

Actelis Networks, Inc.(2024 Earnings)

March 24, 2025

Corporate Speakers:

- Tuvia Barlev; Actelis Networks, Incorporated; Chairman and Chief Executive Officer
- Yoav Efron; Actelis Networks, Incorporated; Deputy Chief Executive Officer and Chief Financial Officer

Participants:

- Theodore O'Neill; Litchfield Hills Research; Analyst
- Unidentified Participant; Unknown; Unknown

PRESENTATION

Operator^ Good afternoon, ladies and gentlemen. Thank you for standing by, and welcome to Actelis Networks' Annual 2024 Results Conference Call. At this time, all participants are in a listen-only mode.

Following management's prepared remarks, we will open the call for your questions.

(Operator Instructions)

As a reminder, the transcript of this conference call will be available within 24 to 48 hours on ir.actelis.com.

Joining us today from Actelis are Tuvia Barlev, Chairman and CEO, and Yoav Efron, Deputy CEO and CFO.

Before we begin, we would like to remind everyone that our prepared remarks contain forward-looking statements, including but not limited to statements of expectations, future events, or future financial performance. These statements do not guarantee future performance and, therefore, undue reliance should not be placed upon them. Although we believe these expectations are reasonable, we undertake no obligation to revise any statements to reflect changes that occur after this call. Actual events or results could differ materially.

These statements are based on current expectations of the company's management and involve inherent risks and uncertainties, including those identified in the risk factors section of 10-K and subsequent filings with the SEC. All non-GAAP financial measures referenced in today's call are reconciled in our earnings press release to the most directly comparable GAAP measure. This call also contains time-sensitive information that is accurate only as of the date of this broadcast, March 24, 2025.

With that, I am pleased to introduce Actelis Networks' Chairman and CEO, Tuvia Barlev, who will provide an overview of our business results and strategic initiatives. Following Tuvia's

commentary, we will review our financial results in greater detail. And finally, we'll open the call for your questions.

Tuvia, please go ahead.

Tuvia Barlev^ Thank you, operator.

And thank you, all, for joining us today. Twenty-twenty-four was a transformative year for Actelis Networks. We delivered excellent financial improvements with a 38% revenue growth, 125% growth margin improvement, and 67% reduction in our loss per share.

These results validate our strategic direction and our team's execution abilities. Our value proposition continues to resonate strongly with the market. We help customers modernize and secure their networks with existing infrastructure whether fiber, copper, or coax, and deliver same-day implementation of fiber-grade quality without expensive upgrades.

This approach provides immediate value, particularly in time-sensitive, budget-constrained, and security-critical environments. Let me highlight our progress across our three key markets.

New orders more than doubled compared to prior year. Specifically, in the federal and military sector, we achieved 150% year-over-year growth in new orders. Following our JITC cyber certification and inclusion in the Department of Defense-approved product list, we're seeing increasing adoption across military bases and federal agencies. With billions in planned infrastructure updates across defense installations, we're well-positioned for continued growth.

We also tripled software and services new orders, thanks to continued support and trust of multiple customers, and particularly a large North American telecom customer. This demonstrates our consistency in delivering quality products, software, and services to our customers. Our GigaLine 900 solution family for multi-dwelling units is gaining significant market traction, with thousands of trials and initial installations underway in North America and globally.

Its unique combination of instant deployment, gigabit performance over existing building wiring, and ultra-low power consumption offers a compelling solution for the last 100 meters challenge in MDU environments, and for the owners of fiber infrastructure in the streets or building basements to finally offer services to users and get paid. In the Smart City and transportation space, we secured major deployments in cities like Washington, D.C., Seattle, and various European municipalities. These implementations showcase our technology value in enhancing urban mobility, public safety, and operational efficiency.

We're strategically positioned for upcoming major infrastructure projects, such as Highways England NRTS3, representing substantial future opportunities. In 2024, we strengthened our hybrid fiber solution portfolio substantially, with introduction of our GigaLine 5,000, 6,000, and soon 7,000 fiber product lines. Our fiber products are fiber environmentally-hardened, highly competitive, and integrating seamlessly with our copper and coax solutions, with our Cyber Aware Networking offering, and with our AI-based MetaShield SaaS offering.

Our MetaShield solution and AI-driven SaaS fiber protection of the edge for all IoT field installations and devices was introduced at the tail end of 2024 as part of our Cyber Aware Networking strategy. MetaShield introduces a unique approach where cybersecurity calls with the network is built as the network is being built and is utilizing the network to fix cybersecurity issues. This network and cyber protection integration provides the network operators an effective, easy-to-install tool that protects vulnerable physical IoT devices at the network edge, addressing a critical gap in the cybersecurity landscape.

For 2025, we're prioritizing three strategic initiatives. First, introduction of MetaShield into our install base with cities, roads, rails, utilities, and airports globally. We expect this SaaS offering to generate recurring revenue through MetaShield subscriptions and integrated network management software to create more predictable revenue patterns and enhance margins.

Second, strengthening our go-to-market execution through increased industry presence at key events and development of strategic partnerships with technology companies, system integrators, and value-add resellers and consultants.

In the federal business, we're working with industry veterans from the military. As we alluded to, our military customers look for rapid project completion to which we can provide a unique solution through our hybrid fiber approach.

We won Navy business in Maryland last year, as well as barracks connectivity with the Army using our state-of-the-art GigaLine 800 solution and have a multitude of new opportunities in the funnel. In IoT and smart cities, we won the District of Columbia large implementation of over \$2.2 million. We won Seattle, Ventura County, White Plains, New York, and many more. These are and will continue to be executed with our trusted business partners.

In the multi-dwelling unit or MDU business, we're engaged with tens of network operators, ISPs, WISPs, and integration partners. Trials and initial deployments are underway, and we expect those to turn into growth in 2025.

Third, focusing on operational efficiency while supporting growth, including evaluating selective debt facilities to fund initiatives while reducing equity dilution. The good news is that we're nearly debt-free, while we manage to reduce our operating expenses year-over-year by 13%. This allows us to look for ways to increase our debt moderately in a non-dilutive way.

We've also enhanced our Board with the addition of two industry veterans, Julie Kunstler and Dr. Niel Ransom, whose extensive experience in networking, edge computing, and broadband technology brings invaluable experience to guide our continued growth.

With that overview, I'll turn the call back to Yoav for our financial results.

Yoav Efron^ Thank you, Tuvia.

Our financial performance for 2024 demonstrates significant improvements across all key metrics. Total revenue increased 38% to \$7.8 million, up from \$5.6 million in 2023. This growth was primarily driven by a 134% increase in North American revenues, which now represent a much larger portion of our total business. This geographic shift has been strategic and beneficial to our margins and was also boosted by more software and services revenues, as Tuvia explained.

Gross margin improved dramatically to 55% for the full year, compared to 34% in 2023. This 125% year-over-year improvement reflects our strategic focus on higher margin segments and the favorable shift in our regional revenue, together with an increase of software and services sales compared to the prior year. The growth in top line, and particularly in software and services, as well as its impact on the portion of indirect costs that are typically less variable, contributed to higher gross margins.

Operating expenses decreased by 13% to \$8 million, building on the 6% reduction achieved in 2023. This cost management resulted from our expense reduction initiatives that started in 2023 and continued in 2024, which optimized payroll expenses, reduced public company costs, and decreased our real estate footprint while maintaining our innovation capabilities.

Breaking down our operating expenses, R&D was \$2.4 million, down from \$2.7 million. Sales and marketing were \$2.6 million, down from \$3 million. G&A was \$3.2 million, down from \$3.5 million. We also accepted \$163,000 in a government grant in Israel in the year 2024. As a result of these improvements, our operating loss decreased to \$3.8 million, compared to \$7.4 million in 2023, or by 49%.

Our net loss for the year was \$4.4 million, compared to \$6.3 million in 2023. On a per share basis, our loss shrunk by 67% to \$0.85 per share, reflecting meaningful progress towards profitability.

Non-GAAP adjusted EBITDA loss improved to \$3.5 million, compared to \$6.1 million in 2023, driven by our revenue growth, margin improvements, and expense reductions.

From a balance sheet perspective, we strengthened our financial position. We repaid nearly all outstanding debt, with just a \$774,000 bank credit line remaining as of December 31st, 2024. This deleveraging has improved our financial flexibility and reduced interest expenses. We continued to reduce the open credit line amount in the first quarter of 2025.

Cash, cash equivalents, and restricted cash stood at \$2.3 million at year end, compared to \$5.5 million at the end of 2023, primarily driven by our debt repayment offset by equity raised. We're evaluating selective debt facilities to support growth initiatives while reducing equity dilution, with a focus on strengthening our recurring revenue streams to create more predictable financial patterns.

Looking ahead, we continue to work on executing ways to facilitate growth in our core IoT, MDU, and cybersecurity markets, improve our gross margins through minimization of indirect expenses and higher margins in sales of software, growing our more profitable markets, such as

federal and military, and further optimize our cost structure, including potential outsourcing and offshoring activities where it makes sense.

With that, I'll turn the call back to Tuvia for closing remarks.

Tuvia?

Tuvia Barlev^ Thank you, Yoav.

To summarize, 2024 was a year of significant progress for Actelis Networks. We delivered strong financial results, expanded our market presence, and laid the foundation for continued growth across our key verticals. While we've made substantial improvements, we believe we're just beginning to tap in the vast potential of our target markets.

The combination of our hybrid fiber networking solutions for rapid deployment, as great cost savings, and cyber-aware networking capabilities uniquely positions us to address critical infrastructure needs across federal, transportation, and commercial sectors.

We're entering 2025 with a strong pipeline and are intensifying our focus on strategic partnerships to accelerate our market penetration. The markets we serve are vast. Our products are well-differentiated with unique value proposition, and we remain focused on discipline execution to capitalize on these opportunities.

I want to thank our dedicated team for their hard work and commitment, our customers for their trust, and our shareholders for their continued support.

We're excited about the opportunities ahead and remain focused on delivering long-term value to our stakeholders. With that, I'll ask the operator to open the line for questions.

QUESTIONS AND ANSWERS

Operator^ Thank you. We will now begin the question and answer session.

(Operator Instructions)

Your first question comes from the line of Theodore O'Neill from Litchfield Hills Research. Please go ahead, sir.

Theodore O'Neill^ Oh, thank you very much. My first question is about the results in Q4. There was a sequential decline in revenue from Q3 to Q4. And I was wondering, what's the driver for that? Is it something we should expect in the future? How do you -- how do you manage your people with that kind of swings in business?

Tuvia Barlev^ Can you hear me? This is Tuvia. Just making sure. Okay. Theo, thank you for your question. It's a very good question. So, normally, between our bookings and our shipment and revenue, the timeline is not very long. We are very much in the book and ship business.

So, what we're seeing is that our opportunities are still lumpy. We see larger chunks of opportunities in certain times. And then, in other times, we see them smaller. So, within the year, it's not 100% predictable, even though we work with tens of customers.

We don't always know the exact timing of such larger orders when they're coming in and then the shipments that are associated with them. So, I would say that the better way to look at our business is more on an average.

So, we saw, all in all, we had a very significant growth between the two years. And we expect that growth to continue, especially since we're seeding the market in three very large segments. I'll mention them again.

The federal market, the city transportation and IoT market, and then the MBU market. All of those are tens of billions of dollars, if not more, into the market sizes with huge pains that we're uniquely positioned to respond and have remedy in regards to infrastructure.

So, the way I'm looking at things is more as an average performance over time. And I believe that since we're in a growth pattern, we'll see more and more customers, more and more channels that are generating revenue. And we'll see the lumpiness just go away over time.

Theodore O'Neill^ Okay, I get your point. Now, on the expense side, I know your expenses have been coming down for the last two years. And are you at a point now where it's stable or is there going to be -- I mean, if you're going to have growth next year. I would expect there to be some more expenses to go back up, but you tell me.

Tuvia Barlev^ So --

Yoav Efron^ Yeah, let me take [this].

Tuvia Barlev^ Just to say something in order to --

Yoav Efron^ [Go ahead].

Tuvia Barlev^ We're spending more and more on sales and marketing, and we've completed a lot of product development and introduction in 2024, which is all ripe and ready to go, and we don't need that much of investment in product anymore.

But we do want to drive the market as hard and as fast as we can, so we'll see more expenses. Of course, controlled, and we're not planning to bankrupt the company, but we'll see more expenses and more investment, I should say, in sales and in marketing because that is what we want in order to maximize the company's potential.

Yoav, would you like to add to that, please?

Yoav Efron^ Yeah, sure. So, definitely, I second Tuvia in terms of investing as we grow, and we want to focus on those areas where in sales and marketing, in campaigns, expanding our sales capabilities in the areas where we put focus. For example, federal military is a big focus of ours, multi-dwelling units.

Same thing, and of course, MetaShield with our new cybersecurity solution. On the rest of the organization, we tried to -- we are trying -- we tried and we continue to try to be very prudent and very conservative in spending, looking for ways to offshore outsource anything that's non-core, anything that can get us more efficient and enable us to focus on investment as we grow.

We do, of course, want to get closer and closer and get to breakeven very soon, so that is an important element that we are focusing on.

Theodore O'Neill^ Okay, my last question is about the military spending in Europe. It looks like that's going to start ramping up significantly, and how -- are you positioned -- how are you positioned in Europe to benefit from that?

Tuvia Barlev^ So, to answer your question, we have some international military sales, but when we say federal, we mean the U.S. government and U.S. Armed Forces.

Theodore O'Neill^ Okay.

Tuvia Barlev^ And we treat those from the U.S. into their deployments overseas, and we work that as if they were here. We don't differentiate between the operations that are done overseas to those that are done here. It's not my European team that is dealing with this. It's my American team.

Theodore O'Neill^ Okay.

Tuvia Barlev^ So, I'm not sure if that answers your question.

Theodore O'Neill^ That clears it up for me. Yes, thank you very much.

Tuvia Barlev^ You're very welcome. Thank you for your questions.

Theodore O'Neill^ Great.

Operator^ Your next question comes from the line of [Yak Paul], a private investor. Please go ahead.

[Mr. Paul], your line is now open.

Unidentified Participant^ Hi. Hello? Hello?

Operator^ Yes, sir, please go ahead.

Tuvia Barlev^ Yes, we can hear you. Yes.

Unidentified Participant^ Yeah.

Tuvia Barlev^ We can hear you.

Unidentified Participant^ If I may ask a question about the shares. Do you see -- are you concerned that Actelis will have to do a reverse split for their stock because it's trending low and on the bottom as a dollar?

Tuvia Barlev^ There is no such current plan. And we have a lot going on that we believe will bring the company into a much better place in terms of share value. So, at this point in time, I just can say that there is no such plan.

Our growth perspective -- and for 2025, we are driving really hard for growth -- should put us in a different place. Of course, we can never say never. Markets are not completely dependent on our performance. They're dependent on a lot of other things. But there is really no such plan at this point.

Unidentified Participant^ I appreciate it. Thank you.

Tuvia Barlev^ Thank you very much for your question.

Yoav Efron^ If there are no other questions from the line, Tuvia, we will take some questions that were accumulated over the webcast. So a question from [James Bio]. What is the future outlook for this company financially and business-wise?

Do we have to worry about dilution happening in the stock shares anytime soon? And also, are there any new projects or patents or contracts to be made or any partnership for expanding that are in talks? I think that there are three questions here.

So, Tuvia, maybe you want to start with the last one.

Tuvia Barlev^ I don't know. Let's take them as they're listed here. So, thank you, [James], for your good question. It's a very broad question. I'll try to address the components in your question as they are listed here.

So in terms of future outlook and financial business outlook, so we're in a process of continued impact of three major markets. So one of the markets is the federal market with we have multiple success with all the types of armed forces in the U.S., installations with the Air Force, with Navy. Some examples, recently, we won business with the Navy in Maryland.

We completed deployment with barracks with one of the major, major partners in military bases. We're talking to all the branches of the U.S. military and federal government and have enough to show for, to show them how they could just use whatever they have. They don't have to rerun

fiber. They don't have to wait for permits for machinery to come in and run civil works. We have an interesting example.

One of our sales guys went into a major base here in California, Air Force Base, many, many tens of miles, just the size of that base. And they were waiting for more than eight months to get a permit to run fiber to connect certain locations. And my guy went in with some demo gear and he didn't mean to, but by lunchtime, they were done connecting four of those sites and went to have lunch after -- with a very small fraction of what that would have cost them. And then the time was immediate, like now.

So with military, it's their text to us. I mean, we're interested because it helps us get things done. Now clearly, it also saves a lot of money and budgeting and it kind of works also with the fact that they may be under some scrutiny now for savings.

It's really a way to help modernize those bases, get them into the digitization, modernization phase with turning those many, many locations where they're connected still with sub-megabit non-cybersafe connectivity over wires and give them that Gigabit-grade cyber safety connectivity they need today in order to modernize their bases. So that is one market and we're all over it and we're invested really, really deep into developing it.

Similarly, we have the IoT market, which we call sometimes the critical infrastructure market. That is the market where we are in cities, in rail systems, in highway systems, utility companies, campuses, universities, colleges, and so on.

Our offering here is almost the same conceptually. It's different from a product perspective, but it's almost the same. Just have the city work with the infrastructure it has.

If it has fiber in place, wonderful, we'll give them fiber gear. If it has copper, that's wonderful, we'll work with our copper and make it fiber-grade. If they have coax, we'll do the same. So take whatever you have, take that component that normally is 50% or more of a project of upgrading a city to a new generation of IoT devices, AI, and so on.

You need connectivity. That's a basic component, and we are helping those hundreds of cities that we're deployed with get there within no time and in a huge amount of savings. A nice example is a recent win with Washington, D.C., the DDOT, which was announced in 2024 with over \$2 million of deployment across the city.

We had them for a while. Those were old customers that we worked with them in the past, but this one was the biggest project, and I think it took it into a place where we can say proudly that we've helped one of the most important cities in the world.

In this particular market, as I said, we're already in hundreds of cities, major cities, LA, Sacramento, New York, London. We've announced all those in the past, and there's more and more happening. We have large projects such as the NRTS project within the UK highways where we're providing the communication for all the highways in the UK, airports globally. And

we believe this market is moving forward, moving faster. AI is a driving component that makes them move even faster than that.

And with those capabilities that we're enabling, we take out the pain of infrastructure. Infrastructure is a major, major component of time and money to spend on making those things work. And adding to that, our ability to protect it once encrypted, safe, but also now able to protect its environment.

So with the introduction of MetaShield as our SaaS offering that comes with the network, they're building the network, and they're building the offering of cyber protection of the entire operation with that capability. And of course for us, it's first, it's a sale of software and SaaS into our existing installed base, and then it goes beyond that into, of course, other people's services and systems as well. That's the second one, the second vertical.

The third is the MDU market. With the MDU market, we've introduced a set of products. We call it the GigaLine 900 product family that enables owners of fiber for the most part, those who brought fiber near buildings, into neighborhoods, but not to the end users, maybe to basements, but now they have a problem connecting the end users and the MDUs because it's very, very difficult to tear the wires out in a building, especially if it's an old legacy building and rerun fiber there. So how do you give them the gigabits that everybody wants to give without investing that much time and effort and money and without having to handle landlords and making sure all the tenants are at home when you do that?

It's very difficult. We know that there's over 10 million such MDU buildings in the U.S. alone. We know that in many markets, there's a number I got recently about 2% of penetration in Germany into MDUs of fiber services, much less in countries like UK.

So we end up in a position where this gap between people who [run] fiber, and everybody's talking about, we're going to run fiber, it's called to pass by buildings. And then where do you take it from there? How do you make money off of it? So finally, we have a solution that is connecting to the fiber that is near the building or outside the building, and then using infrastructure available there to wire Gigabit services into the MDUs on existing infrastructure coax or copper, and doing that while consuming only some five watts, so no need for special power provisions.

You can even bury it in the garden outside or slap it on the wall of a building, and then you have that problem resolved without the need to involve landlords, without consuming much energy, and then basically provide a solution for a really large market that's in trouble. So these are the three things we're coming into the year with. And other than the product themselves, we've signed up a lot of partners, many customers are in trials, and all that is driving towards growth.

It's hard to tell exactly how much. We have our plans, of course, but we're not providing a this-time forecast. But definitely growth, and hopefully rapid growth.

This is how we're looking forward towards starting this year. Products are ready. A lot of the work will be in marketing and sales and channels and partners and driving those.

Trying to see what your next question is. Dilution. So dilution happens when we raise equity. We cannot say that we will not raise equity. We may need to raise equity. We're looking at raising debt first, if we can, because that is non-dilutive.

We will need more money. We're not breakeven yet. Hopefully, we'll be within sight of breakeven, but at this time, we're not yet. So we may need to guarantee that we have enough equity and, at the same time, try to fund as much of an operation as possible through debt.

I think that's the second question you have here.

Yoav Efron^ Let me also chime in for a second, Tuvia, regarding debt versus equity. You've seen that we've repaid nearly all our debt. It's basically the first time in quite a number of years where the company is nearly debt-free.

And we can actually do a bit more, not at the level that we were used to in the past, but to the tune of maybe a couple of million of debt that would minimize dilution at any rate possible. So we're going to pursue that for that purpose.

Tuvia Barlev^ Thank you, Yoav.

So [James], to your additional questions here. Are there projects or patents or contracts for partnerships? So in 2024, we've announced a partnership with a company in the cyberspace, which enabled us to develop our unique MetaShield offering. And then, patents are in the making for the technology that we're introducing into the MDU market. There are no patents all the time, and this is the main focus at this time.

In terms of contracts, we are partnering with different types of partners. So one type is solution providers because we have access to so many customers and accounts. We can integrate solutions that are broader and then can bring technology into our offering so our offering can grow. This may include specialized fiber products, specialized cyberspace.

These are things that we can bring into our solution because our message, as we stated it when we took the company public, was that we want to be everywhere in terms of infrastructure, but then we also want to use that install base to go after food chain. So, more software, more services, more edge presence. That is happening as we speak.

Of course, we have multiple partnerships with integrators and companies who push us into the market and the representatives. This is all growing. Over the last -- since we went public, we probably added tens of partners only in that category of people who help us get into the market.

So advisors, representatives, channels, partners, integrators. This is all growing and it's all taking time, education, penetration into many markets. But that's the machine we're building, and this is why we're optimistic about its growth prospects.

I think this is covering your questions, [James].

Yoav Efron^ The next question is from [Patrick Beekman]. I'll just read the one that has not been answered yet. Many are weary from previous deals with QIND and toxic large shareholders.

I'll take this one. First of all, QIND, we determined after extensive exchange and dealings and due diligence that this is not the right deal for our shareholders. The deal has not been struck.

We walked away and this is behind us. Toxic large shareholders, I don't think that we have such ones. Otherwise, you could see them in the 10K, but we don't have those that I can mention here in that context.

[Ron Kaufman] asks, when do you expect to see initial revenues from Cyberware Networking, MetaShield? Is it something that's already being shipped or is it still in development?

Tuvia Barlev^ I'll take that. MetaShield has been -- is already a product. It's not in the plan.

It's actually being driven into the market. It was introduced at the tail of 2024. And we are currently in discussions with customers, small and large, in multiple countries.

And we expect revenue in 2025, probably the second half. It's a SaaS service. It takes time for customers to trial, to test, and it's cybersecurity, so they're cautious in introducing such measures into the network.

So we believe that it's going to be generating revenue this year. It's clearly not a major component of our revenue because it's SaaS and it's building relatively slow.

Yoav Efron^ Great. The next question is from [Joakonan Refkov]. Are there any steps the company is taking to strengthen its market positioning from a sectorial standpoint in terms of winning more or larger projects in federal or military markets?

Tuvia Barlev^ Right. Of course, this is one of our main markets to develop in 2025. We already announced partnerships with -- I'm a little worried about mentioning something that we haven't really released, but we have announced wins in 2024 with major partners in the market, and this will continue. We're expanding on our partnerships.

We're expanding on our advisor network, and we're reaching those parts of the military and the armed forces that are approving those designs. If we use a term from telecom, this is a network planning department that will bless this design and introduce it into the market. In 2024, we have been able to get certification from the JITC in the military, which puts us in a position that we're, as they call it, the only cyber-safe system of its kind that the military can use, military and armed forces.

This added us to the approved vendor list. Again, that's the only solution, and now we're working across all those armed forces very intensively to do this ground cover of operation in

terms of everybody needs it. There's really no one section of the military that has everything covered with fiber.

To the contrary, sometimes it's almost strange to see how much, how much there is to do in order to upgrade and modernize military infrastructure in millions of locations.

Yoav Efron^ Great. The last question is from [Joakonan Refkov] -- I'm sorry, from [Ron Kaufman]. Again, the company previously mentioned it is well-positioned to potentially play a role in the next phase of NRTS.

When can we expect an update, and what would it look like from a dollar value?

Tuvia Barlev^ So NRTS is a project of upgrading and modernizing UK highways. We have been selected with our partners to provide the component, communication component over fiber, over copper, and possibly over coax for the cameras in the future. That is a large project.

We believe that -- again, this is our estimation. Don't hold me to it. I think it should be in the \$20-some million project overall.

We've already deployed the first phase. First phase was -- did we, did we mention that number to the public? I don't remember.

It was several million dollars.

Yoav Efron^ Yes.

Tuvia Barlev^ And we're waiting for the next phases. Did we state it?

Yoav Efron^ We did. We did.

Tuvia Barlev^ Okay.

Yoav Efron^ Yeah. We talked about the fact that it was between \$6 million to \$7 million of the first phase.

Tuvia Barlev^ Right. Those next phases are really dependent on the UK government and when they're ready to launch them but we fully expect them to happen.

With that, it's really hard for us to tell when they will actually approve it. It might be this year, it might be next year, it might be the year after. We don't know and would not want to mislead you.

Yoav Efron^ So Operator, is there a last question from the phone line?

Operator^ Yes, we have our last question from Mr. [Yak Paul], a private investor. Please go ahead, Mr. Paul.

Unidentified Participant^ Yes, hi. If I may ask the very stupid question again, are you expecting 2025 to turn profitable?

Tuvia Barlev^ Thank you for the question. It's really a good question. We would love for it to turn profitable.

We believe that with our investment that we're investing in developing those markets, it might, but I cannot guarantee that. So with that, we're not providing those forecasts forward. We're driving really hard to become profitable, but it's really hard for me to commit that it will happen in 2025.

As you can see from what we've done between 2023 and 2024, our loss went down significantly and we expect this to keep happening. It doesn't take much for a company our size to win a contract that will make it profitable, but those are large contracts and the timing on them is not always known, so it's really not something we can commit to at this point.

Unidentified Participant^ I appreciate it. Thank you very much for answering.

Tuvia Barlev^ You're very welcome.

Yoav Efron^ Thank you very much, Operator. I think that at this time, we're going to wrap up the call. And we really appreciate the support and the trust that everyone, our shareholders and audiences, giving in us -- are providing in us.

And thank you very much.

Tuvia Barlev^ Thank you all for joining today. We appreciate your time.

Operator^ Ladies and gentlemen, this concludes today's conference call. Thank you all for your participation. You may now disconnect.