NASDAQ:TSSI Q1 2026 Earnings Call Transcript

Generated on 11/25/2026

Operator:

Good afternoon, and welcome to the TSS Inc. First Quarter 2026 Earnings Results Conference Call. At this time, all participants have been placed on a listen-only mode, and we will open the floor for your questions and comments after the presentation. It is now my pleasure to turn the floor over to your host, James Carbonara, Investor Relations at Hayden IR. James, the floor is yours.

James Carbonara | Investor Relations at Hayden IR:

Thank you, Operator. And good afternoon, everyone. Once again, thank you for joining us for TSS's conference call to discuss the company's first quarter 2026 financial results. Joining me today on this call are Daryl Dewan, President and CEO of TSS, and Danny Chisholm, the company's CFO. As we begin the call, I would like to remind everyone to take note of the cautionary language regarding forward-looking statements contained in the press release we issued today. That same language applies to comments and statements made on today's conference call. This call will contain time-sensitive information as well as forward-looking statements, which are accurate only as of today, May 7, 2026. PSS expressly disclaims any obligations to update, amend, supplement, or otherwise review any information or forward-looking statements made on this conference call or the replay to reflect events or circumstances that may change or arise after the date indicated except as otherwise required by applicable law. For a list of the risks and uncertainties that may affect the company's future performance, please refer to the company's periodic filings with the SEC. In addition, we will be referring to non-GAAP financial measures, a reconciliation of the difference between those measures and the most directly comparable financial measures calculated in accordance with U.S. GAAP is included in today's press release. With that, Daryl, I will turn the call over to you.

Daryl Dewan | President and CEO of TSS Inc.:

Thank you, James, and welcome, everyone. We are off to a fast, strong start in 2026. Our first quarter results reinforce continued execution of our growth plan and accelerating momentum in our systems integration business. Our performance continues to benefit from strong demand for AI-related infrastructure, where customers are scaling deployments to address demand for AI services and servers. We're executing effectively against our customers' demand with expanded capacity to create sustainable long-term value, and making strategic investments to set the stage for future growth. Revenue of $55.3 million in the first quarter was driven by the strength in our higher-margin systems integration business. It increased 88% year-over-year and represents a larger portion of total revenue at 25% compared to 8% in a prior year period when we had an outsized contribution from procurement. Adjusted EBITDA was $5.3 million, up 1% year over year, reflecting a more favorable sales mix and the impact of growth investments related to our new facility. Systems integration remains the primary driver of growth and margin expansion in our business, and our ability to execute consistently in an increasingly complex operating environment is a key differentiator. Demand for AI infrastructure remains at an all-time high, and is showing no signs of abating. Based on reports from many participants in the AI supply chain, from frontier model companies and hyperscalers to the equipment OEMs and down to the chip providers, it is clear demand is far outstripping supply. There are strong indications that frontier model companies' revenues are limited by the amount of compute they have access to, and the deals between large companies to secure data center capacity continue to make weekly headlines. We've been working to reconsider our definition of the markets we serve. Currently, we have three primary offerings, systems integration, facilities management, which includes our modular data center

services business, and procurement. In systems integration, we're experiencing very rapid growth in the higher margin offerings. Our primary customers in the past have been computer equipment OEMs. These have been and continue to be wonderful customers who themselves are experiencing very rapid growth. However, there's a large part of the market the OEMs currently do not serve. We are working to understand the potential for us to serve the rack integration requirements of the rest of the overall market. Further, the complexity of data centers being built today is far greater than those built just a few short years ago. The amount of power required to serve more dense compute environments and the systems to cool dense compute are changing data center designs. Beyond that, the networking requirements within the data center are rapidly evolving. In AI training data centers, all the GPUs are connected, and the amount of data flow is pushing the industry towards optical networking. NVIDIA announced substantial investments in this area recent months, and all of this is done to achieve greater efficiency as frontier model companies rushing to IPOs are measured on cost per token basis. There are two meaningful consequences for our company. One, first, the technical burden is being disseminated out from primary technology providers like NVIDIA to the supplier community. Rack design, server configuration, networking solutions still have reference designs from OEMs, but the details of the solutions for deployment are done by suppliers like TSS. We believe the pace of change lends itself to opportunities to both expand how we perform RAC integration and to consider offering additional services beyond RAC integration. For these two reasons, we have made important additions to our leadership team that I'm proud to expand on in just a few minutes. Importantly, we are scaling our operations along this demand. Let's recall our Georgetown, Texas facility opens at doors less than a year ago and really began flowing orders six to seven months ago. We have expanded our capacity and execution capabilities, including scaling rack integration throughput, optimizing our facility footprint, and increasing operational readiness to support higher volume. As a result, within this month, we will have completed more rack integrations in 2026 than we delivered all of last year. And importantly, we have remaining capacity within our existing footprint to support additional growth as demand requires. In other words, we are executing in line with our expectations and remain on track with our internal plan for the year. In addition, we're continuing to optimize our operational footprint. Since we moved RAC integration operations nine miles north from Round Rock to Georgetown, our Round Rock facility has been idle. In line with our 2026 operating plan, We have now dedicated the entire Round Rock facility to warehousing AI rack material for our largest OEM customer. We began providing this service May 1st of this year, and the contribution from this activity is included in our adjusted EBITDA guidance for the year. Last week, we announced a significant strengthening of our leadership team to support our next phase of growth. I'm pleased to announce and proud to have Matt Wallace appointed to the Chief Strategy Officer and as well David Hull, appointed to the Chief Technology Officer. Matt brings deep experience in corporate strategy, business transformation, and strategic partnerships with a track record of driving growth initiatives across the infrastructure technology sector. David brings extensive engineering and infrastructure leadership experience, including scaling technical organizations and developing integration capabilities for large-scale deployments. Both of these executives bring established industry relationships to TSS that enhance our ability to engage across customers and partners. Most importantly, these additions are aligned with our focus on discipline growth, both organic and strategic. These roles are intended to strengthen execution, expand our partnerships, and support long-term scaling of the business. So as we look ahead, we are well positioned for another record year. Our outlook for adjusted EBITDA in the range of 20 to 22 million for the full year is supported by a multi-year agreement that provides both revenue visibility, downside protection, expanding capacity and capabilities, and a strengthening leadership team. We expect our full year results to be at the high end of the previously set range. Importantly, we operate in an addressable market that is massive and growing rapidly, and we remain focused on disciplined execution across the business. We are working on strategies to position the company in 2026 to address a wider market of customers with expanded set of services. So with that, let me turn the call to Danny for more detailed discussion of our financial results. Danny?

Danny Chisholm | CFO:

Thanks, Daryl. Consolidated total revenue in the first quarter was $55.3 million, down from $99 million in the year-ago quarter. The decrease was driven primarily by the lower level of procurement services activities with systems integration revenues up 88% and facilities management revenues in line with the prior year. It was encouraging to see strong year-over-year growth this quarter in our systems integration business, which carries richer margins than the procurement business. As you may recall, procurement service revenue is a meaningful yet inherently variable component of our business with the narrowest margins of all our business lines. with volume variances driven primarily by the timing and scale of customer infrastructure purchasing. While periods of elevated procurement activity, like we experienced in the first quarter of last year, can occur in response to large-scale deployment cycles, the revenue stream is not linear and can fluctuate significantly from quarter to quarter, depending on customer ordering patterns and program timing. Revenue from procurement services totaled $40 million, down 56% year-over-year from $90.2 million. This represented a return to a more typical level of procurement activity compared to the extraordinarily high record level seen in the first quarter of last year. Revenue from our systems integration segment increased 88% year-over-year from $7.5 million in the first quarter of 2025 to $14.1 million in Q1 of this year. reflecting continued strong demand and execution across large-scale infrastructure deployments. This also reflects the positive impact of the renegotiation of our long-term AI rack integration agreement in Q4 2025, taking into account our full CapEx investment and increased electrical power availability. We've also continued to see an increase in the number of AI racks coming to us for integration. Systems integration is a core growth and value driver for our business. As customers continue to move towards increasingly complex and higher volume infrastructure deployments, we continue to see a corresponding and sustained shift in demand and revenue mix towards integration services, which are higher value, more scalable, and more directly linked to the long-term growth and margin expansion. Sequentially, The current quarter systems integration revenues look relatively flat at $14.1 million compared to $14.2 million in the fourth quarter of 2025. If you recall my comments from last quarter, the fourth quarter systems integration revenues included approximately $1 million related to costs that we had incurred and recorded in periods prior to Q4, before which we could not invoice or recognize revenue until the amendment was signed to our long-term agreement. It also included approximately $800,000 of accelerated recognition of enablement costs reimbursed to us by one of our customers, which we originally anticipated amortizing into revenues mostly in 2026. Excluding those two amounts from the Q4 systems integration revenues, the current quarter's $14.1 million represents a $1.7 million or 14% increase compared to Q4 2025. Revenue from facilities management totaled $1.3 million in line with the prior year quarter. Maintenance revenue in this segment decreased by $166,000 or 19% as certain customers opted not to renew maintenance agreements on some older MDCs. Offset by $158,000 or 37% increase in discrete project work in the quarter. Consolidated gross margin was 15.9% in the current quarter, up from 9.3% in the first quarter of last year. The improvement was primarily due to a measurable shift in our revenue mix compared to the prior year, with less reliance on lower-yielding services. As Darrell mentioned, at 25%, systems integration revenues represented a much larger percentage of our total revenue in the current quarter compared to only 8% in the prior year quarter. Systems integration is the key growth driver for the company and represents a structurally higher margin business relative to procurement. As this segment continues to scale and represent a larger share of our total revenue, we expect it to remain a primary contributor to both margin expansion and overall profitability. This mixed shift reflects not only strong demand for our integration services, but also the increasing complexity and value of the work we're performing for customers as they deploy larger and more sophisticated infrastructure environments. Blended margins will continue to fluctuate a bit from quarter to quarter, depending on the level of procurement activity in any individual quarter. So it makes the most sense to evaluate the margins of each business line individually. Procurement gross margin was 6.7% in the current quarter, down 110 basis points from the prior year quarter. When viewed using the non-GAAP gross value of all transactions, which we see as more of an apples to apples comparison, gross margin likewise decreased 110 basis points from 6.6% in the prior year quarter to 5.5% in the current quarter. The prior year quarter included a large sale with a larger margin than is normal in the business, whereas the current quarter is more in line with normal expectations. Sequentially, the 5.5% margin in the current quarter compares favorably to the 5.2% in the fourth quarter of last year and 5.4%

for the full year 2025, all when viewed on a gross basis. At 64.7%, the gross margin in facilities management represents a substantial improvement from 40.9% in the prior year quarter. This reflects a greater use of the internal resources rather than subcontractors, particularly on the discrete projects in the period. As a result, gross profit from the FM business was $835,000 compared to $531,000 in the first quarter of last year, even on slightly lower total revenues. Systems integration gross margins increased more than 1,500 basis points from 22.1% in the first quarter of last year to 37.5% in the current quarter. As mentioned in our last earnings announcement, We renegotiated our agreement in December 2025 covering most of our AI rack integration services, increasing the rate we now charge to recapture incremental investments we made last year in capex and additional power availability. We also earn a higher margin with increased volume of AI racks built as we saw this quarter compared to Q1 of last year. We anticipate the higher volumes and wider margins to continue into future periods. SG&A expenses in the first quarter of 2026 were $5.5 million, an increase of $635,000, or 13% over the prior year period. Approximately $130,000 of the increase relates to non-cash stock-based compensation, with the remainder related primarily to higher headcount and related compensation costs to support our growth. Depreciation and amortization expenses not allocated to COGS were $306,000 compared to $210,000 in the prior year. This increase is related to depreciation of assets added over the last year to support the overall growth of the business. Bank factoring fees decreased from $1.5 million in the first quarter of 2025 to $704,000 in the first quarter of 26 due to favorable shifts in interest rates compounded by a lower volume of receivables factored. As a percentage of GAAP revenues, these fees improve 20 basis points from 1.5% in the prior year quarter to 1.3% in the current quarter. As these fees are charged on the non-GAAP gross value of all transactions, we find reviewing these fees as a percentage of those gross sales values as more meaningful. On that basis, factoring fees improved from 1.3% of gross transaction value in Q1 of last year to 1.1% in the first quarter of this year. As a net result of these factors, operating income decreased 14% from $2.6 million in the prior year quarter to $2.3 million in the first quarter of 2026. Interest on our bank debt was all capitalized in Q1 2025, during the construction period of our Georgetown facility, so we recorded no interest expense on our income statement in that period. This compares to $333,000 in the current quarter, reflecting primarily the interest costs on our fully amortizing bank loan. Reflecting the higher average cash balance on hand this quarter compared to Q1 last year, interest income increased from $383,000 this quarter last year to $725,000 in the current quarter. Following the Q4 2025 reversal of the valuation allowance on our deferred tax asset, our tax expense now reflects federal and state income taxes net of discrete items where prior periods taxes represented almost exclusively the Texas gross margins tax. The income tax expense in the current quarter was $391,000 or 14.7% of pre-tax income compared to $49,000 or 1.6% of pre-tax income in the prior year quarter. The current quarter effective tax rate is comprised of federal and state income taxes of 28.2% of pre-tax income, net of a large discrete tax benefit in the period related to the vesting of employee stock. We expect the effective tax rate in the second through fourth quarters to be approximately 26%, yielding a full year effective tax rate of approximately 22.7%. This could be affected by large discrete items in future periods. The net result of these key items is a net income for the first quarter of $2.3 million, down 24% from $3 million in the year-ago quarter, driven primarily by the more normalized level of procurement activity in the current quarter and higher recorded income tax expense. Our diluted EPS was $0.08 per share compared to $0.12 per share last year. Adjusted EBITDA was $5.3 million, a 1% increase compared to $5.2 million in the prior year quarter. Now taking a quick look at a few things from our balance sheet. Our net working capital improved by over $2 million in the current quarter, ending at $48.1 million, primarily due to the $2.3 million net income in the current period. We used roughly $20 million of cash to pay off accounts payable and accrued expenses in the period. while reductions in inventories and costs in excess of billings on work in process at year-end roughly offset the reduction in deferred revenues. Also reflected in the ending cash balance is the use of $1 million to repay long-term debt and $1.4 million to repurchase stock from employees upon the vesting of their restricted stock as a means for them to meet their tax obligations upon vesting. In summary, Our results for the quarter reflect the impact of a meaningful shift in revenue mix in line with our long-term strategy. While total revenue was affected by a challenging comparison to record-level procurement revenues in Q1 last year, the increasing contribution from systems integration and facilities management all but offset that dynamic from a profitability standpoint. As systems integration represented a larger share of total revenue in the quarter, there was a corresponding expansion in both gross margin and adjusted EBITDA. This highlights the

underlying strength of the business and reinforces the importance of systems integration as the primary driver of both growth and profitability going forward. Lastly, I'll mention that our primary customer recently requested that we invest roughly another $17 million into CapEx to support the next generation of AI racks. We've just started that process and expect to add those assets between now and the third quarter. Once that investment is complete and the assets are put in use, we expect the revenues we earn from our primary AI systems integration customer to once again increase over the next several years, reflecting our recapture of these investments, the related cost of capital, and related profit.

Daryl Dewan | President and CEO of TSS Inc.:

With that, I'll turn the call back over to Daryl for some closing comments. Great. Thank you, Danny. Well done. I'd like to summarize our call by reinforcing three key points. First, The quarter reflects continued execution and a business that is evolving in the right direction. Systems integration continues to scale, and as it becomes a larger part of our business, it is driving both margin expansion and overall profitability. Second, our demand remains strong. We are operating in an environment where customers are deploying increasingly complex infrastructure at greater scale, and we are well positioned to support that demand, and we're working hard to do that. Just as importantly, we have built the operational capacity and capabilities to continue scaling alongside our customers. And third, we are being very deliberate in how we position a business for the next phase of growth. We've expanded capacity, optimized our footprint, strengthened our leadership team with additions that bring both experience and industry connectivity. These investments are directly aligned with our focus on disciplined execution and long-term growth. So operator, I'll hand the call back to you for questions.

Operator:

Thank you. The floor is now open for questions. If you would like to join the queue to ask a question at this time, please press star 1 on your telephone keypad. We do ask if listening on speakerphone today that you pick up your handset while asking your question to provide optimal sound quality. Once again, please press star 1 on your telephone keypad now if you wish to join the queue to ask a question. Please hold a moment while we poll for questions. And the first question today is coming from Matt Colitri from Needham & Company. Matt, your line is live. Please go ahead.

Matt Colitri | Analyst, Needham & Company:

Hey, guys. Matt Colitri from Needham here. Thanks for taking the questions. Danny, you kind of buried the lead there on us, but awesome to hear on the increased CapEx investment. Can you give a little more color there, like, Is that going to be a new facility or expansion of existing? And what did you say the timeline was there?

Danny Chisholm | CFO:

No, not a new facility. It's really in recognition of technology moving to Vera Rubin. So higher power, more cooling requirement. So it's going to require an investment. Like I said, we're expecting about $17 million. that may move a little bit up or down as we go through that process, but we anticipate that being completed at some point in the third quarter and starting to put that into use relatively quickly at that point. Generally, the way we structure that with our customers, we spend that money up front. Part of why we raised the money last year was to be able to make strategic investments like this, both organic and inorganic, but we anticipate that returning a pretty healthy return on that investment over the next several years as we recapture that through higher pricing.

Matt Colitri | Analyst, Needham & Company:

Awesome, awesome, yeah, and plenty of cash on the balance sheet, like you said. So, like you said, it's related to Vera Rubin, so new technology. Will you get increased capacity out of this, too, or it's... It's the same amount of capacity, but it requires a higher load to support.

Daryl Dewan | President and CEO of TSS Inc.:

Hey, Matt, Daryl. Good question. I think it'll be a TBD to see how it plays out. Increased capacity potential above and beyond what we have today with the technology that's coming through the doors today. It's a very powerful solution, as you know, and we're positioning ourselves to make sure that we continue to compete for that increased capacity technology advancement. And I think that, you know, it'll be determined whether or not it eats into the existing business line. I don't think it will. I think it'll be net incremental in some degree. But we'll see. So I know there's a lot of demand for it. And I know that we wouldn't be chasing it if we didn't make these investments. So we're all in.

Matt Colitri | Analyst, Needham & Company:

Got it. No, that's great. And then I guess, like, So in the meantime, with the capacity you do have, you had noted that you still have excess capacity in Georgetown. Is there any way to think about how much capacity that is and what that could translate to in revenue?

Daryl Dewan | President and CEO of TSS Inc.:

I don't think. we're going to go on the revenue side at the moment, but I, you know, we've said before, Matt, that we can scale in this facility, um, given the current mix of technology, the current validation test times, which we're working on reducing the time that it takes to validate a rack. Uh, we reduce the time we get more throughput and, um, we can grow multiples over where we're at today in this facility. Great.

Danny Chisholm | CFO:

And, Matt, one to remember there, too, as you think about the financial impact of that, remember we've got an agreement that gives us some pretty good downside protection when volumes fall off a bit. So until we hit kind of guaranteed minimums, you don't see a huge uplift in the revenue. There is some. but that gets really much more dramatic as we get over those minimums, and that's where that starts getting pretty exciting.

Matt Colitri | Analyst, Needham & Company:

And so, to be clear, you have not cleared those minimums yet?

Daryl Dewan | President and CEO of TSS Inc.:

Yeah, Matt, there are opportunities. The answer is, without going into a whole lot of detail, we have on occasion, and it's measured on a weekly basis, And we are prepared and we're doing everything we can to drive more business volume. And that means making sure we have the right people in the factory, making sure we have the right process from receiving all the way to shipment, making sure we're doing the right thing in QA, making sure they're optimizing the validation test time, making sure we've got the right, as I mentioned earlier, the right team, And I think we've come a long way. So if that helps any, I just want to make sure you heard that.

Matt Colitri | Analyst, Needham & Company:

Yeah, no, absolutely. Thanks so much, guys. You bet.

Operator:

Thank you. Your next question is coming from Alex Furman from Lucid Capital Markets. Alex, your line is live. Please go ahead.

Alex Furman | Analyst, Lucid Capital Markets:

Hey, guys. Thanks very much for taking my question, and congratulations on a strong start to the year. Something you guys mentioned in your prepared remarks, that integration demand is continuing to exceed the volume that's incorporated into your outlook. Can you help us understand that a little bit more? Is the takeaway here just that the guidance is more likely conservative, or is there demand out there that you're not able to meet because of availability of components or labor or some other constraint out there?

Daryl Dewan | President and CEO of TSS Inc.:

Hey, Alex, this is Darrell. I'm going to let Danny handle that one. I'm just a sales guy. He's a numbers guy. I put him on the wall.

Danny Chisholm | CFO:

I thought you were a running back, not a punter. Yeah, so it's not so much a capacity limitation. Really, it's trying to be conservative in the forecasting. The last thing I want to do is get out over our skis and create disappointments. So We try to remain conservative and provide opportunity to exceed that guidance. And some of that is not getting the market ahead of itself in productivity as well. So it's really more reflective probably of just the conservative nature of trying not to stick the neck out too much on guidance and always set it up to where we can not disappoint.

Alex Furman | Analyst, Lucid Capital Markets:

Okay, that's really helpful. And then I think you guys had talked about taking a prudent view on the availability of some components. Is there anything in particular that, you know, is either pressuring margins or just, you know, any components that you want to make sure to get ahead of any potential shortages of?

Daryl Dewan | President and CEO of TSS Inc.:

Alex, our key customer handles that better than anybody. And they are constantly – moving amongst their supply chain to go capitalize on product availability, the best price. And we're the recipients of that good work. So we're not really out there negotiating or trying to influence that. We just do the best we can that when all of that gets to our facility, we put it together as fast as with as much quality as we can to get it out the door. There's a lot of stuff that's a challenge in the market. You know, everybody knows that there's supply and there's an incredible amount of demand, but our customers do a really good job of managing that.

Alex Furman | Analyst, Lucid Capital Markets:

Okay, that's really helpful. And then, Daryl, just curious, you said something towards the end there that, you know, if you could get the testing of your racks done faster, you know, it sounds like you could get pretty substantial results. increase in output. I think you even mentioned maybe doubling in some areas. Can you help unpack that a little bit more? Is that just because power is a bottleneck here and how much power it takes to test the racks? Can you help me understand that a little bit more?

Daryl Dewan | President and CEO of TSS Inc.:

Yeah. I tried to come up with an analogy, and I'm not sure it's a good one, but if you've got a V8 engine, you're testing the engine to make sure all the cylinders are working at the right time and in concert with one another. So the validation testing that goes on It's similar to that when you have a rack all put together with all the GPUs and all the servers and everything cabled and labeled. We run, you know, and our customer is responsible for providing the test sequence to validate that everything's working as advertised and as planned. And that sometimes can take longer than we'd like and they would like. So if we could, you know, arguably cut that in half Think about it. We could push more volume through the business and get to maybe even 2x the volume with current load. It's really that simple. And we're working hard with that, by the way. We're engaging a lot of latest and greatest AI technology to find ways to accelerate that evaluation test time.

Matt Colitri | Analyst, Needham & Company:

Great. That's really helpful, Darrell. I appreciate that.

Operator:

You bet. Good to talk to you, Alex. Thank you. Your next question is coming from Mac First from Singular Research. Mac, your line is live. Please go ahead.

Mac First | Analyst, Singular Research:

Hi. This is Mac First with Singular Research. Congratulations on the quarter. Thanks, Matt. Yeah. My background is more IT than accounting, but I do have an accounting question for Danny. You said that the federal taxes increased eightfold. Can you give us a little bit of a background and color on why they increased eightfold, please?

Danny Chisholm | CFO:

Yeah, absolutely. So we previously had a full valuation allowance on our deferred tax asset. Our DTA is close to $8 million. And up until the fourth quarter of last year, we kept a full valuation allowance on it. So any, other than Texas franchise tax, which runs around 2%, is an effective tax rate. Other than that, any federal income taxes that we would have had or other state income taxes were largely offset by utilization of that deferred tax asset. But because we had a full valuation allowance on it, we would just relieve a piece of that valuation allowance every period. So what actually hit our income statement was really just the Texas franchise tax. In the fourth quarter of last year, we made the determination that we now have a long enough earnings trend, taxable income trend, and expected taxable income in the future that we remove that full valuation allowance. So that's why you saw net income spike. Almost half of our net income last fiscal year was recorded in the fourth quarter as a reversal of that valuation allowance. So now every period going forward, we no longer have that valuation allowance to absorb the federal income tax. So now we're actually recording that in the

income statement. So not really a change in the cash taxes that we're paying. It's just a change in what gets recognized in the income statement now. Does that make sense?

Mac First | Analyst, Singular Research:

Thank you very much. Yeah. Thank you very much.

Operator:

Thank you. And there are no further questions in queue at this time, so this does conclude our question and answer session. I would now like to pass the floor back to Daryl Dewan for closing remarks.

Daryl Dewan | President and CEO of TSS Inc.:

Okay, thank you for that. Thanks, everybody, for being on the call. We really appreciate your continued interest and your support. We're expanding the margins in our growing business, especially in our systems integration business, and we're continuing to shift a greater proportion of our total revenues to that segment. Combined with a continued increase in rack volumes, we're going to carry a strong momentum into Q2 and beyond. While we're excited about all this and our organic growth, we're also excited to get to work with our new executives to explore how to further diversify our revenues and opportunities to take the company to the next level. As I've said in the past, I'm very proud of the team. I thank our board. I appreciate the investor community that's following us. and know that we're very committed to continued execution and profitable growth. So with that, I thank you, and I guess we're done for today, right?

Operator:

Thank you. This does conclude today's conference call. You may disconnect your lines at this time and have a wonderful day. Thank you once again for your participation.