



One Stop Systems, Inc.

Second Quarter 2019 Conference Call

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C O R P O R A T E P A R T I C I P A N T S

Stephen Cooper, *Co-Founder, President, Chief Executive Officer & Director*

John Morrison, *Chief Financial Officer*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Ruben Roy, *The Benchmark Company*

Joseph Gomes, *NOBLE Capital Markets*

Michael Potter, *Monarch Capital Group*

P R E S E N T A T I O N

Operator:

Good afternoon, and thank you for joining us today to discuss One Stop Systems' financial results for the second quarter ended June 30, 2019.

With us today are the company's President and Chief Executive Officer, Steve Cooper; and its Chief Financial Officer, John Morrison. Following their remarks, we will open the call to your questions.

Before we conclude today's call, I will provide some important cautions regarding the forward-looking statements made by management during the call. I would also like to remind everyone that today's call will be recorded and will be made available for replay via the instructions in today's press release in the Investors section of the Company's website.

Now I would like to turn the call over to OSS' President and CEO, Steve Cooper. Please go ahead, sir.

Stephen Cooper:

Thank you, Christy, and good afternoon, everyone. I'm very pleased to report that Q2, we generated record revenue, increasing margins, solid non-GAAP earnings, all well ahead of expectations. In addition, we signed a major long-term contract and won a number of design-ins that we expect will continue to drive our growth and profitability for the foreseeable future. Financially, we strengthened our balance sheet and ended the quarter with \$4.9 million cash on hand.

Our revenue for Q2 increased 153% with organic growth of 70%. Our Q2 revenue did include shipments that were delayed from the first quarter into the second. So I think a better way to look at our growth rates is to look at the full first half of 2019, which balances out this revenue shift. So for the first half of the year, our revenue grew 92% overall with organic growth of 17%.

Our margins were also particularly strong in Q2 at 36.4%, which raised our first half margins to 31.4%. The combination of strong revenue, higher margins and moderate expenses allowed us to generate solid earnings for the quarter with non-GAAP EPS of \$0.06 per share, which more than offset our Q1 loss. We also made accounting adjustments to our intangible assets and goodwill relating to last year's acquisitions. John will go through these noncash adjustments and show how they affected our GAAP statements in just a moment.

Our high-value contract was a \$60 million, five year OEM agreement with Disguise for video display servers. This major OEM contract builds upon our long-standing collaboration and provides confidence for a continued long-term relationship.

And earlier today, we announced that OSS was awarded another major contract. This one is a five year agreement valued at \$36 million to provide MIL-SPEC flash storage arrays to Raytheon, a prime contractor for the U.S. Navy. These systems are being deployed within the P-8 Poseidon surveillance aircraft, where they deliver the benefits of our award-winning flash array technology, including ultrahigh performance, small size, lightweight, and media portability.

As the scale and market presence of our company has grown, we're seeing a significant increase in major OEM opportunities. We're also converting an increasing number of these opportunities into design-ins. These wins provide the foundation for our organic growth going forward. For the first half of 2019, we won 11 new design wins with multiyear values over \$1 million each. We also currently have 18 additional major account design-in opportunities that we're actively pursuing.

At this point, I'd like to turn the call over to our CFO, John Morrison, who will take us through the financial results for the quarter. Afterward, I'll return to discuss the key technology trends within our market space and our outlook for the remainder of the year. John?

John Morrison:

Thank you, Steve, and good afternoon, everyone. Thank you for joining us today. Earlier today, we issued a press release with our results for the second quarter ended June 30, 2019. The earnings release is available on the Investors Relations section of our website at onestopsystems.com. Starting with the statement of operations included in the release. Our revenue in the second quarter of 2019 increased 153% to \$14.9 million. The revenue in Q2 included two large shipments valued at \$3.2 million that were delayed from the first quarter. In addition to these shipments, the Q2 increase in revenue was driven by sales increases to our traditional OSS customers as well as contributions from acquisitions.

Our traditional OSS business represented 67% or \$10 million of our Q2 revenue, an increase of \$4.1 million or 70% as compared to the same period in the prior year. This organic growth was driven by both our flash array and media server products. Acquisitions contributed 33% of our quarterly revenue with Bressner, which was acquired in October 2018, contributing \$4 million; and CDI, which was acquired in August 2018, contributed \$895,000 for the quarter. For the first half of 2019, our revenue grew 92% overall with the organic growth of \$2.3 million or 17%.

Our gross profit in the second quarter totaled \$5.4 million or 36.4% gross margin. This compares to \$1.6 million or 27.8% gross margin in the same year ago quarter. The increase in gross margin percentage is due to increased sales of our military flash array products. Looking at the first half of the year, gross profit totaled \$7.8 million or 31% of revenue. This compares to \$3.8 million or 29.6% for the six month period ended June 30, 2018.

As Steve mentioned, in Q2, the company made accounting adjustments to intangible assets and goodwill. The first adjustment relates to our intangible assets associated with the acquisition of our CDI business. GAAP accounting allows the company to adjust the preliminarily assigned values of intangible assets for an acquisition within a one year period of time. In the process of finalizing the values assigned to these intangibles, the company reallocated \$1.2 million of the purchase price consideration to goodwill.

In conjunction with this reallocation, the company also performed a test for impairment of goodwill. The results of this analysis was that goodwill was impaired by \$1,988,701. And as a result, we took a charge in the second quarter for this amount. This charge is reflected in the company's operating expenses within the caption General and Administrative. This goodwill impairment charge contributed 72 percentage points of the increase in operating expenses. Along with the increased operating expenses associated with CDI and Bressner, total operating expenses in the second quarter of 2019 totaled \$6.4 million as compared to \$2.8 million or an increase of 132% in the same year ago quarter. The goodwill charge also contributed to our GAAP net loss of \$1.6 million or \$0.11 per share in Q2, which compares to our GAAP net loss of \$1.5 million or \$0.12 per share in the year ago period.

Given the significance of the noncash charges included in the GAAP financial statements, we believe non-GAAP earnings per share and Adjusted EBITDA metrics can be helpful in evaluating our financial performance.

In the second quarter of 2019, our non-GAAP net income totaled \$821,000 or \$0.06 per share as compared to a loss of \$1.3 million or \$0.10 per share in the same year ago period. Adjusted EBITDA was \$1.6 million in Q2 as compared to a loss of \$576,000 in the same year ago period. Among other items, our calculation of adjusted non-GAAP income and Adjusted EBITDA excludes the goodwill impairment. Please reference our definition and use of these non-GAAP terms and the reconciliation to GAAP in today's press release.

Now moving to our balance sheet. Our cash and cash equivalents totaled \$4.9 million at June 30, 2019. This compares to \$2.3 million at December 31, 2018. The increase was primarily due to debt funding, a customer overpayment, less the cash we used for working capital and capital expenditures. As of August 2, 2019, our cash and cash equivalents totaled \$3.4 million.

During the quarter, our domestic operations borrowed \$1.5 million, and our international operations borrowed approximately \$1.4 million through the issuance of notes payable. In July, we initiated a follow-on public offering with the intent to raise \$2.5 million. To date, we are—through June 30, 2019, we have raised—excuse me, through July 31, 2019, we have raised \$1.7 million with—from strategic investors. We are continuing to pursue block-sales long-term investors for the remaining balance. We believe our cash on hand and available funds provide the Company with sufficient liquidity to meet our cash requirements for the current operations.

Now with that, I'd like to turn the call back over to Steve. Steve?

Stephen Cooper:

Thank you, John. We believe a great deal of our design-win success is due to the technological leadership in areas that are emerging as industry trends. I want to talk about two of those. Two of those trends that work to our advantage are the shift to PCI Express Gen 4 and the shift to deploy artificial intelligence level of computing out of the data center into the field.

The significance of the transition to PCI Express Gen 4 within the computer industry is huge. Nearly every element of computing technology interfaces with PCI Express. This includes CPU chips, motherboards, flash memory, GPU chips, add-in cards. They all interface via PCI Express, so all of these items are being

redesigned with Gen 4 versions and will be moving into the market later this year and throughout 2020 and 2021. The rationale for the transition to Gen 4 is obvious. Gen 4 doubles the data transfer performance at nearly identical costs. So who doesn't want that?

The OSS strategy related to PCI Express Gen 4 is to once again lead the market with innovative products, including PCI Express over cable adapters, IO expansion systems, flash arrays and GPU compute accelerators. We've already made the needed capital equipment investments and are in process with several engineering projects to produce these breakthrough products, some of which we've already announced and will begin shipping in the second half of this year. OSS is pushing the bleeding edge of this technology transition, often working with early prototype components and systems that have yet to be announced to the general public. This leadership strategy is more difficult than if we were to take a follower strategy, but we believe the rewards of being early to market with breakthrough performing products far outweigh the challenges.

The second technological trend is a shift towards deploying artificial intelligence level of computing out of the data center and into the field, where it's also called Edge Computing. This trend is necessitated in part by the enormous amount of data that's being collected by sensors and the inability of mobile networks and Internet to transfer the data to a data center in a reasonable time frame. For example, a high-end data collection system can collect over one petabyte of data in a day, but to transfer that amount of data via a mobile network or an Internet back to a data center takes weeks or even months of time. In some cases, to get around the slow communication speeds, entire storage systems are being removed from the data collection systems, packaged up and sent via FedEx to the data center. At least that way, you get it in a day or two.

A much, much better way to deal with the problem is to deploy the artificial intelligence computer out to where the data is being collected and to run the full artificial intelligence software in the field. In addition to avoiding the need to transfer massive amounts of data, this approach has the advantage that the AI learning can happen in real time, meaning that an autonomous vehicle or whatever application can continually learn and refine their internal models based on their new observations. We call this approach AI on the Fly, and it plays particularly well with OSS' strengths. When high-end computing elements are utilized in the field, they're confronted with new requirements that are not typically found in data centers. Parameters such as ruggedness, size, weight, power, cooling and the interfacing to real IO sensors become key. Many of these systems are specialized to fit in their desired element—environment. These are all the things that OSS does really well.

As OSS continues to increase our market presence, we are more and more becoming known as the go-to Company that can solve the difficult technical challenges involved with AI on the Fly deployments, and thus often become the key design and manufacturing adjunct to our customers' design teams. Our technological leadership and incredible engineering talent provide OSS a unique competitive advantage in the marketplace.

Turning now to our financial guidance for the remainder of 2019. Our strong first half results, recent contracts, major design wins and technology breakthroughs are all driving our record growth in 2019. We see this growth continuing and perhaps accelerating throughout the rest of the year.

We anticipate revenue of \$13.5 million to \$15.5 million in Q3, increasing to \$15.5 million to \$17.5 million in Q4. At the midpoint of these guidances, our revenue for the second half will be \$31 million, which represents an organic growth of 24% versus the first half of the year. As we saw in the March-April time frame, the actual timing of specific shipments from quarter-to-quarter may vary depending upon changes in customer delivery schedules and other external factors. For Q3, we have a large dollar value of flash storage array systems expected to ship in September. If these shipments are delayed, this would again shift quarterly revenue this time from Q3 to Q4.

The Company reiterates its outlook for the full year 2019. Revenue is anticipated to be between \$54 million and \$58 million, representing overall growth of 51% to 54% and organic growth of 12% to 18%.

We'd now like to open the call to your questions. Operator?

Operator:

Thank you. If you would like to ask a question at this time please press star, followed by the number one on your telephone keypad. If you're calling from a speaker phone please make sure your mute function is off to ensure your signal can reach our equipment. Again, star, one to ask a question and I will pause for just a moment.

We'll go first to Ruben Roy from Benchmark Company. Your line is open.

Ruben Roy:

Thanks very much. Steve and John, congratulations on the solid results and the announcement of the extended contract with Raytheon today. I guess, Steve, I wanted to kind of get your thoughts on PCI Gen 4. I hate to jump the gun here, given that we're just starting to ramp some of the new PCI Express Gen 4 products out to market. But I'm wondering, first of all, with new server products coming from—we saw AMD release their second-generation EPYC 7-nanometer platform today. Intel has got some server stuff coming out, new server chips coming out next year. Does that accelerate the adoption of as PCI Express 4 as those products hit the market? Or do you think that you're going to see some linear traction for the technology ahead of those server CPU shipments?

Stephen Cooper:

The CPU chips, in particular, are probably the most important element to get the market shifted over to Gen 4. As you mentioned, AMD is about nine months ahead of Intel in getting their first Gen 4 chips out. AMD announced just today. And in fact, OSS was part of the announcement. What that means is we've been working with AMD for a number of months prior to the announcement, making sure all our systems are working together, and we're really pleased with that. Intel will be coming out early 2020, we believe, with their Gen 4 chips.

But it's not just those two. It's also NVIDIA with GPU chips. It's flash memory chips. It's a lot of other, call it the ecosystem of Gen 4. That kind of all has to come together for you to put together an early system. And that is all coming together. This is sort of the year of announcement. And kind of the first year, people are beginning to ship limited quantities of Gen 4. That will grow rapidly, I believe, over the next two or three years. And probably within two or three years' time frame, no one will not be selling Gen 4 or Gen 3. The current rev will be completely obsoleted over the next three years. So you move early or you move late, but you will either move or go out of business.

Ruben Roy:

That's helpful, thanks, Steve, and just a quick follow-up on that, and then I've got a quick one for John. But I believe that the Gen 4 spec was finalized a little bit late in terms of when the market was expecting the spec to get finished up. And wondering if you had thoughts on sort of the time in market for Gen 4 as it seems like the Gen 5 spec is already nearing finalization, I believe?

Stephen Cooper:

Yes. There was an unusually long gap in time between Gen 3 stack and the products being deployed and now Gen 4 specification and products beginning to be deployed. That was about an eight year time period. That's unusually long for a doubling of performance within these kind of things. As you mentioned, Gen 4 will give way to Gen 5, and it's also the time frame we're also following is Gen 6. Each one is a doubling in performance. It's expected at this point that the shift to Gen 5 and to Gen 6 will be more on three year time delays. So in three years from now, you'll expect us to be announcing shipping Gen 5 products, three more years; Gen 6 products. We already have those in our strategic planning and are working on those.

But one thing to note, kind of the premise to your question was there—going forward, we anticipate a more condensed speed of transition from one gen to the next. We believe that actually plays to our advantage in the treadmill sort of concept, the companies that are very good at adopting to rapid change, that are pushing the leadership side, have significant advantages if the technology is turning over more quickly. So we believe this will allow us to be even more competitive. And the companies that take the more follower strategies, take the safe road, if you will, get pushed off the end of the treadmill because they can't keep up.

Ruben Roy:

And then a quick follow-up for John. You have the pushout of the Raytheon business into Q2, and then it sounds like you have potentially some large flash shipments coming up in September. How do you think gross margins play out sort of for the back half of the year? And then I guess on top of that, as you start closing these deals and then a bunch of design wins coming up and the business is scaling up, you've talked about, John, sort of the core business, gross margin, kind of projecting out to 33% to 34%. As you scale higher, where do you think gross margins end up from a longer-term perspective? That's all I had. Thank you very much.

John Morrison:

Thank you. Well, we're currently right now—on a consolidated basis for 2019, we are currently projecting an overall gross margin percentage of 33% for the Company as a whole. And we believe that's consistent with the performance we've had in the first half and with the goals that we have with the second half. So I would look at it as a pretty solid 33%.

Operator:

And next we'll go to Joe Gomes from NOBLE Capital. Your line is open.

Joseph Gomes:

Good afternoon. Again, let me add my congratulations to a really nice quarter. And thanks for taking my question.

John Morrison:

Thank you.

Joseph Gomes:

So the first question I had, you talked about the \$1 million deal pipeline and that you had won 11 of these in the first half. And you were talking about an increasing win rate. I think in the last quarter, you were

almost at or if not had 100% win rate. So, just curious as to what the win rate was in the second quarter? And if you did lose one of your competitions, what was behind the loss?

Stephen Cooper:

Unfortunately, our 100% batting average is no longer valid. We did lose actually three design wins now in the first half of the year. Historically, we went about 30% of the total. But having won 11 and lost three, you can say we're—see clearly that we're way ahead of that this year. We don't want to get too cocky, but we believe the higher hit rate is that we've become a better Company with scale, having more technological advantages and pricing advantages to win these deals. So we hope that trend continues. Let's see. Your other question, if you could repeat that for me, please?

Joseph Gomes:

Yes. On the three that you lost, was there a consistent theme as to why you were not selected? Or what was behind the not choosing OSS?

Stephen Cooper:

Yes. Being such a small number. It's not particularly statistically valid. But usually, the reason we lost, and in fact, in every one of these three, the reason we lost is the customers decided they really didn't need anything specialized, whereas they started thinking they did need a specialized computer. They decided they could get by with a standard off-the-shelf computer. And when that happens, we lose a lot of the advantages that OSS provides. And in each of these, one of them was a flash array for a data center, kind of out of our target market, but we had thought we could win that and turned out we didn't. Another was a compute accelerator, again, for a data center, not out in the field that had very little specialization. And the third was something similar as well. So we lost those to, what I would call commercial-grade standard data center computer companies.

Joseph Gomes:

Okay. And then a couple for John here, if I may. I think in the first quarter, we noted that accounts receivable balances were a little bit higher than expected. And you thought they would come down hopefully by the end of the second quarter. And it doesn't appear, as my quick look at the balance sheet, that they—there's really been any big movement. I wonder if you could talk a little bit about that. And then also talk a little bit about how you guys see the cash burn through the rest of the year, especially with the business being built out.

John Morrison:

So with respect to the accounts receivable balances, you do not see a significant change in the balances. The reality is that if you look at the aging of the accounts receivable, you would see a significant improvement. Some of those older receivables, we did collect, which had been contributing to the outstanding balance. The reason for the AR balance at quarter end is due to shipments later in the quarter, which then increased the AR balance. But rather than being in the 60 or 90-day outstanding, it's in the current balance. So it actually had to do with the timing of shipments rather than a delay in receiving payment on those accounts receivable.

With respect to our cash burn, we actually see improvement in the second half of the year. We had in the initial—in the first half of the year, you will notice that we made significant investments into capital assets, particularly improvement in our manufacturing facilities and into an ERP system; that was in excess of \$1 million of investments there. That will not be continuing in the second half. We also see continued growth

in sales as well as that continued improvement in gross margins, that as I mentioned in our first six months, our gross margin was about 31.4%. We believe that overall for the year we'll be about 33%. In order to get there, obviously, we're going to have a little bit better margin for the second half. So we believe that will generate additional cash and that you won't see a cash burn for the second half of the year.

Joseph Gomes:

Okay, great. Thanks guys.

John Morrison:

Thank you, Joe.

Operator:

And next, we'll go to Michael Potter from Monarch Capital Group. Your line is open.

Michael Potter:

Hey, guys. Congratulations on a really much improved quarter.

Joseph Gomes:

Thank you.

Michael Potter:

Just a couple of questions. Steve, I guess, first, we'll start with you. On the operational highlights, we talk about the design-in for the next-generation autonomous vehicles. What does that—I guess, how large can this opportunity be for the Company? And is there a way for us to find out who or what team—where, I guess, that are working on—it seems like there's a whole bunch of different teams out there that are developing this technology.

Stephen Cooper:

Yes. So we've won actually two autonomous vehicle programs. The one is with Lyft in the Bay Area, and the second is with BMW over in Germany. The two together will represent probably about \$4 million to \$5 million in revenue over the next two years. And this is just what I would call the prototyping proof-of-concept over the experimentation phase of self-driving cars, where they're building 50 or 100 or 150 vehicles and driving them around. This is not the end-all system where a Ford or a BMW actually builds a car that you can buy that self-drives. This is several steps in front of that. But for us, it's still substantial revenue and will be multiple years.

I don't know where the eventual electronics that Ford buys to put in their car will come from. We may make a play for that. That may be out of our league, depending on when and how exactly they do that. But I would think the eventual deployed production is really a different animal than these earlier, very well-funded but these early—earlier proof-of-concept demonstration vehicles we're doing.

Michael Potter:

Okay. All right. Terrific. And then can you explain—give us a little bit more color on today's announcement with Raytheon. I was under the impression that we already had a contract with Raytheon with deliveries—with a delivery schedule. How does this—today's announcement differ from the prior Raytheon agreement?

Stephen Cooper:

Yes. We've been working with Raytheon for several years and, in fact, to this program, have shifted over \$10 million worth of products over the last two years. So that part—and that since it isn't new, there have been a variety of contracts and purchase orders supporting that, all the way from the original development to the limited production agreement that we've been working under. This now is what they call a long-term agreement, or LTA, which stretches out the time frames, locks in the pricing, locks in some different volume expectations and articulates a lot of the terms and conditions of the business arrangement. Once this LTA is in place or since this LTA is now in place, they continue to issue purchase orders for each individual delivery.

So within the LTA that has been signed, they simply have yearly volumes of which kinds of models they expect to purchase, but it's really the purchase orders that will nail down the shipments to a month or a quarter. And those are all—those will all come out in smaller pieces, either a six—every six months or every year, they should be issuing a separate purchase order. So we'll be seeing those going forward as well.

Michael Potter:

Okay. So it's really—is it just some—it more formalizes our existing agreement or existing relationship on the P-8.

Stephen Cooper:

Yes. Yes. And it goes out in a longer period of time.

Michael Potter:

Got it. Got it. Understood. Okay. John, I guess, the next question I have for you—is for you. You explained the goodwill charge. I guess, \$1.2 million of the almost \$2 million was due to CDI. And where was the balance?

John Morrison:

Actually, there was a \$1.2 million reallocation of the intangibles from intangible assets to goodwill within CDI. Then the goodwill with respect to CDI was reviewed for impairment, and the \$2 million charge, \$1,988,000, is all attributable to CDI.

Michael Potter:

I see. Okay, okay. Got it.

John Morrison:

So it's a two-step process: Reallocation from intangibles to goodwill, and then an analysis as to the impairment of goodwill. So it's a two-step process.

Michael Potter:

Understood. Okay. Thanks guys. I will get back in the queue.

John Morrison:

Thank you, Michael.

Operator:

And again if you would like to ask a question please press star, followed by the number one on your telephone keypad.

We'll go next to Keith Gil from Carter, Terry & Company. Your line is open.

It looks like he disconnected. Again if you would like to ask a question please press star, followed by the number one on your telephone keypad. And I will pause for just a moment to give everyone a chance to signal.

And we have no more questions.

I'd like to turn the conference back over to our speakers for closing remarks.

Stephen Cooper:

Thank you, Christy, and thank you, everyone, for participating, joining us today. We look forward to talking to each of you in the future and reporting our progress. Meanwhile, feel free to reach out to me or John at any time. Christy?

Operator:

Thank you. Now before we conclude today's call, I would like to provide the Company's Safe Harbor statement that includes important cautions regarding forward-looking statements made during today's call. One Stop Systems cautions you that statements in the presentation that are not a description of historical facts are forward-looking statements. These statements are based on Company's current beliefs and expectations. Such forward-looking statements include those regarding the Company's expectations for 2019 revenue growth generated by new products, design wins or M&A activity. The inclusion of such forward-looking statements and others should not be regarded as a representation by OSS that any of its plans will be achieved.

Actual results may differ from those set forth in the presentation due to the risks and uncertainties inherent in our business, including, without limitation: that the market for our products is developing and may not develop as we expect; our operating results may fluctuate significantly, which would make our future operating results difficult to predict and could cause operating results to fall below expectations or guidance; our ability to successfully integrate the operation systems, technologies, product offerings and personnel with acquired companies may prove difficult and adversely affect our financial results; our products are subject to competition, including competition from the customers to whom we sell and competitive pressure from new and existing companies, may harm our business sales, growth rates and market share; our future success depends on our abilities to develop and successfully introduce new and enhanced products that meet the needs of our customers; the likelihood of our design proposals becoming design wins is uncertain and revenue may never be realized; our products fulfill specialized needs and functions within the technology industry, and such needs or functions may become

unnecessary or the characteristics of such needs and functions may shift in such a way as to cause our products to no longer fulfill such needs or functions; new entrants into our market may harm our competitive position; we rely on the limited number of suppliers to support a manufacturer design process and if we cannot protect our proprietary design rights and intellectual property rights, our competitive position could be harmed or we could incur significant expenses to enforce our rights; our international sales and operations subject us to additional risks that can adversely affect our operating results and financial condition and we fail to remedy material weaknesses in our internal controls or financial reporting; we may not be able to accurately report our financial results and other risks described in our prior press release and in our filings with the Securities and Exchange Commission, SEC, including under the heading Risk Factors in our annual report on Form 10-K and any subsequent filings with the SEC.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the conference call, and we undertake no obligation to revise or update this information to reflect events or circumstances after this date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995.

Before we end today's conference, I would like to remind everyone that this call will be available for a replay starting later this evening through August 22. Please refer to today's press release for dial-in and replay instructions available via the Company's website at ir.onestopsystems.com.

Thank you for joining us today. This concludes our conference. You may now disconnect.