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SkyWater Technology, Inc.

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Earnings Call

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Call Participants

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ATTENDEES

Claire E. McAdams

Headgate Partners LLC

Presentation

Operator

Thank you for standing by. My name is Greg, and I will be your conference operator today. At this time, I would like to welcome everyone to the SkyWater Technology Q1 2024 Financial Results Conference Call [Operator Instructions]

I would now like to turn the call over to Claire McAdams, Investor Relations for SkyWater. Claire, please go ahead.

Claire E. McAdams

Headgate Partners LLC

Thank you, operator. Good afternoon, and welcome to SkyWater's first quarter 2024 conference call. With me on the call today from SkyWater are Thomas Sonderman, Chief Executive Officer; and Steve Manko, Chief Financial Officer. I'd like to remind you that our call is being webcast live on SkyWater's Investor Relations website at ir.skywatertechnology.com. The webcast will be available for replay shortly after the call concludes.

On our IR website, we have posted an investor slide presentation to accompany today's call as well as a financial supplement which summarizes our quarterly and annual financial results for the last 3 years, including all non-GAAP adjustments and comparisons to our GAAP results, as well as the impact of tool sales on our gross margins.

During the call, any statements made about our future financial results and business are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially. For a discussion of these risks and uncertainties, please refer to our filings with the Securities and Exchange Commission, including our earnings release filed on Form 8-K today and our fiscal 2023 Form 10-K.

All forward-looking statements are made as of today and we assume no obligation to update any such statements. During this call, we will discuss non-GAAP financial measures. You can find a reconciliation of these non-GAAP financial measures to GAAP financial measures in our earnings release, our financial supplement and in our Q1 earnings presentation, all 3 of which are posted on our Investor Relations website.

And with that, I'll turn the call over to Tom.

Thomas J. Sonderman

CEO & Director

Thank you, Claire, and good afternoon to everyone on the call. I'm pleased to report another record quarter for SkyWater with revenue up \$80 million. ATS development revenue exceeded our expectations to reach a new record of \$61 million, up 7% from Q4 and up 28% compared to Q1 of 2023. This growth was driven by continued strength in our aerospace and defense, quantum computing and biomedical programs.

Wafer Services revenue was \$10 million, a bit higher than expected, while tool revenue was lower than forecast due to some transitory delays in equipment deliveries. Given the record results and revenue upside in ATS, the resulting mix of revenue was indicative of strong gross margin and adjusted EBITDA momentum. However, as Steve will detail in his prepared remarks, we recorded a multimillion dollar charge to cost of revenue that reflects the anticipated additional costs required for us to complete certain development milestones for a significant A&D program, and this impacted our expected progress towards profitability in Q1.

We believe our CapEx light and high operating leverage business model will lead to strongly profitable results in the years to come. And today, I will focus my prepared remarks on the drivers for the

anticipated strong customer demand and earnings leverage ahead. This quarter marks the 3-year anniversary of our IPO. During that time, we have firmly established the key aspects of our unique value proposition within the global semiconductor industry. Through leveraging existing chip manufacturing infrastructure and introducing new materials and processes, we are able to enhance the capabilities of traditional IC flows.

While innovations in semiconductor advanced nodes are fundamentally enabled from shrinking geometries, in mainstream fabs such as ours, innovation comes from new ways of integrating new materials, new types of devices and new additive process flows to provide new chip functionality and drive the performance envelope with respect to size, weight, power and cost. And while these types of chips are often referred to as mature, they are absolutely essential. For example, high-k materials at 90-nanometer can be used to create high-density capacitors that enable our customers to design read-out ICs, or ROICs, for state-of-the-art thermal imaging cameras.

These sensors can be used in applications that range from defense systems to automotive driver assist. As another example, we incorporate a vast array of differentiated structures for CMOS and MEMS like integrations for chemical and molecular sensing, which is required for the rapidly expanding medical diagnostic and sequencing markets.

We are essentially creating new fully integrated product categories by leveraging existing CMOS infrastructure and integrating new features, materials and capabilities. 200-millimeter is exactly the right format to co-create these new categories alongside our customers, given the frequent iterations and cycles of learning required to develop new flows and new devices synergistically. These will be cost prohibitive at 300-millimeter.

The resulting business from this ATS development work with our customers has far surpassed our legacy Wafer Services business in terms of revenue and has emerged to be the key growth driver for SkyWater. And equally important, we expect this investment with our customers will result in an entirely new class of products introduced to the market on technology developed at SkyWater.

Through the evolution of our ATS business model, we have had a front-row seat to observe the diverse needs of our customers as they endeavor to bring disruptive ideas to life with new materials, devices and integration schemes. This firsthand knowledge from supporting innovators across markets has led us to introduce advanced packaging as a new growth vector for SkyWater.

Offering advanced packaging solutions domestically enables us to enhance our DoD and commercial revenue growth opportunities. We are excited about the growth potential for our Florida operations as we have begun specifying and ordering tools that will enable our 2.5D and 3D packaging platforms. These tools are being funded by the \$120 million award announced in January.

Turning to the market environment. There are several key macro themes driving our business today. The first and most prominent driver currently is the increased investment in the semiconductor technology being made domestically in aerospace and defense. Upgrades and enhancements to critical defense infrastructure are ongoing and include nuclear modernization, space capabilities, missile defense and unmanned systems, all of which are helping to drive increasing semiconductor content across all mission systems. Even more importantly for SkyWater, however, is the growing realization of the fragility of the semiconductor supply chain and the critical need to onshore semiconductor infrastructure. And within this ecosystem, we play a critical trusted role with the U.S. government.

As defense program technology spending is deemed critical and the need for domestic supply chain undeniable, this growth vector is driving the majority of our current revenue growth, which also aligns with our expected A&D revenue mix exceeding 50% in 2024. The macro themes affecting our commercial businesses today reflect shifts in how we will compute, communicate, diagnose and drive industry efficiencies into the future. These include the creation of device categories that operate by concepts beyond the conventional electronics realm such as quantum computing and silicon photonics. Every day we are collaborating with our customers on numerous exciting new devices that will contribute to the highly connected AI-driven world emerging before us.

We have begun an exciting period for SkyWater as several long-term ATS customers begin their transition to Wafer Services. Last quarter, we talked about a biohealth program. And on today's call, I am pleased to highlight our most recent conversion. Following nearly 2 years of collaboration between SkyWater and Lumotive, we were excited to jointly announce last week the transition of their optical beam steering device to production. Lumotive's light control metasurface chips deliver solid state optical beam steering into the market for the first time, ushering in a new era of programmable optics. The ability to shape and steer light with a single chip is already revolutionizing applications such as 3D sensing, with many more on the horizon.

LM10, Lumotive's first LCM product offering is now in production and shipping worldwide. In the coming weeks, we expect to announce the transition of another biomedical customer into a Wafer Services engagement. All of these transitions are key markers for the effectiveness of our unique technology-as-a-service approach to customer product realization.

As anticipated, we are seeing a decline in Wafer Services revenue from legacy standard CMOS. Demand in those markets continues to be sluggish and has been compounded by a prolonged inventory correction. We have used this relaxation in demand for our traditional platforms to accelerate the development and integration of new technologies, resulting in continued growth in ATS development, which since our IPO has been the primary driver of our 3-year annual revenue growth rate of 27%.

With this as a backdrop to what is driving our top line, let's review the uniqueness of our business model and why we believe it positions us for gross margin expansion and significant earnings leverage as we turn the corner to profitability. First, our infrastructure. Several hundred million dollars of gross fixed assets invested in our Bloomington fab have been largely depreciated. Total depreciation and amortization is expected to comprise about 5% of our revenues in the current quarter. More importantly, we believe depreciation will continue to be minimal for us because our customers are funding the majority of our current CapEx requirements.

We expect 2024 to be a landmark year for customer-funded CapEx investments in SkyWater. And today, we have the visibility for at least \$70 million in expected tool revenue this year. We estimate that since 2020, we have been the beneficiary of at least \$100 million in customer-funded CapEx between those incorporated and major contract awards and tool sales recognized over that period.

In this next multiyear stage, we expect an additional \$200 million of outsized investments through 2026 funding the majority of our capacity additions and incremental new capabilities. In total, this roughly \$300 million of expected customer investment means that SkyWater is the beneficiary of a greater amount of outside co-investment than any other participant we know of in the domestic semiconductor ecosystem relative to our size.

Now turning to our outlook for Q2. We are forecasting another record level revenue quarter in the low to mid \$80 million range. Within this forecast, ATS development revenue is expected to be in the high \$50 million range, representing growth of approximately 10% to 15% compared to Q2 of last year. While we believe our DoD business overall will remain strong, some program funding was affected by the delay in approving the U.S. government's 2024 fiscal budget, which we believe will result in a slightly lower quarterly run rate as we move beyond Q1's record revenue results.

In Wafer Services, aligned with our earlier outlook for the year, is our expectation that quarterly revenue will decline to the \$4 million to \$5 million range in Q2 and then stabilize at that level, reflecting the continued softness in the broader industrial market and our increased focus on ATS. With customer-funded CapEx continuing to ramp to record levels, tool revenue is expected to be at least \$20 million in the second quarter. This landmark year for customer-funded CapEx is aimed at enabling new capabilities that we expect will allow us to execute on our robust future growth expectations for both ATS development and Wafer Services.

Our revenue growth expectations for the full year are largely unchanged since our February earnings call. We continue to expect ATS development growth in the range of 10% to 20% over 2023, a significant increase in tool sales and a meaningful decline in our legacy Wafer Services revenue.

As we look beyond 2024, we believe that the distinction of our business model, the highly differentiated innovative technologies we are making available to the domestic IC market and the strong customer pipeline we continue to build positions SkyWater for several years of above industry growth and strong operating leverage.

I will now turn the call over to Steve.

Steve Manko

Chief Financial Officer

Thank you, Tom. First quarter revenue reached another record for us at \$79.6 million, up 1% from Q4 and up 20% from the first quarter of 2023. Record ATS development revenue of \$61.2 million exceeded our forecast for the quarter as a result of accelerated development time lines as well as our internal initiatives to prioritize high-growth ATS programs. We had forecast ATS development to be similar to Q4, but with strong demand and operational execution, actual results demonstrated sequential growth of 7% and year-over-year growth of 28%.

As expected, Wafer Services revenue declined meaningfully from our prior run rate but still came a bit higher than forecast at \$10 million. Tool revenue was \$8.5 million, lower than expected due to certain delays in equipment deliveries. Our non-GAAP gross margin for the quarter was 16.9% compared to a forecast in the low 19% range due to an additional accrual recorded in cost of revenue.

We recorded a roughly \$8 million charge in Q1 to reflect the anticipated additional cost for us to complete certain development milestones for a significant A&D program. Outside this accrual for expected future development cost, our gross margin for Q1 would have surpassed our prior expectations chiefly as a result of the more favorable mix of business in the quarter.

Tool revenue in the quarter impacted non-GAAP gross margin by 170 basis points. As a reminder, you can find the impact of tool revenue on gross margin each quarter in the financial supplement posted to our IR website.

Non-GAAP operating expenses were \$13.6 million, which was below the forecast primarily due to lower variable compensation, along with a shift in timing of certain other SG&A costs to subsequent quarters. We reduced the variable comp accrual during Q1 to reflect the softer market conditions, primarily affecting our Wafer Services business, which we now are forecasting to decline by 60% in 2024.

Also of note, we added approximately \$1.6 million of engineering cost to R&D expense due to our expectation that the record level of R&D activities in Q1 will continue. Non-GAAP operating income was approximately breakeven, and adjusted EBITDA was \$4.9 million, both of which would have been at record levels without the added accrual charge to cost of revenue. Interest expense was \$2.4 million, and with nominal tax expense, the GAAP net loss was \$0.12 per share and the non-GAAP net loss was \$0.08 per share.

Now turning to the balance sheet. Our capital position remains strong with \$20 million of cash at quarter end and \$63 million available on our revolving credit line. Over the past 5 straight quarters, we have consistently generated positive cash flows from the P&L prior to working capital changes. In the current interest rate environment, we have minimized short-term borrowing intra quarter, which has been enabled in part through over \$20 million of advanced customer deposits for tool purchases. With record levels of customer CapEx co-investment expected to fund the majority of our CapEx needs, our CapEx for the quarter was \$2 million, and over the past 12 months, our CapEx spend has been roughly equal to 3% of revenues.

Turning to our outlook for Q2 and our expectations for various financial metrics as we move through 2024. As Tom mentioned, with our current visibility, we expect Q2 revenue level in the low to mid \$80 million range. This reflects our forecast for ATS development revenue in the high \$50 million range, \$4 million to \$5 million of Wafer Services revenue and at least \$20 million of tool sales.

Given the expected revenue profile, we expect non-GAAP gross margin in Q2 in the range of 16% to 19%. This gross margin range reflects the greater mix of tool sales expected in the quarter, which we expect

will impact gross margin by 300 to 500 basis points. We also expect that the sequential decline in non-tool revenue volumes will be a headwind to Q2 gross margins.

We expect non-GAAP operating expenses of approximately \$16 million to \$16.5 million for the second quarter and to remain in this range through fiscal 2024. For modeling purposes, we estimate that R&D will now comprise about \$4 million of that run rate on a quarterly basis.

For the full year, our growth forecast is largely unchanged since last quarter. We continue to forecast ATS development revenue growth in 2024 in the range of 10% to 20%. Since last quarter, we've seen some incremental softening in our Wafer Services forecast and expect that this business will be down by approximately 60% from 2023. We do expect this softening will be more than made up for with total customer-funded tool investments totaling at least \$70 million in 2024.

The expected revenue mix in 2024 will be less favorable compared to prior forecast, which will impact our gross margin expansion objectives throughout the year. The lower run rate of non-tool revenue volumes will likely be a headwind until we replace the revenue volume coming from legacy devices.

At the same time, our depreciation declined to \$5.1 million in Q1 and will further decline to an estimated \$4.2 million in Q2, as expected, which is a tailwind to gross margin flow-through, with depreciation expected to comprise around 5% of our revenues. Importantly, we expect these low levels of depreciation will continue for the foreseeable future given our visibility for similar levels of customer co-investment funding 80% or more of our planned CapEx needs for the next couple of years.

Finally, here are a few more of our assumptions for 2024. While overall debt levels will fluctuate through the year depending on draws from our revolver, our Q1 interest expense is a good indicator of what to assume for quarterly interest expense for the remainder of the year. Any tax benefit or expense for 2024 will likely be nominal. And for modeling purposes, we would assume 0 tax impact this year. Our income from variable interest entities below the line is not something that we can predict with accuracy, but \$1 million is a historical average that we expect will be appropriate to use for your models looking forward. With that, I'll turn the call over to Q&A. Operator, please open the line for questions.

Question and Answer

Operator

[Operator Instructions] It looks like our first question comes from the line of Quinn Bolton with Needham & Company.

Nicolas Emilio Doyle

Needham & Company, LLC, Research Division

Nic Doyle on for Quinn Bolton. First, can you just expand on the \$8 million A&D accrual? Are there additional accruals needed for the project? Do other additional rad-hard projects you're looking at come with similar structures? I mean, it just seems like this is the main driver for the margin miss. You had a bunch of tailwinds, like you talked about in your comments.

Thomas J. Sonderman

CEO & Director

Yes, I'll start, and Steve can elaborate on how we accounted for the essentially additional engineering work that's going to be required to get one of our strategic A&D programs to the level of performance that's required by our customers. As is typical, when you're doing R&D and creating products in parallel, it's an iterative process. And as the technology matured, we got to the point where we decided it was going to take a little bit more engineering effort to get the program completed. And that resulted in the additional charge.

Steve, you can elaborate on how we accounted for that.

Steve Manko

Chief Financial Officer

Sure. Under the accounting rules, when you're dealing with a contract with the government, certain of those rules require us to record an accrual in the period we identify additional costs needed for that program. This is one such case where that accounting principle had to be applied to this contract. So that was our best estimate as of right now what the additional costs needed for the program are. So that accrual was put on our balance sheet and that expense was recognized completely in this quarter.

So essentially what happens, as opposed to recognizing that expense, let's say, over the next 3 to 4 quarters in the P&L, it all comes through under government accounting in the quarter when it's recognized.

Nicolas Emilio Doyle

Needham & Company, LLC, Research Division

Okay. It makes sense that it kind of got pulled in. Second question, just the shape of the tool revenue over the next couple of years. You mentioned this 3-year pipeline at \$200 million would be higher than our estimates. I mean, you gave some commentary around that \$70 million for this year. So just how you're thinking about that tool revenue coming in? Would it make sense for '25 to be lower and then we step back up in '26? Any thoughts on timing, maybe risk of further pushouts.

Thomas J. Sonderman

CEO & Director

Yes. So I mean, I think we gave kind of a broad view of what we think it will be over the next 3 years. You can do the math. \$70 million will be about close to the average over that 3-year period. I think that's a good way to model it. Each quarter, tools are arriving per plan, sometimes they're coming sooner, sometimes later than planned. And so we think for modeling purposes the \$70 million is probably a good rate over the next 3 years.

Nicolas Emilio Doyle

Needham & Company, LLC, Research Division

I just like to ask a follow-up there to the pushout. I mean, what's driving that push out? Is that a demand issue or really just the supply chain, things taking longer than expected?

Thomas J. Sonderman
CEO & Director

Yes, supply chain. It's literally -- we get commitments from customers on when tools will arrive, and sometimes they meet those commitments, sometimes they slip a little bit. And that's literally what happened this past quarter.

Steve Manko
Chief Financial Officer

And that's why we provide the guidance that we do. I mean if you look at it, really, we had one slight pushout in this quarter. However, at the same time, we were also saying with the clarity we have, we expect more tools to come in over the course of 2024. So I think that's why we gave the overall pipeline of what we think the tool revenue is for the next 3 years. There can be slight timing delays. We don't see anything systemically in the supply chain at this point in time. But tool deliveries can come right at quarter end and slip by a week or so, could have an impact on the quarter. And that's why we give a general guide on what the pipeline really looks like.

So again, we had one tool slightly miss coming into this quarter, but we also have visibility that more tools are likely to come in, in 2024 than what we otherwise said in the last quarter earnings call.

Operator

And our next question comes from the line of Krish Sankar with TD Cowen.

Krish Sankar
TD Cowen, Research Division

I had a few of them. Steve, I'm just kind of curious. Clearly, the revenue is improving nicely, but the gross margin is lagging. I understand the onetime cost. Kind of curious how to think about overall gross margin for this year relative to last year? And if I remember right, you have spoken about in the past a long-term gross margin target of 40% exiting 2025. Is that still realistic? And then I have a few other questions.

Steve Manko
Chief Financial Officer

Yes, sure. So on the gross margin standpoint, I mean, really, it was the \$8 million, but you're also getting a little bit more tool costs flowing through as well. So that was really the impact of where we were for the first quarter. Otherwise, it was pretty much in line with where we thought our costs would be, and really would see that incremental growth taking place.

Now going forward, we gave a range where we thought the gross margins would be for second quarter, which is approximately 16% to 19%. And given what we talked about on the revenue side, that we'll still have good top line revenue growth over the course of 2024. With what we're seeing right now, that revenue mix changes. And our expectation is that revenue mix for the rest of the year would be very similar to what we talked about and have expectations for the second quarter of this year.

Krish Sankar
TD Cowen, Research Division

So is it fair to assume gross margin this year will be down versus last year because of the tool revenue?

Steve Manko
Chief Financial Officer

Yes. So if you look at the margin, the margin likely would be slightly down. Again, what you have to look at is the impact basis points, of what we said 300 to 500 basis point impact of tools coming in. So if you're

looking at the margin, it's more important way to look at what the gross profit line is for the company because the margin will be impacted significantly by the amount of tool revenue coming in this year.

Thomas J. Sonderman

CEO & Director

And clearly, the lower run rate of Wafer Services with our legacy Infineon platform is going to contribute to gross margin dilution as well.

Krish Sankar

TD Cowen, Research Division

Got it. And then 2 other quick questions. One is, can you just tell us what your utilization rate is in your Minnesota front-end fab and Orlando back-end fab?

Thomas J. Sonderman

CEO & Director

Yes. So again, we don't quote utilization at SkyWater, but we have talked about in the past our target utilization. We tend to want to run it at a target utilization to drive our ATS business. We're running at the minimum levels of utilization for Wafer Services. That's obviously tied to the macro environment we're in. And as we've talked before, we're using this as an opportunity to accelerate our ATS programs. And that is really the focus of the company right now as we kind of deal with the macro reality that the whole semiconductor sector is working its way through.

Krish Sankar

TD Cowen, Research Division

Got it. And then one final question, Thomas, Steve. How much of your front-end customers are using the Florida back-end fab?

Thomas J. Sonderman

CEO & Director

Yes. So -- and you asked about utilization in Florida. That fab is still an ATS centric fab. There is no volume products down there. So there is really no utilization to quote. But as far as customers using the facility, we have multiple A&D customers as well as commercial customers that are doing development in the fab. And as we announced in January, we were awarded a \$120 million program through the DoD to stand up a fan-out wafer packaging technology. That was kicked off, again, in January, and that program will ramp throughout the year.

We were excited to have AMD applaud our efforts in moving that type of capability back here to the U.S. So we expect to see a lot more coming from Florida as this year unfolds because of the technology that we're putting in the fab. But nothing from a volume perspective at this point.

Operator

[Operator Instructions] And our next question comes from Robert Aguanno with Piper Sandler.

Robert F. Aguanno

Piper Sandler & Co., Research Division

Just a quick strategic one first. Can you maybe walk through your longer-term outlook for Wafer Services, obviously, with the business taking a hit? And I understand the macro side of things. And I'm not asking for numbers, but maybe just kind of the long-term strategy and how you're thinking about kind of the relative scale of the business? And any sort of qualitative things that might impact the business going forward maybe in a positive way?

Thomas J. Sonderman

CEO & Director

Yes. Good question. And we've talked in the past about the J curve effect as we have customers convert from ATS to Wafer Services. So this year, we are excited to announce Nautilus Bio last quarter, Lumotive this quarter. We expect another announcement coming soon about these conversions. But they are not going to immediately replace our legacy volumes that we obviously get from Infineon and a few other customers.

Our plan all along has been to use our ATS business to seed our fab here in Minnesota with new technologies on new platforms and new products that will have a long, long life cycle ahead of them. And that is working per plan. Obviously, along the way, we are dealing with a macro environment where there's semiconductor weakness certainly as it relates to some of the legacy programs.

And so while we are hopeful that at some point that business will come back in some form, our focus is really on seeding our fabs with these future technologies. The rate at which they'll come back, again, is somewhat out of our control. It's up to our customers to get the products in the market, get the traction. Our goal is to make sure that we can scale when they're ready to scale. And that is definitely what we're doing.

Obviously, in the A&D space, we have programs also moving through the funnel, preparing to go into production. Those will be very viable products, not necessarily high volume. But we see -- as you get through '24 into '25 and certainly in the second half of the decade, you're going to start seeing a much more robust Wafer Services business with much better margins, and that will really carry the business forward as we continue to grow and scale SkyWater.

Robert F. Aguanno

Piper Sandler & Co., Research Division

Great color there. And just one on margins, just to kind of expand on an earlier question. Is there a way maybe to quantify the mix shift around the Wafer Services versus ATS and tool revenue? Basically, just asking for something to -- maybe put some more context around maybe the decline that you guys are seeing year-over-year?

Steve Manko

Chief Financial Officer

Yes. I believe we forecasted out what we expect the revenue to be. So I think that was in the prepared remarks on the upper 50s for ATS revenue for the second quarter, approximately \$20 million for the tool revenue, and a range of, I believe, it was...

Thomas J. Sonderman

CEO & Director

\$4 million to \$5 million.

Steve Manko

Chief Financial Officer

\$4 million to \$5 million for Wafer Services. So you can see that there's a significant change in the mix of the revenue compared to the Q1.

Robert F. Aguanno

Piper Sandler & Co., Research Division

Any color around margins there?

Thomas J. Sonderman

CEO & Director

So tool margins are relatively, I'd say, similar to Wafer Services margin.

Steve Manko

Chief Financial Officer

Yes, we -- you can see that the -- we basically say that the margins are somewhere between 5% to 10% on the tool depending on the tool that's being sold. But tools are of all different revenue sizes. So really, the margin would be -- if you look back at our supplemental information, you can see where we break out tool revenue and tool cost over the past couple of years. So you can see the whole goal of what we do on the tool side is not necessarily to generate gross profit, even though we do get a slight gross profit, but it's really to limit our depreciation expense and the need to raise capital for those tools.

Operator

And with that, I will now turn the call back over to Thomas Sonderman for closing remarks. Thomas?

Thomas J. Sonderman

CEO & Director

Thank you, operator. I want to close by reinforcing the confidence that all of us at SkyWater have in our ability to achieve long-term growth and profitability. We will keep working to build your confidence in us. We will be attending the Craig-Hallum and Cowen conferences this month, and you can contact Claire for further follow-up.

We look forward to speaking with you again in August during our Q2 webcast. With that, I will conclude today's call.

Operator

And ladies and gentlemen, that concludes today's call. Thank you all for joining, and you may now disconnect.

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