NYSE:ATEN Q4 2025 Earnings Call Transcript

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Operator | Conference Operator:

Greetings. Welcome to 810 Network's fourth quarter and full year 2025 financial results conference call. At this time, all participants are in a listen-only mode. A question and answer session will follow a formal presentation. I will now turn the conference over to your host, Tom Bauman. Sir, you may begin.

Tom Bauman | Host:

Thank you, and thank you all for joining us today. This call is being recorded and webcast live on and may be accessed for at least 90 days via the A10 Networks website at atennetworks.com. Hosting the call today are Drupal Trivedi, A10's President and CEO, and CFO, Michelle Karan. Before we begin, I would like to remind you that shortly after the market closed today, A10 Networks issued a press release announcing its fourth quarter 2025 financial results. Additionally, A10 published a presentation and supplemental trended financial statements. You may access the press release, presentation, and trended financial statements on the investor relations section of the company's website. During the course of today's call, management will make forward-looking statements, including statements regarding projections for future operating results, demand, industry and customer trends, macroeconomic factors, strategy, potential new products and solutions, our capital allocation strategy, profitability, expenses and investments, positioning, and our dividend program. These statements are based on current expectations and beliefs as of today, February 4th, 2026. These forward-looking statements involve a number of risks and uncertainties, some of which are beyond our control that could cause actual results to differ materially, and you should not rely on them as predictions of future events. A-10 does not intend to update information contained in these forward-looking statements, whether as a result of new information, future events, or otherwise, unless required by law. For a more detailed description of these risks and uncertainties, please refer to most recent 10-K and quarterly report on Form 10-Q. Please note that with the exception of revenue, financial measures discussed today are on a non-GAAP basis. unless otherwise noted, and have been adjusted to exclude certain charges. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for prepared remarks in accordance with GAAP and may be different from non-GAAP financial measures presented by other companies. A reconciliation between GAAP and non-GAAP measures can be found in the press release issued today and on the trended quarterly financial statements posted on the company's website, at www.atennetworks.com. Now, I'd like to turn the call over to Drupad Trivedi, President and CEO of ATEN Networks.

Drupad Trivedi | President and Chief Executive Officer:

Thank you, Tom, and thank you all for joining us. Today, ATEN reported record quarterly and full-year revenue results. These results reinforce ATEN's strategic position. A key contributor continues to be the sustained investment in an environment supporting AI-driven workloads. As customers scale high-performance computing, inference platforms, and data-intensive applications, they are increasingly focused on traffic management, availability, and security at massive scale. These requirements play directly to ATEN's strength. For the full year, revenue grew 11% year over year, outpacing growth rates across much of our competitive landscape and underscoring the increasing relevance of our portfolio with customers. We entered 2026 with momentum supported by macro trends as a result of our agile strategy, strong execution, and excellent industry reputations. Increasingly, we are considered a foundational piece in the development of AI and other infrastructure, in addition to being a critical component for customers operating their current environments. As

our customers grow, we grow. In the fourth quarter, we delivered 80.4 million in revenue, our largest single quarter ever. Revenue expanded 8.3% year-over-year in spite of an unusually strong seasonal fourth quarter last year. Our investments in targeting North America customers has resulted in this portion of our business growing faster than ever.

Operator | Technical Support:

We seem to have lost Drupid's line. Just one moment while we get him reconnected. Okay, Drupad, your line is live. Okay, great.

Drupad Trivedi | President and Chief Executive Officer:

In the fourth quarter, we delivered 80.4 million in revenue, our largest single quarter ever. Revenue expanded 8.3% year over year in spite of an unusually strong seasonal fourth quarter last year. Our investments in targeting North America customers has resulted in this portion of our business growing faster than our overall revenue. And we continue to be well positioned with these customers while maintaining our geographic and customer diversity. Our global diversification continues to enable consistent performance despite macro variability. For full year 2025, we delivered revenue of 290.6 million up 11% year over year, and adjusted EBITDA of $86 million, which represents 29.6% of revenue. These are all company records and continue to demonstrate the inherent strength of our strategy, operating model, and disciplined execution. Security-led solutions are now sustainably at our long-term goal of 65% of total revenue. This shift reflects not only the breadth of our portfolio, but the increasingly central role security and encrypted traffic play in legacy networks as well as next generation networks. During the quarter, we closed a win with a large global data and analytics software provider serving customers across highly regulated industries. The customer was experiencing rapidly rising encrypted traffic volumes driven by platform expansion and recent acquisitions, creating both performance and cost challenges. ATEN was selected for its ability to deliver high-performance solutions supporting the next-generation network with hardware acceleration and improved security, enabling the customer to consolidate infrastructure, support future growth, and materially improve cost efficiency. We also closed a significant new win with a large global airline operating highly distributed mission-critical digital platforms. The customer was focused on improving automation, performance, and centralized management across a complex hybrid environment while reducing operational costs at scale. ATAN was selected for its ability to deliver state-of-the-art cybersecurity, resilient next-generation networking solutions with deep automation, while supporting consistent performance and availability across an always-on customer-facing operating model. Importantly, these wins are representative of the type of demand that aligns well with our operating model and our strategic growth drivers. They reflect customers prioritizing performance, security, and efficiency at scale. Use cases where ATEN can deliver strong value without incremental complexity or disproportionate cost. We continue to drive a disciplined operating model that balances targeted investment with margin expansion converting growth into profitability and cash, while dynamically reinvesting in strategic priorities. As previously noted, investing in organic growth is one of our strategic priorities, in addition to returning capital to shareholders. We have reallocated our research and development budgets, focusing on accelerating some of our future AI-related solutions and integrating AI across all our offerings, supporting current and future growth. We remain committed to our long-term operating model, driving revenue growth more than 10%, adjusted EBITDA margins of 26 to 28%, and EPS growth faster than revenue growth. ATEN is well positioned to serve our customers, and our solutions are well aligned with the dynamic needs of today's customers. Today, ATEN works with nine of top 10 telecom operators, eight of the top 10 cloud providers, and more than 7,000 customers globally. The investment cycle to support AI specifically and network capacity generally continues to drive sustained demand. ATEN is positioned to grow with our customers and our proven capabilities and industry leading total cost of ownership are helping us win new business as well. With that, I'd like to turn the call over to Michelle Caron, our Chief Financial Officer, to review the numbers in more detail. After that, I will discuss our 2026 outlook. Michelle.

Michelle Caron | Chief Financial Officer:

Thanks, Drupad. As a reminder, with the exception of revenue, All of the metrics discussed on this call are on a non-GAAP basis unless otherwise stated. A full reconciliation of GAAP to non-GAAP results are provided on our press release and on our website. So now let me turn to the results. As Drupid noted, we delivered a strong Q4 and entered 2026 with encouraging momentum. Fourth quarter revenue grew 8.3% to $80.4 million. This was a record revenue level for A10. From a mixed perspective, product revenue accounted for 61% of total revenue and service revenue represented 39%. Product revenue of 48.8 million grew 13% year over year and typically is representative of future revenue trends. Within our product revenue category, the fourth quarter achieved our long-term target of generating more than 65% of our total revenue from security led solutions. This demonstrates our ability to deliver differentiated solutions, leveraging our strengths in performance, scale, and reliability. Looking at our major verticals, Enterprise customers represented 42% of Q4 revenues. The Americas continued to outpace overall enterprise revenue growth for the company in line with our stated strategy. Service provider revenue, which was 58% of total revenue, was weighted towards cloud providers, further indication of our success in strategically aligning our offerings with AI infrastructure build-out. In fact, non-cloud service provider revenue was flat year over year, reflecting an ongoing mix shift as customers prioritize security and next generation networking initiatives over legacy infrastructure. A10 has evolved its solutions to be well positioned to capture legacy refresh demand as this market transition progresses and customers resume investment while continuing to align with their evolving priorities around performance, scale, and security. From a geographical perspective, our Americas region represented 64% of global revenue, reflecting the benefits of ATEN's investments in our enterprise segment and strength of AI infrastructure build-out. Macro-related headwinds such as persistent inflation and threat of tariffs in the rest of the world were more than offset by strength in Americas. Q4 operating results reflected our continued investment in our strategic initiatives as well as our financial discipline. Non-GAAP gross margin was 80.8% in line with our stated goals of 80 to 82%. Operating expenses were $43.6 million, with an operating margin of 26.6%, reflecting increased investments mainly in R&D, focusing on next generation networking and security. Our non-GAAP effective tax rate was 15.7%, resulting in net income of $19.1 million, or 26 cents a share. Q4 diluted weighted share count was 72.7 million shares. Adjusted EBITDA was $24.9 million, 31% of revenue. We generated 22.7 million in cash flow from operations in Q4, with CapEx coming in at 6.7 million, bringing free cash flow for quarter four in at $16 million. We've continued to invest in the business while also returning capital to our shareholders. Now I'll turn to the full year results. Revenue grew 11% to 290.6 million with non-GAAP gross margin coming in at 80.6%. At the same time, we delivered record adjusted EBITDA of $86 million or 29.6% reflecting disciplined execution and a highly productive operating model. Net income was $66.3 million, or 90 cents a share, and was up from 64.8 million, or 86 cents a share, in the prior year, while we invested significantly throughout the year in strategic investments such as AI and security. As a result of this, we were still able to increase EPS on a year-over-year basis. Our growth was driven by increased demand for security-led revenue, which represented 72% of total revenue for the year. Revenue from the Americas increased 30% for the year, while revenue from EMEA increased 12%. offsetting a decline in revenue from APJ where the region has been experiencing macroeconomic headwinds such as low GDP growth, persistent inflation, and concerns with tariffs. We continue to have deep customer relationships in these regions to preserve our geographic diversity. Turning to the balance sheet, cash and marketable securities were $378 million as of December 31st and our deferred revenue was 142.8 million. During the year, we paid $17.4 million in cash dividends and repurchased $68.9 million worth of shares, returning a total of 86.3 million to shareholders. The board has approved a quarterly cash dividend of 6 cents per share to be paid on March the 2nd to shareholders of record on February 16, 2026. The company has 53.4 million remaining on its 75 million share repurchase authorization. Now, we're closely monitoring the broader supply environment, including the memory segment, which has been widely discussed across the industry by customers, partners, and competitors alike. Based on our supply management processes, we don't expect this to impact the delivery to our customers, and we continue to navigate cost pressures alongside our suppliers and our customers. As a result, we've taken proactive steps around supply planning, supplier engagement, and component flexibility to mitigate potential impacts. We deployed similar measures in previously supply constrained environments such as 2020, so we feel well positioned to navigate this

dynamic. I look forward to speaking with many of you in the coming weeks, gathering your feedback on our strategy and operations. I'll now turn the call back to Drupad for a discussion of our 2026 outlook and closing comments.

Drupad Trivedi | President and Chief Executive Officer:

Thank you, Michelle. The results for the fourth quarter and full year validate the strategic investments we have made over the past half decade to reposition ATEN as a valuable partner for addressing the new and emerging challenges related to the evolving technology environment. The demands AI brings to a data center or a CSP are challenges that ATEN has a proven track record of addressing. We facilitate east-west traffic, efficiently managing workloads, and dynamically prioritized traffic emphasizing high throughput and low latency, all with integrated security. As a result, ATAN is positioned squarely in front of multiple durable secular catalysts. We are investing to enhance our position across our portfolio. Our business model dynamically allocates resources to address changing market conditions while preserving profitability and shareholder return. In the press release we issued today, we laid out our initial 2026 outlook. On a full year basis for 2026, we expect to deliver both top and bottom line growth, including revenue growth of 10 to 12% over 2025 levels. We also expect non-GAAP gross margin in line with historical trends and within our stated business model goals of 82% while navigating input cost pressures. We expect to expand our net and EBITDA margins from current levels, and we expect EPS growth to exceed our revenue growth rate. We will provide additional strategic and solution context around our growth drivers and market positioning at an upcoming investor day. including a deeper discussion of the factors that drive these expectations. Operator, you can now open the call up for questions.

Operator | Conference Operator:

Thank you. At this time, we will be conducting a question and answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions. Once again, please press star 1 if you have a question or a comment. The first question comes from Gray Powell with BTIG. Please proceed.

Gray Powell | Analyst, BTIG:

Hey, great. Thanks for taking the questions, and congratulations on the good results. Thanks, Gray. Absolutely. So maybe a couple questions on my side. Just to start off, it was really good to see the improvement in service provider growth in 2025. Just, you know, as we think about 2026, how sustainable is the trend there? And then I know you hit on this in the prepared remarks, just like how should we think about the different growth drivers within service provider, you know, like a recovery in traditional communication companies? versus continued growth from the cloud providers deploying AI infrastructure? Thank you.

Drupad Trivedi | President and Chief Executive Officer:

Yeah, great. No, thank you. Good question. Yes, I think as we went through the period this year, right, I think you can see in the results, we saw certainly relative to 2024 an improvement in the service provider segment overall. I would say the two things to note, first is Majority of that growth did come from cloud-oriented companies, whether it's in US or elsewhere, building out infrastructure towards AI or towards more cloud services. However, I would say as we went through the year into Q3, Q4 period, we saw not return to original levels, but certainly improvement in spending patterns with also the traditional telcos. And the nature of their investment, I would say, is twofold. One was relative to improving their security position and posture for the

networks or the enterprise services that they provide. And second, I would say that because of the nature of our portfolio, the other part of that growth was them simply needing to add capacity to manage more data and more users and more traffic on the network, right? So without them needing to build like a kind of a greenfield new network, both those drivers were relevant to us. One was making their networks more secure, and second is continuing to modernize the network as well as adding capacity while they do that.

Gray Powell | Analyst, BTIG:

Got it. Okay, and then just a quick follow-up, if it's okay. I know it's probably really hard to quantify, and maybe it's too early, but are you seeing AI drive higher traffic volumes, like higher levels of DDoS attacks or something else, and that's driving part of the refresh cycle, or am I getting ahead of myself there?

Drupad Trivedi | President and Chief Executive Officer:

Yeah, no, that's a good question, Gray. I think, you know, we certainly monitor that. And I think your question, it may be a little early. I don't think we are past that point where we could quantify or talk about it. But absolutely, there is two sides of the coin, right, is where AI also facilitates kind of ease of deploying more complex, more sophisticated attacks, and therefore also drives volume. And some of it is related to also the nature of traffic that did not exist on the network before AI, right? So that certainly is a factor. A little early to quantify, I don't think that service providers are investing yet on that, but they are certainly viewing that as something to worry about. But they do expect and anticipate increasing volume just from the nature of the volume increase when people constantly feed prompts and get feedback as opposed to not having that traffic before. So that certainly also feeds the growth. And the security is something that is on, I would say, everybody's radar, but hard to quantify that yet.

Gray Powell | Analyst, BTIG:

Understood. All right. Thank you very much. Thanks.

Operator | Conference Operator:

Our next question comes from Sandy Soderstrom with Sudoti. Please proceed.

Sandy Soderstrom | Analyst, Sudoti:

Thank you for taking my question, and congrats on the quarter and the outlook for 2026. Thank you. You had quite an outperformance in the fourth quarter. What was the main surprise here? What changed during the quarter, and sort of how did the quarter trend for you?

Drupad Trivedi | President and Chief Executive Officer:

Yes, I think for us, as we had talked about, right, Anya, is that our focus is Obviously, we have a strong position with the service provider segment globally, and as that improves, maybe not fully recovered, we'll continue to see some benefit from those deep relationships that we continue to build upon. So that, obviously, you can see in the numbers helped a little bit. Second is we continue to focus on growing our footprint around larger customers, including in the enterprise segment. And we highlighted a couple of new customers. So our ability to land new large customers obviously is also helpful to that growth while we benefit overall, right? And third, as we said in our comments that to the degree where some may be a lot, some may be not so much.

People are investing in AI infrastructure. Our portfolio is well positioned, so we see that. So I would say SP becoming slightly better was, I would say, better than we expected. Not all the way back, but certainly something that helped us in the quarter. Our growth on enterprise side as well as on AI-led infrastructure was what we were expecting.

Sandy Soderstrom | Analyst, Sudoti:

Okay, thank you. And you mentioned some new customers. Did you displace someone with them?

Drupad Trivedi | President and Chief Executive Officer:

Yeah, I think typically in most of those cases, we would be displacing them. I think the only exception to that is When we work with customers on some of our security solutions, they may not be using anything today, right? And they are implementing new security protocols or standards. So in that case, it's not replacing somebody. But outside of that, it would be certainly in a competitive situation.

Sandy Soderstrom | Analyst, Sudoti:

Okay. And is it like one specific... competitor are you replacing or is it more broadly and has it changed at all recently, the competitive landscape?

Drupad Trivedi | President and Chief Executive Officer:

No, so I would say no real change in the landscape, right, as we have talked about in the past, right, on enterprise side and security side, it's the same competitive landscape. I think we just continue to work at improving our solutions and be more in tune with customer needs. So I think as that is better aligned, we I've seen better opportunities as well.

Sandy Soderstrom | Analyst, Sudoti:

Okay, and just one more from me. If I heard you right, there was an uptick in the CapEx spend. What's driving that, and how should we think about that for 2026?

Drupad Trivedi | President and Chief Executive Officer:

Sure, yeah. So I think, you know, If you kind of look at our trend, there was a little bit of taking CapEx in Q4. There's two real drivers to it. I think one of it is related to our need to invest in some of the backend infrastructure. So when we, you know, acquire a company like ThreadX and we are offering some more services, what that translates to is not necessarily cost from a traditional sense, but on hosting services, data centers, SOC, and doing our security right to strengthen our own security operations and so forth. So some of that investment is really around enabling the solutions that are helping our solutions be more relevant to customers in terms of either hosted solutions or backend infrastructure. So a lot of that is in IT. And then some part of it is as we are in the early stage with customers doing demos and POCs on AI infrastructure. Obviously, we are investing a little bit of that capex in new kinds of processors and chips and GPUs and things like that.

Sandy Soderstrom | Analyst, Sudoti:

Okay. Thank you. That was all for me.

Drupad Trivedi | President and Chief Executive Officer:

Thank you, Anil.

Operator | Conference Operator:

The next question comes from Hamid Khursan with BWS Financial. Please proceed.

Hamid Khursan | Analyst, BWS Financial:

Hi. Could you just walk through your your guidance a bit here. This is the first time you've been willing to provide any kind of guidance this specific in like two, three years. How are you seeing that visibility? Is it enterprise, the service provider? And how certain are you that this is going to actually be there compared to two, three years ago when you stopped giving guidance?

Drupad Trivedi | President and Chief Executive Officer:

Yeah, I think that's a good question. I think if you look at how kind of the environment has evolved and our products and business has evolved over the last two, three years. Certainly, right, we were much more exposed to just the SP or the traditional SP spending cycle, which is capex cyclic and capex intensive and so harder to predict over long periods of time. What we did guide even the last three years, as you know, Ahmed, was delivering on the gross margin and EBITDA percent, but not as much on top line because of the level of variability with everything going on, right, with macro as well as micro. So as we see the last few quarters, I think we have continued to make the base of our revenue more durable. And as we are getting more more of that from enterprise or large enterprise, as well as SP, as well as AI spending. I think in an aggregate, we think we can sustain kind of the momentum where we are, where, you know, we just finished the year at 11% year-over-year growth. So we feel that based on the visibility we have with the six to nine-month cycle and more diversified exposure across these markets, that's all it is, right? fundamental outlook of saying you know EBITDA 26 to 28 percent gross margin 80 to 82 percent and EPS growing year over year has not changed I've given that guidance every year right so okay great and my other question was related to the your APJ performance was that country specific or was that multiple countries Yeah, no, I would say that the majority of it was related to Japan, and I think it's heavily related to the environment there with the low GDP concern over what, you know, tariff environment could mean, and therefore large SPs as well as enterprise holding off on investment. So I think we certainly are not seeing us losing share, but we are certainly seeing depressed spending in line with all the macro news you would see out of Japan. Outside of Japan, I think we were fine. It was not that negative, probably close to company average.

Hamid Khursan | Analyst, BWS Financial:

Okay. Thank you. No problem. Thank you, Ahmed.

Operator | Conference Operator:

Again, if you have a question or a comment, please press star one on your touchtone phone. The next question comes from Michael Romanelli with Vizuho. Please proceed.

Michael Romanelli | Analyst, Vizuho:

Yeah, hi. Thanks for taking the question. So, you know, enterprise revenue growth was 8% this quarter, obviously much improved from the 10% decline reported last quarter. I guess, did you, you know, close any notable deals that perhaps push from the 3Q? And, you know, I guess going forward and, you know, in relation to the, you know, 10% to 12% growth outlook for 2026, how should we be thinking about enterprise business growth for the full year?

Drupad Trivedi | President and Chief Executive Officer:

Yeah, so I think, good question, Michael. And I think if you remember last call, right, I talked about the fact that because we are early in expanding our footprint into that marketplace, it's going to be a little bit choppy. And therefore, even the last quarter, we were highlighting, focusing on the TTM growth versus every quarter, right? So every quarter could be up or down. But on a trailing 12-month basis, we are confident that that segment will grow at least at the fleet average of 10 to 12%.

Michael Romanelli | Analyst, Vizuho:

Okay, got it. That's helpful. And then, you know, as part of your presentation, prepared remarks through PID. You know, you highlighted a few encouraging wins in Q4, which was, you know, great to hear. You know, I guess, like, overall, how would you characterize, you know, net new enterprise logo activity this quarter? And, you know, as part of the, you know, 2026 guide, like, you know, obviously you have a very large install base, but, you know, how should we be thinking about, you know, your ability to sign up, you know, many more new enterprise customers? Thanks.

Drupad Trivedi | President and Chief Executive Officer:

Yeah, no, it's a good question. And I think, you know, what I would highlight again, right, is as a company, based on our technology and value proposition, we are not really focused on an SMB market orientation. So really, we are not looking at how many hundred customers we acquire every quarter and how many churn and everything else, right? So our goal is really to continue to get new customers, typically in large enterprise who operate complex network with thousands of users, mission critical environments, right? So in that context, obviously acquiring new customers is very, very important. but it's very different than a typical SMB model. And we don't need to acquire hundreds of customers to get that growth, right? So we absolutely have a good pipeline of adding new customers, but even once we have those customers, typically we continue to expand and sell them more product categories as well over time. So that's an important metric for us, but I would say, It's different than maybe an SMB-oriented business.

Tom Bauman | Host:

Got it. Okay. Thank you. Thanks. Thank you, Michael.

Operator | Conference Operator:

The next question comes from Hendy Susanto with Gabelli Funds. Please proceed.

Hendy Susanto | Analyst, Gabelli Funds:

Good evening.

Drupad Trivedi | President and Chief Executive Officer:

Hi, Hendy.

Hendy Susanto | Analyst, Gabelli Funds:

Hi, Drupad. You highlighted how AI can drive growth in three categories like modernization, network capacity, and security. How do you rank among those three?

Drupad Trivedi | President and Chief Executive Officer:

Yes, I think, you know, obviously core of our growth comes from capacity, whether it's existing or new or new build-outs or growing as the network. Security is not decoupled from capacity, right? So obviously our goal was to get security-led revenue to be, 65% of total and we are there and we'll stay there. And we are confident we can continue doing that. Modernization, I think there's two aspects to it. One is when people are modernizing applications and use cases, then obviously we are relevant. The second part of it is where modernization means somebody has to build a brand new 5G network, obviously that's not a growth we bet upon and we will benefit when that happens more, when somebody builds, you know, kind of a greenfield network. But in the current economic environment, we don't count upon that as a major driver. And our goal is to find growth independent of that. And if that happens, then that's good, right? So it's really, around working with our customers on their current networks and capacity and security while enabling them with more and more capabilities and then obviously benefiting more than that if they build new networks.

Hendy Susanto | Analyst, Gabelli Funds:

Thank you, Drupad. And then one more question. There's a growing conversation about agentic AI as a growth opportunity in 2026, like an early stage of growth. of agentic AI. I would like to check in in case you have seen some use cases emerging for agentic AI application and how we should be thinking about ATAN networks in that context.

Drupad Trivedi | President and Chief Executive Officer:

Sure, yeah. So I think, you know, like all of, you know, we hear from a lot of the people in industry and others as well, right, Dan? It's early in the cycle where we are engaged with customers really is... While we do have AI products per se, where we are much more engaged with customers is how do they plan to use AI for their business goals and what they do with it. Some of the examples we have talked about is for our service provider type customers, in the next two to three years, having an ability to do predictive analytics, and getting predictive insights into their network and performance and capacity planning is important to them. It's still early because companies are themselves figuring out how to take advantage of AI. Second is, of course, as we talked about, as companies use more AI, whether it's a you know, onsite model or a global model, they will have new kinds of traffic, new kinds of thread, and new capabilities needed to manage those, and

particularly with low latency and more distributed networks. So in that environment, obviously, we are working with customers also on how to continue to improve their security posture with new types of traffic, and also enabling the architecture where they can manage that kind of traffic better on their networks. Okay.

Hendy Susanto | Analyst, Gabelli Funds:

Thank you so much, Drupad. Thank you, Andy.

Operator | Conference Operator:

We have reached the end of the question and answer session, and I will now turn the call over to Drupad Trivedi for closing remarks.

Drupad Trivedi | President and Chief Executive Officer:

Thank you. And thank you to all of our employees, customers, and shareholders for joining us today and for your continued support. I am increasingly confident in our strategic orientation with security and AI infrastructure spending patterns. Thank you for your time and attention.

Operator | Conference Operator:

This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.