

NASDAQ:PRSO Q2 2025 Earnings Call Transcript

Generated on 6/10/2026

Operator:

Good afternoon, and welcome to Parasso, Inc.' 's second quarter 2025 conference call. At this time, all participants run a listen-only mode. If anyone needs assistance at any time during the conference call, please press the star key followed by zero on your touchtone phone. As a reminder, this conference call is being recorded today, Monday, August 11, 2025. I would now like to turn the call over to your host for today's conference call, Mr. Jim Sullivan. Please go ahead.

Jim Sullivan | Chief Financial Officer:

Good afternoon, and thank you for joining today's conference call to discuss Parasso's second quarter 2025 financial results. I'm Jim Sullivan, CFO of Parasso, and joining me today is Ron Glibbery, our CEO. Today, after the market closed, we issued a press release and related Form 8K, which was filed with the Securities and Exchange Commission. The press release and Form 8K are available on Parasso's website at www.parassoinc.com under the Investor Relations section. There is also a slide presentation that we will be using in conjunction with today's call that may be accessed through the webcast link on the IR website. As a reminder, comments made during today's conference call may include forward-looking statements. All statements other than statements of historical fact could be deemed as forward-looking. PRASO advises caution and reliance on forward-looking statements. These statements include, without limitation, any projections of revenue, margins, expenses, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, adjusted EBITDA, non-GAAP net loss, cash flows, or other financial items, including anticipated cost savings, as well as any statements concerning the expected development, performance, and market share or competitive performance of our products or technologies, and any statements related to prospective future financing arrangements or capital transactions and the evaluation of pursuit of strategic alternatives. All forward-looking statements are based on information available to Parasso on the date hereof. These statements involve known and unknown risks, uncertainties, and other factors that may cause Parasso's actual results to differ materially from those implied by the forward-looking statements, including unexpected changes in the company's business. More detailed information about these risk factors and additional risk factors are set forth in Parasso's public filings with the SEC. PRASO expressly disclaims any obligation to update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. Additionally, the company's press release and management statements during this conference call will include discussions of certain measures and financial information in terms of GAAP and non-GAAP. With respect to remarks on today's call involving non-GAAP numbers, unless otherwise indicated, referenced amounts exclude stock-based compensation expense, amortization of intangible assets, severance costs, and the change in fair value of warrant liabilities. These non-GAAP financial measures, definitions, and the reconciliation of these differences between them and comparable GAAP measures are presented in our press release and related to Form 8K, which provide additional details. For those of you unable to listen to the entire call at this time, a recording will be available on the Investor Relations page of our website. Now, I'd like to turn the call over to our CEO, Ron Glibbery, for his prepared remarks. Ron?

Ron Glibbery | Chief Executive Officer:

Thank you, Jim. Good afternoon, and welcome to everyone on the phone and the webcast. We appreciate you joining us for today's conference call. We had a solid and productive second quarter marked by continued market momentum and growing demand for Peraza's industry-leading MMWave technology. Revenue from our MMWave products increased 45% sequentially and more than 200% year-over-year, as we continue to ramp shipments to an expanding customer base and across multiple targeted end markets. Further highlighting sustained market leadership of our 60 GHz solutions, we achieved a significant milestone having surpassed 2 million cumulative shipments of our MMWave devices. Complementing the growth of our MMWave products, we have continued to exercise disciplined cost management resulting in lower run rate operating expenses and significant year-over-year improvement in our operating results for the quarter. Looking at slide four, fixed wireless access continues to represent the largest and fastest-growing market opportunity for MMWave technology. Due to its unique ability to deliver reliable, high-speed, and low-latency broadband connectivity to homes and businesses without the cost burden associated with fiber infrastructure, throughout the first half of the year, we have seen a steady and broadening recovery in both market demand and customer orders for our fixed wireless access solutions. Highlighting our most recently announced win, in July, we announced one of our leading partners, Tachyon Networks, selected Peraza's MMWave modules to power its latest outdoor 60 GHz fixed wireless solution. Our advanced MMWaves module enabled Tachyon's solution to deliver fiber-class speeds to at a breakthrough price point, supporting rapid broadband deployments in both dense urban and rural markets. More specifically, their latest solution offers gigabit connectivity, has an over three-kilometer range, and is compatible with Tachyon's existing TNA 300 series, with the ability to support up to 48 client connections per sector. This win and our ongoing collaborative partnership with Tachyon Networks are a testament to Peraza's recognized technology leadership for high performance mmWave solutions. Today we remain engaged with numerous wireless internet service providers that are utilizing Peraza's mmWave technology in proof of concepts for future fixed wireless access deployment. We expect these and additional new opportunities to contribute to our sustained future growth as we convert successful proof of concepts into new initial production orders. Now turning to slide five. In addition to capitalizing on the recent momentum with the fixed wireless access market, we continue to be excited about the growing interest and market opportunity for MMWave technology in next-generation tactical communications and military defense applications. Following a series of early prospective discussions and initial engagement with potential customers and ecosystem partners, we have become increasingly confident that the inherent characteristics of our MMWave technology are well-matched to solve a number of critical communication challenges encountered in tactical defense environments. As discussed on a previous call, we demonstrated our first commercial proof point earlier this year with a strategic contract with a specialized defense contractor to deliver mission critical wireless application to global military and defense forces. We have since been working in close collaboration with this lead customer to refine a jointly created and deployable system solution for a first of its kind tactical defense application. In June, we announced a significant milestone with the delivery of initial production shipments of our advanced 60 gigahertz wireless solutions in support of this jointly developed solution. More specifically, this new deployable system solution leverages Peraza's technology to provide heightened communication and situational awareness to help safeguard both military personnel and noncombatants, such as medics and humanitarian responders operating in high-risk environments. As a company, we are proud to be part of enabling this next generation tactical communication solution designed to mitigate and prevent unnecessary human casualties. This notable win is also further validation of the performance and versatility of our MMWave technology, helping to establish Peraza's commercial presence and accelerate our strategic expansion in the broader tactical defense communications market. With increasing awareness of its inherent performance attributes and advanced capabilities, including ultra-low latency, high reliability, and stealthy multi-gigabit data transmission, we believe that 60 GHz MMWave technology is poised to gain substantial market traction across a broad span of mission-critical applications. As just one prominent example from our previously mentioned early discussions with prospective future customers and ecosystem partners, we've recently identified observe heightened interest around leveraging the benefits of MMWave for various drone-related applications. More generally, we are highly motivated by both the significant and growing commercial potential of mission-critical

applications, as well as the associated opportunities to contribute to future positive real-world impacts. We believe Peraza's advanced MMWay technology and commercially proven solutions represent the unique strategic advantage that we can capitalize on and continue to scale over time. As such, we remain committed to expanding our market presence, collaboration with ecosystem partners, and customer engagement in the tactical defense communications market over the coming quarters. Move to slide six. Although we traditionally dedicate a majority of our quarterly calls and commentary to updates on our two largest targeted markets, I wanted to take the opportunity on today's call to briefly highlight both the versatility of our MMOA products and the incremental growth opportunities that exist in adjacent end markets. Kindly note, we generally separate and refer to our collective target adjacent and end markets as two distinct categories. The first being transportation and the second category we call professional video delivery. While the typical revenue contribution from both these categories is smaller relative to fixed wireless access business, we do have a combination of current or recurring customers sales, as well as active engagements in both these adjacent markets. Having provided that background as context, the most important takeaway is that MMWave technology delivers a uniquely compelling value proposition for overcoming complex connectivity challenge across diverse applications in both our target adjacent markets. It's largely the same inherent high performance and advanced capabilities that MMWave brings to fixed wireless and tactical communications. These same attributes make mmWave a critical enabler and frequently the only practical economic solution for applications requiring robust high data rate connectivity. As a recent example, further highlighting mmWave's unique capabilities and value proposition in adjacent markets, in June we received and have since shipped a production order of our 60 gigahertz wireless solution in support of a new customer's wireless video system for classroom environments. This customer chose to incorporate Peraza's 60 GHz wireless MMWave technology to enable its solution for the reliable delivery of high-performance, low-latency video in high-density school environments, while also operating completely independent of schools' frequently congested existing Wi-Fi infrastructure. Also notable, this was our first-ever production shipment in support of a solution specifically tailored for education, and therefore reflected an expansion of our served addressable market. Looking now at slide seven. Boring from the layout that we utilized to show our overall pipeline in previous quarters, we recently introduced this new pipeline slide in order to specifically track and visualize the progression of our customer base over time. Noting the timeframe between the two respective funnels from Q4 2023 to Q2 2025, representing approximately 18 months, We are very pleased with the substantial progress we've made towards expanding our customer base over this relatively short period, especially when viewed in the context of how time and resource intensive it can often be to acquire a single new customer and then successfully advance engagement on a specific program from an initial evaluation through the design process and ultimately see a customer's finished product be released to production. Although doubling our number of customers that are now in production from seven to 14 hopefully speaks for itself, there's another potentially more subtle takeaway that I want to highlight. In addition to successfully attracting and securing new customers, this slide also demonstrates our ability to effectively advance a growing number of funnel opportunities and program engagements across an increasingly diverse group of end market applications. Turning to slide eight, this is another view of our pipeline over the same 18 month period ending in June. but shown in terms of the number of SKUs or individual device models, irrespective of whether an individual SKU is associated with a new or existing customer. The overall trajectory is definitively positive and similar to the prior slide, also demonstrates our substantial progress on advancing a sizable number of engagement opportunities and to finish customer products released into production. The other two takeaways that I want to briefly highlight are First, the number of customer SKUs that are now currently in production have increased 90% over the last 18 months. This metric alone reflects a dramatically more diversified base of existing products with the potential for revenue contribution. Lastly, as of quarter end, we had seven additional engagements in the pre-production stage representing potential incremental revenue contribution in the relatively near future as customers release these products into production. In summary, we are pleased with our demonstrated growth and market momentum through the first half of the year as we've continued to ramp production shipments of our MMWave solutions in support of an expanding and increasingly diverse customer base. Combined with our ongoing commitment to disciplined expense management, we have meaningfully improved our operating results and significantly reduced our quarterly cash burns. Looking forward, we have good visibility into near-term orders for our MMWave solutions with an existing backlog that

supports continued sequential growth. In fact, we currently expect record quarterly revenue contribution from our MMOA products in the third quarter. Having said that, we continue to be diligently focused on converting our healthy pipeline of existing customer engagements into new designs and incremental production orders in support of sustained growth in 2026 and beyond. I'll now turn the call back over to Jim to review the finances and provide our current revenue outlook for the third quarter of 2025.

Jim Sullivan | Chief Financial Officer:

Thank you, Ron. Turning now to the results for the second quarter of 2025. Total net revenue for the second quarter was \$2.2 million, compared with \$3.9 million for the prior quarter and \$4.2 million for the second quarter of 2024. Product revenue in the second quarter was \$2.2 million compared with \$3.8 million in the prior quarter and \$4.1 million in the second quarter of 2024. The decreases in product revenues for the second quarter of 2025 compared with the prior quarter and comparable period of 2024 were attributable to the previous completion of EOL shipments of memory IC products during the first quarter of 2025. Specific to sales of millimeter wave products, revenues were \$2.2 million in the second quarter of 2025, compared with \$1.5 million in the prior quarter and \$0.7 million in the second quarter of 2024. Gap gross margin decreased to 48.3% in the second quarter from 69.3% in the prior quarter and 55.5% in the year-ago quarter. The decrease in gap gross margin for the second quarter of 2025 from the prior comparable periods was primarily attributable to revenue being comprised entirely of millimeter wave products. On a non-GAAP basis, gross margin for the second quarter was also 48.3%, compared with 69.3% in the prior quarter, and compared with 68.8% in the second quarter of 2024. GAAP operating expenses for the second quarter of 2025 were \$2.9 million, compared with \$3.2 million in the prior quarter, and \$6.8 million in the second quarter of 2024. The year-over-year decrease in operating expenses on a GAAP basis was primarily attributable to reduced stock-based compensation expense and \$2 million of charges for software license obligations and severance costs incurred during the second quarter of 2024 and amortization expense related to intangible assets fully amortized in 2024. Non-GAAP operating expenses, which includes stock-based compensation, amortization of intangible assets, and severance costs, were \$2.7 million in the second quarter, compared with \$3.1 million in the prior quarter and \$5 million in the second quarter of 2024. The year-over-year decrease in operating expenses on a non-GAAP basis was primarily attributable to a \$1.6 million charge for software license obligations recorded in the prior year, as well as previously implemented cost reductions and ongoing cost containment initiatives. Gap net loss for the second quarter of 2025 was \$1.8 million, or a loss of \$0.31 per share, compared with a net loss of \$0.5 million, or a loss of \$0.08 per share in the prior quarter, and compared with a net loss of \$4.4 million, or a loss of \$1.88 per share in the same quarter a year ago. Non-GAAP net loss, which excludes stock-based compensation, amortization of intangible assets, severance costs, and change in fair value of warrant liabilities for the second quarter of 2025 was \$1.7 million, or a loss of \$0.28 per share. This compared with a non-GAAP net loss of \$0.4 million, or a loss of \$0.07 per share in the prior quarter, and a net loss of \$2.1 million, or a loss per share of \$0.88 in the same quarter a year ago. The weighted average number of basic and diluted shares outstanding for purposes of calculating both GAAP and non-GAAP EPS for the second quarter of 2025 was approximately 6 million shares. Adjusted EBITDA, which we define as GAAP net income or loss as reported, excluding stock-based compensation, amortization of intangible assets, severance costs, change in fair value of warrant liabilities, interest expense, depreciation and amortization, and the provision for income taxes, was negative \$1.6 million in the second quarter of 2025, compared with negative \$0.3 million in the prior quarter and negative \$1.9 million in the second quarter of 2024. With regard to the balance sheet, as of June 30, 2025, the company had approximately \$1.8 million of cash and equivalents. The net change in the company's cash and equivalent balance for the second quarter was approximately \$1 million, and included approximately \$1.1 million in net proceeds from the company's at-the-market offering program during the quarter. As of today's call, the company has approximately 6.2 million shares of common stock and exchangeable shares outstanding. Lastly, before discussing our outlook, I wanted to briefly acknowledge the recently announced decision by our Board of Directors to explore potential strategic alternatives, including a merger, sale of assets, or other similar transactions, as well as various potential sources of additional capital. As previously disclosed, we have retained a financial advisor to

assist with the exploration process, which includes evaluation of the unsolicited non-bonding proposal received in June. Aside from confirming that a formal review process is currently underway, there are no related updates to be shared today. Now, turning to our outlook, as Ron previously discussed, we are seeing positive market momentum for our millimeter wave solutions as evidenced by the ramp of production shipments to an expanding customer base. Based on the current backlog, we anticipate continued sequential growth and record revenue contribution from our millimeter wave solutions in the September quarter. More specifically, the company expects total net revenue for the third quarter of 2025 to be in the range of \$2.8 million to \$3.1 million. This concludes our prepared remarks, and we thank you for your time this afternoon. Operator, please commence the QA session.

Operator:

Certainly. Everyone at this time will be conducting a question and answer session. If you have any questions or comments, please press star 1 on your phone at this time. We do ask that while posing your question, please pick up your handset if you're listening on speakerphone to provide optimum sound quality. Once again, if you have any questions or comments, please press star 1 on your phone. Your first question is coming from David Williams from Benchmark. Your line is live.

David Williams | Analyst, Benchmark:

Hey, good afternoon, gentlemen, and thanks for taking my question. I guess maybe first, lots of nice progress there across the space, and especially in the tactical comms segment. And, Ron, I think you mentioned being engaged on some drone opportunities there. And we've heard that at least this earnings season, a couple of folks have talked specifically about just the demand there. they're seeing develop in that space. So I'm wondering if you could give us maybe a little more color on the number of engagements or just kind of what you're seeing in the different opportunities in that military space. Thanks.

Ron Glibbery | Chief Executive Officer:

Thanks, Dave. Thanks for being on the call. So basically the fundamental concept to keep in mind is stealth. So when we communicate on the battlefield, it's very difficult or impossible for the enemy to detect our signal. So basically, we've got a customer engagement today whereby we use that on the ground with the battalions and infantry. But that same company is now looking to move that concept to drones. So the idea is you move the concept to drones whereby when you're using a drone for some kind of attack, you can determine whether the The target is friend or foe. So that's an opportunity on the drone side of things. Does that make sense?

David Williams | Analyst, Benchmark:

Yes. Yes, it does. And one of the other things they kind of brought up was the targeting on the battlefield from the RF communications. I'm just wondering if your kind of envelope or your precision in terms of the signal, does that give you an opportunity maybe to participate there where they're concerned with maybe picking up that RF signal and targeting those instruments?

Ron Glibbery | Chief Executive Officer:

Well, that's exactly the point, Dave, because we, as you know, we use a concept called beamforming, and we can create and we develop some custom beamformers for this application whereby we have a very, very narrow signal, And that signal is essentially impossible for the enemy to detect. So that's really what we've

been doing on the battlefield side of things. This can be also applied to not just that application, but also on just strict standard signal communication. But the core concept remains the same, which is this ability to operate on the battlefield in a stealthy capability.

David Williams | Analyst, Benchmark:

That's great. And then maybe secondly here, I know you probably can't discuss or comment much here on the acquisition, but the press release seemed a little sloppy, at least in our opinion, and had multiple misstatements, I believe. But first... I just want to see if you could confirm that that was a legitimate offer. And two, any updates in terms of how you're thinking about the business, given your balance sheet and just kind of where you're positioned today? Lots of opportunities, but the balance sheet is a little constrained here. So just anything around that would be helpful.

Ron Glibbery | Chief Executive Officer:

Thanks. To me or to Jim, Dave?

David Williams | Analyst, Benchmark:

To whomever.

Jim Sullivan | Chief Financial Officer:

Sure. I mean, I can comment on the balance sheet. you know, from our perspective right now, you know, we have cash into the fourth quarter of this year. You know, we'll have an updated disclosure in our, in our, you know, 10Q that will be filed here by Thursday. You know, in the previous 10Q, we had said we had cash into the third quarter. So we've obviously extended our runway. You know, as we disclosed on the call, we've been, you know, I've done some training under our ATM program to bring in additional capital. We remain, you know, in pursuit of various opportunities to raise capital and, you know, first and foremost, attempting to do it non-dilutably. You know, we did sign an NRE agreement in the month of July, you know, of a good amount for us, but a modest amount overall, and are pursuing other engagements. And, you know, those NRE engagements are non-recurring engineering. It's a great way for us to bring in additional capital and offset, you know, offset costs, etc., You know, we continue to pursue all, you know, all activities, you know, on the financing front and, you know, remain pleased with our execution and, you know, in particular with our outlook for Q3 and, in particular, our visibility towards that outlook, which is, frankly, as good as it's been based on our backlog. With regard to the proposal we received, yes, we can confirm that that, you know, is a valid proposal and, We don't have more to say other than what I said on the call and what's been included in our SEC filings.

David Williams | Analyst, Benchmark:

Okay, fantastic. I appreciate the color there. And just, Jim, I guess as you kind of think about the growth that you're seeing here, your inventory had a nice step down this quarter as well. Obviously, that's beneficial on the cash side. How do you think that inventory level is going to trend, and do you feel like we've burned through much of the inventory digestion that we had been kind of struggling with the last several quarters?

Jim Sullivan | Chief Financial Officer:

Yes, absolutely. We're definitely seeing, you know, movement. Not with all customers, but in particular, you know, evidenced by the large purchase order we announced earlier this year from our largest, you know, internet equipment customer. Um, you know, we still have one or two other customers there that are still working through their inventory. Um, but we're in a position now where the inventory we have in hand is, is basically spoken for on future shipments. And we've had to go ahead and start replenishing, um, certain other products that go in the, um, in the chip set. So, you know, I, not, not everyone's through it, but enough, enough are that we're seeing things turn, um, you know, turn back on and burning through the inventory that, you know, that we had and have started placing, you know, new orders.

David Williams | Analyst, Benchmark:

And one last, if I may, sorry to take the time here, but I did want to ask on opportunities on the military side, it seems like you've got such an interesting and unique capability here that this would be an area of opportunity, especially for maybe defense NREs or to work with maybe the DOD or some of the others. Are you seeing any traction there? Do you think they're aware of what you're doing? And is that an opportunity maybe to drive some near-term NRE or other revenue?

Ron Glibbery | Chief Executive Officer:

Oh, you know, Dave, we are driving NRE. Like, this is actually a very custom design. And so what we're finding with the military is it's not fixed wireless. It's not your father's fixed wireless solution. So NRE is definitely a part of our strategy moving forward. The thing to keep in mind, I would say we have like maybe three levers, including software, the modules, and antennas. And so we can adjust all of those. So, for example, the example I gave earlier whereby we use extra antennas to create this very narrow beam on the battlefield is a very, very strong advantage for us. So, you know, you can see that our ability to adjust some of those parameters on our products through NRE, as you suggest, it's a very powerful tool for us, so that's something we're executing on. So that's a terrific point. And so we've got our first NRAs in the bag. We didn't publicly announce them, but NRA is going to play a big role in the next year and a half, and we're hoping to build that beyond where we're at today.

David Williams | Analyst, Benchmark:

Thanks so much for the coaching. I certainly appreciate it, and best of luck on the quarter.

Ron Glibbery | Chief Executive Officer:

Thanks.

Operator:

Thanks, David.

Ron Glibbery | Chief Executive Officer:

Thanks for the question.

Operator:

Thank you. Your next question is coming from Kevin Lu from K. Lu and Company. Your line is live.

Kevin Lu | Analyst, K. Lu and Company:

Hi, good afternoon, guys, and nice progress here on the millimeter wave side. You know, I know you guys talked a little bit about some of the wins you've had with Tachyon and others in the quarter. With the seven pre-production wins in the pipeline, just wondering if you can add in more color to some of the other wins that you have there and when you would expect some of those to start contributing to your revenue stream.

Ron Glibbery | Chief Executive Officer:

I could say that basically a lot of that is fixed wireless. And I think what we're seeing in the market is a lot of the previous chipset vendors like Qualcomm and others have just kind of gone by the wayside. I'd say our thesis that we're becoming the dominant player in fixed wireless is coming true, Kevin. So a lot of that is in the fixed wireless side of things just because we've got so many customers, so much credibility in that space that basically we continue to grow and dominate that space. But obviously we've got designers on the military side of things as well, and as Dave said previously, our ability to operate in stealth mode, and that is the ability to operate without really being detected by the enemy. It's just an extremely important characteristic of our technology on the defense side of things. So I'd say out of the seven, most of it's fixed wireless, some of it's military. We have other, you know, video is certainly kind of an interesting area for us. But, you know, I would say fixed wireless and defense are the main areas of growth for us right now.

Kevin Lu | Analyst, K. Lu and Company:

That's good to hear. And just as it relates to your backlog as you come into Q3, and obviously you're going to see some nice sequential growth here, just wondering how strong that backlog is. You know, have you guys fully shipped everything against some of the larger orders you received earlier in the year, and have you continued to build upon that? And just anything you can share in terms of, you know, your visibility for the remainder of this year would be helpful.

Jim Sullivan | Chief Financial Officer:

Yeah, I think I'll start. Yep. I think as I mentioned in my response to David, we have excellent visibility on third quarter. We're very comfortable with our backlog relative to the revenue number that we provided for guidance. No, not all of that has been shipped, so there's always the possibility for shipments not to go, et cetera, that anyone has, but we're very comfortable with where we sit. It's probably you know, for being where we're at, um, you know, in one of the best shapes it's been, you know, kind of halfway through the quarter. Uh, we're still filling in for, um, you know, fourth quarter, uh, still expecting some additional orders and, and obviously, um, you know, as I mentioned in response to David's question, you know, still waiting for a few customers to run through inventory and check back on, but, you know, definitely pleased from where we sit right now. I, you know, feel very good with Q3. We still have a little more work to do on, um, You know, on Q4, as I also mentioned and Ron mentioned, we did secure one non-recurring engineering deal in July. You know, until we've kind of gone through the revenue recognition and talked to the auditors, kind of put a

modest amount in 3Q and expect more of that in 4Q. But right now we've been modest on 3Q. So pleased with where we sit and, you know, we even have – you know, a fair amount into early 26. So definitely seeing better visibility there.

Kevin Lu | Analyst, K. Lu and Company:

Sounds good. And just on the non-recurring engineering deal, I know it's early and you haven't quite figured out all the accounting behind it, but conceptually, how should we think about, you know, the implications from that? Does that provide you guys with, you know, a revenue stream that could contribute, you know, all the way through the next year and a half? Or would it be fairly lumpy in terms of the periods you get that? And then also just from an expense standpoint, do you need to make some investments on the R&D side to staff up to handle those types of arrangements?

Jim Sullivan | Chief Financial Officer:

I'll do the question on a LIFO basis. Modest expense. If only a finance person could answer it. You know, modest, any expense adjustments are pretty modest. Didn't need to go out and add headcounts. You know, it's supporting an existing customer. So right now, I would say, you know, we need to, you know, make modifications to satisfy the needs for the customer's application. So, you know, something that's certainly in the forecast. You know, obviously, we are pursuing additional, you know, NRE opportunities. And, you know, obviously, the goal for companies like us is obviously, again, you get the cash. It offsets your engineering expense. And then, you know, ideally you come out of it with a future product to offer to others. Often the way I've seen these, whoever pays for the NRE may get some exclusivity, et cetera, depending on how it's negotiated, you know, features, exclusive, et cetera. And then, but you obviously look to add another, you know, set of SKUs in our toolkit for, you know, to sell to other customers. But hard for me to say on the revenue recognition. We obviously didn't, you know, it's a modest amount you know, modest six-figure amount. So, you know, hard to say. We've just been racing on the current quarter, and it was a July transaction. I'm sorry, racing on the Q2 quarter, I should say, not the current quarter.

Ron Glibbery | Chief Executive Officer:

I think in terms of your question regarding whether it's lumpy, Kevin, I guess my takeaway, knowing that it's certainly focused on one customer, my kind of guidance would be that Um, there's going to be, it's going to be an ongoing NRE for, you know, for at least a year and a year and a half, I would say. And so not so lumpy, kind of steady state. Uh, but I would also make the point that I think is very important is when we, you know, A, I thought Jim's point was very important, which is we're not adding a lot of, or even any new expense. So this is all, you know, it's existing engineering talent. The other thing is that anytime we do NRE, it's for production. Like we get paid on the engineering side of things, but we will not do NRE if it's not leading to production. For us, production is the most important metric, frankly. So I think that's a really important point to make for us is that all of this is leading to what we consider significant production. So that's kind of the model we have right now that we're trying to do is ongoing NRE that kind of pays for engineering with programs that lead to good production.

Kevin Lu | Analyst, K. Lu and Company:

Yeah, understood. Well, congrats again on the progress, and thanks for taking the question.

Operator:

My pleasure. Thank you. Your next question is coming from David Williams from Benchmark. Your line is live. You couldn't get nothing, right?

David Williams | Analyst, Benchmark:

No, no. He's trying to avoid going out in the Dallas East. Yeah, that's exactly right. Well, I didn't want to go over all the time and give some time to others, but I did want to ask on the bead funding, and we've got some clarification. I know there are some changes there in terms of the more technology neutral, and just curious if you're hearing anything from your customers in terms of is that a benefit yet, and do you think it will be over time as now for that bead funding may roll into fixed wireless access?

Ron Glibbery | Chief Executive Officer:

I'd say there's two things in the regulatory front we should highlight. One is the bead. It's a little early. I mean, bead was, for like a couple of years, very fiber-focused, and so people got into that kind of mode of operation. So I think people are just trying to understand now how it's going to change for pixel artists. Obviously, it's a benefit to us, right? I don't know if it's obvious, but it is obvious. I mean, the main benefit we have over fiber, frankly, is just the cost of the rollout and the time. There's two major factors there. One is the cost, so no trenching. And the time. There's not that many trenching machines, for example, right? So we have a very strong advantage when it comes to fixed wireless in those environments. So we're hearing from customers. They're very happy with the changes that they've seen in Bede. The other point I think we made on the presentation is was that in the big beautiful bill, for lack of a better term, that was recently passed, there's a real chance that a lot of the open and unlicensed spectrum is going to get auctioned off, except for ours. So that helps us as well. So from a regulatory perspective, that's kind of a net bonus for us. So a lot of people aren't aware of that, but that's kind of a positive regulatory update for us as well.

David Williams | Analyst, Benchmark:

Okay, great. And just one last one. Did you feel funny saying Big Beautiful Wheel?

spk00:

Thanks. I don't.

David Williams | Analyst, Benchmark:

Again, thanks for the time.

Ron Glibbery | Chief Executive Officer:

Thank you. I thought that's what it was called.

Operator:

Sorry. Certainly. I show there are no further questions in the queue at this time. That will conclude today's conference call. Thank you for your participation. You may now disconnect.