

ISSC Earnings Call Transcript

Date: 2025-12-18

Quarter: 4

Operator: Good day, and welcome to the Innovative Aerosystems Fourth Quarter 2025 Results Conference Call and Webcast. [Operator Instructions] Please note this event is being recorded. I would now like to turn the conference over to Paul Bartolai, partner at Vallum Advisors. Please go ahead.

Paul Bartolai: Thank you. Good morning, everyone, and welcome to Innovative Aerosystems Fourth Quarter and Full Year Fiscal 2025 Results Conference Call. Leading the call today are our CEO, Shahram Askarpour; and CFO, Jeff DiGiovanni. This morning, we issued a press release detailing our fiscal 2025 fourth quarter and full year operational and financial results. This release is publicly available in the Investor Relations section of our corporate website at www.iascorp.com. I would like to remind you that management's commentary and responses to questions on today's conference call may include forward-looking statements, which, by their nature, are uncertain and outside of the company's control. Although these forward-looking statements are based on management's current expectations and beliefs, actual results could differ materially. For a discussion of some of the factors that could cause actual results to differ, please refer to the Risk Factors section of our latest report filed with the SEC. Additionally, please note that you can find reconciliations of all historical non-GAAP financial measures mentioned on this call in the press release issued this morning. Today's call will begin with prepared remarks from Shahram, who will provide a review of our recent business performance and an update on our strategic framework, including our accomplishments during fiscal 2025 and our key strategic priorities for fiscal 2026, followed by a financial update from Jeff. At the conclusion of these prepared remarks, we will open the line for your questions. With that, I'll turn the call over to Shahram.

Shahram Askarpour: Thank you, Paul, and good morning to everyone joining us on the call today. Fiscal 2025 was another transformational year for the entire organization, highlighted by continued disciplined execution on our strategic priorities, culminating in outstanding fourth quarter and full year performance. In October, in connection with our ongoing transformation, we rebranded to Innovative Aerosystems, a move that better reflects our strategic focus on engineering, manufacturing and supplying advanced avionic solutions for commercial, business and military aviation markets. Our new brand identity underscores our unique capability to integrate next-generation avionics with intelligent system design, delivering innovative mission-critical aerospace solutions. As Innovative Aerosystems, we remain committed to powering progress across the industry's most prominent legacy fleets and emerging next-generation platforms. Entering fiscal 2026, we are executing against a clearly defined go-to-market strategy centered on integrating intelligent system design in advanced avionics to deliver differentiated solutions that improve performance and have safety and reduced operational complexity for commercial and defense aerospace customers. We ended the year on a strong note, with fourth quarter revenue increasing 45% year-over-year to \$22 million. The combined benefit of increased throughput from client programs, a more favorable sales mix and improved operating leverage resulted in fourth quarter net income of \$7.1 million or \$0.39 per diluted share, adjusted EBITDA of \$9.6 million, an increase of 71% versus the prior year. For the full year, we generated revenue of \$84 million, up nearly 80% from the previous year. Our fiscal 2025 net income was \$15.6 million or \$0.88 per diluted share. Adjusted EBITDA was \$25 million, up just over 80% from last year despite significant investments we made to position the company for its next phase of growth, including the expansion of

our engineering team, enhancements to our sales organization, investments in infrastructure and systems to support our defense customers and the integration of our F-16 platform production into our Exton facility. I will discuss each of these in more detail shortly. To that end, I will now provide an update on our progress on the IA Next, our long-term value creation strategy. Our IA Next strategy prioritizes profitable growth, sustained operational excellence and disciplined capital allocation as key drivers of long-term value creation. This framework is the mechanism by which we intend to deliver on our long-term target of \$250 million in revenue and adjusted EBITDA margins of between 25% to 30%, driven by a combination of organic and inorganic growth. Our strong fiscal 2025 results are a direct reflection of the execution of these key strategic initiatives. I will now discuss some of our key accomplishments during the year and highlight our focused priorities for the year ahead. Let's begin with a review of our growth initiatives, which focus on new product development, cross-selling of key solutions, expansion of our military capabilities and enhancements to our integrated avionics cockpit solution. An important milestone we achieved during 2025 was the successful completion of the integration of the F-16 program production into our Exton facility. We have completed all required recertifications and resumed full-scale production of the digital flight control computer earlier this month. The recertification and resumption of production of the improved programmable display generator is planned for the next month. We have a strong backlog of demand for our new products used in the F-16 and are encouraged by the growth potential here. The F-16 remains a workhorse for our military as well as many of our allies around the world, and we are encouraged for the long runway growth we see ahead. In addition to the attractive growth opportunities related to this platform, during 2026, we plan to begin in-sourcing F-16 product line subassembly. This initiative, combined with the elimination of the duplicative costs we incurred 2025 as we migrated the F-16 program production into our facility, should lead to improved and more consistent margins related to these products moving forward. Capitalizing on our legacy of engineering excellence, new product development is a critical aspect of our growth strategy. So we were pleased by the significant progress we made during 2025. In the year ahead, we intend to advance our progress towards autonomous flight within the business jet market through the next-generation UMS2 platform. This reengineered platform enables the integration of artificial intelligence in the cockpit, significantly enhancing level of cockpit automation. We have completed test flights on the Pilatus PC-24, and we'll be delivering a new version to Pilatus in June 2026. Another important area of new product focus during 2025 has been our new Liberty Flight Deck. This is a customer-centric, customizable design that can be tailored for virtually any type of aircraft, including large passenger and cargo planes, business jets and military aircraft. We unveiled the Liberty Flight Deck at the National Business Aviation Association Show in October of this year, and the customer feedback was very positive. In the coming year, we will continue with our Liberty avionics certification activities with a goal of 2027 for first certification. Our new Liberty offering can significantly reduce workload in cockpits by using automation to enhance safety and deliver substantial cost savings for Part 25 aircraft operators. The meaningful progress we achieved on new products is a direct result of the recent investments we have made in our engineering department and the core competencies of innovation and engineering expertise. Our engineering organization is a vertically integrated multidiscipline team that brings mechanical, electrical, software and systems engineering together under one roof. This structure enables agile decision-making, tight collaboration and full control over every stage of product development. IA maintains an independent verification and validation group that ensures strong design integrity and compliance throughout the development cycle in compliance with certification requirements to meet the highest level of safety. Our engineering team uses modern fully integrated development tools and employs state-of-the-art microprocessors and FPGA technology. The department has also invested as unitizes an internal AI-based development infrastructure, which hosts a knowledge-based AI model that optimizes documentation, supports training initiatives and facilitates cross-department product queries. We have expanded our engineering team by more than 50% in each of the last couple of years, with engineering personnel representing 1/3 of our total headcount at year-end. Management and the core engineering team have been with the company for over a decade on average, contributing to stability, deep product knowledge and continuity. We view our R&D; capabilities to be critical to achieving our long-term growth objectives, and we plan to make additional investments in our engineering headcount in fiscal 2026. Importantly, we maintain an excellent

engineering retention rate, supported by an engaging and challenging work environment. Unique initiatives such as sponsoring private pilot training, ensure engineers gain first-hand understanding of the pilot and avionics environment. Our engineering team has demonstrated its agility and innovation with programs like the new Liberty Flight Deck, and consistently shows the willingness to take on ambitious project and new technologies that strengthen the company's competitive position like multi-core processing technology. With a strong talent pipeline, unparallel vertical integration and a culture that embraces challenging projects and new technologies, our culture of innovation serves as a key driver of the company's continued growth and competitive advantage. We look forward to updating you on the continued progress on our UMS2 and Liberty platforms as well as additional innovation and new technologies in the future as we continue to enhance our integrated cockpit avionics solutions and move closer to autonomous flights. During 2025, we also laid groundwork for the expansion of our military business, which we view as an important future growth driver. We made important investments that strengthen our security and accounting services to become compliant with the Defense Federal Acquisition Regulation Supplement, or DFARS requirements. These are necessary improvements as we continue to bid on larger DoD programs. And finally, as it relates to our growth strategy, all of this is supported by the recently completed expansion of our Exton facility. We tripled the production capacity of our facility in 2025, positioning us to scale production over the coming years. Looking ahead, we now have the people, tools and capabilities in place to execute on our growth strategy. Now turning to our pursuit of operational excellence. We made key investments during 2025 that should position the company for solid operating leverage in the coming years as we focus our goal of delivering adjusted EBITDA margins between 25% to 30% over the longer term. During 2025, we completed the integration of our NetSuite ERP system, which provides a platform to efficiently scale our business. This new system will allow us to utilize more robust data to support actionable business decisions. Additionally, we have made further investments in infrastructure and systems to support our growth aspirations. With the infrastructure already in place, we expect only modest increase in operating costs moving forward, allowing for operating leverage as we grow. And finally, as it relates to balance sheet optionality, we continue to add available liquidity to support both organic growth and strategic acquisitions in the years ahead. An important accomplishment in support of our growth strategy was the recent closing of our new 5-year \$100 million committed credit agreement with a lending syndicate led and arranged by JPMorgan Chase. The new facility provides an additional \$65 million in liquidity versus our previous \$35 million facility, and an option, subject to certain conditions, to request up to \$25 million in additional loan commitments under an accordion feature in the agreement, bringing the total potential facility to \$125 million. This facility provides the improved flexibility required to execute on our long-term growth strategy. In addition to the investments in organic growth I have already discussed, we remain focused on supplementing our growth strategy through strategic acquisition. Our disciplined acquisition strategy centers on acquiring aerospace and defense component product line or businesses with significant aftermarket potential and proprietary content and processes. We are focused on acquisition of product lines and businesses that have above-market growth potential, are strongly cash generative and are profitable. The aerospace supply chain is highly fragmented with many components supplied by smaller, privately-owned businesses that in turn sell to system integrators, Tier 1 or Tier 2 manufacturers or large OEM participates. We continue to see significant opportunities for further consolidation of this supply chain. Before I hand the call over to Jeff, I want to welcome Richard Silfen to our Board of Directors as an independent director. Richard is currently General Counsel of Hildred Capital Management, a private equity firm that specializes in control-oriented transactions in lower middle market company. Before joining Hildred, Richard was a partner and Co-Chair of Mergers and Acquisitions at Duane Morris, a multinational law firm. With Richard's appointment, the Board has expanded to 7 directors. In summary, as we enter fiscal 2026, we're well positioned to benefit from the foundation investments we've made across the organization during the last several years. Our team continues to execute at a high level and market trends remain favorable and our financial position is solid, all of which position us to deliver another year of profitable growth. We are energized by the opportunities ahead of us and remain committed to advancing our long-term strategic initiatives while maintaining a focus on delivering value for our shareholders. With that, I'll turn the call over to Jeff for his prepared remarks.

Operator: Thank you, Shahram, and good morning to all those joining us. Today, I will provide a high-level overview of our fourth quarter performance, including a discussion of our working capital, balance sheet and liquidity profile at quarter end, and wrap up with some comments on our outlook for the new fiscal year. We generated net revenues of \$22.2 million in the fourth quarter, up 45% from the fourth quarter last year. The strong growth came despite the expected pause in F-16 production we discussed last quarter as we completed the transition of this production into our Exton facility. Consistent with our prior expectations, production related to the F-16 began to ramp back up during December, and we expect to return to normal production levels in the first half of fiscal 2026. Revenues during the fourth quarter benefited from increased volumes in the air transport market and business aviation. Product sales were \$14.3 million during the fourth quarter, up from \$9.8 million during the same period last year, driven primarily by strong demand in the air transport sector. Service revenue was \$7.9 million, owing largely to customer service sales from the Honeywell product lines, including \$300,000 associated with the F-16 program and an increase of \$1.3 million in nonrecurring engineering services. Gross profit was \$14.1 million during the fourth quarter, up from \$8.5 million reported in the same period last year, an increase of 65%. Strong growth was driven by the increase in revenue and a more favorable revenue mix, including the benefit of high-margin sales in the air transport market. As a result of the favorable sales mix, our fourth quarter gross margin was 63.2%, up from 55.4% in the same period last year. As we have stated in recent quarters, we continue to expect our gross margins in the future to be in the mid-40% range given our expected mix of revenue going forward. With the integration of the Honeywell product line into our facilities, we expect less volatility in our gross margins relative to what we saw in 2025. We could still see some quarterly variation based on our revenue mix, especially as we continue to grow our military and OEM businesses, but we still expect full year gross margins to be within our targeted range. As a quick reminder, military sales carry a lower average gross margin compared to commercial contracts. However, importantly, there is minimal operating expense associated with these contracts, resulting in incremental EBITDA margins. Operating expense during the fourth quarter of 2025 was \$5.8 million, an increase from \$4.2 million during the same period last year. The increase in operating expense was driven by investments to support growth, including additional headcount and engineering sales and services. Net income for the quarter was \$7.1 million as compared to \$3.2 million last year. GAAP earnings per diluted share of \$0.39 increased from \$0.18 last year. Adjusted EBITDA was \$9.6 million during the fourth quarter, up from \$5.6 million last year, an increase of 71%, largely due to our revenue growth and a more favorable revenue mix. During the fourth quarter, we recognized a \$1.8 million gross benefit related to the employee retention tax credit, a refundable payroll tax credit enacted under the Cares Act and subsequent legislation. The benefit relates primarily to qualifying wages paid during the period and was recognized during the quarter upon confirmation of eligibility. Moving on to backlog. New orders in the fourth quarter of fiscal 2025 were approximately \$27 million and backlog as of September 30 was approximately \$77 million. The backlog includes only purchase orders in hand and excludes additional orders from the company's OEM customers under long-term programs, including Pilatus PC-24, Textron King Air, Boeing T7 Red Hawk and the Boeing KC-46A and the F-16 with Lockheed Mark. We expect these programs to remain in production for several years and anticipate they will continue to generate future sales. Further, due to their nature, the customer service lines do not typically enter backlog. Now turning to cash flow. For the full year ended September 30, 2025, cash flow from operations was \$13.3 million compared to \$5.8 million in the year ago comparable period due to our solid operating results. Capital expenditures during the fiscal 2025 were \$6.5 million versus a little over \$600,000 in the year-ago period. The increase in our capital expenditures related primarily to the cash outlays for the expansion of our Exton facility. Despite the increase in capital spending compared to last year, we were still able to generate free cash flow of \$6.8 million during fiscal 2025, up from \$5.1 million in the previous year. As of September 30, 2025, we had total debt of \$24.4 million and cash and cash equivalents of \$2.7 million, resulting in net debt of \$21.7 million. As of September 30, 2025, we had total cash and availability under our line of credit of approximately \$77.7 million. Our leverage at the end of the quarter was 0.9x. Our modest leverage, combined with availability under our expanded credit facility, gives us significant financial flexibility to execute on our strategic initiatives. Before we move into Q&A; session, I'd like to provide

our thoughts around the outlook for our business entering 2026. As we have discussed during fiscal 2025, our results benefited from the pull forward of revenues related to the F-16 platform as we prepared for the transfer of production into our Exton facility. Additionally, our fiscal 2025 results also included some service revenues for the F-16 platform that we do not expect to repeat in fiscal 2026. Excluding these factors, we estimate IA generated high single-digit year-over-year organic revenue growth in fiscal 2025 and believe this to be a reasonable annual organic growth run rate for the business on a normalized basis over time. However, when we look at fiscal 2026, we expect organic revenue to grow more modestly relative to our longer-term target given the pull forward of revenue related to the F-16 production and service revenue from fiscal 2026 into fiscal 2025, which was expected. Looking ahead, as we build off a higher base of revenue, we intend to drive the next phase of growth through a combination of market share gains, new product development, expanded capabilities and disciplined inorganic growth. When we think about the cadence of fiscal 2026, we expect first quarter revenues to be in the range of \$18 million to \$20 million, building steadily on a sequential basis as we move throughout the year. That completes our prepared remarks. Operator, we are now ready for the question-and-answer portion of our call.

Operator: [Operator Instructions] Our next question comes from Bobby Brooks with Northland Capital Markets.

Robert Brooks: So terrific 4Q results, and you had mentioned that the strength in sales is driven by some momentum in the military programs. Is it right to assume that when you're referencing that, it's really all related to the work with the F-16s, or is there something else?

Jeffrey DiGiovanni: No, it's not just the F-16, there's also -- we do work with the C-130 and other Boeing products programs. So that's kind of where we saw some of the fourth quarter impact.

Robert Brooks: Okay. So it was not just the F-16. Could you maybe help frame what was non -- for the military results, what was non-F-16 net positive?

Jeffrey DiGiovanni: Yes. So it's probably a couple of million dollars in there for the C-130 and Boeing platforms in the military programs. And the F-16 really had nominal revenues in for the fourth quarter. There's probably about close to a little over \$300,000 of service revenue that hit this period on the F-16 and -- as we expected. We didn't expect any revenue in production for the F-16 in Q4.

Robert Brooks: Got it. And then it's great to see you guys put out this 2029 targets. I was curious to hear, and I'm sorry if I missed this earlier in the call, but was curious to hear your assumptions underpinning that outlook?

Jeffrey DiGiovanni: Yes. Our \$250 million revenue target assumes we're able to generate organic growth in high single digits range with the balance really driven by disciplined acquisition strategy. It's important to note that we believe our acquisition strategy could be accretive to our longer-term organic growth expectations given our expanded cockpit aviation solution, which will allow us to increase cross-selling and the broader market opportunities.

Robert Brooks: Got it. And then any comments -- assumptions on the margin outlook there?

Jeffrey DiGiovanni: Yes. So we're projecting margins in the range of -- EBITDA margins 25% to 30%, in that target range.

Robert Brooks: Yes. But like just curious like what the assumptions are underpinning you guys had in that target?

Jeffrey DiGiovanni: Yes, a lot of the platforms and a lot of, I would say, the operating expenses we have here today, so a lot of it we're going to be driving through the growth in EBITDA margins with that future growth. And we're looking to invest in R&D.; So you'll see revenue go up and some of the R&D; go up for these programs. That's why we're in the 25% to 30% EBITDA margin range.

Robert Brooks: All right. I appreciate that. And just last question for me. You had mentioned the Liberty Flight Deck was really well received by both current and potential customers. I was just curious to hear what do they like most about it? Is it maybe lower cost than the alternatives out there? Or is there some type of proprietary tech embedded that gives you an edge? Just curious to hear that.

Shahram Askarpour: So I think talking in general, where the avionics market has gone is now being dominated -- especially on the business aviation is being dominated by Garmin and to some extent, Honeywell and Rockwell Collins, all of which will give you a solution that they have. Our solution, we provide the solution to the customer of what they want, not what we have. And that was very well

received because we also demonstrated that we can do that without significant NRE requirements. And that was very well received. I think we did have an agreement put in place with one new customer that -- it was a memorandum of agreement that is we're going to be negotiating the details of the contract. And we've also seen additional customers that have strong, good interest. We're in negotiations with 2 or 3 of those customers to -- with regards to the Liberty Flight Deck. What we see in the market is that the trend of industry going towards new OEMs coming along with the new engine technologies bring a lot of hybrid engines for carbon emission reduction, and that's driving a whole new groups of aircraft OEMs coming into the market, which they need customization because of the special needs of their airplanes. And we see an opportunity for us to grab that all by the horn and dominate that market.

Operator: Our next question comes from Greg Palm with Craig-Hallum Capital Group.

Greg Palm: Congrats on a good way to close out the year. Maybe we can start with, I just wanted to dig into that fiscal Q4 results just a little bit more. I mean, I think you mentioned air cargo, business jet, but was there specific product lines that contributed to the upside relative to maybe your prior expectations?

Jeffrey DiGiovanni: So our prior expectations, a couple of things. One, when we look at what occurred over the quarter, as we mentioned before, we always have a lot of volatility, I think, when we're in these transitional periods with Honeywell. When we got their revenue reports and things like that, my team digs through them, challenges those questions and margins. We knew Q3 looked a little off. We got that resolved by the end of this year, fiscal year, and that was probably about another \$1.5 million, roughly \$2 million there, which went right to margins. So when you look at overall margin kind of, I would say, for the full fiscal year, you're in that 45% margin, but Q4 was high and Q3 was low, again a little bit there. And in terms of the air transport, we just saw more demand in the retrofit market, which typically has higher margins. And we saw comeback in business aviation as well.

Greg Palm: Got it. Okay. And then the -- in terms of the orders number, I mean, that was a really good number in the quarter as well, a book-to-bill well over 1. Anything to necessarily or specifically call out there?

Jeffrey DiGiovanni: No, I think as we make investments in our sales teams, we're starting to see some of the fruits of those labors where the sales folks are now out there trying to generate these sales for us. It just takes -- these kind of sales, it's a longer lead time. So we went from having 1 person back in 2023 to about a sales team of about 6 today.

Greg Palm: Got it. Okay. And then I want to spend a minute on this targeted organic growth rate. I think you said high single-digit sort of on a normalized basis. I mean how much of Liberty and UMS2 is built into that because both of these seem like pretty significant opportunities that could contribute a lot more than high single-digit growth. And I guess we're probably talking out a few years, but I just wanted to kind of get your sense on the contribution potential of that.

Shahram Askarpour: Yes. So on the OEM side of the Liberty cockpit, which includes the UMS2 as part of it, we're looking at 2030, 2031 for those new platforms to get into production. On the aftermarket side, we're going to see things hopefully as early as 2027, where we will have our initial certifications in the aftermarket side of -- on the business jet side of things. Organic growth in -- at least in the next few years is going to come from several platforms that we've already -- we're already seeing growth in those. Being on the air transport side, on the aftermarket side, we're beginning to see some of our product lines taking further legs into other platforms. For example, we were never that successful on the 737 business with our cockpit solutions, but we're seeing an uptick in that on the 737 side. On the C-130 side, on the military side, we're seeing some -- a lot of increased interest and mainly because the competitors we had in the past in those platforms, mainly being Collins and Honeywell, Honeywell's kind of doesn't have much to offer on their platform anymore. And Rockwell Collins hasn't done the investments. So we're seeing a lot of the countries, which don't have the kind of budgets to spend on Rockwell Collins solutions as they sell to the U.S. Air Force, coming and looking at lower-cost solutions like we have. And so we're seeing an uptick in a lot of areas that's going to drive our organic growth. Now prior to doing these acquisitions, we were growing somewhere in double digits, mid-teens organic growth. When you do \$26 million in revenue, growing it organically by 15% doesn't require a lot of additional revenue to come in. When you're doing \$100 million in revenue, obviously, that organic growth becomes hard to achieve in double digits. That's why we're seeing that long term, single-digit

organic growth is -- high single-digit organic growth is what we're striving for.

Operator: Our next question comes from Sergey Glinyanov with Freedom Broker.

Sergey Glinyanov: So my congratulations on really successful quarter and the year. And my question is gross margin is much better than expected. You've achieved such a low product cost level, which is the same a year ago. Whether it's only due to sales mix or there is anything else? Should we expect any substantial changes in next year?

Jeffrey DiGiovanni: So when we look at gross margins, as we said before, there's a lot of volatility, especially when you're doing transitions, product mix, especially with the governmental programs. That's kind of why we look at it from a whole year basis versus quarter-over-quarter because it's timing of also product wins and production. So when you look at the full year, we're in the mid-40s, and that's kind of what we projected a few months ago to say we're in the mid-40s. Q4 was over 60% and Q3 was under 40%. That -- there was a little bit, I would say, of a shift in terms of when we got the revenue and the information on the F-16, the margins were lower. Again, my team challenges and then we go back and forth, but that takes time and sometimes there's nothing there. This time, we had a resolution and we worked through with that with Honeywell. And there's probably about close to almost \$2 million in changes there, which affects the margin quarter-over-quarter. So when you take that out, it's kind of, I would say, consistent between those quarters, but again, blended on the mid-40s.

Sergey Glinyanov: Okay. Got it. And what should we expect revenue in the next 4 quarters? I mean will it be smoother and even in trajectory than a year ago in terms of previous acquisitions, et cetera?

Jeffrey DiGiovanni: Yes. Unfortunately, we don't give that forward-looking guidance. We're trying to stay on the target of focusing on the \$250 million revenue growth for the next few years to get there.

Sergey Glinyanov: Okay. Maybe you can share your thoughts about capital expenditures in the next year after Exton facility expansion is finalized?

Jeffrey DiGiovanni: So I mean the Exton facility has been finalized. That spend is all done. We're not expecting major shifts in capital expenditures in 2026.

Sergey Glinyanov: Okay. And I think the last question is, you emphasize the employee retention tax credits was accretion. Is it onetime benefit or we can expect it in next year?

Jeffrey DiGiovanni: No, that was a onetime benefit. So the company filed under the Employee Retention Credit Act a few years ago. I guess with some changes in the government and the process, we got those checks, the money back in during this period, and that's when you take credit for it. That's why we called it out because it's a onetime event that's not going to occur again.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Shahram Askarpour for any closing remarks.

Shahram Askarpour: Well, thank you very much everybody for attending our conference call. Have nice holidays, and enjoy the season. Thank you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.