LightPath Technologies Inc.

Fiscal 2021 Q3 Financial Results Conference Call

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CORPORATE PARTICIPANTS

Sam Rubin - *President, Chief Executive Officer*

Don Retreage - *Chief Financial Officer*

PRESENTATION

Operator
Good afternoon and welcome to the LightPath Technologies Fiscal 2021 Third Quarter Financial Results Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*", then "1" on your touchtone phone, and to withdraw your question, please press "*", then "2." Please also note, today's event is being recorded.

I would now pass the call off to Don Retreage, Chief Financial Officer of LightPath Technologies.

Don Retreage
Good afternoon. Before we get started, I would like to remind you that during the course of this conference call, the company will be making a number of forward-looking statements that are based on current expectations and involve various risks and uncertainties, including the impact of COVID-19 pandemic, that are discussed in its periodic SEC filings. Although the company believes that the assumptions underlying these statements are reasonable, any of them can be proven to be inaccurate and there can be no assurance that the results would be realized.

In addition, references may be made to certain non generally accepted accounting principles or non-GAAP measures for which you should refer to the appropriate disclaimers and reconciliations in the company's SEC filings and press releases. Following management's discussion, there will be a formal question and answer session open to participants on the call.

I would now like to turn the conference over to Sam Rubin, LightPath's President and Chief Executive Officer. Sam, please go ahead.

Sam Rubin
Thank you and good afternoon, welcome to LightPath Technologies fiscal 2021 third quarter financial results conference call. Our financial results press release was issued after the markets closed today and posted to our corporate website. Following my remarks, our CFO, Don Retreage will further review our financial results and provide more perspective on key areas. We will then conduct a Q&A session.

For those of you who have been following closely the company, you know that the past 9 months and more have been marked by changes designed to position LightPath for growth. I am very pleased to report that our long-term growth plans are beginning to yield their intended results, as seen in the strong results for the quarter, including the highest level of quarterly revenue in our history. This marks the second consecutive quarter in which we set a new record for quarterly revenues, and we continue to deliver double-digit growth rates on annual terms.

In the nine months since the beginning of our fiscal year, we won over 50 new business contracts including 16 from new design wins. This supports both our new strategic direction being a partner for solutions as well as our goals to diversify our customer base and reduce our customer concentration.

With reflection, I was appointed CEO of LightPath a little more than a year ago. At the onset, my initial focus was to assess the company's strengths, weaknesses, opportunities and leadership capabilities, as they relate to our strategy forward. Once we completed the initial assessment, we began implementing our new strategy with an orientation towards becoming a valued and trusted photonics partner in the form of providing engineered solutions, which goes well beyond serving as a component manufacturer.

As a reminder, our strategy is based on the fact that photonics as a technology is being adopted into more and more applications and integrated into more and more products, such that there is a growing number of companies that use photonics and therefore need a partner that can support them through…through extensive knowledge and experience with the technology, making the adoption of photonics technology easier for them. This is a powerful growth mechanism and is reflected in the strong revenue growth we reported today, as well as in our fast growing number of design wins and prototype development work for our customers.

During this time, our focus was not only growing the topline, from the beginning of the fiscal year through the end of the third quarter, our financial and operational focus resulted in our cash increasing by 10% even as we reduced our debt by 8% and funded capital expenditure at nearly 80% more than prior year. Those investments have been focused on ways to better serve larger multinational customers and satisfy higher volume production demand, which is part of our solutions orientation.

Along the same lines, our investment in R&D has grown this year by 24% as we invested in developing unique technologies and capabilities, which in turn translates to technological differentiators that allow us to provide our customers with solutions that enable them to better use photonics technologies in their application. This last part has been the essence of our strategy, and with it we are pursuing an increasing number of sizable opportunities in diversified vertical markets, where our engineering expertise, volume production capabilities and proprietary technology are competitive advantages.

The growth we're seeing in sales is fueling the company and further driving the need for additional changes and improvement. This has led to the next steps of our long term growth plan which requires strengthening and expanding our leadership team. With our recently announced changes in management, the focus is turning towards operations, efficiencies and overall performance, similar to the effort that led our initial growth in this fiscal year which took a couple of quarters to be realized. Our shareholders should expect a period of adjustment with the new leadership team until we begin to more fully experience the intended results of operational optimization.

Our objective has been to secure the right talent for the company, who have the skills and experience to drive forward our long-term goal and implement our strategy to be the preferred partner to our customers on all things for photonics.

This included several changes to our leadership ranks and filling out the depth and of our broader middle and senior areas of management. Doing and following the end of our fiscal third quarter, we announced a series of management appointments with corresponding one-time expenses for the associated changeover, as we put our new team in place. The normalized amount of operating expenses is expected to be reached through the course of the next few quarters, as we eliminate temporary redundancies and other one-time costs.

This conference call provides a good opportunity to summarize LightPath's recently expanded management and leadership team. Earlier this week, we announced two significant changes. First is the retirement of our longtime Chairman, Bob Ripp, who has held the position since

1999. Bob has served the shareholders and the company very well for a long period of time, navigating the company through periods of economic and market changes. He was instrumental in bringing me to LightPath, and I'd like to personally thank him for this opportunity and assure him that we will very much continue to follow the strategic direction that has been shared on this call today. The board anticipates appointing a new chairman to replace Bob in coming weeks.

The second major appointment announced this week was for Peter Greif to the position of Vice President Operations. This position has been vacated about a year ago, and we finally found the right person for the job. Peter comes to us from New York Stock Exchange listed Jabil, one of the largest manufacturing solutions providers based in Florida, with a market cap of over $8 billion and more than 260,000 employees worldwide across 100 locations in 30 countries.

Al Miranda, who is also sitting in today's call, was appointed to the position of Vice President Finance, effective April 19th, as part of our CFO succession plan. We're grateful for the contributions of Donald Retreage, our outgoing CFO, who announced his retirement that will take place following the closing out of this quarter. I'd like to personally thank Don, who I have worked with closely for the past year. He has been an important contributor to the company's transitional period during the expansion into the infrared market and in building out our global manufacturing operations.

As Don's [ph] successor Al previously was President of the North American subsidiary of publicly traded $1.5 billion market cap, Jenoptik, the Germany based Jenoptik, Al led their North American subsidiary to top and bottom line double-digit growth. Jenoptik is known globally for specializing in photonics-based technology across several markets.

Now, operation in China, Joseph Huang was appointed General Manager, replacing Hui Yue. Joseph has more than 30 years experience in OEM manufacturing, working in various international markets with a focus on China, including 10 years with Samsung and IBM. This change in management now a China group, which included dismissing the previous General Manager, as well as, the Sales Manager and the Engineering Manager, was instigated as a result of certain code of conduct infractions by the previous leadership at our China operation.

This includes an attempt to set up a competing business to LightPath, as well as, an attempt to misappropriate part of our intellectual property. While we are confident that the swift corrective actions we have taken have resolved the issue and any related findings to-date, this also resulted in some related additional one-time expenses incurred in our fiscal third and fourth quarter. Additionally, we expect some limited impact to our domestic sales in China for the next two quarters, while we stabilize our domestic sales operation in China.

Finally, in another board level move, we were joined by Eric Creviston, who is President of the Mobile Group product in NASDAQ listed Qorvo, a $22 billion technology company, which develops and commercializes worldwide semiconductor products and software for advanced wireless and wired technology. For our solutions-oriented product and business development roadmap Eric is an exceptional addition to our Board.

The series of management and leadership changes reflect the opportunities presented to LightPath accelerate global growth and prominence. Furthermore, the appointments as well as the results this quarter are in line with what our focus has been, which essentially is departure from the way of old and in support of our new vision. These operational changes may take a few quarters to impact along with additional ebb and flow during the change management period, before becoming material and substantial.

One area of operational improvement lends to our gross margin performance. You'll note that our gross margin as a percentage of revenue is down by a meaningful amount in the third quarter and to a lesser extent for the first nine months of the fiscal year. This has to do with the lifespan of new design wins going into larger production…into larger production ones, and our yields in two specific parts of the process, which I discussed on last quarters' call. Our team has continued to focus on developing both unique technologies and processes and products, particularly as they scale from prototype to mass production.

Our R&D spending has been higher in part to develop new products that get us to the design win stage. Therefore, we have equally important work to do in scaling new products into volume production. Where a number of technical challenges of typically encountered, related to the fabrication of the components as well as some of the value-add activities such as coatings and assembly. While we have not yet completely resolved those issues, those yield issues, results are very encouraging, and I am confident that we are on track to have them resolved in coming weeks.

On the sales side, we see demand growing based on a number of new opportunities in our sales funnel, both from existing customers and the new customers alike. Yet, we are only just beginning, as we report another record performance for quarterly revenues, which turned to double-digit growth that marks another goal we set for the company this year and further improvements in our balance sheet. I am confident that our strengthened management team will lead us through our next phase of growth. This anticipated growth is on organic basis, while in addition, we intend to pursue selective acquisition to bolster our product lines and manufacturing capabilities.

Our superior products, innovation capabilities, and deep customer relationships, enable us to extend our leadership position. We are leveraging our competitive advantages to deliver a stable return on investment and ultimately returns for our shareholders. I'm energized by the outlook for our business and believe we're making considerable progress in our global [ph] strategies.

Now, I'll pass over to our CFO, Don Retreage to provide more details on our recent financial performance.

Don Retreage
Thank you, Sam. First, I'd like to mention that much of the information we're discussing during this call is also included in our press release issued earlier today and in our 10-Q filed with the SEC. I encourage you to visit our website at lightpath.com, specifically the section titled Investor Relations.

Now on to my remarks pertaining to the fiscal 2021 third quarter and nine months ended March 31, 2021. Sam's remark covered the highlights of the changes that came in form of the strategies designed to position LightPath for growth. I will be specifically discussing some of the key financial performance areas.

Revenue for the third quarter of fiscal 2021 was $10.7 million, up 8% sequentially from $9.9 million in the second quarter of 2021 and an increase of 23% as compared to $8.7 million in the second quarter of 2020. Revenue for the first nine months of fiscal 2021 was $30.1 million, an increase of $4.2 million or 17% as compared to $25.9 million in the same period of prior fiscal year.

Infrared products revenue was $6.5 million in the third quarter of fiscal 2021 or 60% of the total revenue. This is up from $4.4 million or 50% of the total in the third quarter of fiscal 2020. IR revenues grow sequentially from second quarter 2021 by 35%. Visible precision molded optics or PMO product revenue in the third quarter of fiscal 2021 was $3.9 million or 36% of the total, up from $3.8 million or 44% of the total in the third quarter of fiscal 2020.

PMO products revenues were drawn...sequentially were down, sequentially, from the second quarter of this year by approximately $800,000 due primarily through a reduction in spending on a large telecom customer's long-term supply agreement following accelerated purchases during the first half of the year.

The balance of our revenue for the third quarter was $334,000 from specialty products. Specialty products are non-recurring engineering projects, which vary greatly from quarter-to-quarter. But we are substantially smaller…but are substantially smaller contributors to the consolidated revenue. Revenue from this group in the prior year was $561,000.

Moving on to gross margins, generally speaking PMO products are smaller and almost entirely molded. So, we have faster turnaround time, higher volume applications and more automated processing. These products are also generally lower in price as compared to infrared lenses. We historically have a margin averaging in the 40 to 50 range for PMO lenses, which have been about 10 to 20 points higher than the margin on our infrared lenses.

Of the two primary revenue reporting groups, PMO is the smaller group with a higher margin. So on a consolidated basis, our gross margin will skew more towards IR products which comprise a greater percentage of revenue in the quarter. Infrared product group represents a larger and faster growing market opportunity.

Infrared margins have historically been in the 20% to 30% range, the average selling price can vary based on the product and market. So we do not believe that this is a meaningful performance metric. Instead, we encourage investors to focus on our revenue and gross margin as a percentage of the revenue over the long-term, not necessarily on a quarterly basis.

Perhaps the most important factor to our gross margin this year has been the number of new product launches coming online. Sam discussed the traction we're experiencing in the market with the increased number of design wins, as well as the factors that negatively impact margins in the early months of the new design going into volume production. Many of our product lines coming into production volumes in the second and third quarter of this year are from our BD6 molded infrared lens family of products. These will come in on higher end of the margin range once we reap the benefits of volume and efficiencies.

Gross margin as a percentage of revenue was 38% for the first nine months of fiscal 2021 compared to 40% for the same period of prior fiscal year. The gross margin in third quarter 2021 was brought down by the 36% margin in the third quarter, which included the primary influence of revenue mix skewed towards infrared products and near-term negative impact of the many new designs still in their early stages. We continue to produce more lenses overall. Again, the KPI is best viewed on a longer-term basis, since revenue mix and production ramp ups come into play as they did in the third quarter.

Total production for all product lines, increased to nearly 3.3 million lenses in the first nine months, up from 2.4 million lenses in the same period of the prior year. In the third quarter, where our revenue mix was heavily weighted towards infrared lenses and given the fact…the factors discussed. Total units declined to 862,000 units this year from 905,000 units last year, a decline of 5%, even as our revenues increased 23%.

Moving on to operating expenses, during the third quarter of the fiscal 2021, total operating expenses was approximately $3.7 million, an increase of about $790,000 as compared to $2.9 million in the same period of the prior fiscal year. The increase is primarily due to approximately $194,000 of non-recurring and legal fees and consulting expenses associated with the hiring of the new employees and termination of certain existing employees within the company's Chinese [ph] subsidiary, and higher SG&A for a moderate increase in headcount and costs associated with operational improvement and growth strategies that Sam addressed in his comment.

I will note that additional legal fees, consulting expenses and severance expenses associated with these changes at our operations in China will be incurred in the fourth quarter of this year. In April 2021, we entered into a severance agreement with certain of the employees where we agreed to pay an aggregate of 470,000 over the next six months, provided that these employees comply with certain terms set forth in the severance agreements. The third and fourth expenses…the third quarter and fourth quarter expenses, as well as, the second quarter charges related to a former CIO…CEO for about $400,000 combined for nearly $1 million of one-time items for the year.

New product development costs in the third quarter of 2021 increased by approximately 229,000 from the prior year period, which was needed to address the demand for advanced optical designs, including our accelerated level of design wins, which are expected to lead the future revenue growth. We added to engineering headcount and related outside services in order to support demand for custom optical design.

Partially offsetting these expenses and the OPEX was limited travel on marketing expenses from the COVID-19 restriction, even as we incurred some pandemic related costs for cleaning and safety measures. Our consolidated corporate income tax in the U.S. is shield by our net operating loss, forward benefits of approximately $74 million on March 31, 2021. But we must pay income tax in the countries of certain foreign subsidiaries.

Third quarter 2021 income tax expense was approximately 309…$308,000, compared to approximately $203,000, for the same period of the prior year, primarily related to the income tax from the company's operation in China. Income tax for the third quarter also included Chinese withholding taxes of $100,000 associated with intercompany dividends declared by the company's Chinese subsidiary payable to their parents' company in the U.S.

Net loss for the third quarter 2021 was $223,000, or $0.01 per share, compared to a net income of $816,000, or $0.03 per share in the prior year. Net loss for the first nine months of fiscal 2021 was approximately $272,000, or $0.01 basic and diluted loss per share, compared to net income of $210 or $0.01 basic and diluted earnings per share for the first nine months of fiscal 2020.

For EBITDA, a non-GAAP measure, which we believe provides important insight into our performance and progress. We had a positive EBITDA of approximately $1 million in the third quarter of 2021, as compared to $1.9 million for the third quarter of 2020. This decrease was primarily due to the lower operating income from lower gross margin, and increased SG&A, which included significant non-recurring costs and high product development expenses.

Again, looking at our longer-term progress, which is more meaningful. EBITDA for the first nine months of fiscal 2021 was $3.5 million, or approximately $4.1 million, excluding one-time non-recurring expenses related to the executive changes, as compared to $3.7 million for the first nine months of fiscal 2020. Nine months EBITDA performance also benefit in the current year from favorable difference of approximately $325,000 in foreign exchange gains and losses.

Moving through the balance sheet and cash flow related items, capital expenditure was $0.5 million up in the third quarter…was $0.5 million in the third quarter and $2.7 million for the first nine months of fiscal 2021. This is up from $300,000 and $1.5 million in the respective periods of fiscal 2020. We're on track for capital expenditures for the year to come in with a range of around $3 million for the year.

Meanwhile net cash provided by operation was $3.1 million for the first nine months of fiscal '21, up 64% from $1.9 million in the prior year period. Total debt, including financial leases was $5.5 million on March 31, 2021. A reduction of approximately 8%, or $482,000 from $6 million at the beginning of the fiscal year. Approximately $200,000 of this reduction came in the third quarter. Our cash balance on March 31st, 2021 was $5.9 million, up $600,000 from the end of the second quarter and as compared with $5.4 million at the beginning of the fiscal year.

Onto our backlog, as of March 31, 2021, LightPath's total backlog was $19.5 million, down from $23.8 million at the ending of the fiscal second quarter and $21.9 million as of June 30, 2020. Our production capacity has grown and enable us to deliver on more higher value IR contracts. Our backlog at the ending of the third quarter came down from the ending of the second quarter which was the highest level in the company’s history.

It should be noted that it is natural for our backlog to fluctuate during the year because of the timing of these [ph] bookings of large orders and annual renewals. Our single largest contract valued [ph] at nearly 25% of our total backlog was renewed during second quarter and we deliver against this contract as the fiscal year progresses.

Finally, on a personal note, I would like to…as I will be retiring from CFO role of LightPath tomorrow, I just wanted to say it has been a pleasure getting to know many of you in investment community and the banking community and to serve as the CFO for the company’s shareholders. LightPath is very good hands with Sam and the expanding leadership team.

With this review of our financial highlights and recent developments concluding, I will now turn the call over to the operator so that you may begin with our question and answer session. Thank you.

QUESTION AND ANSWER

Operator
Thank you. We will now begin the question-and-answer session. To ask a question, you may press "*" then "1" on your touchtone phone. If you are using a speakerphone, we ask that you pick up your handset before pressing the keys, to withdraw your question, please press "*" and "2."

Today's first question comes from Brian Kinstlinger from Alliance Global Partners. Please go ahead.

Jacob
Hi, thanks for taking my questions. This is Jacob on for Brian. Can you talk about the slowdown in PMO orders related to inventories for 5G rollouts? Can you talk about what's causing this and do you believe this is temporary related to global supply chain, shortages there? Do you think this will persist?

Sam Rubin
Yes, first of all, hi Jacob, thanks for joining us. The slowdown that we think is specific to one geographical area for customers in China itself and the reasoning for that is two. First of all, there has been a significant overstocking on the behalf of that customer earlier on in 2020 and the second is some slowdown that they are seeing in the rollout of that equipment. We are pretty confident that is a temporary thing. In fact, the customer is already discussing with us what will be the timeline for their future releases of orders, but right now, this customer typically releases orders on quarter-by-quarter basis that is affecting both our backlog number as well as sales for the coming two quarter for this customer.

Jacob
Okay. And are there any industries that you sell to facing inventory shortages which will result in fewer numbers of lenses in the near term and if so, which ones?

Sam Rubin
Yes, we have definitely seen our shares…share of customers mentioning shortage in certain chips or devices that are impacting the supply chain. We have had in a couple of occasions customers shuffle around the schedule. I think a couple of quarters ago we talked about it that one of our larger customers was moving shipments around and was doing so at a short notice which impacted our inventory levels back then. But since then, we haven't seen anything to a level of anyone cancelling orders, not releasing new orders or delaying significantly our shipments because of any shortage of other components.

Jacob
Thanks and one more and I will hop back in the queue, if I have any more. Can you talk about how far long you are from correcting your two yield issues, that you identified at the year-end conference call, both the coding issue at the end of the process and the problem in the middle of the process. I think you said before that you plan on having this addressed in the next couple weeks.

Sam Rubin
Yes, we are definitely very, very close for this. I think the results we are getting extremely encouraging. They are not yet specifically viable at the point of us saying, definitely we've resolved it, but the engineers are working around with a smile on their face. So that's pretty encouraging.

Jacob
All right, thanks so much.

Operator
The next question comes from Scott Buck from HC Wainwright. Please go ahead.

Scott Buck
Hi, good afternoon, guys. And then, Don congrats on retirement.

Don Retreage
Thank you, Scott.

Scott Buck
My first…of course…my first question on gross margin, is it possible to give us a percentage point impact some of these new product issues had on the quarter. I mean was it 200 basis points, 300 basis points? Is that even something that you could do?

Don Retreage
Overall, it's between 1.5% to 2% overall. I mean it normally would have been closer to a 40.

Scott Buck
Okay. That's great. Second one from me on capacity. Could you give a little color around kind of your comfort level with where capacity is today and maybe what that means for CAPEX assumptions moving into your next fiscal year?

Sam Rubin
Yes, definitely. Absolutely, some of the growth we are seeing now is the result of the capacity expansions that we have been doing over the last few quarters and especially in the PMO and the molding area which affects both some of the infrared, that is molded infrared and of course the PMO itself. I would say that at this point capacity wise, we are not seeing ourselves limited right now in any specific area. Most of our investment at this point is going towards efficiencies, it's going towards technological advancements, investing in new technologies that allow us both to capture new business and to do existing business better.

Scott Buck
Okay. That's very helpful. And last one from me. I am curious if you could tell us when you became aware of the issue in China and how quickly you were able to act on that?

Sam Rubin
Yes, we became aware of it at the beginning of March and I would say within four weeks of when the suspicion came up we already completely handled and dismissed those employees.

Scott Buck
Okay great, guys. Thank you.

Operator
The next question comes from Dave Kang from B Riley FBR. Please go ahead.

Dave Kang
Yes, hi, good afternoon. First question is regarding our backlog between IR and PMO, I was just wondering what the mix looks like; is that kind of comparable to your revenue mix?

Don Retreage
Well, because in the third quarter we increased sales by 60% in the IR, we reduced almost proportionately with our backlog. So, we are a little lower in the IR as of date, but we have a lot more things in the pipeline with IR.

Sam Rubin
[Multiple speakers] where we tend to get more longer term contracts?

Dave Kang
Sure. And regarding on gross margins, I was wondering how we should think about gross margin for the rest of this calendar year? I mean did I hear you correctly that are you expect IR to grow faster than PMO, so that then gross margin will be trending down, because IR has…carries lower gross margin?

Don Retreage
Yes, in one way, as Sam said though, the turnaround period is longer. So you are not going to see the effect of higher margins on the IR next quarter. Also, I mean just to remember the mix, you can do 50% of our total revenue in PMO at 50% gross margin, and 20% to 30% of IR which is 50% of the revenue, the average won't come out, it will come out in the 30s, in the high 30s. So, as time goes for our cycle, the IR will sell more, higher is the…an increased margin, but it won't be 20% from quarter to quarter.

Dave Kang
Got it. Thank you.

Operator
Again, if you have a question please press "*" then "1." The next question comes from Gene Inger from IngerLetter.com. Please go ahead.

Gene Inger
Hi, gentlemen, and Sam and Don, congratulations on a good quarter in revenue with some problems continuing as you make, what seems to a grand transition?

Don Retreage
Thank you.

Sam Rubin
Thank you, Gene. And it's good to hear your voice, welcome back to the living.

Gene Inger
Yes. Thank you of course. I went through, but glad to be alive, in any of that and if any one doesn't know believe me, COVID is no joke and this is a horrible disease. But in any event, it looks like you are talking about shrinking growth margins but not by virtue of net margins and not by virtual of price cuts, which used to be what would happen to any competition? Is that correct?

Sam Rubin
Yes, we are not…I would say we are not seeing a significant price pressure that leads to cutting gross margin. As always, we have a product mix that can be very different, we can have in PMO and in others, some lenses that are much higher margins and others, that mix shifts around sometimes. But, I don't think there's anything that is leading our gross margin on a long-term view, declining gross margin, so anything like that. We are definitely tracing our [indiscernible] issues which we talked at length about last quarter and still exists to some degree. But, other than that, there is no downward trends.

Gene Inger
In new comments a lot of financial questions have been asked, can you comment, you mentioned acquisitions were in the text. And I wondered whether you could give us some ideas of where you would consider those to be fruitful or whether you rather not because as you've mentioned before you have the new direction, but you don't necessarily want, competitors to be totally aware of what you are planning?

Sam Rubin
Yes, absolutely. I would say that it would not come as a surprise given that we are investing in technology and capabilities here that some of the acquisition opportunities that we are seeking are similar in the nature, meaning, companies that could bring along additional capabilities or technologies that would supplement ours and that would allow us to go to accelerate our path down to new strategic direction. We are not likely going to look at this point acquisition that solely brings over capacity, for example.

Gene Inger
Well…

Sam Rubin
One, that we are not that interested in.

Gene Inger
When I look at the SaaS changes, I see the background of our both Albert and Peter and we will welcome them to LightPath and what I would see is also not only objects, but an industrial engineering of background and I am wondering if this personnel changes relate to the new direction, they probably do, maybe that I could assume that. But, I…I am just curious if you can expand on that all?

Sam Rubin
Yes, I mean as you mentioned, we definitely look for people that fits our needs and in this case, I think we are lucky to have landed two exceptionally talented people that bring with them experience and skill sets that fits really well the direction we want to go, and it would be…it would come as no surprise to people that as we want to grow more vertically, and as we want to create more value, we are looking in our leadership team, the people that have done similar things or being part of similar things before.

Operator
We show no additional questions. I would like to turn the conference back over to management for any closing remarks.

CONCLUSION

Sam Rubin
Thank you for participating in today's conference call. Before we leave, I would like to again extend my thank you and best wishes to our passing Chairman Bob Ripp. We look forward speaking with you the next quarter for our year end results. As we have typically done, we intend to issue preliminary fourth quarter results in August, with the full results coming out in September. Until then, our next public engagement would be at the Needham virtual technology and media conference on May 18. We hope our institutional investor followers will join us at the conference, and that all of you continue to follow our progress. Thank you again and goodbye.

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