

NASDAQ:SVCO Q3 2025 Earnings Call Transcript

Generated on 6/10/2026

Operator | Conference Operator:

Good afternoon and welcome to Sovaco's third quarter fiscal year 2025 conference call. All participants are in a listen-only mode. After the speaker's presentation, there'll be a question and answer session. Please note this event is being recorded. I would now like to turn the conference over to Greg Bignif, investor relations for Sovaco. Please proceed.

Greg Bignif | Investor Relations, Sovaco:

Thank you. Joining me on the call today are Wally Rines, Sovaco's CEO and director, and Chris Zegarelli, Sovaco's CFO. 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 investors.savaco.com. An archived replay of the 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 Security 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 Sivago's annual report on Form 10-K for the year filed 12-31-2024 And the most recent form, 10Q, filing with the Securities and Exchange Commission, provide descriptions of these risks. With that, I'd like to turn the call over to the Silvaco CEO, Wally Rines. Wally? Good afternoon.

Wally Rines | CEO and Director, Sovaco:

I'm pleased to be part of Silvaco, and I look forward to regular communication with you, our investors. Since I became CEO, I've engaged with customers, employees, and investors who provided invaluable feedback on our strengths challenges, and most importantly, the road ahead. The conclusion is clear. Silvaco is a company with great potential, supported by a rich history, dedicated core customers, and strong foundational elements. Two broader themes came out of these discussions. First, our success requires us to focus on key products that are sufficiently differentiated to become leaders in their respective categories of use. Achieving this requires reduced attention on mature products and concentrated focus on a limited number of growth opportunities. I can see multiple areas where this shift in focus will pay off, namely in AI, interconnect IP, and power. Second, it's clear that Silvaco allows spending since the IPO to grow much faster than revenue. This was also clear to me from day one. We've already taken steps to reverse this trend to strengthen our financials, and to free up resources needed to accelerate growth. I'm confident that these two areas, strategic focus on core growth drivers and financial discipline, are the keys to strengthening the business and delivering profitable growth. I'll provide more color on the first, and Chris will walk you through the second. Stepping into the CEO role at Tabaco is like deja vu all over again for me. When I joined Mentor Graphics as CEO in 1993, the company had failed to meet expectations for many quarters. None of Mentor's products were number one in their category, the company was not profitable, and cash conservation was an issue. During my time at Mentor, I learned a great deal about the EDA business. Closed dozens of acquisitions, grew market value more than 10x before acquisition by Siemens, substantially increased profitability and

developed and grew a number of products, including Caliber and Tessent, which by themselves generated most of the company's profits. I find Silvaco in a similar position to where I find Mentor. The company has failed to meet expectations after the IPO, it's not yet profitable, and the products are not number one in their markets except in some very specialized categories. I believe that my Mentor playbook can be applied to Silvaco. The first step is focusing on two key areas, financial and operational discipline, and focusing on select core growth drivers. We believe the key to reinvigorating the business lies in focusing on the right markets with differentiated solutions to solve critical customer challenges. We have a very clear example of this in Silvaco's AI machine learning product for process development called FTCO. Silvaco created this unique AI product that gives customers a valuable tool to solve real manufacturing challenges. This single product enabled Silvaco to establish a partnership with Micron. It will also be one of our foundational growth drivers looking forward. We can learn from FTCO as an example of building disruptive technology that can create meaningful value for our customers and for us. Another example is Mixel, the acquisition that closed in the third quarter. With Mixel, we expect the IP business to grow rapidly. Customers have nothing but praise for Mixel's perfect quality and responsiveness. And Andy Wright, our new head of the IP business, has breathed life and growth into the rest of Silvaco's once small IP business. I see synergies emerging that exceed our initial expectations. The Silvaco sales force will become a force multiplier for Mixcel, while the rest of the Silvaco IP business is learning from the world-class development processes that have earned Mixcel such praise in the industry. My expectation is that the legacy Silvaco businesses can and will learn from Mixcel best practices. In the EDA business, as in TCAD, we have years of legacy products, many of which continue to generate significant maintenance revenues. These can generate steady revenue with little cost if we increase the cost discipline in our business. Skilled engineers who support the mature products continue to add features and enhancements long after the products have stopped achieving new design wins. In general, the customers neither want nor do they adopt the new versions of the software. Only a small amount of resources required to keep the products useful and skilled engineers can be moved to products with growth opportunities providing them with increased motivation and excitement. One example of a growth product that solves key customer problems is Javaro. It's been adopted by companies like NVIDIA, Samsung, SK Hynix, and many others to accelerate post-layout SPICE simulations by more than a factor of 10 with sign-off accuracy. Looking across Silvaco, solutions that include AI, power analysis, and interconnect IP are consistently winning new customer engagements. As we de-emphasize areas that are subscale or generating immaterial new revenue, we can free up resources to accelerate our stronger products, including FTCO and TCAD. Our success also depends on establishing fiscal and operational discipline. The data speaks for itself. Since our company's IPO, financial performance has been disappointing. Revenue growth has lagged peers and operating expenses have grown much faster than revenue. Underestimation of the time and effort required to bring on the new FTCO customers produced disappointing results for what should be the key growth franchise. The fact that expenses have grown much faster than revenue is another problem. Expense reduction has therefore become our top priority. We've initiated a significant cost reduction program at the beginning of the quarter. Chris and I have set a clear expectation with the team that we'll drive the business to profitability at current revenue levels so that growth can produce incremental profit. Chris will discuss these actions and early progress on this goal in more detail. Operational discipline also requires a strong focus on execution. We've added several key new leaders to the team in the last few months, including our CFO, heads of the IP and EDA businesses, and our head of business development. The energy I see in this team is exactly what we need to create a culture of speed and high-quality execution. I see a team that's not satisfied with the status quo and one that wants to win. With our renewed focus on core growth drivers, we'll be able to invest at the right levels in the right areas to ensure that we close gaps with competitors and establish Silvaco as the leading name in EDA for our targeted growth segments including AI, Power, and Interconnect IP. Another contributor to the company's underperformance has been delays in integrating and extracting value from our two most recent M&A transactions. For Mixel, we underestimated the time required to activate the sales resources in Silvaco and to establish new modes of distribution, including off-the-shelf sales of non-customized IP. For TechX, growth remains dependent on overall market adoption of its plasma and optical solutions. Focus on this effort should accelerate realization of the value that TechX brings. Looking forward, we expect both Nixell and TechX to contribute meaningful growth in 2026. We remain optimistic on the longer-term contributions of both of these acquisitions. Now, taking a step back, there's a lot

of value and strength from Silvaco's rich history. The company continues to benefit from the fact that users of EDA software are reluctant to change, and older products continue to generate maintenance revenue long after growth from new customers has slowed. This gives us a stable foundation upon which to build. It also gives us many compelling assets with which to focus and grow. We have a lot of work in front of us. In the coming quarters, we expect to right-size the business, streamline the portfolio, and focus on key growth segments to enable us to deliver steady, profitable growth. We recognize it will take some time for you to see this redoubled focus in the numbers. I encourage you to watch for OPEX to trend flat to down, gross margins to improve, and evidence of growth starting to materialize in 2026. Chris and I are firmly committed to an aggressive acceleration of Silvaco's business. I'm looking forward to increased personal interaction with Silvaco customers. We appreciate your support as we execute on these growth plans. I'm confident that we will deliver strong results as this new strategy is implemented. I'd now like to turn the call over to Chris, who will discuss our financial results and the outlook in more detail.

Chris Zegarelli | CFO, Sovaco:

Chris? Thanks, Wally. Good afternoon, everyone. Silvaco delivered record quarterly revenue in bookings in Q3. Bookings increased 131% year over year to \$22.8 million. Strength in the quarter was driven by closing a significant EDA contract with one of our core customers in the United States. Revenue came in at 18.7 million, up 70% year over year. 74% of revenue in the quarter came from license revenue and the remaining 26% from maintenance and service. EDA saw the most growth sequentially in Q3, while TCAD and IP trended down slightly. From a geographic perspective, We saw the most growth in Q3 from the Americas, which spiked to 55% of total revenue in the quarter. APAC represented 40% of total revenue. EMEA stayed flattish and at 5% of revenue in the quarter. Looking down the P&L, gap gross margin in Q3 was 77.9%, up 326 basis points year over year, and non-gap gross margin was 81.5%, up 179 basis points year-over-year. Gross margin improvement was driven by growth in revenue exceeding growth in cost of sales. Going forward, we expect gross margin to benefit from our cost reduction plans. GAAP operating loss expanded year-over-year but improved slightly quarter-over-quarter to a \$9.3 million loss. Non-GAAP operating loss was \$2.3 million, down slightly year-over-year. Gap net loss in the quarter was \$5.3 million, up from the \$6.6 million loss posted in the same period last year. Non-gap net loss in the quarter was \$2.1 million, down slightly from the \$1.8 million loss posted in the same period last year. Gap EPS was an \$0.18 loss, and non-gap EPS was a \$0.07 loss. Next, turning to the balance sheet and cash flow. Cash and marketable securities was \$27.8 million, including \$12.4 million of restricted cash due to the Nangate settlement. Cash used in operating activities was \$7.8 million. Remaining performance obligations, or RPO, at quarter end stood at \$48 million, with 54% expected to be recognized as revenue within the next 12 months. With UPX at more than 50% year-over-year and cash down since the IPO, we have begun implementing a broad cost reduction program. We began with an early retirement incentive program in the U.S. and Asia and an early lever program in Europe. We are taking other steps in addition to these programs, including reducing office footprints, reducing discretionary spend, and minimizing use of consultants and contractors. These steps, when taken together and when fully implemented, are expected to reduce annualized non-GAAP operating expenses by at least \$15 million annually. We also anticipate these actions to drive an increase in gross margin, enabling more leverage from future growth. Our guiding principle from Wally is to turn the business profitable at flat revenue. Achieving this goal will create a strong foundation for future profitable growth. Now, turning to guidance. For Q4 2025, we expect bookings of \$15 to \$19 million, revenue of \$14 to \$18 million, non-GAAP gross margin in the range of 78% to 82%, and non-GAAP operating expenses of \$16 to \$18 million. In closing, we believe that with improved financial discipline and a focus on key growth opportunities, we will set the stage for profitable growth going forward. And with that, operator, we will now take questions.

Operator | Conference Operator:

Thank you. Ladies and gentlemen, if you have a question or a comment at this time, please press star 1-1 on your telephone. If your question has been answered or you wish to move yourself from the queue, please press star 1-1 again. We'll pause for a moment while we compile our Q&A roster. Our first question comes from Craig Ellis with B. Riley Securities. Your line is open.

Craig Ellis | Analyst, B. Riley Securities:

Yeah, thanks for taking the question and appreciate all the color team. Wally, I wanted to start with you and it's a higher level question relating to your transition from the board to the CEO role. It sounds like in a fairly short amount of time at that lower level of detail, you've got a real confident grasp of what you've got in the portfolio, both things that are advantaged in the marketplace and and other businesses that have lost their advantage. And you talked about mixing out some revenue. One, is that read correct? And two, how significant is the revenue mix-out that is ahead of the company?

Wally Rines | CEO and Director, Sovaco:

Well, thanks, Craig. Yes, indeed. Being on the board, you really don't get the level of visibility down to individual products and people that are making the difference in the company or that holding us up from making further progress. So it's the last few months now have given me the opportunity to see that in a lot of detail. I think your assessment is correct. There is substantial opportunity ahead. There are specific things that I'm quite certain will grow. And then there are others that could grow given the right level of focus. But as I noted and as Chris noted in his comments, we've let the expense base grow faster than the revenue. And that's been a limiter in the available resources we can put on these key growth areas. And so going forward, while painful, I think we will be able to right that trend and be able to free up the resources we need to take advantage of some very specific areas of strength. And with that, I think we can restore confidence that CELVACO can do what it was originally intended to do as we went public.

Craig Ellis | Analyst, B. Riley Securities:

Excellent. Chris, I'll ask the follow-up question to you. It's a two-parter. One, you did a good job speaking to the geographic areas where you hope to take about \$15 million out of the business. So the tactical question is, over what time period should we expect that to occur and the more strategic question is, as you've been in and have had a chance to assess the systems, the processes that are in place, the forecasting mechanisms, given the difficulty the business had in delivering forecasts, how do you feel about the dashboard that's in place for you and Wally? And do you feel like it's one that today can deliver reliable results or are there some things you need to do to make either system or people or process changes so that the business can forecast more accurately? Thank you.

Chris Zegarelli | CFO, Sovaco:

Very good question, Craig, and thanks so much for that. Both questions are good. From a time period perspective, the way that we're looking at it, you should expect most of the cost to be out by the end of this year. But that means you won't see as much of the impact in Q4, but you should see a reduction in OPEX in Q1. And then the rest of it should be throughout the rest of 2026. So expect to see a step down in Q1 OPEX as most of it is out by the end of the year. And fair question on the forecasting methodologies and tools as well. That's something that Wally and I looked at almost immediately from day one. And I'll tell you, the tools are in place. We do see the data, the pipeline. is robust. We do review what is expected in the coming quarters. So I'm confident that what we've given is something we have high visibility into and something that

we're confident in. But that being said, Craig, you know me. I think there are things we can do to further improve and build upon that, and that's something that I'll be working on with the team. But I'm confident that what you heard from us is something we're confident in and we will deliver on.

Operator | Conference Operator:

Excellent. Thanks, Chris. Thanks, Wally. One moment for our next question. Our next question comes from Charles Shi with Needham & Company. Your line is open.

Charles Shi | Analyst, Needham & Company:

Good afternoon, Wally, Chris. First off, Wally, never thought that we're going to have a conversation like this. But once again, looking forward to working with you and Chris. So maybe the first question, maybe for Wally, I understand the priority probably is to, if I may, just to get the housing order. But Wally, you mentioned about Caliber, you mentioned about the test and those were the two successful products of Mentor, which were based, are basically the golden standard for the industry. I think it would be ideal for some of the Silvaco products to get there. What do you think, what kind of products in the portfolio today has the potential to get to what the caliber is, what the test is today? And by the way, how do you get there? The reason why I ask this is I did read your bibliography. And I knew, you know, it takes probably both effort and maybe you need a little bit of luck to really get there. But time has changed. And what's your thought there in that question? Yeah, thank you.

Wally Rines | CEO and Director, Sovaco:

Yeah, well, thank you, Charles. It's good to talk again. We've been talking over many years. And you're right, when I just joined MENTOR, you initiated the work that developed Caliber and we did an acquisition that was the basis for Tessin, and yet it took quite a long time before those became the dominant industry standards in their space. I believe the way you do this is you start out with a focused market and a focused set of customers and see something that you can be the leader in. And so I've been searching within Silvaco where are the seeds that can lead to the same kind of success. A good example is where they've taken tools that were really created for IC design and applied them to displays, for example, and the manufacturing of those displays where they build a franchise with six different display companies using the same flow. Once you build a franchise that's dominant or, excuse me, that is the leader in that area, then you expand to next areas. So you asked me, where do I see that potential? Well, as I mentioned, that in the earlier comments, the Silvaco has been very early into actually building machine learning models around process development. And it's a market that others haven't been chasing. It's relatively specialized, and it takes a lot of work, and you need a TCAD foundation to build upon, so that eliminates the number of companies that could do it. But I think that's the kind of basis that can lead to a franchise, that can lead to an industry-leading product. Similarly, if you're in the IP business, being a supplier of general purpose IP may generate revenue, but it doesn't generate market advantage and profitability at the same level as if you pick specific types of IP and become the leader. So I think the acquisition of Mixel was well thought out clearly in MIPI. There are only two major suppliers. They have a strong reputation. And then you say, okay, well, what comes beyond? There are lots of IO standards that they can expand into. Plus, there's the existing Sovaco business that's really quite successful, actually has more demand than we can currently service in areas like memory compilers and even in the standard cell-based libraries. So, and lastly, of course, I mentioned the area of power where Silvaco models I've found for silicon carbide, gallium nitride, and other things form a foundation for differentiated products. My strategy, do what others aren't doing. Pick things you can do better than anyone else. Build upon those franchises, and that's indeed exactly what I plan to do here at Silvaco.

Charles Shi | Analyst, Needham & Company:

Thanks, Wally. You partially answered my second question, but I do want to maybe just double down on that to get a little bit more color. Speaking of Mixel, I know you just closed the deal last quarter, but it sounds like you think highly of the team, of the product. I wonder if you can walk us through again what exactly they do. I think I can see the press release, but what exactly they do that make you think this is a high-quality product, a high-quality team, and what makes you think it's actually the benchmark for the rest of the Silvaco team, as you mentioned it very much?

Wally Rines | CEO and Director, Sovaco:

Thanks. Yes. And I'm basing that. on customer feedback, talking to actual users, asking them what they think. And they're quite specific in saying if all of Silvaco produced the kind of quality and the execution to schedule and other things that Mixcel had, we would be champions of the IP business. So it's not just my impression talking to people. It's my conclusion from dealing with customers. And looking at the track record, 27 years and they've never had a customer find a bug in their IP, really admirable. And another aspect is they have the vast majority of the people that are developing the products and supporting them are based in Cairo, Egypt. I have a long history there at Mentor. I started the group, and it became a very valuable resource to us for having cost-effective engineers who are very well-educated, very experienced, The Cairo University and have programs in EDA. And I found that's a very good basis to build upon. So put it all together, I think it's a great acquisition. I think you will see substantial growth next year because of that. And I think the interaction with Mixcel will greatly improve the performance of the existing Silvaco business. And the two together will cause substantial growth in the coming year.

Operator | Conference Operator:

One moment for our next question. Our next question comes from Blair Abernathy with Rosenblatt Securities. Your line is open.

Blair Abernathy | Analyst, Rosenblatt Securities:

Hi, thanks for taking my call, guys. I appreciate it. I'm sorry I missed the very beginning of the call, but I wanted to ask a little bit about the pipeline. And Wally, you know, I know you've only... really been getting into the weeds of it for a couple of months now, but how are you thinking about the pipeline of the business as it stands? And is the FTCO, how is that looking to you? I know it's a longer sales cycle, but how does that opportunity look from your standpoint at this point?

Wally Rines | CEO and Director, Sovaco:

Yeah, well, first, with regard to the overall pipeline, there is a large base of very mature products that produce pretty stable maintenance revenue and give the opportunity to grow each year. So roughly half our total business can be generated just from those renewals which don't require an enormous amount of effort. The rest of the business requires more direct effort and I think it's been highlighted before that the FTCO is a big opportunity. It's a big opportunity because Silvaco has gotten ahead of the game and because Silvaco has a teacher customer in Micron who's been quite vocal about expressing the value of it. The disappointing part is it's evolved very slowly. There was a continuing expectation last year that we would announce additional customers. That hasn't occurred. And the reason it hasn't occurred is there is an adoption process that requires an extensive amount of interaction with the customer, customizing it to the uniqueness of their processes, and so it requires a funnel of customer opportunities and then a lot of resource to go with it. So disappointment in how quickly it's arisen, optimism at what it can become, and how it can take AI into one

more branch of EDA that other people are not focusing on, that Silvaco can and has the base business in TCAD to build upon and create success as we bring on those additional customers.

Blair Abernathy | Analyst, Rosenblatt Securities:

Okay, great. Thank you for that. And then, Chris, just on the expense savings, you know, is this out of a core business? Is there any of the acquisitions that you did this year that are impacted by that? And just to clarify, you said that you'll be completely done by the end of this fiscal?

Chris Zegarelli | CFO, Sovaco:

So a majority of it will be, we believe a majority of it will be out by the end of this fiscal year. So by the end of the year, you won't see the benefit of that really until Q1, just from a full quarters perspective. And then the rest of it will come out, you know, through the 2026. It is, cost areas are pretty broad. For example, you know, McSell had an office in California. We have a headquarters in California. So we can put those two together and kind of save costs there. We'll reduce office footprints in other places. You know, it's mostly what I would call the core Silvaco side of the business is kind of what we're looking at when we do these actions. So it's, again, to get us to right size the cost structure and then help us be more nimble and focus on growth.

Blair Abernathy | Analyst, Rosenblatt Securities:

Okay, great. Thanks very much, guys.

Operator | Conference Operator:

One moment for our next question. Our next question comes from Chris Sankar with TD Cowan. Your line is open.

Chris Sankar | Analyst, TD Cowen:

Thanks for taking my question. And Wally, welcome back. And nice to have a seasoned operator at the helm. Thank you. I had two questions. Maybe the first one for Chris. When you look at Biden, it looks like the revenues are looking a little lighter. And, you know, I thought the Q4 season is strong for you. And if I look at the full year revenue guide, it's only up like 2% despite all the acquisitions. So I'm kind of wondering, are there any idiosyncratic things in Q4 or what is going on? I'm going to follow up for Wally.

Chris Zegarelli | CFO, Sovaco:

Okay. No, that's a very fair question. So when we look at Q4, I think you're right. I mean, in Q3, you know, the Mixel acquisition, for example, was a nominal addition to revenue, as you can see in the numbers. It'll be a stronger contributor in 2026. There is some sequential growth there in Q4, but it'll be stronger next year. TechX is more of a stronger grower in 2026 as well. When we look at next quarter, I mean, you saw the EDA strength in Q3. Based on how we recognize revenue, EDA will step down sequentially in Q4, but TCAD and the IT business are expected to increase sequentially, which is how we landed on these numbers. I would just point to what Wally said earlier. I mean, there was some expectation that a second FTCO engagement would materialize sooner than expected. We're still working on several engagements. We're still confident in that, but we're not seeing that in Q4 of this year.

Chris Sankar | Analyst, TD Cowen:

Got it. Super helpful, Chris. And then, Wally, I'm just kind of curious. Do you have all the pieces of the pie to grow from here, or do you need more M&A to complete the product circle, or is there a goal to increase term-based or software licenses as a percentage of revenue?

Wally Rines | CEO and Director, Sovaco:

Yeah, we're somewhat limited in the number of acquisitions we can do going forward just based upon the resources we have to do them. So what Chris and I have come down to is look, we need to grow with the existing companies or the existing resources we have. We've done three good acquisitions that will add to growth and the base, the The overall business needs to be stable and growing, but at a lower level. So looking forward, we're planning things around no significant acquisitions for a while now. And that's why, as Chris noted, that we want to be sure that at the current revenue levels, we can be profitable so that the growth we experience, both from these acquisitions and any growth in other parts of the business, will fall through as profitably and create a clear path ahead so we don't have to wait for the time that we accelerate our acquisitions once again.

Chris Sankar | Analyst, TD Cowen:

Thank you.

Operator | Conference Operator:

Again, ladies and gentlemen, if you have a question or a comment at this time, please press star 11 on your telephone. Our next question comes from Christian Schwab with Craig Howland Capital Group. Your line is open.

Christian Schwab | Analyst, Craig Howland Capital Group:

Great. Regarding the \$15 million in OPEX reductions on a year-over-year basis, should we assume that kind of comes from the midpoint of your OPEX guidance for this quarter, meaning kind of 68 million minus 15 to get to 53 million. Is 53 million the target or 55 or 51? Is this crystal clear to me?

Chris Zegarelli | CFO, Sovaco:

This is Chris. I can take that one. So you can look at the midpoint of the guide in Q4 at the starting point. I would just comment that the 15 million will be realized when all of the actions are implemented over the course of 2026. So you wouldn't expect it to be all Q25 to 26. It'll be mostly out by the end of this year. You'll see a benefit in Q1. The rest will play out through the year. And so the full year-over-year impact would be less just given the timing of the reductions. I hope that gives you a good sense of how we're looking at it.

Christian Schwab | Analyst, Craig Howland Capital Group:

Yeah, that helps. And then on Mixel, it kind of sounded like there was some commentary about you know, time to accelerate sales, et cetera. I know you guys have previously highlighted, you know, that you expected, you know, three to five million in revenue quickly after closing the acquisition, the remainder of 25. I assume you didn't attain that goal. Can you give us an idea of what you do anticipate selling then?

Wally Rines | CEO and Director, Sovaco:

We didn't attain it in the third quarter. We will see more growth in the fourth quarter. And as you alluded to, I think, here, the great machine of profitability in EDA is when you take a company with great product but limited distribution and combine it with a company that has worldwide distribution and maybe not as much in the way of products. That's the great way that the EDA industry grew. That's how Cadence started by acquiring ECAD and then built upon it. And the same thing is true here. I think Mixel is a great example. They have basically one sales person producing the level of revenue that they have today. You combine that with our sales force and the inevitable result is that we can keep them fully loaded with demand and then they can continue to add resource and grow the revenue. So it's almost a perfect model for the kind of acquisition for which there is leverage for a company like Silvaca.

Christian Schwab | Analyst, Craig Howland Capital Group:

Great. And then my last question, you know, more longer term, you know, on a multi-year timeframe basis, you know, given the product set that you have in hand and it sounds like no meaningful acquisitions, you know, in the near term, if we never made another acquisition again, what type of top-line growth prospects do you think the company has, like a range of outcomes?

Wally Rines | CEO and Director, Sovaco:

The longer term clearly needs to be double-digit. We're in an industry that's growing double-digit, and we expect to gain share out in the future, so clearly the long-term target is there. Getting there, we are below that clearly today, and so we'll have to increase as we head through 2026. But I don't think long term is five years away. I think it's much closer. And we can return certainly to low double digits and then in the longer term, mid double digits as we move forward.

Christian Schwab | Analyst, Craig Howland Capital Group:

Perfect. Thank you. No other questions.

Operator | Conference Operator:

Again, ladies and gentlemen, if you have a question or a comment at this time, please press star 1 1 on your telephone. And I'm not showing any further questions this time. And as such, this does conclude today's presentation. We thank you for your participation. You may now disconnect and have a wonderful day.