NASDAQ:PRSO Q2 2026 Earnings Call Transcript

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Operator | Conference Operator:

Good afternoon, and welcome to Parasso Inc.'s second quarter 2026 conference call. At this time, all participants are on 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, Tuesday, August 11, 2026. I would now like to turn the call over to your host for today's conference call,

Jim Sullivan | CFO:

Good afternoon, and thank you for joining today's conference call to discuss PRASO's second quarter 2026 financial results. I'm Jim Sullivan, CFO of PRASO, 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 within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. All statements other than statements of historical fact could be deemed as forward-looking. Perasso 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. Any statements regarding the sufficiency of the company's capital resources and its ability to continue as a going concern. Any statements regarding customer demand forecasts and concentration risk. And any statements related to prospective future financing arrangements or capital transactions and the evaluation or pursuit of strategic alternatives. All forward-looking statements are based on information available to PRASO on the date hereof. These statements involve known and unknown risks, uncertainties and other factors that may cause PRASO'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 PRASO'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 and the change in fair value of warrant liabilities. These non-GAAP financial measures, definitions, and the reconciliation of the differences between them and comparable GAAP measures are presented in our press release and related Form 8-K, 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. I'll now turn the call over to our CEO, Ron Glibbery, for his prepared remarks. Ron?

Ron Glibbery | CEO:

Thank you, Jim. Good afternoon and welcome to everyone on the call and webcast. We appreciate you taking the time to join today's call. As reported in our press release this afternoon, revenue for the second quarter increased approximately 36% sequentially and was above our previous expectations. the sequential growth primarily reflected our successful fulfillment of a previously delayed order shipment to a new fixed wireless access customer. Despite the better than anticipated top line results this quarter, our overall business continues to be impacted by a combination of macro-related headwinds and irregular order patterns across our existing customer base. With limited ability to influence certain underlying market dynamics, particularly those affecting our leading fixed wireless access customers, We remain focused on the elements of the business we can control. These include operational efficiencies, ongoing cost management, and enhancing the resilience of our supply chain, while continue to cultivate extensive customer engagement across our target end markets. Turning to slide four. Across each of our target end markets, we continue to be encouraged by the growing recognition of 60 gigahertz millimeter wave technology, and its inherent performance benefits over conventional wireless communication solutions that operate in lower frequency bands. Historically, the most prevalent commercial application for 60 gigahertz technology has been fixed wireless access. While this continues to be the largest and most mature end market for Perazzo, the rapid proliferation of AI and associated demand for hardware in support of AI infrastructure has led to significant market dislocations. With respect to fixed wireless access, this includes customers navigating persistently elevated memory prices and the constrained supply of other key components. We believe this has and is continuing to contribute to subdued purchase order activity and limited near-term visibility into future customer demand. While these current market dynamics are expected to extend into the fourth quarter, The value proposition of 60 GHz mmWave technology in fixed wireless applications is its commercially proven ability to overcome interference and capacity limitations in congested wireless environments. As such, we believe we are positioned to benefit once the current supply dislocations moderate and order patterns normalize. Having said that, it has become increasingly clear over the past 12 to 18 months that the inherent benefits of 60 gigahertz millimeter wave technology extend beyond traditional fixed wireless access applications. We continue to engage with prospective customers and partners seeking to utilize our 60 gigahertz solutions to address real-world challenges encountered in other end markets, namely in autonomous edge AI, unmanned aerial vehicles, and defense communications applications. Today, we are actively engaged on a combination of new and existing opportunities to leverage Perazzo's proven 60 gigahertz technology in both of these high value end markets. Turning to slide five, I want to start with the substantial emerging market opportunity that we see for our technology in emerging edge AI and associated autonomous systems application. Whether it's operating a fleet of autonomous vehicles, a swarm of drones, or a factory floor full of robots, Implementing Edge AI at scale creates a fundamental bandwidth challenge. These platforms typically require the continuous upload of massive volumes of sensor and camera data, as well as the download of large AI models and software updates. This often entails not only multi-gigabit data transfers, but doing so while operating in close physical proximity to many other independent autonomous devices. Traditional 5 GHz Wi-Fi technology struggles in these types of environments Due to limited spectrum, additionally, omnidirectional coverage creates widespread co-channel interference or overlapping of wireless signals. As the number of devices sharing the same channel increases, the throughput collapses and latency becomes unpredictable. With 60 gigahertz technology, we utilize highly directional narrow beams. That directional nature significantly reduces co-channel interference, allowing numerous simultaneous multi-gigabit links to operate reliably inside the same physical footprint with deterministic low latency performance. This isn't just conceptual. In June of this year, we completed a customer demonstration with our partner, BioWorks, that put these advantages on full display. Together, we created a simulated drone wireless environment and successfully operated a high-capacity network cluster that achieved a peak aggregate data rate of more than 50 gigabits per second. Within the confined space of a large room, we simultaneously transmitted several independent multi-gigabit streams, something conventional sub-6 gigahertz technologies struggled to do at that density without severe interference. The demonstration also underscored two additional attributes that are critical for autonomous and mission-critical systems, the inherent low probability of intercept and detection of 60 GHz lengths, and the ability, when combined with BioWorks' network synchronization technology, to maintain coordination

without reliance on GPS. That GPS independence is particularly valuable in contested or GPS-denied environments. Looking ahead, we see applications in both defense, especially emerging drone swarm tactics, and commercial settings, such as automated factories, where large fleets of robots require high-capacity, interference-free connectivity. The BioWorks collaboration is a strong example of how complementary 60 GHz technology can address real-world applications that traditional wireless architectures were not designed to solve. As we've introduced on previous conference calls, many of these fundamental characteristics of 60 gigahertz are equally, if not more, critical in defense and tactical communications applications. Turning to slide six, I want to highlight one of the most unique applications of our technology within the tactical communications space, IFF, which stands for Identification Friend or Foe System. It goes without saying, today's increasingly modern battlefield is a complex and congested environment. The ability to rapidly and reliably distinguish friendly assets from hostile ones is mission critical. Traditional IFF systems operate by transmitting what's known as an interrogation signal and receiving authenticated responses. These signals or links can be detected, jammed or spooked, exposing troops and assets to devastating consequences, including friendly fire incidents. 60 GHz technology is designed to meaningfully upgrade the performance of an IFF system in three ways. First, the highly directional, narrow beam makes the communication links inherently difficult for an adversary to detect or intercept. Second, that same directional beam, combined with the physical properties of the 60 GHz band, substantially reduces the risk of spoofing or successful jamming. Third, we have integrated our solutions to deliver these capabilities in a compact, low-power form factor. This makes it ideal for size, weight, and power-constrained platforms, such as unmanned aerial systems, or UAS. In partnership with our previously announced lead defense contractor, Intacct, we are continuing to make solid progress on the refinement and testing of next-generation drone IFF solutions. This system is purpose-built for highly contested electronic warfare environments and is designed to enable secure real-time mutual authentication between friendly drones and ground forces. Following our delivery of initial limited production modules earlier this year, feedback on this jointly developed solution continues to be positive, which we believe is meaningful validation of Perazzo's 60 GHz technology for IFF applications. More broadly, the combination of stealth-oriented design, anti-jam-resistant architecture, and compact integration is generating expanded interest from additional prospective customers and partners seeking to evaluate the benefits of 60 GHz for their future product roadmaps. With that foundation, let me turn to the wider opportunity we see in unmanned aerial systems communications. Moving to slide seven, building on the initial foundation from our ongoing work on IFF applications, we have identified and are beginning to target broader opportunities for our 60 gigahertz solutions and unmanned aerial systems. In fact, the rapid growth of UAVs and related systems, especially in defense and security applications, has helped to increase the awareness and the limitations of traditional sub-6 gigahertz radio links. These legacy systems are increasingly susceptible to wireless congestion, relatively easy to detect, and vulnerable to jamming in contested electromagnetic environments. Additionally, modern drones have become highly data intensive with large arrays of sensors. They are also frequently required to support real-time coordination, autonomy, and swarm operations. Today's existing drone communications infrastructure is challenged to meet all of these demands. 60 gigahertz millimeter wave technology is designed to enable a fundamentally different solution for modern UAS platforms. Instead of broadcasting energy broadly, it utilizes highly directional, high-capacity data links. Atmospheric oxygen absorption further limits long-distance propagation, reducing the probability of detection or interception outside the intended path. Adaptive beamforming is the foundational capability that makes this possible. enabling precise energy steering and spatial filtering of interference and high spatial reuse so multiple independent links can operate concurrently without overlapping interference. As seen on the slide, the narrow point-to-point math of 60 gigahertz beams are virtually impossible to detect and extremely difficult to jam. The highly directional beam makes alignment by a jammer difficult while oxygen attenuation further weakens potential interfering signals. Since by definition the band is unlicensed, 60 GHz also avoids interference with licensed spectrum. Bringing all of these elements together, this week we expanded our product portfolio with the formal introduction of Perazzo's PRM2145. This new jam-resistant communications module is purpose-built for unmanned aerial vehicles, autonomous systems, and defense applications. The PRM2145 leverages our proven 60 GHz platform to deliver secure, ultra-low latency, gigabit class performance in a lightweight, compact form factor optimized for airborne platforms. It is designed to support robust command and control links, high-definition video, ISR data transport, identification friend or foe

communications, and drone-to-drone networking. This new module is expected to be available for customer evaluation in the fourth quarter, supporting integration across a broad range of unmanned and autonomous platforms. We believe the PRM 2145 further strengthens our early entry position in these high-value ad markets while also reinforcing our strategy of diversifying Perazzo's future growth beyond our core fixed wireless access business. Turning to slide eight, before my concluding remarks, I want to briefly highlight one other real-world application and the opportunity that we are actively engaged in development of with a prospective customer. Today, the current landscape within defense tactical communications is rapidly driving the evolution of next-generation solutions. One real-time example of this is hybrid UAV networks. In these architectures, 60 gigahertz communications links are combined with other transport layers, such as satellite backhaul or selective fiber, to deliver high-capacity, low-latency connectivity while still maintaining the intended stealth and anti-jamming benefits of millimeter wave technology. As visualized on this slide, this hybrid approach allows operators to optimize a complete end-to-end network for range, resilience, and mission flexibility in contested or GPS-denied environments. I wanted to briefly share this example of a hybrid UAV network on today's call for two reasons. First, it reflects the type of advanced system design work that we're actively collaborating with partners to solve and work toward bringing to market. And second, I believe it further illustrates the expanding role of 60 gigahertz can play beyond traditional point-to-point or fixed wireless use cases. In closing, our near-term focus remains firmly on the areas within the company's control. We continue to take steps to strengthen the resilience of our supply chain and reduce single supplier bottlenecks, while also reducing to secure additional distribution partners that will expand the market reach of our 60 gigahertz millimeter wave portfolio. Our highest priority is driving commercial traction, converting existing customer engagements, proof of concepts, and technology demonstrations into design wins, purchase orders, and production revenue that can support renewed top-line growth. While near-term visibility, particularly within fixed wireless access, remains limited due to external market dynamics and irregular order patterns, the breadth of our current engagements and the growing recognition of 60 GHz differentiated capabilities makes us optimistic for the future. With that, I'll turn the call over to Jim for a detailed review of the financial results for the quarter.

Jim Sullivan | CFO:

Thank you, Ron. Turning to the results for the quarter. Total net revenue for the second quarter was $1.3 million. compared with $1 million for the prior quarter and $2.2 million for the second quarter of 2025. Product revenue in the second quarter was $1.2 million compared with $0.7 million in the prior quarter and $2.2 million in the second quarter of 2025. The sequential increase in product revenue for the second quarter of 2026 was attributable to higher shipments of millimeter wave products. Sales of our legacy memory and related products were less than $25,000 in each of the first two quarters of 2026. We recorded no sales of legacy memory and related products in the second quarter of 2025. Gross margin was 63.7% in the second quarter, compared with 61.5% in the prior quarter, and compared with 48.3% in the year-ago quarter. The sequential increase for the second quarter of 2026 was primarily attributable to millimeter wave product mix, including increased sales of inventory written down in prior periods, as partially offset by a decrease in non-recurring engineering services, or NRE, revenue. The year-over-year increase was primarily attributable to an increase in NRE revenue and millimeter wave product mix, combined with an increase in sales of inventory written down in prior periods, as partially offset by a decrease in sales of memory and related products. GAAP operating expenses for the second quarter of 2026 were $3.1 million, consistent with the prior quarter, and compared with $2.9 million in the second quarter of 2025. Non-GAAP operating expenses, which exclude stock-based compensation, were $2.9 million in the second quarter, consistent with the prior quarter and compared with $2.7 million in the second quarter of 2025. Our recent non-GAAP operating expenses level of approximately $2.9 million per quarter continues to reflect the benefits realized from previously implemented cost reductions and our ongoing cost containment initiatives. GAAP net loss for the second quarter of 2026 was $2.2 million, or a loss of $0.16 per share, compared with a net loss of $2.5 million or loss of 22 cents per share in the prior quarter and compared with a net loss of $1.8 million or loss of 31 cents per share in the same quarter a year ago. Non-GAAP net loss, which excludes stock-based

compensation and changes in fair value of warrant liabilities, for the second quarter of 2026 was $2.1 million or loss of 15 cents per share. This compared with a non-GAAP net loss of $2.3 million, or a loss of 20 cents per share in the prior quarter, and a net loss of $1.7 million, or a loss of 28 cents per share 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 2026 was approximately 14.1 million shares. Adjusted EBITDA, which we define as gap in net income or loss as reported, excluding stock-based compensation, change in fair value of warrant liabilities, interest expense, depreciation and amortization, and the provision for income taxes, was negative $2 million in the second quarter of 2026, compared with negative $2.3 million in the prior quarter and negative $1.6 million in the second quarter of 2025. With regard to the balance sheet, as of June 30, 2026, the company had approximately $3.3 million of cash, compared with $2.7 million as of March 31, 2026. The net increase of approximately $0.6 million in the company's cash balance at quarter end reflected approximately $2.4 million of net proceeds from sales under the company's at-the-market offering program during the second quarter of 2026. As of today's call, the company has approximately 15.1 million shares of common stock and exchangeable shares outstanding. As previously disclosed, the company has been exploring potential strategic alternatives, including a merger, sale of assets, or other similar transactions, as well as various potential sources of additional capital. On June 30, 2026, the company entered into a committed equity facility with Roth Principal Investments. This facility allows but does not obligate the company to issue and sell up to $25 million of shares of its common stock. In addition to providing access to additional working capital for general corporate purposes, the facility is expected to support continued product development targeting expanded opportunities in drone, defense, and tactical communications markets. Independent of the newly entered equity facility, we don't have any updates to share today in the company's broader strategic review process. As Ron previously mentioned, overall visibility into future near-term demand remains challenging due to the irregular order patterns from our fixed wireless access customers. Due to insufficient visibility, we will not be providing quarterly guidance on today's call. This concludes our prepared remarks, and we thank you for your time this afternoon. Operator, please commence the Q&A session.

Operator | Conference 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. And once again, if you have any questions or comments, please press star 1 on your phone. Please hold Bolly Poll for questions. Thank you. Your first question is coming from John Hickman from Leidenberg. Your line is live. Hello.

John Hickman | Analyst, Leidenberg:

Can you hear me okay, Jim?

Kevin Liu | Analyst, K. Liu & Company:

Yes.

John Hickman | Analyst, Leidenberg:

Ron? Yeah, you can hear me okay? Okay. So this new communications strategy, so who did you say your partner was, again, that you're working with to design for like the factory floor and UAVs and all that?

Ron Glibbery | CEO:

Are you referring to the final slide?

John Hickman | Analyst, Leidenberg:

No, the second. No, it was the third to the last one. It showed all the robots and stuff.

Ron Glibbery | CEO:

Ah, yeah. Well, that, you know, again, it's obviously still confidential, John, but, you know, the concept there is... I think what's really insightful about that situation is that, and you're seeing this a lot in the US as well as China, with humanoid robots, which basically have full freedom, the models are complicated. So it turns out the data flow between the network and these humanoid robots is substantial. That's where our chips come into play. and if you look at that, I love that slide because actually that slide just shows you the benefit of our technology over traditional wireless technology which is that we have a very narrow beam, very, very physically limited area of operation versus traditional wireless which has a very wide field of operation and that's why we win in those circumstances. So we really see that market as an important emerging market because of that capability of our technology. I hope that slide got the message across. I think it did. That's really the concept behind it.

John Hickman | Analyst, Leidenberg:

You said you'd have chips available for people to experiment or see if they work by the end of the year, in the fourth quarter?

Ron Glibbery | CEO:

No, no. What we meant to say was our chips are available now. the only concern about overall we have run into an issue we've seen this with other companies whereby the availability of third party memory like DDR4, DDR5 is limiting sales and making orders kind of lumpy so that's what I was referring to as far as the silicon for that application we are in full production and it's available today

John Hickman | Analyst, Leidenberg:

So what were you talking, when you said you would have chips available for in the fourth quarter?

Ron Glibbery | CEO:

We have a new, yes, we have a new module product based on our existing silicon. And the new module, we did a press release yesterday, and that's called the PRM 2145. And that is, I think that's what, so that's a new module with some you'll have to go to our website to see the specific technical details but basically it's another part of our module family based on our existing silicon of course the significant change to that particular product is again a new antenna which we design in-house ourselves so we've got the ability to change the antenna to provide different RF characteristics

John Hickman | Analyst, Leidenberg:

Okay, and then you've been working with some partner, I think in Israel, on the Friendly Fire thing for a while now, more than a year. So are you generating revenues there?

Ron Glibbery | CEO:

Well, we definitely have generated revenue there, substantial revenue, seven-figure revenue, from two perspectives. One perspective is from an engineering perspective, and we actually have shipped volumes. you know generally I would say what we're seeing is you know originally you know that business and still is you know based on what we call infantry but actually we're starting to see a shift over to the drone application as well so just you can envision you can imagine you know the need for friendly fire in circumstances where you've got a drone and infantry on the ground. And then drone wants to make 100% sure that it's not targeting ground personnel. So it's really an evolution of that model from kind of ground-based communications to aerial-based communications. So we're starting to see that transition and we really do anticipate more volume from that customer over the next few quarters.

John Hickman | Analyst, Leidenberg:

So this issue of drones being jammed or their communications interrupted to make them ineffective. So theoretically, every drone should have a millimeter microwave on it so that it can't happen.

Ron Glibbery | CEO:

Yeah, theoretically. And frankly speaking, you know, that, you know, again, you know, that is a core value proposition. So from our perspective, we've always had this capability. What's changed over the last year, John, is the fact that traditional wireless technology that was used to control drones now is getting jammed by the enemy. So we frankly see our, really our technology technology potentially going, and we have to keep in mind this is really more for military and security applications where the user wants to avoid being jammed by the enemy. Obviously, if you just find a drone at a wedding and you want to take some pictures, I mean, not really necessarily a requirement for anti-jamming, but frankly, for military and security applications, We're seeing very, very strong interest there, and you're going to see a lot of announcements from us over the next few weeks and months. As a matter of fact, that was the announcement we made yesterday, was a specific new module for the drone application. So we see it as a very, very important part of the drone rollout over the coming years.

John Hickman | Analyst, Leidenberg:

So it's kind of a defensive... technology, you know, you're preventing communications interruptions on the drone. Can you turn it around and make it offensive? Like use it to more precisely interrupt other people's drones? Or is that not a

Ron Glibbery | CEO:

No, I would say it's really more command and control. I mean, really the two primary applications are the friendly fire, which I've described, whereby the drone can determine whether the ground personnel or ground devices are friend or foe. But, of course, the other application is command and control of the drones. So your definition of defensive or offensive is kind of up to you. We do have the ability eventually to also detect drones, but we're not doing that today. In other words, it's kind of a radar application. But really the focus for

us right now with our existing technology is command and control for the drone application. and, you know, with the concept that we, it's very, I would say, very, very difficult to jam our link. And I hope our slides today really communicated that concept.

John Hickman | Analyst, Leidenberg:

Well, how are you getting yourself noticed, like, on the military side?

Ron Glibbery | CEO:

Yeah, that's a very good question. Like, so basically, we, you know, really traditional, like we do, you know, in the States, you know, in America, we've got some, you know, terrific partners. that are helping us in that regard, and that's still under confidentiality. We're actually, to be frank, we've been accepted by a NATO consortium that's actually promoting technology in NATO-based countries. and that's actually been a very, very strong channel for us to get recognized by drone manufacturers. It's probably our primary channel right now for engagements. I would say just off the top of my head, we are for the last two to three months engaging with new drone customers and I mean designments on a weekly basis. The exposure is very, very good through NATO, for example. We do attend trade shows and have traditional marketing channels, but the NATO alliance has been very helpful for us. There's been a variety of methods that we're undertaking to really get ourselves known. Obviously, as the word gets out that our technology can be used for for jam-resistant communications, that really spreads the word as well, and that helps our communication. So we really do find that we're getting more and more increase on a weekly basis.

John Hickman | Analyst, Leidenberg:

So just one more question there. So some of these drone manufacturers are making thousands a week or a month. If somebody wants that kind of volume, can you do that?

Ron Glibbery | CEO:

Yeah, I mean, today I would say our capacity is about 30,000 to 50,000 units a month. But, you know, obviously, you know, we've kind of achieved that in the past. You know, I would say we would have no problem getting to 100,000 units a month. So we, you know, our primary silicon supplier is TSMC, which for them, you know, that's kind of peanuts. and, you know, I think with other suppliers, you know, it's just a matter of time before we can get to those volumes. So we're not worried about achieving those volumes from an operational perspective.

John Hickman | Analyst, Leidenberg:

Be a nice problem to have. Okay. Thank you.

Ron Glibbery | CEO:

Yeah. Thank you, John, very much.

Operator | Conference Operator:

Thank you. Your next question is coming from Kevin Liu from K. Liu & Company. Your line is live. Hi, good afternoon.

Kevin Liu | Analyst, K. Liu & Company:

Just a couple of follow-ons on the defense opportunities that you have. Can you talk about the pipeline and more specifically, how soon do you think you can kind of get the second and third production customers at a couple quarters out? Is that longer term? And then for the hybrid UAV network that you referenced, was curious if there are any specific LEO partners that you can name there?

Ron Glibbery | CEO:

For the first part of your question, Kevin, I mean, actually it turns out there's been a very, there's kind of a very interesting development, which is that, you know, obviously we're targeting drone manufacturers, but we are seeing actually traction in a related business, which is actually like fixed wireless communications, but secure fixed wireless communications. So it turns out that some of the customers who are actually, you know, providing drone communications are also would like us to provide communications on the ground. And we can see those shipments starting really in Q4. So that's very exciting. I think the drones specifically will be Q1, Q2 next year. But I actually am hoping that the whole concept of secure communications is just a very, very important concept. And again, I mean, we tried to make it clear in the slides today, but our ability to avoid jamming It's just very fundamental. This basically boils down to, you know, very, very narrow beam and very directional, directional and dynamic, like all those things that add up to make the whole communication channel very, very difficult to detect and to jam. So I would say there's, you know, we could start shipping in lower volumes even later this year. And so that's really our target. But, you know, I'm thrilled to say that the momentum certainly on defense manufacturers overall is turning out to be very, very positive for us. Now, the second part of your question is, you know, one of the, again, and without getting, you know, specific, one of the, you know, opportunities we're specifically working on, and I find this very, very interesting, in a certain, you know, battlefield environment, and I can't say where, you know, there is a model whereby a LEO satellite provider can provide a link to a control drone and that control drone can manage client drones and so what that means is the drone operator can be really anywhere you can be anywhere in the globe and really see a real time first person video depiction of those client drones and so you know you can do the math on how many LEO operators there are in the world but you know like certainly we're starting you know that's one of the applications we're working on is that specific scenario where the actual pilot of the drone is nowhere near the battlefield and using the LEO you know environment to actually control the the client drones. So that's a really interesting application for us. So we're working on that kind of in real time. So that's probably as much as I could say at this time. But certainly, you know, suffice it to say that that's an application that people are very, very intrigued about.

Kevin Liu | Analyst, K. Liu & Company:

Yeah. Just one quick follow on that point is, you know, with all these new things that you guys are working on, how quickly can you actually get these things to the battlefield? Are these all products that are contemplated for kind of the current conflicts that are ongoing? Or are these more so kind of next generation technologies where it could take a year or more for them to really get into production?

Ron Glibbery | CEO:

You know, Kevin, I think it's going to be phased. And frankly, again, going back to my earlier comments to John, I mean, I can see us starting to ship literally later this year on ground-based applications. So just to give you an example, some of our customers are providing radar and they need communications like data links to their radar units and the radar units need to be secure. So you can see a situation where we could be shipping you know there's very very little development that has to take place because it's really like our point-to-point applications for fixed wireless access as it turned out it just turns out it's secure there may be a few more you know bells and whistles but I can see us starting you know later this year you know I think from you know look I mean if we're talking about a very very sophisticated you know you know kind of swarm of I think swarm drones in particular is a complex problem. You know, we're probably a year away from that. But there's no doubt in my mind, you know, we'll start shipping later this year, early Q1, and then just ramp it up from there.

Kevin Liu | Analyst, K. Liu & Company:

I appreciate that. Maybe switching gears a little bit onto more your traditional fixed wireless business. You know, I certainly understand some of the challenges your customers are going through and why they're holding off on purchases. I'm curious what you're hearing from them in terms of where their inventory levels are with your chips. and when they do start to reorder again are you expecting kind of a big ramp up as they restock pretty fully or do you think it's kind of a more gradual uptick?

Ron Glibbery | CEO:

You know I'm going to share some insight with you Kevin that you know even over the last few days which is that you know the pick you know even though you know there's a lot of buzz on the military side of things on the fixed wireless side we've had three major you know customer opportunities arise very, very recently, including one of the largest OEMs in India now. It feels like they'd like to start shipping our technology in India, which is obviously a tremendous market, a Middle Eastern customer, as well as a large OEM. and the message from all of those potential customers is that they're seeing traction. I think with regards to our own customers, I'm going to let Jim kind of answer in terms of specifics, but we actually are starting to see reorders from some customers. So we're starting to see that turnaround. We know for sure in Q4 we're going to start to see that turnaround. in terms of what we can share globally. Jim can speak to that more specifically. I think the good news and certainly what I've seen even over the last week is we're getting real momentum from new customers. I'm talking very large opportunities in India and the Middle East as well as a new OEM partner. We're hoping by Q4 we really overcome this memory situation. But by the way, one of the key points I think that our customers are trying to do on the memory side of things is kind of switching to DDR3. So one of the problems is the AI customers broadly are using DDR4, DDR5, which is very, very high speed. But luckily, in most cases, our customers can get away with DDR3. So we're starting to see that transition, which we are hoping by Q3 will alleviate some of this pressure.

Kevin Liu | Analyst, K. Liu & Company:

All right, great. One last one perhaps for Jim. It doesn't sound like it, but we're curious with the Roth equity facility that you guys secured after quarter end, did you guys tap into that at all, or is that still fully available to you?

Jim Sullivan | CFO:

No, we have not tapped into the Roth facility or used our ATM facility. since June 30th. I think we had some trades under the ATM maybe settle on July 1. No, there's been no activity under either facility. We'll have comments obviously in the 10Q regarding our runway and liquidity, et cetera, going forward. obviously we've got some market conditions working against us on the fixed wireless side and while a tremendous amount of activity on the drone defense side and I kind of joke with folks I know there's a lot of activity because a lot of NDAs are crossing my desk when Ron's come back from trade shows which is always a good sign to me I've had quite a number of them so there's some good comments earlier about the pipeline We'll be looking at that going forward. As has been the case in my mantra in past quarters, first and foremost, if we can't get our products out the door as quickly as we'd like based on customer orders, we remain focused on non-recurring engineering services, NRE. and team are working on working on one right now in the defense space. You know, and generally those those contracts have no incremental cost to us. So, you know, it's funded R&D to me that, you know, drops to the drops to the bottom line. So we've got at least one of those that's, you know, hopefully as high as mid mid six figures that we're working as well. with a number of the programs out there on technology. Ron's been very active in pursuing grants from the Canadian government. Obviously, each country wants to have its independent technology and resources. And while Perasso is a US public company, the majority of Ron and the majority of the team and all the engineers working on our millimeter wave technology sit in Canada. We've been pretty aggressive about applying for those. Time will tell. We've done the data submissions on the administrative side. Ron, led by Alex, our CTO, and Brad, our COO, and our VP of BizDev have done the technical details, provided the specs, et cetera. So we're optimistic about some of those coming in. Anything I missed there, Ron?

Ron Glibbery | CEO:

No, that was perfect. Terrific, Jim. Thank you.

Jim Sullivan | CFO:

I'll stop there, Kevin. I don't know if that answered your question.

Kevin Liu | Analyst, K. Liu & Company:

Yeah, it definitely did. Thanks for taking those questions, and I look forward to seeing some of these defense announcements in the near future.

Ron Glibbery | CEO:

For sure.

Kevin Liu | Analyst, K. Liu & Company:

Thanks, Kevin.

Operator | Conference Operator:

Thank you. I show that 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.