NASDAQ:SKYT Q2 2025 Earnings Call Transcript

Generated on 6/10/2026

Operator | Conference Call Operator:

Second quarter 2025 financial results. All lines been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you'd like to ask a question during this time, simply press star followed by the number one on your telephone keypad. If you'd like to withdraw your question, again, press the star and one. Please limit comments to one question and one follow-up. I would now like to turn the call over to Claire McAdams, Investor Relations for Skywater. You may begin.

Claire McAdams | Investor Relations:

Thank you, Operator. Good afternoon, and welcome to Skywater's second quarter 2025 conference call. With me on the call today from Skywater are Thomas Sonderman, Chief Executive Officer, and Steve Manko, Chief Financial Officer. I'd like to remind you that our call is being webcast live on Skywater's Investor Relations website at ir.skywatertechnology.com. The webcast will be available for replay shortly after the call concludes. On the events page of our IR website, we have posted a slide presentation that accompanies today's call. Also posted is our financial supplement. which summarizes our quarterly and annual financial results for the last three years, including all non-GAAP adjustments and comparisons to our GAAP results, as well as the impact of tool sales on our gross margins. Another important comment about our financial supplement this quarter is that we have revised it to reflect the expected revenue and gross margin disclosures we plan to report starting in Q3 to clarify the financial contributions of FAB25, which will serve as a helpful template as you update your models in anticipation of our Q3 report. During the call, any statements made about our future financial results and business are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially. For a discussion of these risks and uncertainties, please refer to our filings with the Securities and Exchange Commission, including our earnings release filed on Form 8K today and our fiscal 2024 Form 10K. All forward-looking statements are made as of today, and we assume no obligation to update any such statements. During this call, we will discuss non-GAAP financial measures. You can find a reconciliation of these non-GAAP financial measures to GAAP financial measures in our earnings release, our financial supplement, and in our Q2 earnings presentation, all three of which are posted on our IR website. Also on our IR website events page, you'll see that we plan to participate in four investor conferences in Q3, the virtual Needham Semis Conference, Jefferies in Chicago, B. Reilly TMT in New York, and Piper Sandler in Nashville. please feel free to contact me directly for any investor follow-up requests. And with that, I'll turn the call over to Tom.

Thomas Sonderman | Chief Executive Officer:

Thank you, Claire, and good afternoon to everyone on the call. Revenues for the second quarter came in at the upper end of our outlook provided in May at just over $59 million. With close management of costs and expenses, we delivered upside to our gross margin adjusted EBITDA, and non-GAAP EPS expectations for the quarter. We successfully completed Skywater's first transformative acquisition, acquiring Infineon's FAB25 in Austin, Texas. The transaction was finalized with an upfront payment of $93 million, fully funded through our new debt facility with no future payments required This acquisition is bolstered by multi-year supply agreement with Infineon projected to exceed $1 billion and is further strengthened by the IP license agreement announced last week. With the acquisition closing on the first day of fiscal Q3, our report today reflects entirely Skywater's standalone performance without any contribution from FAB25. This also means

that our outlook for the third quarter reflects a full quarter of contribution from Texas. FAB25 brings Skywater a number of significant benefits, both strategic and financial. Strategically, the acquisition of FAB25 firmly establishes Skywater as the largest exclusively US-based pure play foundry service provider, offering dual source support for a foundational node 200 millimeter foundry capacity. Incorporating FAB25 within Skywater increases our 200 millimeter foundry business capacity by four hex here in the US, which we believe provides a long and meaningful growth path into the future. We believe FAB25 occupies a strategic sweet spot in capabilities, delivering the output scale, quality standards, including automotive, and process flexibility needed to meet the evolving semiconductor needs required for a secure U.S.-based supply chain. We expect the acquisition to further enhance our ability to extend our differentiated technology-as-a-service model to a broader range of customers while diversifying our revenue base and advancing our mission as an essential enabler of America's semiconductor on-shoring and industrial resilience strategy. Moving to the financial benefits of FAB25, we expect the acquisition to enable us to roughly double our revenue scale and adjusted EBITDA immediately, with strong free cash flow generation from the outset. With a four-year supply agreement with Infineon, we have an expectation for consistent, steady financial contributions over the next several years. Our goal is to gradually bring in a higher margin mix of products through a combination of product transfers from semiconductor companies seeking to expand their domestic capacity, as well as new platform design wins and ATS development revenue. Additionally, we expect to leverage cost optimization across our Minnesota and Texas fabs by driving synergies in both engineering and operations. As for the expected revenue trajectory ahead for Skywater, there are multiple growth vectors to be excited about today. The first is quantum computing. As we've been reporting for several quarters, we're currently seeing strong momentum in quantum computing applications, a domain of growing strategic importance to both the economy and national security. We are building on a solid foundation in this space by expanding our capabilities in superconducting zone development, interposers, and chip operation enablement, all critical building blocks for scalable quantum systems. Through targeted investments, Skywater has transformed our legacy node fab in Minnesota into a high-value production-capable asset that now serves as a center of excellence for quantum technology development. Since last quarter, we've made meaningful progress engaging with additional new quantum customers, further building upon our unique position as a trusted enabler of early-stage quantum solutions within a secure U.S.-based environment. In the second half of the year, we plan to announce new customer engagements and communicate our plans to release a superconducting design platform for quantum and supercomputing hardware development, which we expect to enable customers to accelerate their time to market. Looking ahead, we expect continued growth in this segment as demand for quantum technology continues to expand and proliferate. Next, exciting progress ramping our advanced packaging operation in Florida continues to build momentum towards more meaningful ATS revenues towards year end. Our overall advanced packaging program has progressed ahead of schedule, despite some ongoing tariff uncertainties, which have delayed the installation of a small number of tools. As we have previously communicated, we expect Florida Tools revenue to be back half loaded in 2025 and we currently expect the majority of this year's tools revenue recognition in Q4. We also expect that increasing ATS revenues from Florida will help drive sequential growth for our ATS business in Q4. In our wafer services business, MIX continues to develop favorably as customers make progress with their designs and system-level qualifications. While Therma V business will continue to be uneven during ramp-up, as we have previously guided, We expect it to be the engine for continued momentum in waiver services through year end and into 2026 before the contribution from PADD 25. Turning to the current environment for our aerospace and defense programs, ATS continues facing headwinds given the government funding picture in Washington, D.C. This is not a reflection of the strong partnership we have established with the Department of Defense where we are developing multiple new products and platforms that are of high strategic value for the U.S. government. However, the government continues to operate at 2024 spending levels, which has created continued funding delays in Washington. Despite our optimism last quarter that these funding issues would be resolved by the second half of the year, we now believe our DOD programs will continue to operate around current revenue levels through 2025. We continue to view these challenges as transitory as our current programs directly support strategic mission-critical national security initiatives across key U.S. Department of Defense priorities. The current administration has clearly outlined its strategic focus areas, including microelectronics, quantum, AI, missile defense, and hypersonics, all domains which align with

Skywater's engineering services, security infrastructure, and technology platforms, reinforcing our role as a critical partner in advancing defense technology base. For a couple of DoD programs, we have executed development activities at a pace above the currently funded level, which means that some ATS revenue will immediately be recognized if funding level increases are approved. Until we have better visibility, however, we are not including these releases into our current outlook for the remainder of the year. which brings us to our outlook for the second half of 2025. We are currently forecasting Q3 ATS revenues of approximately $50 million before adding at least $5 million of incremental revenue from Florida in Q4. Quantum computing, our second largest end market, is expected to generate revenue growth exceeding 30% in 2025. We expect quantum momentum to continue into 2026 with a new platform and additional customer engagements. We expect both quantum and advanced packaging to be two key areas of ATS growth as we move into 2026. Within wafer services, we expect to continue to gain incremental traction in new platforms such as ThermaView within our Minnesota operations and continue to expect year-over-year revenue growth for our organic wafer services business in fiscal 2025. The addition of our Texas FAB is expected to add $75 to $80 million of revenue from Infineon for the third quarter and continue at these levels through the next several years, altogether positioning Skywater for significant top line growth in 2025 as well as 2026. Given that we completed the acquisition just over one month ago, today we are not in the position to provide forward guidance for our fiscal 26. However, given the meaningful contributions ahead from our new acquisition, today we will communicate some broad parameters to help shape your expectations for our financial performance in the coming year. In particular, our outlook for the Q4 run rate as we exit 2025 provides a solid baseline from which we can further improve and expand upon as the demand environment begins to take shape for 2026. Our expected revenue profile in the fourth quarter reflects our expectation for total wafer services revenue in the mid $80 million range and ATS revenue in the mid $50 million range. We expect this revenue mix to generate adjusted EBITDA margins of at least 10% in the fourth quarter. When coupled with high levels of confidence for incremental ATS revenue momentum next year in areas such as quantum computing and advanced packaging, Expectations for $600 million of revenue and at least $60 million of adjusted EBITDA in 2026 would be a solid base to expect from Skywater's financial profile in the coming year. Before I hand the call over to Steve, I want to briefly step back and reflect on the broader strategic landscape and why Skywater's momentum aligns so directly with what the market, our customers, and the country now recognize as critical. There's growing consensus that the U.S. needs a stronger, more resilient semiconductor base, not just at the leading edge, but at foundational nodes that power everything from defense systems to vehicles to industrial infrastructure. These mature node chips are essential, yet much of their production remains offshore, often in areas with significant geopolitical risk. Over $5 billion of semiconductors used annually in U.S. defense applications are sourced from China and Taiwan, a clear vulnerability for national security and industrial resilience. The federal government is responding. The Section 232 investigation launched earlier this year and Secretary Letnick's recent remarks suggesting a near-term White House action plan reflect a decisive policy shift. It's no longer a question of if domestic capacity is needed. but how fast it can be established. At the same time, the private sector is undergoing its own transformation. Many IDMs and mature nodes are transitioning to hybrid or fabulous models, focusing internal investment where they have differentiation and outsourcing where utilization is lower. Our external options are now viable. We believe this shift, combined with customer demand for regional diversification and onshoring, creates a clear and sustained signal. The market needs more US-based foundry options for mature node production. Skywater is answering that need. Our strategy focuses on enabling this industry evolution through scaled open access 200 millimeter manufacturing paired with high value IP and specialized process capabilities. We help customers accelerate new product launches, support existing designs onshore and diversify global supply chains. BAB25 is a major step forward, expanding our 200-millimeter capacity by more than 4X and unlocking over $300 million in annual revenue potential. It's purpose-built to serve real, multidimensional demand, from defense programs requiring trusted U.S. production to auto and industrial customers regionalizing their supply chains. to IDMs and fabless firms rethinking their manufacturing models. Beyond that, we're executing across high-impact growth vectors. ThermaView is modernizing defense sensing platforms. Our quantum initiatives are advancing future state compute. And our Florida-based advanced packaging operation is addressing one of the final integration gaps in US-based chip production. These aren't isolated wins. They're components of a long-term infrastructure strategy. As we look towards

2026, Skywater is emerging not just as a growth story, but as a strategic cornerstone in reshaping the U.S. semiconductor landscape, where national interest, customer demand, and technology execution converge. With that, I'll turn it over to Steve.

Steve Manko | Chief Financial Officer:

Thank you, Tom. Second quarter revenue of $59.1 million came in at the upper end of our guidance range, primarily due to a stronger ATS revenues versus forecast. Our Q2 gross margin exceeded the top of expectations at 19.5%, and the impact of tools in the quarter was 10 basis points. Adjusted EBITDA of $2.3 million was also stronger than forecast as a result of favorable gross margin performance, as well as lower operating expenses. Q2 OpEx was flat to Q1 at $13.5 million, and with continued close management of spending levels, we currently expect our operating expenses for the full year will increase approximately 5% organically compared to the 10% to 15% increase previously forecast for 2025. Our Q2 EPS was favorable to guidance at a loss of $0.11 per share and included a tax expense for the quarter that was higher than forecast at over $700,000. Turning to the balance sheet, we ended the quarter with $49.4 million in cash, roughly flat to Q1, and total debt outstanding at quarter end was $65.7 million. The net increase in borrowings during the quarter was $5.5 million, which funded the slightly negative cash flow from operations, as well as $3.6 million in CapEx. On June 30th, we completed the acquisition of FAB25, and the associated adjustments to our cash, debt, and PPE balances are provided in a supplemental table in today's earnings release, as well as our Q2 earnings presentation. Concurrent with the announcement of the closing of the acquisition, we announced our new $350 million revolving credit facility. The total debt outstanding as of June 30th was $137 million, of which $113 million was used to fund the purchase price plus working capital assumed, as well as all transaction and closing costs. $24 million replaced the existing balance of our short-term borrowings, and the remaining $7 million added the net cash on the balance sheet. As you update your models, please reflect the June 30th balances of cash and debt as provided in today's earnings release. Turning to our outlook, which will now incorporate the P&L contribution from Fab 25. Given the transformative nature of the acquisition and the significant impact on our financial results, in today's financial supplement posted to our website, we have provided the updated presentation of revenue classification consistent with our new reporting, as well as the additional adjustment we will make to the non-cash purchase accounting treatment of acquired assets, namely the depreciation expense we will now record on the full fair market value of FAB 25's building and equipment. The total PP&E added within our supplemental balance sheet table for FAB 25 was $364 million, which is subject to adjustment. The majority of PPE reflects the fair market value of the building and equipment, which we estimate will carry an annual depreciation charge of $30 to $45 million for the next six to eight years. Since the final valuation is not yet complete, please note that our Q3 guidance reflects our best estimate of purchase-to-coming adjustments, but these are subject to change until final. For Q3 guidance specifically, I will begin with FAB 25's expected contribution to our P&L results for the quarter, as these ranges are currently expected to remain relatively consistent each quarter. For the third quarter, we expect wafer services revenue from FAB 25 to be in the range of $75 to $80 million. While the final depreciation figure is currently being determined, at this time we expect a reported non-GAAP gross margin for FAB 25 to be in the range of 4 to 6%. Within this range, we expect purchase accounting depreciation expense to be in the range of $8 to $10 million each quarter. Again, this is the non-cash portion of our FAB25 cost of revenues. The other incremental P&L items related to FAB25 are approximately $5 million per quarter of operating expenses, almost all within SG&A, and approximately $2.5 million a quarter of interest expense to reflect the incremental borrowing to fund the acquisition. Since the announcement, we have communicated our expectation for strong free cash flow generation from Fab 25. In the third quarter, we expect Fab 25 to contribute a strong and steady $8 million of adjusted EBITDA each quarter, equal to just over 10% of quarterly revenues. For our organic skywater business in Minnesota, and now increasingly from Florida, we currently expect Q3 ATS revenue of approximately $50 million. wafer services revenue of $5 to $6 million, and tool revenue in the range of $2 to $3 million. Based on these ranges, we expect to report Q3 consolidated non-GAAP gross margin in the range of 11 to 14%. On our supplement, you will see that in addition to quantifying the impact of tools on our gross margin, we will also quantify the impact of purchase

accounting depreciations. Given the expected revenue profile for Q3, we expect tools to impact gross margin by approximately 20 basis points and purchase accounting depreciation to impact gross margin by approximately 600 to 700 basis points. Total non-GAAP operating expenses in Q3 are expected to be in the range of $18 to $20 million. As a reminder, this range reflects our expectation that our organic operating expenses will increase approximately 5% for the full year compared to 2024, as well as approximately $5 million per quarter added from Fab 25. We expect interest expense for the third quarter of $4.5 to $5 million, tax expense of $500,000, and income from non-controlling interests of approximately $1 million. On a consolidated basis, this equates to an expected net loss per share in the range of 14 to 20 cents per share and adjusted EBITDA in the range of 10 to $12 million. Before turning the call over to Q&A, I will provide some additional metrics that reflect our expected quarterly run rate as we exit 2025. While we are taking a more conservative stance with regard to ATS growth, we continue to have confidence in the incremental ATS revenues driven by our Florida operations in Q4, as well as continued momentum for our organic wafer services business. As we move into Q4, we believe that a reasonable expected quarterly run rate for consolidated skywater revenues will be approximately $140 million before tools. We expect this quarterly run rate to provide a solid revenue baseline as we move into 2026. While our reported gross margins may fluctuate as a result of episodic tool revenues, as well as purchase accounting depreciation, As you look at our expectations for Q4's gross margin in the range of 12% to 15%, this reflects the strong flow-through expected on the incremental revenue growth. Our Q4 gross margin expectation assumes $20 to $25 million in tool revenue with a 200 basis point impact, and that purchase accounting depreciation will impact reported gross margins by 500 to 700 basis points. Given these assumptions, our expected adjusted EBITDA generation, in the fourth quarter is currently estimated at approximately $14 million, which represents at least 10% margin on our core revenues. Therefore, as we look to the 2026 financial metric with the highest degree of visibility and predictability, beyond the revenue expectation of at least $600 million, is our expectation for adjusted EBITDA generation of at least $60 million for the full year. As a final reminder, we continue to forecast total customer-funded capex of approximately $200 million in the three-year period spanning 2024 to 2026. But in 2026, we currently expect a smaller portion will be recognized on our P&L as tools revenue. For now, we assume $20 million in tool revenue recorded in 2026. With that, I'll turn the call over to Q&A. Operator, please open the line for questions.

Operator | Conference Call Operator:

At this time, I'd like to remind everyone, in order to ask a question, please press star then the number one on your telephone keypad. Your first question comes from the line of Quinn Bolton with Needham & Company. Your line is open.

Neil Young | Analyst, Needham & Company (on behalf of Quinn Bolton):

Hey, thanks. This is actually Neil Young on for Quinn Bolton. Regarding margins for FAB25, I was wondering, are there any future milestones that can unlock future margin expansion? And if so, what are the timing regarding those? Thanks.

Thomas Sonderman | Chief Executive Officer:

Yeah, let me start and Steve can add a little color. Obviously, there's multiple activities underway to expand margins. One, of course, would be bringing in ATS engineering revenue. That's something we'll start immediately. And then, of course, as we bring in new products, new platforms, we'll be charging market prices for those, and that will also give us good levers to further expand margin while we're executing the take or pay. Steve, anything to add?

Steve Manko | Chief Financial Officer:

I think we started talking about Fab 25 acquisition back in February. We've been pretty clear since that time that the near-term gross margin will be compressed compared to historic levels for the company. While the GM basis points will be compressed in the near term, it is important to remember that we found very economical way to acquire assets in the down market we double the revenue we increase the gross profit dollars so if you remember going back to q1 or q2 of 2024 we're around the 70 million dollar revenue line excluding tools we run a path to non-gap gross margin of around 30 percent so i believe we have a path to exceed gross margin for other foundries looking at our total business put together but the near-term compression on gross margin will exist with fab25 acquisition

Thomas Sonderman | Chief Executive Officer:

Yeah, and just one other component to keep in mind is we are expecting to drive synergies through cost optimizations now that we have multiple FABs, and we'll be looking at how across both operations and engineering we can drive efficiencies to not only optimize costs but drive more output out of FAB25.

Neil Young | Analyst, Needham & Company (on behalf of Quinn Bolton):

Great. Thanks. That's all from me.

Operator | Conference Call Operator:

And your next question comes from the line of Krish Sinker with TD Cohen. Your line is open.

Steven | Analyst, TD Cowen (on behalf of Krish Sinker):

Hi, thanks for taking my questions. This is Steven calling on behalf of Krish. I guess a couple questions as well from my side. I guess first off with the FAB25, just wondering, like, in terms of the revenue guidance and expectations going forward from the Infineon business, what does that imply for I guess, FAB loadings and how much capacity is there for external customers to bring in incremental refer demand and how soon can that start?

Thomas Sonderman | Chief Executive Officer:

Yeah, so obviously, you know, the FAB as it stands today running Infineon product, the FAB is running at close to what they would consider their target utilization. We expect, as we move the FAB from an IDM model to a foundry model, drive our own efficiencies and bring in, you know, again, new capabilities, as I just alluded to, we will have the bandwidth to be able to maintain the output needed for Infineon and drive new customers. One of the things to keep in mind, and we announced this last week, is we licensed some high-voltage IP from Infineon that runs on our 130 network. HV platform. We'll start talking to customers about transfers into FAB25 regarding that kind of IP immediately as we integrate it into our design enablement capability. And then, of course, we've discussed before, you know, the FAB does have advanced capabilities for 200 millimeter. It's 65 nanometer capable. And we'll be looking at opportunities to bring in that kind of capability, which doesn't really exist here in the U.S. So across all those different vectors, we believe there's room for upside while we execute the take or pay and continue to expand our business in Florida with our AP build out, as well as executing the programs we already have in flight here in Minnesota. And all that will drive a margin expansion.

Steven | Analyst, TD Cowen (on behalf of Krish Sinker):

Tom, I just had to follow up regarding that IP license agreement with Infineon. Can you talk a little bit about how that came about? Was it interest from your side and you approached them, or was it the other way around? And as far as the time and maybe the cost to develop the PDK on your S-130 platform, can you help us understand how long that might take, depending on whether there's customer interest on it?

Thomas Sonderman | Chief Executive Officer:

Yeah, so for sure, we believe there's customer interest. I think, you know, think of it as we already have the PDK and the design and infrastructure. What we'll be doing is integrating the new IP blocks, both high voltage and copper. That's an important distinction. The capabilities we had in Minnesota were for aluminum. Now we'll have copper for SA, S-130s. And our ability to get those integrated, I think, will happen as this year unfolds, and we'll be talking to customers in parallel. So the expectation would be as we get into 26, we would be able to start, you know, doing what you would typically do in a foundry, which are people taping out to your IP, putting them on multi-project wafers, running those shuttles through the line, and then assuming functionality is as expected, you can begin to transition those to volume products. Again, that typical window is around two years, but the fact that we don't have to bring in new capabilities, we can leverage the current manufacturing basis plus the new IP that we got will be important. And then your question about who brought it up, it was always part of the strategy to get access to that IP so that there could be an immediate avenue for new our products into the fab as we define our longer-term strategies.

Steven | Analyst, TD Cowen (on behalf of Krish Sinker):

Great. Thank you so much, Tom.

Operator | Conference Call Operator:

And your next question comes from the line of Richard Shannon with Craig Hallam. Your line is open.

Richard Shannon | Analyst, Craig-Hallum Capital Group:

Well, thanks, guys, for taking my question. I'm going to ask both of my questions right up front here. As in your prepared remarks, Tom, you talked about two growth drivers as we go into next year, packaging and quantum here. So on the packaging side, I would love to understand where we are in terms of business development there. Do we have contracts or strong leads into filling that up here as we get into next year? And then the quantum side, I think you mentioned supporting superconducting as one modality. I'd love to get a sense of the degree to which you see other modalities as contributing to your long-term contributions in quantum as well. Thank you.

Thomas Sonderman | Chief Executive Officer:

Yeah, so on the advanced packaging front, clearly, A lot of the focus over the last year has been preparing for the wave of tools that are now coming into Florida. That is underway as we speak. Our goal is to be able to have prototype availability a year from now. That would allow customers to start creating packaging solutions based on our technology. The focus, obviously, coming out of the box is with the defense industrial base. That's why the DOD funded the stand-up of this platform. So there's interactions that are ongoing with that community. Many of those customers are the same ones we deal with for our ThermaV platform as well as our RadHard platform. I also, and we've talked about this before, but we also expect the commercial segment

to be very interested in this technology, and we continue to engage with them. And then the last thing I'll remind everyone is we did have a technology, an interposer technology that we set up that was in flight when we took over back in 2021, that capability is now also being marketed to the defense industrial base. So overall, I would say the traction's there and we continue to build momentum with that community in the AP space where we believe we have the only true foundry solution that is available with capabilities that not only exist today with our bonding and interposer, but in the future with our fan-off technology. And then in quantum, obviously, our focus is around superconducting-based film technology. But we've also, as we've alluded to before, been engaged with Psi Quantum. And that's a combination of superconducting technology and waveguide technology via photonics. And so we see those two vectors continuing. Obviously, there's technologies like ion trap that also get discussed a lot in the quantum space. That is an area that we continue to look at in terms of viability. I think capability-wise, we certainly have that as an option. It's just a question of what the right combination of our capabilities coupled with customer need. One thing that we are very proud of is that we not only have our front-end capabilities with superconducting films, but we also have some very strong capabilities now with our interposers and chiplet strategies. And these are foundational, as I alluded to in my remarks, to building out quantum computing capabilities. And so all these will come into play, and we expect to not only discuss later this year our new platform for supercomputing, quantum computing, but also talk about some new customers. Does that answer your question, Richard?

Operator | Conference Call Operator:

And it looks like Richard removed from the queue. I would like to remind everyone in order to ask a question, please press star then one on your telephone keypad. Our next question comes from the line of Robert Aguano with Piper Sandler. Your line is open.

Robert Aguano | Analyst, Piper Sandler (on behalf of Harsh):

Hey, guys. Thank you for taking the questions. This is Robert on for Harsh. you know, congrats on the FAB 25 acquisition closure. Just was wondering what kinds of customers you're going to be targeting to fill that FAB outside of Infineon. And if those conversations have begun to happen just yet, I know you guys just took control of the FAB, but any color on what else you guys think can go into that FAB?

Thomas Sonderman | Chief Executive Officer:

Yeah, I mean, obviously the FAB is, is targeted towards foundational semiconductors. So these are power management ICs, other ASICs, microcontrollers, embedded memory. These are all capabilities that exist or could exist in the fab. In terms of target customers, the group we're really looking at are what are referred to as the hybrid semiconductor manufacturers. These are companies like Infineon that have both their own fabs as well as outsourced capabilities. NXP, ST Microelectronics, companies that value or will value having sourcing out of the U.S., especially when you look at some of the trade discussions going on. There's other companies like ROM and Renesas from Japan that would be looking for sourcing out of the U.S. So it's really companies that value having their products made in the U.S. that are geared towards our industrial and automotive target verticals. And of course we'll be looking at, as I alluded to, you know, moving more, um, you know, DOD centric products into our fabs here in the U S as you know, the, um, DOD begins to reduce its dependency on foreign made Silicon, specifically China and Taiwanese based Silicon. I think that's a national imperative. So we believe there's going to be a strong market. You also have companies. like Microchip and others that are re-looking at their manufacturing strategies, even considering going to more of a fabulous model. So we think there's going to be a lot of demand. There's a major megatrend underway in domestic sourcing, and we believe having 200 millimeter foundry capacity for foundational nose will be what customers are looking for as the a lot of the administrative level decision-making begins to unfold in terms of action and execution inside the semiconductor ecosystem.

Robert Aguano | Analyst, Piper Sandler (on behalf of Harsh):

Fair enough. Thanks, guys.

Operator | Conference Call Operator:

And at this time, I would like to turn the call back over to Tom Sonderman.

Thomas Sonderman | Chief Executive Officer:

Thank you, operator. To close today's call, I want to convey the strong confidence we at Skywater have and executing towards our long-term growth and profitability goals and our commitment to build your confidence in us. We look forward to seeing you at our upcoming Q3 investor conferences ahead of our planned capital markets day in Austin. We'll record Q3 results in early November. With that, I'll conclude today's earnings call.

Operator | Conference Call Operator:

This concludes today's conference call. You may now disconnect.