

# NASDAQ:SVCO Q2 2025 Earnings Call Transcript

Generated on 6/10/2026

## Operator | Conference Operator:

Good afternoon and welcome to ZILVACO's second quarter fiscal year 2025 conference call. All participants are in a listen-only mode. After the speaker's presentation, there will be a question and answer session. To participate, you will need to press star 1-1 on your telephone. You will then hear a message advising your hand is raised. To withdraw your question, simply press star 1-1 again. Please note, this event is being recorded. I would now like to turn the conference over to Greg McNiff, Investor Relations for ZILVACO. Please proceed.

## Greg McNiff | Investor Relations:

Thank you. Joining me on the call today are Babak Tahiri, ZILVACO's CEO, and Dan Shaw, ZILVACO's Director of FP&A. As a reminder, a press release highlighting the company's results, along with supplemental financial results, and an earnings presentation are available on the company's IR site at [zilvaco.com](https://zilvaco.com). An archive replay of the conference call will be available on this website for a limited time after the call. Please note that during this call, management will be making remarks regarding future events and the future financial performance of the company. These remarks constitute forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. It is important to also note that the company undertakes no obligation to update such statements, except as required by law. The company cautions you to consider risk factors that could cause actual results to differ materially from those in the forward-looking statements contained in today's press release, earnings presentation, and on this conference call. The risk factors section in ZILVACO's annual report on Form 10-K for the year ended December 31, 2024, and the most recent Form 10-Q filing with the Securities and Exchange Commission provide descriptions of these risks. With that, I'd like to turn the call over to ZILVACO CEO Babak Tahari. Babak.

## Babak Tahari | CEO:

Thank you, Greg. Hello and welcome to ZILVACO's second quarter 2025 earnings call. I am Babak Tahari, CEO of ZILVACO. Thank you for joining us today. As we report on our financial performance and strategic direction, I want to pause and acknowledge something that doesn't always appear in the numbers. It is our people and investors. I'm not just any people or investors. The ones who remain through our product cycles that stretch into years, the ones who choose to be here when the market shifts, when uncertainty arises, and then the outcomes are not yet realized. The ones who commit to the mission even when the short-term picture is difficult. In the ADA space, where innovation is deep tech and long horizon, progress often demands patience. It's not always easy to stay the course, yet time and again our team does. Not because it's easy or glamorous or immediately rewarding, but because they believe in what we are building. Their loyalty and resilience form a competitive advantage that isn't easily replicated. Now moving to our results, I'm excited to update you on the strong momentum we've built since going public in May of last year. For fiscal year 2024, we delivered a 13% increase in bookings and achieved 10% organic revenue growth over fiscal year 2023. We also added over 46 new customer logos underscoring the growing demand for our software platforms. A core objective of our IPO was to position Silver Echoes for strategic acquisitions that would meaningfully expand our serviceable addressable market or SAM. We launched our acquisition strategy in Q1 of 2025 and have maintained that momentum into this quarter, targeting high growth sectors such as AI,

photonics, and high performance compute for edge and data centers. Our first two most recent acquisitions have added more than an estimated \$600 million in incremental SAM. Reinforcing our position in fast expanding markets and further diversifying our growth engine. The market response to the strategy has been very encouraging. Our new acquisition from Excel has another \$110 million of SAM for us. Revenue for the Q2 came at \$12.05 million within our guidance. Likewise, we are maintaining our fiscal year 2025 guidance in the range of \$64 to \$70 million, representing 7 to 17% year over year growth, which we intentionally set with a conservative approach given the current macroeconomic environment. We are taking a conservative approach on this guidance and did not include the mix of potential upside revenue for the year. We are equally confident in our long term growth trajectory underpinned by strong market demand for organic growth, strategic expansion, and increasing value for our technology stack. Next slide, please. I will now highlight our non-GAAP results for Q2 2025 guidance for Q3 and full year 2025, and our Director of FP&A Dan Schell will discuss our detailed financial results and guidance in his remarks. For Q2 2025, 14% of revenue from 10 new customer purchases in Q2, equivalent of \$4.18 million in bookings. 6% of our revenue came from new customer purchases in previous quarters, totaling 20% of land and land expansion in new customers. We had also 40% of revenue from expansion in existing customers. 40% of revenue from renewals, totaling 100% for Q2 2025. For Q3, we are providing the following guidance. Q3 booking guidance of \$14 to \$18.2 million. Revenue guidance of \$14 to \$18 million. Non-GAAP GM of 81 to 85%. Non-GAAP OI or loss of minus 3.5 to plus half a million dollars. Non-GAAP net income or loss of minus 12 cents to plus 2 cents per diluted shares. For the full year 2025, we are maintaining our existing guidance. Gross bookings in the range of \$67 to \$74 million, reflecting an increase of up to 13% year over year. Revenue in the range of \$64 million to \$70 million, reflecting an increase of up to 17% year over year. Non-GAAP gross margin in the range of 83 to 86%, compared to 86% in 2024. Non-GAAP operating income in the range of \$2 million loss to \$1 million income, compared to \$5.5 million in 2024. Non-GAAP net income per share of up to 3 cents. Please note that this guidance includes the acquisition of Cadence's TBC platform for the full year and TechX for Q2 through Q4. Considering only initial revenue synergies, not including potential land and expand for these acquisitions, nor have they included, makes sell potential revenue at this time. We are strategically expanding our capabilities to meet the evolving needs of our customers, particularly in high growth sectors for design and manufacturing of semiconductors and photonics. At the same time, we are taking disciplining approach to managing operating expenses, cash flow, and liquidity, reflecting a prudent posture in today's macroeconomic environment. This balance between targeted investment and financial discipline positions still lack of to lead in some of the fast growing segments such as AI, high performance compute, memory, power, and photonics while protecting shareholder value and ensuring long term sustainability. Next, I'd like to discuss how to lack of solve semiconductor and photonics challenges facing our customers. Acquisitions expand solutions in key AI markets. Today, we face numerous design and manufacturing challenges, and we believe SILZACO is well positioned to address key AI markets with our organic strategies and our recent acquisitions. I have highlighted the key AI markets with dashed orange boxes that we are expanding into. These include memory, high performance compute, photonics, automotive data centers, and edge compute to augment and enable AI democratization. New technologies are emerging, product complexities are increasing, customers are challenged, their expectations are evolving, and we must lead in addressing and solving these challenges by doing what we do best, anticipating the next big technological breakthroughs, leading it through artificial intelligence, through advanced algorithms in multi-physics, through digital twin models that guide customers through complex design and manufacturing. To stay ahead, we don't work alone. We partner with universities, with leading research labs, with our strategic customers, and through targeted strategic acquisitions. We are focused on AI, we are focused on photonics, we are focused on high performance computing and connectivity. Let's look closer at the challenges shaping our markets. First, design and manufacturing complexity. Transistors are getting smaller with more functionality packed inside, complex multi-core architectures are being designed, all of it impacting memory, high performance computing, automotive, and more. Second, new materials such as gallium nitride, silicon carbide, and photonics integrated devices are pushing the boundaries of fabrication and design. Third, -to-market challenges, including rising costs and rising risks, costs of design, costs of tools, costs of wafers, and pressure of time to market. This is the landscape we are navigating. This is the opportunity we are capturing with technology, with strategy, and with vision. Next slide, please. Executive summary for the quarter. We just announced the acquisition of Mixcel

Incorporated, which we believe expands our SAM by another \$110 million with silicon proven MixCycNL IP in the world's leading foundries, many of which are ISO 26262 and ISO 9001 certified. Representing the high quality of the products for automotive and other markets. And that's not all. We announced the addition of three new executives, which I will give more details in the next slide. We also announced some of our recent customer successes. Al Salpine adopted Silvaco's Jivaro Pro to accelerate spice post layout simulations. Fraunhofer ISIT, one of the top leading R&D companies in the world, to advance next generation gallium nitride with Silvaco's DTCO flow. WaveTech deployed Silvaco's Victory TCAT to drive innovation in GAN-based connectivity solution, helping our lead position in power electronics. And there is more coming. We expect to announce new customer wins in the second half of the year. In Q2 2025, we didn't just grow our customer base. We landed 10 new customers in photonics, automotive, mill arrow, foundry, and power markets. Three in photonics, one in foundry, two in power, and others in markets such as mill and arrow. Furthermore, we achieved ACV of 26% TTM, ending in Q2 versus 21% ending in Q1. Next slide, please. We've added three new executives to our team. Andrew Wright, a senior vice president and general manager of semiconductor IP group BU, Gazzwinder Singh, a senior vice president and general manager of EDA group BU, John Burke, as vice president of business development. Collectively, they bring decades of experience in semiconductor design and software development to Silvaco and will play pivotal roles in accelerating innovation and operational excellence. Adding these accomplished leaders strengthens our ability to innovate and scale Silvaco's organic growth. This will be our main focus for the remainder of 2025. Their insight and proven track records will help advance and accelerate the next phase of our growth. With their expertise, we are well positioned to broaden our market presence and deliver even greater value to our customers all-white. On the next slide, I will walk you through our recent acquisitions that are accelerating our expansion into new high-growth markets. Next slide. Expanding market opportunities using AI based visual twin modeling. On our last earnings call, I discussed the strategic rationale and opportunity behind the acquisition of cadences, process, proximity compensation, or PPC product line, which combined with our acquisition of TechX, we believe has increased our SAM to \$4.4 billion. Today, I'm excited to share an overview of our recently announced acquisition of Mixcel MixSignal IP, including our technology integration plan and the strategic rationale driving this move. We believe Mixcel expands our SAM by an additional \$110 million. It is important to note that historically, Silvaco's digestion period for acquisitions of this size has been about six months. We have already integrated the initial revenue synergies for the two previous acquisitions and are on track to complete the operation and tax synergies over the coming quarters. This year, Silvaco's total SAM has expanded by over \$710 million through both organic growth and strategic acquisitions. The increase is from \$3.8 billion in 2024 to \$4.5 billion in 2025. Positioning us for stronger long-term growth. Next slide, please. Expanding market in silicon photonics integrated circuits. For the first time, we are excited to share our strategic expansion and roadmap for photonics, which builds on our strong momentum in the market. As I mentioned, our total SAM now stands at \$4.5 billion, which includes \$260 million from the TechX acquisition. This includes \$150 million from photonics design software and \$145 million from wafer fabrication solutions, covering advanced capabilities such as Plasma H at the tool level and packaging impact on photonics integrated circuits. This new segment represents a compelling growth engine for the coming year and beyond, expanding our reach into high growth, high value markets. Next slide, please. Mixcel MixSignal IP strategic rationale. Silvaco's acquisition of Mixcel brings in a portfolio of silicon proven MixSignal IP that is already deployed in the world's leading foundry. Mixcel has a -plus-year track record of delivering successful silicon solutions and is widely recognized for its low-power, high-performance IP. Strategically, Silvaco expects to land new customers through Mixcel's base while driving revenue synergies with existing accounts. Leveraging Silvaco's global channel is projected to accelerate revenue growth. Please turn to the next slide for specific examples of how this technology is changing the industry. Mixcel's MIPI-5 cores stand out in the market due to their comprehensive support across entire MIPI multimedia ecosystems, including automotive, camera, display, and storage. Mixcel is the number two company in terms of MIPI revenue. The diagram highlights Mixcel's broad coverage of multi-protocol layers such as CSI-2, DSI-2, and UFS, all supported by versatile PHY implementations including D-PHY, C-PHY, M-PHY, and other combinations. This flexibility enables associate designers to integrate a single, interoperable physical layer IP across a wide range of used cases, reducing time to market and validation complexity. Additionally, Mixcel's long-standing track record of first-pass silicon success and compliance with MIPI Alliance standards position it as a trusted supplier. These

technical strengths, coupled with seamless support for emerging standards and multi-plugin protocol convergence, differentiate Mixcel in a crowded space and position the company to capture significant market shares as demand grows for high-speed, low-power interfaces in mobile, automotive, and other applications. Strategic focus for the remainder of 2025 and 2026. Silvaco is positioned for significant growth by capitalizing on immediate revenue synergies from recent acquisitions, unlocking access to over 30 new customers, and enabling expanded cross-selling and landing of new logos in high-demand sectors such as AI, photonics, and advanced semiconductors. Leveraging acquired technologies and established channels, the company is well positioned to deliver multi-physics simulation solutions across semiconductor and display applications. Strategic next steps include defending AI-based FTCL engagements with memory, advanced CMOS, power, and photonics R&D customers. Broadening semiconductor IP portfolio and driving expansion in the high-growth market of silicon-based photonics integrated circuits for HPC, automotive, and sensing applications that play a large role in AI development and infrastructure. With a sharp focus on enhancing customers' time to market and costs, we are able to command higher margins and go through new product development and recent acquisitions. To summarize, strategic next steps include deepening engagement with R&D customers, broadening semiconductor IP portfolio, and driving expansion in high-growth market of silicon-based photonics to enable, enhance, and support AI infrastructure, AI architecture, AI power management, and compute resources for both static and autonomous applications. Together, these strategic priorities position to lack of to accelerate growth, strengthen margins, and deliver sustained profitability through the remainder of 2025 and into 2026. With that, I'll turn it over to Dan to review details of quarter financials and our guidance for Q3 and fiscal year 2025. Thank you. Dan?

## **Dan Shaw | Senior Director of FP&A:**

Thanks, Bavak, and thank you all for joining us today. My name is Dan Shaw, Bavak's Senior Director of FP&A. Today, I will be reviewing our financial results for the second quarter of 2025 and providing guidance for the third quarter and full year of 2025. Please note that I will be discussing non-GAP results going forward. As a reminder, our GAP financial results, along with a reconciliation between GAP and non-GAP results, can be found in our earnings press release in the appendix of the presentation and within supplemental financials on our website. Moving to the next slide, I'd first like to start the financial overview by saying that our long-term target model remains intact, and we remain confident in our ability to achieve our strategic and financial objectives. Q2 results fell within our quarterly guidance range. While some orders were shifted from Q1 into Q3 and Q4, we fully expect to book those POs later this year. We exited the quarter with \$55.5 million in cash, cash equivalents, restricted cash, and marketable securities. This is down from \$74.5 million at the end of Q1, primarily due to the NANDGATE litigation settlement and the acquisition of TechX during the quarter. Other expenses this quarter have also increased as a result of both organic R&D investments as well as recent acquisitions, impacting both our gross margin and operating expense forecasts for the short term. We are actively working to minimize these effects. Following the PPC product acquisition in Q1, and now with the recent acquisitions of TechX in Q2 and Mixcel in Q3, our focus has shifted to integration and driving higher revenue through land and expansion. Next, I am excited to announce that we have achieved trailing 12-month ACV growth of 26% in Q2 2025, which is up from last quarter. As a reminder, annual contract value, or ACV, is a meaningful metric for measuring Savaco's underlying performance as it normalizes for multi-year deals as well as minimizes the impact of AFC 606 revenue accounting rules. Lastly, I will get into details on this guidance shortly, but I want to highlight that our annual guidance remains the same. Let's turn to the next slide. To begin, our Q2 results in more detail. Gross bookings for our software and semiconductor IP products in the second quarter were \$12.9 million, down 34% year over year. Revenue was \$12.05 million, down 19% year over year. The Q2 year over year decline was primarily due to the high value of the FTCO booking in Q2 2024, as well as pressures stemming from short term macroeconomic uncertainty. Our non-GAAP operating expenses were \$14.9 million, up from \$14 million last quarter. Breaking down our cost structure, R&D was 42% of revenue, sales and marketing was 36%, and G&A was 46%. The increase in operating expenses was primarily driven by higher headcount related costs and research and development, as well as sales and marketing, which also included commissions. Non-GAAP operating loss was \$5.7

million, down from non-GAAP operating income of \$1.7 million in Q2 2024. Our non-GAAP net loss for the quarter was \$4.6 million, compared to a non-GAAP net income of \$1.8 million in the same period last year. The alluded non-GAAP net loss per share came in at \$0.16, compared to a non-GAAP net income per share of \$0.07 in Q2 2024. Our weighted average diluted share count for the second quarter was 29.3 million shares. For the year, we reiterate that we are expecting to be neutral in non-GAAP net income and breakeven on a free cash flow basis. Turning to our bookings performance in more detail, as Babak mentioned, we did have some delays in customer POs in Q2. However, we are proud to have still added 10 new customer wins for the second quarter. In terms of product breakouts, TCAD bookings were down 55% year over year due to the timing of large renewals that happened last year. And EDA bookings were down slightly by 7% year over year with some partial offsets coming from the addition of PPC. We are also pleased that our bookings for our SIP product increased by approximately \$1.5 million, a growth of 87% year over year, and we expect continued growth from this product line. Remaining performance obligations or RPO at quarter end stood at \$36.4 million, with 50% expected to be recognized as revenue within the next 12 months. Moving to revenue, Q2 was down 6% year over year on a trailing 12-month basis, ACB. For the quarter, our software licenses accounted for 60% of our total revenue, while maintenance and services accounted for 40%, consistent with historical levels. Looking by product, TCAD revenue was down 34% year over year once again due to the timing of renewals. EDA revenue was up 15% year over year, again driven by a key renewal for our recently acquired PPC product line. Revenue for our SIP product increased by 11% year over year due to traction and technical enablement for foundries. Turning to our split between geographic regions, revenue from the Americas was down 44% year over year due to lower revenue from our TCAD product. Asia Pacific was up 11% year over year, driven by higher EDA sales. Enea was down 22% year over year due to lower TCAD sales in this region. I will again reiterate that despite the current macro headwinds, as we continue to work towards closing some of the delayed customer orders and introducing our new products acquired to existing and new customer base, we believe the company is well positioned for higher growth rates moving forward. Moving to the next slide, our non-GAAP gross margin for the quarter came in at 76%, down from 86% in Q2 2024. The year over year decline was driven mostly by lower revenue due to temporary order pushouts. You can see from this chart that historically our cost of goods sold is relatively fixed and therefore the gross margin closely coordinates with revenue. As was the case with last quarter, this quarter we saw an increase in our cost of goods sold due to higher headcount related costs, in part from a cost structure that now also includes both the PPC and TechX acquisitions. With both acquisitions now in our rearview mirror, we are now focused on optimizing costs as part of integrating the operations. As we continue to scale, we still expect non-GAAP gross margins to expand towards our long-term target of 90% plus. We believe the company is poised for significant growth by capitalizing on immediate revenue from recent acquisitions and increases by our land and expand strategy, unlocking access to over 30 new customers and enabling expanded cross-selling in high-demand sectors such as automotive, robotics and AR slash VR. Leveraging acquired technologies and established channels, we believe the company is well positioned to deliver multi-physics simulation solutions across semiconductor and display applications. Strategic next steps include deepening engagement with memory, advanced CMOS, power and photonics R&D customers, broadening semiconductor IP portfolios and driving expansion in the high-growth markets of silicon-based photonics integrated circuits for HPC, automotive and sensing applications. With a sharp focus on enhancing first article yield and accelerating customer time to volume, the company is targeting fast-growing segments with robust markets for FPCO, silicon photonics and power semiconductors, creating what we believe to be a compelling trajectory for sustained investor value. Moving to the next slide. As we introduced last quarter, I'm excited to look at our new non-GAAP performance metric annual contract value or ACV. We believe that ACV is a more meaningful metric for measuring the underlying performance and health of the business, particularly in light of the quarterly volatility and revenue that results from ASC 606 revenue accounting rules as well as from large multi-year deals and the impact from the timing of renewals. Our ACV calculation includes all of our software licenses from EDA and TCAD as well as maintenance and services. Please note that the definition excludes semiconductor IP product sales because they are generally not recurring in nature. We believe this new metric reflects a more stable normalized growth by accounting for all contract types over a 12-month period. Further details around the definition of ACV are provided in our earnings reliefs as well as our investor presentation. Moving to the next slide. You can see the quarterly

fluctuations in bookings and revenue, which is specifically why we will be providing ACV as an additional metric starting this year. On a trailing 12-month basis, ACV was \$55.9 million for the second quarter, up 26% -over-year, an increase of 5% from Q1. While quarterly revenue may fluctuate, quarter-recurring revenue from new bookings has shown consistent annual growth. Moving on to the next slide. I will now cover our Q3 and full year 2025 guidance. For Q3 2025 guidance, our updated forecast is gross bookings between \$14 million and \$18.2 million, revenue in the range of \$14 million and \$18 million, non-GAAP gross margin between 81% and 85%, non-GAAP operating loss between \$3.5 million and a positive \$0.5 million, non-GAAP net loss per share between \$0.12 to net income per share of \$0.02. For our full year 2025, we are maintaining our guidance. Gross bookings are between \$67 million and \$74 million, revenue in the range of \$64 million and \$70 million, non-GAAP gross margin between 83% and 86%, non-GAAP operating loss between \$2 million and income of \$1 million, non-GAAP net loss per share between \$0.07 to net income per share of \$0.03. Given the recent timing of the acquisitions, this forecast does include assumptions of initial revenue synergies for the PPC and TechEx acquisitions, but does not include cost or tax synergies. Moving on to my final slide, with macros expected to stabilize, we are confident in our ability to regain momentum and execute on our long-term strategy. With the acquisitions of PPC, TechEx, and now Mixcel, we continue to execute our goals to drive revenue growth through expansion of our SAM through M&A, which was one of the primary expected uses of the capital raised in our IPO. We expect to return to 15% top-line growth once macroeconomic conditions stabilize and continue to target 15% to 25% top-line growth, 90% non-GAAP gross margin, and 25% plus non-GAAP operating margin. We expect to achieve these targets by expanding our presence in key end markets and continuing to pursue the right strategic inorganic opportunities with additional focus on driving expansion in the high-growth market of silicon-based photonics integration circuits for HPC, automotive, and sensing applications. With that, Lavak and I would be happy to answer your questions. Operator?

**Operator | Conference Operator:**

Thank you so much. And as a reminder, if you do have a question, press star 1-1 on your telephone and wait for your name to be announced. To remove yourself, press star 1-1 again. Our first question is from Blair Abernethy with Rosenblatt Securities. Please proceed.

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Thanks. Good afternoon, gentlemen. I've lost. Can you hear me okay?

**Babak Tahari | CEO:**

Absolutely.

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Thanks for providing the ACB number again and updating that. I guess the first question is around, you know, that's pretty good growth overall, but you did make certainly the PPC acquisition would have affected that, maybe the TechX a little bit. But would you tell us what the ACB organic growth was? How much was acquired?

**Dan Shaw | Senior Director of FP&A:**

Yeah, I can take that. Hi, Blair. So yeah, for that growth, we're seeing obviously a sizable portion of that coming from the additional revenue from our acquisitions. I think the organic component of that was in the -2% range of that 5% increase.

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Okay, great. And then can you talk a little bit more about the Cadence Division integration? So where you're, that's obviously the one that's you've held the longest now a few months. What's the integration looking like on the -to-market side?

**Babak Tahari | CEO:**

So Dan, I'll take that one. Thanks for that. That's a good question. So as we said, we've already recognized some revenue last quarter from that. And to us, the integration consists of having the R&D team and all the other teams to be integrated physically and software wise within the organization that's already done, completed. And the only portion of the integration that we're still working on is financials in terms of some of the other synergies and tax synergies that we're working on, including, if you will, OPEX, R&D, as well as SG&A. That's what Dan reported that we're working on. But we expect, we also provided the guidance in terms of annual revenue from that to be in the \$2 to \$4 million range. And we've already, as we said last quarter, \$1.9 to \$2 million of it was already recognized in Q1. So we have still additional revenue to be recognized from PPC acquisition. But again, as we are working with the teams and the customers, our expectation is always higher to be able to pose more deals with the existing and as well as new expansions.

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Okay, great. And then just back on the macro environment. You came in sort of, you were trying to get your bookings, this Q2 were sort of 14 to 18, I think was the original range came in around 13. Is that any, what's the environment like there versus Q1 and any change in your China and markets?

**Babak Tahari | CEO:**

That's a great question. No impact to the China market. As a matter of fact, we said in Q1 that some of the pushouts came from Asia. And matter of fact, the ones that came from Asia, we've already closed in Q1. And our expectation is that the other portions of the delays will close in Q3 and maybe Q4, but we expect most of those delays to be covered in Q3.

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Okay, great. Thanks. I'll jump back in the queue.

**Dan Shaw | Senior Director of FP&A:**

Thanks,

**Blair Abernethy | Analyst, Rosenblatt Securities:**

Blair.

**Operator | Conference Operator:**

Thank you. Our next question is from Blaine Curtis with Jefferies. Please proceed.

**Blaine Curtis | Analyst, Jefferies:**

Hey, good afternoon, guys. Maybe you can ask, Mixcel, it's closed. So, I'm just curious if you could outline how much revenue contribution to think about from that one for September and December quarter.

**Babak Tahari | CEO:**

You bet. We didn't say that in our written statements, but from, as you know, we just closed it last week. And to be conservative, we haven't included, as I mentioned earlier, any of the potential revenues coming from them this year. However, we can provide a range of numbers that we think is within our capability to close. And that range is between \$3 to \$5 million additional revenue.

**Blaine Curtis | Analyst, Jefferies:**

In that quarterly or annual?

**Babak Tahari | CEO:**

For the remainder of the year.

**Blaine Curtis | Analyst, Jefferies:**

3 to 5 for the starting.

**Babak Tahari | CEO:**

For Q3 and Q4. Got

**Blaine Curtis | Analyst, Jefferies:**

you. And I guess I wanted to talk about, you kept the annual guidance. I think you made the comment that it's conservative to keep it. But like, your results have come in lower throughout the year. So, to get to the midpoint would require like 50% sequential growth, 90% gross margin. So, I guess I'm just trying to figure out. I know you're confident you're going to get back these sales that were delayed. But are we talking about that magnitude of a Q4?

**Babak Tahari | CEO:**

Yeah, and we've already given guidance for Q2 and if you see our numbers for Q4, we'll get us to those points. And we're very confident also that some of these delays in POs from Q1 trickling into Q2, will close in Q3 and Q4. And that's part of it. There has not been any cancellation. And as a matter of fact, as you know, the macro with regards to Asia has improved for everyone in our industry and we expect to actually grow that as well. Those are so the regional, I would say, growth that we expect to get. But also the acquisitions we've done. As we've done our analysis, you know, we've always historically and up to last quarter, we said our main markets have been photonics and have been power, have been memory. And as you see more and more of what we are, our commentary was that we see also we can expand really nicely with the combined synergy in terms of products for go to market. In terms of expanding into new markets that we have played smaller role, but we can play bigger role and those include a wider base for high performance compute automotive, especially the introduction of all these new IPs for automotive. And being, you know, being ISO 9001 and 262.62 compliant, which makes us very unique in terms of the offering that will help us expand those as well.

**Blaine Curtis | Analyst, Jefferies:**

Thanks. And then maybe just one last one. If I do contemplate adding that mix cell revenue back in, I mean, I guess, is what about on the OPEC side? Is that I mean, these employees now work for you today. So is that contemplated in OPEC and, you know, I think I've seen some numbers of employees, so maybe you can just help us with how much OPEC recorder you're going to bring over.

**Babak Tahari | CEO:**

So I let Dan answer it, but let me start it then. What I would say in terms of our annual guidance, as we said, we did not include any mix cell contributions to either in terms of OPEC or revenue as we are closing on quite a bit of the books and financials. But naturally we will have OPEC associated with them. They're looking at synergies for all three acquisitions, as I said, and we are getting more mature in terms of our understanding of our synergies for PPC as well as TECACs. And I think we'll have a very good handle on what it is that mix cell would bring in in terms of both revenue and OPEC's part of the recorder, hoping that our next call will give you a lot more detail than what we have provided today. Okay, thank you.

**Operator | Conference Operator:**

Sure. Thank you. Our next question comes from Craig Ellis with B Riley Securities. Please proceed.

**Craig Ellis | Analyst, B. Riley Securities:**

Yeah, thanks for taking the question. And I wanted to go a little bit deeper into the inorganic growth activity and what it could mean a little bit further out than I think where Blaine was headed with implications for this year. So I think the company indicated that acquisitions pre mix cell were adding 6 to 11 million in revenues this year. And if I annualize mix cell potential revenues, that would be 6 to 10 million if we double that, 3 to 5. So in total, it seems like there could be from acquisitions 12 to 21 million in annual revenues. So the question is this, is that the reasonable way to think about the inorganic growth revenue range for next year? And if not, can you help us with what a reasonable range might be?

**Babak Tahari | CEO:**

Absolutely. That's a fantastic question, Craig, as usual. Thank you for that. And, you know, the general guidance we've given for OPC this year, since it was Q2-ish, we set it to 4 for TechX. We gave the range of 1 to 2 million and for mix cell this year, we set it to 3 to 5. So, and a good assumption to think about and we'll be glad by end of this quarter we will be helping in terms of whatever details we can provide so that you can fine tune all these models for at least this year and the remainder for the next year. But one linear way of interpolating the data I gave you for this year is you can see the partial revenue from these acquisitions, what they are. I've given you the numbers just even now. And those are the partial. So if you think of mix cell, we set 3 to 5, which is only, you know, two quarters, I would say, two quarters, but less than one month less, right. About five months of revenue, you can extrapolate that for the full year next year. You can do the same thing for the other two. So what you're saying is not unreasonable, but what we would like to do is give us a bit of time to end of this quarter so we can fine tune these and give you a much better feel for it because as we speak, you know, my whole executive team from the sales from all over the world are in Santa Clara. They've been there this whole week trying to merge and hash out what are the new opportunities for each of these acquisitions, what are the new customers that we need to go after, plus how can we expand that into the 30 plus customers that we've acquired through these acquisitions. So.

**Craig Ellis | Analyst, B. Riley Securities:**

That's helpful to block. Thank you. My next question was related to the cash balance, I believe, in the deck. It showed that cash was 555 million. I expect that's before we've completed the cash part of the mixel payment. So you can, can you just confirm that that is so and then if so, I would expect that we would be about 35 million in cash with the cash part of the mixel payment made. Is that a fair way to look at what's happened as we started out the month of August here mid 3Q. Thanks, guys.

**Babak Tahari | CEO:**

That's a perfect way to look at it. But initially you said 550 million, not 55 million and I was getting excited about that. I gave you a little bit too much credit. Yeah, sorry. But you're right. You're right. But your final number came down to 35 and I think that it's reasonable to think that 30 to 35 million would be the right number. Absolutely.

**Craig Ellis | Analyst, B. Riley Securities:**

Excellent. Thank you, guys.

**Operator | Conference Operator:**

Thank you so much. Our last question comes from Ross Cole with Needham and Company. Please proceed.

**Ross Cole | Analyst, Needham & Company:**

Thank you for taking my question. So I wanted to dive in a little bit to the acquisitions of PPC and TechX and what the 3Q25 guidance would look like without those acquisitions. Because I know the full year they're adding 6 to 11 million, but do you think the third quarter guidance would be slightly different? Thank you.

**Babak Tahari | CEO:**

So we've included what we have seen from the customers from PPC and TechX in Q3. So our guidance includes what we've seen. And as I said, for the fraction, I would say to just estimate frankly right now, as we said again, I'll re-emphasize. These are great questions by the way, Ross. Thanks for joining. One is the fact that we said 2 to 4 for OPC. We've recognized 2 already. So for the remainder of the year, there's another 2 million at least on the table for the range we've guided. And then for TechX, we said 1 to 2 million. And I think there's another million or so left for the rest of the year. So if you look at the numbers we've provided, I would say a third or so of those totals would come in Q3, the rest in Q4. Great. Thank you so much. You bet. Great question.

**Operator | Conference Operator:**

Thank you. And this concludes our Q&A session. I will turn it back to Babak Tahari for final comments.

**Babak Tahari | CEO:**

Thank you, operator. I wanted to thank everyone for being part of our journey. And thank you again for your support. We look forward to our Q3 and Q4. And we'll see you soon. Thank you.

**Operator | Conference Operator:**

And this concludes our conference. Thank you all for participating. And you may now disconnect.