million, or 10% higher than last quarter, and 23% higher on a year-over-year basis. Our analytics revenue came in at \$54.7 million, or 12% higher versus the prior quarter, and 22% higher on a year-over-year basis. The growth in analytics compared to the prior quarter was driven by business from leading-edge customers and equipment software. Integrated yield ramp revenue was 4% of total revenue in Q3 and was lower by 0.5 million compared to the prior quarter and up on a year-over-year basis by 0.8 million. On gross margin, we reported 76%, or slightly ahead of last quarter, and down 1% versus last year's comparable quarter, which had meaningful perpetual software revenue in that quarter. As you will recall, our long-term target for gross margin is 75%. We're pleased that we were able to be ahead of that target for this quarter. Our operating expenses in Q3 grew 3% compared to the prior quarter, primarily due to spend related to development improvements for our platform and increased variable compensation accruals due to strong results. On EPS, we were able to deliver 25 cents per share for the quarter our strongest quarter for the year. For the first three quarters of 2025, our EPS of 64 cents is now six cents ahead of the comparable period of last year. We generated positive operating cash flow of 3.3 million this quarter and 6.7 million for the first nine months of this year. We ended the quarter with cash, cash equivalents, and short-term investments of approximately 35.9 million, compared to the prior quarter's ending cash balance of approximately \$40.4 million. We repurchased \$0.2 million of our stock this quarter at a per share price of \$19.55 per share. During the quarter, we invested \$6.3 million in CapEx, which is lower than the \$8.5 million in Q2 and the \$8.2 million in Q1 of this year. 2025, has been an important investment for us, like John said, as we use significant cash on the acquisition of SecureWise and related integration expenses, while only benefiting from a partial year of ownership. During the year, we also invested in building E-Pro machines to meet customer demand in 2025 and 2026, without the benefit of full subscription run rate return on the investment within the year. Now, with

two additional machines shipped and going through qualification on a subscription model, as well as the integration costs of the SecureWise acquisition largely behind us, we anticipate cash to grow over the next year. Given the strong business activity, the growth in our backlog, and the customer opportunities in front of us, we reaffirm our prior guidance of 21% to 23% annual revenue growth range for this year. As we get ready for our analyst day and user conference on December 3rd, we look forward to sharing more details about our long-term targets for the next phase of PDF growth with you at that time. We are also thankful to our customers and partners for supporting the growth we delivered this quarter and look forward to growing sequentially again in Q4. With that, I'll turn the call over to the operator to commence the Q&A session. Operator?

Conference Operator | Operator:

Thank you, Mr. Raza. Ladies and gentlemen, if you have a question at this time, please press star 11 on your telephone. If you're using a speakerphone, please lift the handset before asking a question. Please wait a moment for our first question. Our first question comes from the line of Blair Abernethy from Rosenblatt. Please go ahead.

Blair Abernethy | Analyst, Rosenblatt Securities:

Good afternoon, gentlemen. Good afternoon. Nice quarter. I just wanted to just I want to ask you a little bit about the BFI. I see that you managed to ship two more machines. The machines that are under the lease model, when does that start to generate revenue? Is that at some point next year or does that start to happen this year?

Adnan Raza | Chief Financial Officer:

Yeah, we are going through the deployments and qualifications of those machines. As you know, those can take anywhere from one quarter or a little bit plus or minus on that timeframe. So given that we have shipped, we expect within the next quarter or the quarter after, depending on the timing of those qualifications and the customer acceptances, to start converting and generating the revenue.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, great. And how does the pipeline of opportunities look for DFI right now?

John Kibarian | President and Chief Executive Officer:

Quite strong, actually. This is John. We do... We do have other places where we would like to be able to ship machines. That's why, if you didn't notice, we did spend some on CapEx this quarter, in part to continue building machines, which we expect shipping in the first quarter of this coming year. We are hoping to squeeze in one more shipment this year, but it may be tight, just given the timing and what we're doing to bring up the machines already. So quite strong across countries. a handful of customers. It's not a huge market for eProbes, but there's probably between 5 and 10 customers in the world. And we do have probably closer to 5 where we are actively engaged in discussion.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, great. And then just on the secure-wise, you want a large contract there at this point. How is the go-to-market there? I know that you've had it... for a couple of quarters, just kind of a sense of how that is building.

John Kibarian | President and Chief Executive Officer:

Sure. Yeah, we actually had at Semicon, right after Semicon West and Phoenix this year, we had a little what's called Connected Summit. Because in the past, the SecureWise team had had a users conference in conjunction. What was different about that was we had not just equipment companies come, but also fab companies attend. And in that conference, Intel presented how they are using SecureWise as their standard connectivity platform for both internally as well as to support the equipment vendors. We had felt that the way SecureWise had been run, it really only focused on the needs of the equipment vendors. And when we, you know, because of our DEX network, because of our work with the fabs and just our general footprint, which as I said in my prepared remarks goes from everything from wafer makers through to system companies. We thought connectivity to the fabs was actually desired by lots of folks. In fact, when we announced that acquisition, the first congrats I got was from one of our largest fabless customers who was very intrigued with the ability to get remote access at the OSATs and fabs. And so the Intel contract was a way of us saying, okay, we're going to provide base capability on every machine at Intel. They announced that they're going to put this on every machine, front end, back end, and test facilities. for their use as well as to make it available for some modest level of usage at every equipment vendor. When we talked to the equipment vendors that use SecureWise, one of their laments was not SecureWise itself, but the fact that they were not able to get it on every factory in the world. Even if it was actually already installed at some factories, that factory may not give a specific equipment vendor access. Maybe only the largest equipment vendors in the world typically got access at every factory in the world. And the smaller equipment vendors didn't feel like they were getting access but they would very much like it. They knew it makes them a lot more efficient, both for human-level collaboration as well as for AI-driven collaboration. So now that we've had this company in our hands for the product in our hands for maybe seven months now, if I think about it, what we started doing is selling it much more broadly into the fabs as well as into the equipment vendors, creating collaboration across them, which is what I talked about at Semicon West, And we've started piling it at the OSATs and really merging it with our DEX network because the security and some of the features that SecureWise enables are very desirable more broadly. So it becomes an integral part. Really, within the first quarter, we were selling combined contracts. If you look at that first contract that we announced in Q2, which is really now that it's been announced, was effectively the Intel contract. And we see a lot more of that coming down the pipe.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, that's great. I'll jump back on the queue. Thanks, guys.

Teleconference System | Automated Prompt:

Again, if you would like to ask a question, press star 11 on your telephone.

Conference Operator | Operator:

Our next question comes from the line of Clark Wright from DA Davidson. Please go ahead.

Clark Wright | Analyst, D.A. Davidson:

Hi, thank you. Quick question is around the customer concentration. mix. You know, customer A that you guys referenced year over year went from 19% to 38%. I'd love to understand kind of, you know, how you're winning bigger and as well as how you're looking at using SecureWise as a potential point of the spear to expand the overall customer base.

John Kibarian | President and Chief Executive Officer:

Yeah, that's a great question. You know, if you look at our business, really, we kind of think about it in three categories. There is the fabs, they tend to buy almost everything from us. You know, if you look at just a discussion I had around SecureWise, as well as the test vehicles, the e-probes, Accentio, et cetera. And those are very large contracts, typically multiple contracts with the same account, and hence you see the customer concentration. It's really not off of one contract, but off many contracts that gets those customers. They represent typically, you know, between 40% and 50% of our business at any given quarter, just looking at how things work. The Fablesson system companies are around 35% to 45% of our business, and that's about 100 and something, 150-ish companies. We are seeing more interest in AI on Accentio, the Accentio Cloud, the SecureWise connectivity, and some of what we call orchestration products, sapience products. We've had a number of wins over this past year. and continue to drive business there. And then lastly, about 15%, and we think in the long-term closer to 20%, are the equipment vendors. We have about 200 of them with the acquisition of SecureWise that certainly grows our business with those customers. And they have access, they have desire for the same access points that the fab list is. So the way we think about it over the long-term clock, you can think about fab customers as a nexus point. and they run factories and they control the data, but they need collaboration with their customers to get qualified and their equipment suppliers to be able to reach effective use of the machines that they purchase and put into use in their factories. And so Securilize, as you pointed out, is the point of that sphere because it allows us the collaboration across a number of those customers. And the Accenture contract that we did this quarter It has an element with regard to SecureWise because they want to be able to reach their customers through SecureWise on the Accenture platform from a collaboration standpoint. So this is how we see PDF becoming a platform for the industry rather than a platform for each individual company. And SecureWise is a very important element to that.

Clark Wright | Analyst, D.A. Davidson:

Awesome. Thank you. Appreciate that, Keller. And then just as it relates to the announcement made in the end of September around the landmark contract, you reaffirmed your guide for this year. Is there anything we should be considering as it relates to kind of the 2026 picture and what you can say so far around how that deal potentially sets up the company for kind of the next leg of growth?

John Kibarian | President and Chief Executive Officer:

Yeah, we haven't given guidance for 2026 yet, and we'll do that as we get through Q4 and do our Q4 call. But obviously, as we grow backlog, you asked the question about other, we do see a number of other opportunities on the horizon for the company over the next couple of quarters. We hope to have a strong 2026 on top of a very good bookings 2025. Awesome.

spk08:

Thank you for that.

Teleconference System | Automated Prompt:

Our next question comes from the line of Gus Richard from Northland Capital Markets.

Conference Operator | Operator:

Please go ahead.

Gus Richard | Analyst, Northland Capital Markets:

Yeah, thanks for taking the questions. I'm just curious on the systems you're sending to the production site, how many tools per batch do you think the customer is going to need?

John Kibarian | President and Chief Executive Officer:

Yeah, I think it's early to say, Gus. Obviously, we've put two in the first site. Two is a good number because at least as these things are used in mission critical manufacturing, if one were to go down, you would want to be able to at least route critical material to the other. So I think very rarely would it be one. I think the minimum number is two. And then the question is, you know, with any inspection capability, you know, how much of the dance card can you fill up? What we've noticed as we've installed machines around the world is it gets very quick to get these things filled to very high utilizations, in part because they can see things that are very hard to see or maybe nearly impossible with other systems. So we'd like to go beyond the two, but right now we think two.

Gus Richard | Analyst, Northland Capital Markets:

Okay, so these are... near production, but not necessarily in line, not, you know, there's not... No, I didn't say that.

John Kibarian | President and Chief Executive Officer:

Those are your words. No, I said the reason why they want to is if one goes down, they want to be able to continue production, right?

Gus Richard | Analyst, Northland Capital Markets:

Okay. I just want to get, I just want to get it clear. And then of the, you have several systems going out, you know, end of this year, beginning of next, you know, or I just want to understand, are these evaluation systems or are they for revenues?

John Kibarian | President and Chief Executive Officer:

There's a mix. It'll be a mix, the next set of machines. There'll be a couple on eval, and the remainder will be revenue machines.

Gus Richard | Analyst, Northland Capital Markets:

Okay. I think that's it for me. Thanks so much.

Conference Operator | Operator:

Thank you. Once again, if you would like to ask a question, press star 11 on your telephone. Once again, if you would like to ask a question, press Start 11 on your telephone. Okay, we have a follow-up question from Blair Abernethy from Rosenblatt. Please go ahead.

Blair Abernethy | Analyst, Rosenblatt Securities:

Oh, hi. John, I just wanted to follow up on the Cyber AI Studio. Can you just – you said there's – 100 or so customers for that. I'm just wondering if you can give us some sense of the timeline of when that can go to market with the Accenture platform, i.e., when is the integration sort of ready for customers?

John Kibarian | President and Chief Executive Officer:

Sure. And I said actually hundreds of users. It's actually a very, very small number of customers, Blair. But thanks for asking that clarification. We will have a integration at the end of this quarter. We actually signed this contract quite a long time ago, but due to timing of other contracts, we needed to wait before we could announce it. And we had had discussions with them going all the way back to 2024 around this opportunity. We had evaluated it in early Q1. As you can imagine, we were pretty busy in early Q1 because we're also closing SecureWise. And then signed contract towards the end of Q1. then executed some activities in Q2 and announced in Q3. But we do, so as a result, we've been working with this code base for, you know, since all of Q3 and into Q4, and we expect to release some first level of integration with Accentio at the end of this quarter for some early access customers.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, great, great. And then just on the Accentio analytics side, business. What is the, you know, what's the renewal book look like as we kind of head in to the end of 2025 here versus last year? And, you know, are you, you know, and maybe, maybe in recent contract signings, what sort of any, any changes in the term length of Accentio contracting?

John Kibarian | President and Chief Executive Officer:

Yeah. Up, Typically, term lengths are three years. There are some that go as long as five and some that are short as one or two. A book is quite robust. The eight-figure contract we signed this last quarter was probably one of, if not the largest, standalone Accentio MA contract in the history of the company. as other larger contracts tended to have test operations or other components included in there. What we are seeing, and we're going to talk about this at our user conference, customers really want to have a scalable AI-first analytics capability. We're going to show our roadmap and what we're doing to have analytics with AI first, and what that means in terms of parallelization, The advances we're making around how to get to very large data sets interactively, they want the human interactivity with data still, but they want to be able to operate on data where you've got a million parameters and 10 million data points. And you really can't do that with conventional business intelligence tools, right? If you look at Accentio or any of the tools out there, you're limited by the compute. And we're going to show what we're doing to break through that problem Studio AI is an element to that, a very critical element to that, because even when you're interacting with a million

parameters, you need to use AI methods to screen and to tell you what part of that data set you should look at. And so what we'll demonstrate in December is ways of being able to operate interactively, leverage AI first, and work with data sets that you really couldn't do in anything but a batch mode in the past. by leveraging basically a native AI approach and a natively parallel approach. You can think of a lot like moving algorithms from CPUs to GPUs. You get to scale with compute. What we will show is how you can leverage GPUs and other computing elements in an interactive analytics capability. And we are hearing from our customers that this is what is desired. We have a number of renewals that are coming up this year, and it primarily next year, that I think will benefit from this capability.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, great.

John Kibarian | President and Chief Executive Officer:

That's my teaser for the conference.

Blair Abernethy | Analyst, Rosenblatt Securities:

Yeah, okay, excellent. The other question I just had was around Sapien. Anything to report there or any progress with the partnership with SAP?

John Kibarian | President and Chief Executive Officer:

Yeah, we've got a number of activities going on on Sapien's platform. We do expect to announce something related to Sapiens in Q4 in terms of additional customer business. And you'll see us announce something in the Sapiens family at our user conference that's really building on top of Sapiens some capability targeted to the Fabelson system company that we expect to announce at our user conference.

Blair Abernethy | Analyst, Rosenblatt Securities:

Okay, excellent. Thanks very much, John.

Conference Operator | Operator:

Our next question comes from the line of Clark Wright, DA Davidson. Please go ahead.

Clark Wright | Analyst, D.A. Davidson:

Awesome. Thank you. Appreciate the time. Any findings from Semicon West in terms of how the end markets are in the health of those sound relative to the beginning of the year or your expectations?

John Kibarian | President and Chief Executive Officer:

Yeah, Clark, that's a great point. It was an interesting Semicon, I think, because it's the first time Semicon West was not in San Francisco. People couldn't go in and out. You were kind of stranded in Phoenix. So there was a lot more informal conversations. And we did meet with also a lot of our, not just our equipment

customers, but I would say our fabless customers and a lot of our fab customers. And what we've heard were a few things. Yeah, the build-out on AI is continuing to go on. All the equipment customers participating in advanced packaging, everything around advanced nodes, On the logic side, I do see, and on the DRAM side, I do see a pretty rosy outlook for 2026. I do think they're in a pretty strong position. Are customers selling into automotive, industrials, and communications? The ones with very differentiated products do seem to be talking about a robust 2026. I think that's still a mixed bag. There are customers in that sector that have some challenges to work through. But I would say for the first time, the kind of ones that have very differentiated products are much more bullish. So I would say you start seeing kind of a more broad base of enthusiasm within the customer base than I would say three months ago or six months ago, where it was really limited to just the people on the very advanced nodes and advanced packaging. So I do think it was more broad, I would say not fully broad to everybody, but definitely more broad in terms of positiveness than where it was three or six months ago. And then lastly, I would say our fabulous customers, as they are becoming more and more embracing advanced packaging, are recognizing they're becoming a manufacturer. And that means ability to communicate with the OSAT customers more complex test data feed forward and other test flows. We had a lot of dialogues with customers on that topic and how can they effectively become more aware of what's going on in manufacturing. In the past, they would order a wafer from the foundry and once they hit wafer sort, there wasn't a lot to worry about. But now they've got everything from operationally make sure they have organic substrates available and manage the supply chain of the production, post the wafer sort, as well as having many more test insertion points and needing to be efficient in how they leverage. And we've heard a lot of dialogue from customers in that regard. And I think that will be a growing area as we move from just the very few high-valued, not terribly high-volume chips driving advanced packaging today to a much broader set of customers trying to leverage these advanced packaging test flows.

Clark Wright | Analyst, D.A. Davidson:

Got it. Thank you. And then in terms of metrics and kind of the shadow backlog, I know last quarter you kind of referenced the fact that tens of millions there. Has that upticked as well sequentially?

John Kibarian | President and Chief Executive Officer:

Yeah, as I said in my preparative remarks, we had a very strong quarter. We referred to it as revenue because the booking and the revenue happened in the same quarter on the runtime licenses with Securilize. In other words, we get designed in on the SDK requirements, And then they ship. What we noticed, as I said in my prepared remarks, at the end of 2024, and we see it again this year, is more equipment is shipping with our software than with any of the proprietary software systems that the companies build. And I think that's really giving our software the reputation of being very robust and very applicable. A lot of our equipment companies that used to be on the front end are now trying to bring in tools to the back end. Our software is already proven in back end assembly facilities that our tester companies are doing much more sophisticated system-level tests with more robots, and our software is very proven with that capability too. So we do see a fair amount of activity, design activity, in some of the customers evaluating our SDK. Net, when you look at our runtime licenses, Q3 was very significant. It was a good quarter for us, very good quarter for us. We don't get a lot of visibility, so we hope to sustain that in Q4. We don't have as much visibility because we only see it when they ship. But overall, while quarter-by-quarter may be difficult to predict, on an annual-by-annual basis, the trend is quite positive as more and more equipment ships with our software, and they use our software for more functionality, which means they buy more of the Symmetrix modules.

Conference Operator | Operator:

Thank you. That was super helpful. Our next question comes from the line of country winner, Samji Capital. Please go ahead.

spk04:

Hi, good afternoon, guys. I wanted to maybe follow up on, I think you touched on it a little bit in the last answer, but, you know, notice that, you know, two of your partners in the test space, you know, VanTest and Paradigm, you know, both posted very strong results and outlooks. And you've talked in the past about advanced tests and the complexity around tests being, you know, a strong secular driver for the company. Can you maybe elaborate a little bit on what you're seeing and how the opportunity for us, you know, is it coincident with as they see strong shippings, does our bookings or opportunities lag theirs and sort of, you know, any other, you know, color you could provide?

John Kibarian | President and Chief Executive Officer:

Sure, Andrew. Thank you for the question. Yeah, you're right. It tends to lag. We see that, by the way, with our yield ramp business over the years, too, and kind of my prepared remarks saying we've seen lots of people building out 3D production and test and assembly, and now they're trying to figure out how to get a good return on a lot of these investments. We see that. That's part of what's driven our characterization vehicle on ePro bookings. over this year, and a lot of our evals that are ongoing, our folks recognize they've got to get a return on what they've just put on the ground. So we would expect on the advanced test for advanced packaging, we will also lag our partners in that regard. The biggest application we see, and we've got a number of pilots going on with customers, is data feed forward. And what this means is they have, as there's many more packaging steps. They have a lot of test insertion points. So they test more than once at wafer sort, more than once at final test, and once at system level test. There's multiple wafer sort tests, multiple test points at package, even sometimes as part of the package flow, and then finally system level test. And they do these at different temperatures and different conditions for these very large data center chips. The nature of that is they want to feed forward data. Typically, they take the raw data, run an AI model, extract features, and send it downstream to another test insertion point. And as the data is coming off that test, they will use that as a basis to decide to test more or test less. Our original strategy on this, Andrew, was to not be in the modeling business at all, but provide them the infrastructure for kind of orchestrating the data up and down the supply chain. We've got pilots ongoing with that. We actually have customers deployed using that on tens of tools now over a year in production across multiple OSATs. And even that customer has come back to us and said, hey, we need capability to be able to build and maintain the models, not just move the data around. And that was really the Tiber AI Studio. I forget the name right. We thought our customers would be able to do that on their own or there were systems to do that on their own. But the reality is there's a lot of friction to getting that work done too. And so the integration with Accenture Studio AI with Accenture Model Ops is to help them not only run the model in production, but manage the model through the build and through the lifecycle in their central servers. So I don't think this is a one-quarter bang and everything's going great. Andrew, we're going to see win by win by win with customers. But I would say we have a handful of pilots going on in data feed forward at this point. We've got some in production already, and we do anticipate that to becoming an increasingly important part of our Accentio test business.

spk04:

Okay. And would you think that would be like a 2026 sort of timeline?

John Kibarian | President and Chief Executive Officer:

Yeah. I mean, the majority of that business impact will be in 2026 and beyond. This year, there may be some additional contracts won, but the revenue impact will be de minimis.

spk04:

Okay. And then Following just, I want to clarify something. So the two tools, two DFIs that were shipped and are in the process of qualification, you know, it sounded like the way you described it, you know, they could get qualified this quarter or maybe not. Is it then fair to say that, you know, Adnan, I think in the past you've talked about multiple ways to get the guidance. you guys feel comfortable with the guidance even if these tool qualifications slip into Q1?

Adnan Raza | Chief Financial Officer:

Yeah, Andrew, exactly. I mean, anytime we're looking at a quota, particularly when we're speaking to comments such as the ones that we put in my prepared remarks about sequential growth for Q4 and also both in John's and my remarks about the reaffirmation of the 21% to 20% guidance, you're absolutely right. We're thinking about this and then other ways to get there. So, Look, if the timing happens this quarter, great, but like John said, there's many other opportunities we're working on across the product platform portfolio that we have.

John Kibarian | President and Chief Executive Officer:

And then maybe... This is a little bit of commentary. The timing on qualification would be towards the end of the quarter in any case, so the in or out is not a tremendous amount.

spk04:

Okay, so again, the qualification of those tools regardless would be more of a tailwind to 2026, you know, the earlier question about, you know. Correct. And then maybe just a little more color on, I mean, obviously you talked about, you know, rough engage with five customers or potential customers on BFI. You know, how, you know, is there memory customers involved? in that bucket or are we still primarily focused on logic and it's been its logic, you know, is it, you know, you have two sort of other customers that have accepted tools. Are they looking at, you know, what your lead customer has done and, you know, the conversations around sort of a similar broader deployment along those lines?

John Kibarian | President and Chief Executive Officer:

Yeah, it's a, It's actually all of the above. With our existing customers, we see interest in more machines as they see the value, including the value of putting these in manufacturing and using these to monitor lines. With new customers that are in the same area as our earlier customers, maybe at different feature sizes, but logic manufacturers, we started getting a ongoing pilots with customers where they're sending us wafers and showing them what you can do. And it is a very unique capability. So we're able to show usually within a wafer or a few what you could see that's hard to see elsewhere. And then lastly, as I've said throughout the year, we have interested in doing pilots on DRAM for just about 12 months now, maybe 13 months. And by sending wafers to our facility here in California, And we're getting ready to be able to ship. I think the limiter on shipping is really us, not at least one of those customers, being in a position to ship given what we've been doing to bring up these machines and manufacturing this year. And at the engineering level, there's a lot of

similarities to what we're doing in the logic side, but it's very, very different process technology if it's memory versus a logic technology. also exploiting the unique capability of the machine and the software.

spk04:

Okay. And then just lastly on the Tiber, so just to be clear, like, so it didn't, we didn't, didn't come over with existing revenue. Listen, the press release, it said something about like supporting customers, you know, through this transition, anything that contributes will be going out and selling once the integration is complete?

John Kibarian | President and Chief Executive Officer:

Yeah, that's correct. The majority of the customers were not in semiconductors. Some have interest for us to support, and we are talking to only a very small handful about having them be supported on the standalone version of the product. Obviously, we licensed this from Intel. Intel itself was an internal user of the product. For them, we will offer to support it both ways, both standalone and with Accentio. There's a lot of value getting it integrated in Accenture for a semiconductor customer. Because it didn't really support any visualization of the data, the model, the results, just really visualization on running the models and algorithms. So Accenture, and you didn't have a database for storing the data set you want to use. And then once you're done, you want to be able to store all of that information. So you could always go back and recreate it, and Accenture has... capability for that, model registration, things like that. So, you know, I think for that, the user base, which is primarily at Intel, that was in semiconductors and using it, I think it's quite advantageous for them to use the integrated version. For the small number of non-semiconductor customers, they may use the standalone version.

spk08:

Okay, great.

Teleconference System | Automated Prompt:

Thank you. Once again, if you would like to ask a question, press star 11 on your telephone.

spk08:

There are no further questions.

Teleconference System | Automated Prompt:

Ladies and gentlemen, this concludes the program. Thank you for joining us on today's call.