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Market Intelligence

# CalAmp Corp. NasdaqGS:CAMP

*Earnings Call*

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# Call Participants

## EXECUTIVES

**Jeffery R. Gardner**
*President, CEO & Director*

**Jikun Kim**
*Senior VP & CFO*

**Unknown Executive**

## ANALYSTS

**Anthony Joseph Stoss**
*Craig-Hallum Capital Group LLC, Research Division*

**George Charles Notter**
*Jefferies LLC, Research Division*

**Jerry David Revich**
*Goldman Sachs Group, Inc., Research Division*

**Scott Wallace Searle**
*ROTH MKM Partners, LLC, Research Division*

# Presentation

**Operator**

Welcome to CalAmp's First Quarter 2024 Financial Results Conference Call. My name is Bethany, and I will be the moderator for today's call. [Operator Instructions] As a reminder, this call is being recorded.

I would now like to introduce your host for today's conference call, Logan Lucas, Corporate Strategy and Investor Relations Manager at CalAmp. Logan, you may begin.

**Unknown Executive**

Good afternoon, and welcome to CalAmp's fiscal first quarter 2024 financial results conference call. I'm Logan Lucas, Corporate Strategy and Investor Relations Manager at CalAmp.

With us today are CalAmp's President and Chief Executive Officer, Jeff Gardner; and Chief Financial Officer, Jikun Kim.

During today's call, we will make certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions, and as a result, are subject to risks and uncertainties.

Many factors could cause actual future events to differ materially from the forward-looking statements in this communication. You should listen to today's call with the understanding that our actual results may be materially different from the plans, intentions and expectations disclosed in the forward-looking statements we make.

For more information about factors that may cause actual results to differ materially from forward-looking statements, please refer to the earnings press release we issued today, as well as the company's filings with the Securities and Exchange Commission.

Leaders are cautioned not to put undue reliance on forward-looking statements, and the company specifically disclaims any obligation to update the forward-looking statements that may be discussed on today's call.

Now, Jeff will begin today's call with a review of the company's recent operational highlights, and then Jikun will provide a more detailed review of the financial results, followed by a question-and-answer session.

With that, it's my great pleasure to turn the call over to CalAmp's President and CEO, Jeff Gardner. Jeff, please go ahead.

**Jeffery R. Gardner**
*President, CEO & Director*

Thank you, Logan, and thanks to all of you joining us on the call today. Over the past few years, CalAmp has been executing its strategy to enhance shareholder value, as an independent company.

In the past weeks, we have received unsolicited inbound inquiries. As a result, the Board of Directors has engaged advisers and formed a special committee to help us explore all strategic alternatives available to the company. We will not be answering any questions on this topic today.

Overall, the CalAmp team is more focused than ever on driving top line revenue. With a leaner and more efficient cost structure to increase the profitability of the company.

Strategically, we have converted the installed base to a subscription model, focused the sales organization on selling full stack solutions stood up a customer success team to drive retention and upselling, and restructured the business to improve cash flow and profitability.

Regarding the first quarter, we saw varying degrees of strength and weakness in demand across the customer base. Specifically, we had a particularly strong quarter with our large industrial customer with the account generating around $16.6 million in revenue. We expect this performance to continue into the future, as we are increasingly able to ship against their demand.

On the other hand, demand from our telematic service providers, or TSPs and channel customers, demonstrated some softness in the quarter, as they adjusted their order volumes in inventory strategies to better align with a more normalized shipping environment.

Due to supply improvements, customers no longer need to order as far in advance to secure supply. So, order volumes were lower, as they sell existing inventory. We expect this to take a few quarters to correct, and we will continue to drive additional revenue from other areas of business.

Now to dive into our performance in the first quarter of fiscal year 2024. We recognized $70.9 million in revenue. Despite missing the low end of guidance, the team's focus on cost efficiencies produced gross margin growth of 280 basis points and generated over $6 million of adjusted EBITDA. The gross margin expanded due to better revenue mix and decreased PPV costs, as the supply chain continues to normalize.

Further, the company continued to realize expense efficiencies from the recent cost management initiatives resulting in $5.4 million in operating expense reduction year-over-year.

Improvements in gross margin and cost structure culminated in a strong adjusted EBITDA performance, which fell within our guidance range. Overall, we are pleased with the progress we are making, on the expense side of the business and feel that the profitability we achieved despite an unexpected top line shortfall demonstrates the effectiveness of our cost initiatives.

We will maintain an increasingly lean expense structure to continue enhancing the profitability of the company. To help accelerate revenue growth. The sales organization will be dedicating additional bandwidth to new logo generation. Since Q1 marked the completion of the team's efforts to actively convert the installed base of device customers to subscription contracts.

In addition, the team gained traction selling CalAmp's software products, resulting in a modest sequential growth in our recurring application subscription revenue of approximately $100,000. The sales team closed multiple deals with new enterprise fleet customers, including an opportunity with R&L carriers, that added around 18,000 subscribers following the first quarter. In addition, the team continued to execute on renewals and upselling opportunities.

New products such as our next-generation vision solution will also help us drive new bookings into the second quarter and beyond. This new solution is a stand-alone Dash Camera powered by advanced AI software that will help fleets optimize driver behavior and significantly decrease operating and liability-related costs. Since the full release, the team has qualified more than 65 different opportunities, and the pipeline continues to grow. Sales of this product will have a substantial positive impact on ARPU, as we sell to both new logos and the existing customer base. Finally, to organizationally aligned behind our growth goals for recurring revenue, we rolled out new sales compensation programs built and implemented by Brennen Carson, our Chief Revenue Officer, the new compensation plans, reward sales personnel based on the bookings value of new logo acquisitions and reward customer success personnel, according to the net revenue retention targets.

This will help to drive our operating model towards the revenue growth, gross margins and free cash flow we are aiming for. Internationally, the consumer automotive business continues to perform well, demonstrating profitable growth in the quarter.

The company expects to continue ramping up revenues from the BMW relationship for the remainder of the year and into fiscal year '25. The relationships with BMW and several other of the world's top automotive brands will drive consolidated and recurring revenue growth well into the future for this segment. Further, the operating models across the various geographies have been aligned, under a single leader to maximize cost efficiency and operating effectiveness.

We have already begun to see significant benefits to this new organizational structure and expect this trend to continue. The modest growth in our recurring application subscription line, which occurred despite declines in overall revenue and Software and Subscription Services revenue demonstrates the value and strength of the recurring software revenue, we are focused on growing. We look forward to accelerating execution in this area of the business, which is positioned to grow, as we execute on a robust pipeline of opportunities.

These deals with direct fleet customers will continue to drive up ARPU, as the mix of recurring revenue shifts away from the low ARPU device management solutions purchased by converted telematics service providers and channel customers and towards high ARPU cloud API and application solutions purchased directly by fleet.

Finally, we will continue to work with our TSP and channel customers to return to normalized order volumes, over the coming quarters.

With that, I'll turn the call over to Jikun to discuss our first quarter financial results in more detail. Jikun?

**Jikun Kim**
*Senior VP & CFO*

Thank you, Jeff. My commentary will include reference to non-GAAP financial measures. A full reconciliation of these non-GAAP measures with the corresponding GAAP measures, included in the Q1 FY '24 earnings release.

Total revenue in the first quarter was $70.9 million. Revenues grew 10% year-over-year but we realized a 10% sequential decline from $78.5 million, last quarter. The sequential decline in revenue was driven by telematic devices and rental income revenue.

As Jeff mentioned in his remarks, our TSP and channel customers are working through their excess inventories, as well as our K-12 business is seeing a temporary slowdown in hardware installations. We expect this inventory corrections to take a few quarters to work through. Excluding the effect of the auto leasing, recurring application subscription revenue was $19.2 million, a $100,000 sequential increase.

Net subscribers increased 6% sequentially to 1.69 million subscribers. S&SS RPO and hardware backlog ended the quarter at $217 million and $20 million, respectively. RPO declined $17 million and hardware backlog declined $9 million sequentially. RPO's decline was driven by customer contract modifications, and hardware backlog decline was driven by TSP and channel customers, working through their inventory corrections.

Consolidated gross margin in the first quarter was 38% compared to 35%, last quarter. Gross margin continues to recover from the Q3 FY '23 nadir driven by a better mix of offerings, as well as significant reductions in purchase price variance. First quarter GAAP operating expenses, excluding restructuring charges, increased $100,000 sequentially driven by increased R&D and sales and marketing activities,offset by lower G&A.

The sequential OpEx increase was driven by annual incentive and commission resets for FY '24, along with recruiting activities related to our CEO and CTO transitions. GAAP operating expenses declined $5.4 million year-over-year. The cost reductions that we implemented in late '23, and early '24 are starting to take impact not only in their OpEx, but our cost of goods sold and capital expenditures.

Q1 FY '24 adjusted EBITDA was $6 million or 9% of revenue, compared to $6.8 million in the prior quarter. Year-over-year, adjusted EBITDA increased by $4.1 million. At the end of Q1 FY '24, we had total cash and cash equivalents of approximately $35 million, as compared to $42 million last quarter. The decline in cash was driven by working capital paydowns and CapEx in the quarter. Excluding working capital paydowns, cash generated from operations would have resulted in a positive $4.1 million cash flow, a $3.5 million improvement from the prior quarter.

At the end of the quarter, we have $35.6 million in undrawn asset-backed line availability. As customary, this availability is subject to various covenant tests. The $230 million 2% convertible senior notes are due on August 1, 2025. Our objective is to generate a high-quality, strong EBITDA run rate by the end of the fiscal year to provide financing options to resolve this continuing overhang on our shares.

As demonstrated over the past few quarters, EBITDA quality and quantity continues to improve over time. Our future EBITDA run rate increases will be driven by several factors and initiatives.

First, the normalization of telematic device revenues in the second half of FY '24. Our TSP and channel customer inventory corrections should be behind us. Recurring revenue growth driven by new solutions like Vision 2.0, our video Dash Camera, which will drive significant ARPU growth, upsell opportunities across our installed base with K-12 customers, and new subscribers in our commercial fleet market segment.

Fleet continued improvements in gross margins trending back towards our historical 40% levels. And lastly, aggressive cost reductions implemented in '23 and '24 across our cost of goods sold, operating expenditures and capital expenditures. In addition, we will have to continue our vigilance to cash flows and cash generation, over the next 25 months. Executing on these EBITDA run rate improvements could provide the following financing options.

Organic positive cash flows gives the opportunity to pay off a portion of the convertible loan, as it matures. 2% coupon is very valuable financing during these times of high interest rates. Refinancing a portion of the convert with term loan structure, which will come with higher interest rates and expenses. Refinancing a portion of the convertible loan and pushing out the maturity, which will come with higher interest rates and lower conversion prices as well as other financing options.

There is no single solution that will address the convertible note, which will take a combination of these and other solutions to resolve over time. As for Q2 FY '24 guidance, we expect revenue to range between $67million and $73 million, with adjusted EBITDA expected between $5 million and $9 million.

With that, I will turn the call back over to Jeff for some final thoughts and comments.

**Jeffery R. Gardner**
*President, CEO & Director*

Thank you, Jikun. I am proud of our team for the continued progress we have made, in driving these transformational efforts. I am confident in our ability to execute on growing both revenues and profitability into the future, both of which will ultimately manifest in value creation for our shareholders.
With that, we will now open the call to your questions. As a reminder, we will not be answering questions on our Board's decision to explore all strategic alternatives for the company. Operator?

# Question and Answer

**Operator**

[Operator Instructions]. Our first question comes from the line of Scott Searle with ROTH MKM. Please go ahead.

**Scott Wallace Searle**
*ROTH MKM Partners, LLC, Research Division*

Jeff, I apologize to ask about the strategic process, but I just wanted a quick clarification. Was it a single inquiry? Or was multiple inquiries? I thought, it was plural in the release. I just wanted to clarify that. And then, I had several follow-ups.

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. Yes. It was plural in the release.

**Scott Wallace Searle**
*ROTH MKM Partners, LLC, Research Division*

Just looking towards normalization of -- on the product side of the equation. I'm wondering, if you could give us some idea of what the level of channel inventories and customer inventory levels are on that front. And I guess, kind of bundled into that question, how are you feeling about the gross margin profile?

And to clarify, Jikun, did you say the second half or did you say the fourth quarter, when you expect more normalization on that front?

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. On both volume as well as... Yes. But on both the volume as well as the gross margin, we're discussing the second half of the year, so Q3 and Q4.

**Scott Wallace Searle**
*ROTH MKM Partners, LLC, Research Division*

And just looking to the question into you guidance...

**Jeffery R. Gardner**
*President, CEO & Director*

So, on the inventory levels with our TSPs, it really is quite a unique situation. And very quickly, they went from an environment, where they're having to place their orders 6 months out to now a company like us are able to give them precise times in terms of delivery. So -- and we completed a lot of the -- feeling much of the backlog. So, they're just adjusting to that. As Jikun said, we expect our inventory levels to normalize in the third and fourth quarter. But that's what we're seeing.

**Scott Wallace Searle**
*ROTH MKM Partners, LLC, Research Division*

And just lastly, if I could. Looking to the guidance in the second quarter, how are you expecting gross margins to trend on that front, both as I look at it from an S&SS standpoint as well as on the product front? And then coupling that into, I think, the long-term model you've talked about 18 months out, EBITDA margins getting into the mid-teens. Is that still the track and the path that you're on, even with some headwinds in the first quarter, and the [indiscernible] the second quarter?

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. Yes, Scott. It definitely is driving those kind of EBITDA margins. Jikun mentioned some of the things that we're focused on. The expense improvements are real and there's more to come in that regard. We've seen only a portion of the savings to date. On gross margin is incredibly important. I'll let Jikun talk about it. There are two things going on there. One, the product mix, where we're focusing more on full stack solutions and two, the environment -- the supply chain environment.

So Jikun, would you elaborate on that, please?

**Jikun Kim**
*Senior VP & CFO*

Yes. So, if you remember, we kind of got into a gross margin percentage problem in Q3 FY '22 -- I'm sorry, '23. And we've been building our way out of it. Last quarter, it was 35% this quarter was 38%. If you go back a few quarters before the COVID crisis and the supply chain issues, you'll see it normalizing in 40%. That's the current business model as is. But as Jeff mentioned, as we shift more to a recurring application subscription revenue model, we do anticipate that gross margin to go above the 40% historical numbers. Obviously, this is much further out from a time frame standpoint.

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. One other thing I'd like to add to that, given that we're focusing on these full stack customers going forward, that's going to really drive the more margin profile and higher ARPU, today, in the first stage of our transformation, those conversions were moving our TSPs to a device management solution, which had a lower ARPU. So we had good ARPU growth there. We expect -- we had good subscriber growth there. But now, I think we're searching and focusing on higher ARPU customers.

**Operator**

Our next question comes from the line of Jerry Revich with Goldman Sachs.

**Jerry David Revich**
*Goldman Sachs Group, Inc., Research Division*

I'm wondering, if you folks can just talk about, when do you expect to turn free cash flow positive? And, if you wouldn't mind just bridging through the drivers of the working capital headwind to cash flow this quarter, and how that resolves itself sequentially in the back half?

**Jikun Kim**
*Senior VP & CFO*

Sure. So, let me just take a look at the data here. If you -- based on the prepared remarks, hold on a second. My apologies.

Yes. If you look at the current free cash flow, you will see that it was a negative $3 million in the quarter. But, if you look at the working capital charges that attributed almost $7 million to it. So, core operations was positive $4 million. So operationally, we are generating cash. If you subtract out CapEx without working capital adjustments, you'll see that it was a positive $2 million in the quarter. So, good strong turnaround.

Now having said that, we've got some working capital challenges. You'll see that our accounts receivable. If you go back 2 years has increased $20 million. A lot of this has to do with the conversion. And then, if you look at our accounts payable, you will see that, that has also increased roughly $20 million over the last few quarters.

We need to address both of these. We made some headway on accounts payable in the last quarter. We dropped it from $52 to $47. We'll obviously continue to need to do that, over the next few quarters.

In terms of when we turn free cash flow positive, obviously, it's going to take quite a few quarters.

**Jerry David Revich**

*Goldman Sachs Group, Inc., Research Division*

And could you expand on that last point? If you don't mind, is it the issue of until the receivables profile stabilizes with the new business model? Is that what's driving that comment? It would take quite a few quarters, if you don't mind, just more context on that point, please?

**Jikun Kim**
*Senior VP & CFO*

Yes. I mean basically, accounts receivable increases were funded by AP increases. So, you can address the cash flow in 2 ways, pay down the payables. And hold your receivables flat or you can reduce the receivables and hold your payables flat. We're trying to go the payables route.

**Jerry David Revich**
*Goldman Sachs Group, Inc., Research Division*

And separately, can I ask a deferred revenue came down sequentially in the quarter. What was the driver? Is that normal seasonality or any other factors that are driving the sequential deferred revenue decline?

**Jikun Kim**
*Senior VP & CFO*

Yes. I think we discussed our K-12 revenues declining a bit, and that's the primary driver. It should come back. It's a seasonal thing.

**Jeffery R. Gardner**
*President, CEO & Director*

Jerry, thanks for joining. I did want to point out that we did after the quarter end, we did convert our largest TSP to a subscription model by signing an -- MSA later in the quarter. So really happy about that turning all of our attention towards our growth segments, and serving our TSP customers with a new device management solution.

**Jerry David Revich**
*Goldman Sachs Group, Inc., Research Division*

And Jeff, how much was that contract? How much did that add to deferred revenue?

**Jeffery R. Gardner**
*President, CEO & Director*

We just -- that happened after the quarter end. So, we're not going to provide details on the individual contracts, but it was our biggest TSP, Jerry, and very important in terms of where our focus was. So, it's good to have that step behind us. I know, it was painful. But we're in a position now where everything that we sell has a recurring revenue component with the exception of the CAT business. So, I think, we're where we wanted to be took a little longer, but I think the focus of our sales force on higher ARPU is going to make a big difference.

**Operator**

Our next question comes from the line of George Notter with Jefferies.

**George Charles Notter**
*Jefferies LLC, Research Division*

I guess, I wanted to ask about your recurring application subscriptions metric. I saw that, it was up, I guess, $100,000 sequentially, but it was down year-on-year. The staff subscriber metrics you gave us were up, pretty substantially year-on-year. So, I guess I'm wondering about that dichotomy, the revenue down, the subscription subscribers up. Can you just kind of talk to that phenomenon?

**Jikun Kim**
*Senior VP & CFO*

Sure. Sure. So I think, Jeff alluded to this, our subscriber count, the big growth that was really tied to our TSP conversions, right? So, we have very heavy subscribers based on our telematics service provider business, a very large chunk of the business. And we converted them to a subscription model, very low ARPUs, right, extremely low ARPUs.

They only buy our device management capabilities. And so, while the subscriber base increased our ARPU did not increase a lot and hence, it was relatively flat. Last year compared to this year, we did see some FX headwinds that we had last year, and that we are not seeing this year.

**George Charles Notter**
*Jefferies LLC, Research Division*

And then, the other one I wanted to add...

**Jikun Kim**
*Senior VP & CFO*

If you look at the -- yes, just one more commentary. We did bottom out from a recurring revenue standpoint in Q3 FY '23. And so, we've been making sequential improvements over time the last 2 quarters on that metric.

**Jeffery R. Gardner**
*President, CEO & Director*

And George, that is really the metric as we focus on our full stack solution, that's the metric that we believe and investors believe for our discussions. That's the right thing to look at, in terms of how we're growing this business. That recurring revenue business is what you guys would refer to as more pure SaaS business.

**George Charles Notter**
*Jefferies LLC, Research Division*

And then the K-12 business was a bit softer. Can you talk about why that was? I think you mentioned seasonality, but I guess the summertime.

**Jeffery R. Gardner**
*President, CEO & Director*

George, very simply, we installed fewer units in the quarter with a little bit of pressure, but we expect that will bounce back, over the next couple of quarters, we're still in a really good position in that business with a go-to-market process that is driven by our sales expertise and familiarity with the customers in that business and adding the camera solution is going to really help our sales reps.

We're already in a leadership position in the market. But going forward, we've got the cameras, I think, are seeing getting a really good reception in the K-12 business as well as fleet.

**George Charles Notter**
*Jefferies LLC, Research Division*

And then, any thoughts on you like this metric...

**Jeffery R. Gardner**
*President, CEO & Director*

I'll let Jikun take that. George, I just wanted to also point out that when we talk about the vision solution over time, this is a much -- this is a very high ARPU add-on for customers, so it can really do a lot in terms of growing that incremental margin that we talked about earlier.

So Jikun, would you take the second part there?

**Jikun Kim**
*Senior VP & CFO*

I'm sorry, I didn't hear the question. If you could repeat the question.

**George Charles Notter**
*Jefferies LLC, Research Division*

I mean, I guess, like I get that the telematics transition, you move customers onto the lower ARPU capability. But I know the story here is to migrate the company to more of a full stack solutions provider. I know the K-12 business is obviously, an element of that. But, as I kind of look at all these metrics, I'm just curious like how are you doing in terms of retention of existing customers? Do you have retention rates you can share with us? Any thoughts there?

**Jikun Kim**
*Senior VP & CFO*

Yes. No, we haven't disclosed that, but I can share with you the subscriber base for K-12 has been relatively flat, the last few quarters. We are a very large market shareholder in that market. And obviously, as an incumbent large shareholder get attacked quite a bit by some of our competitors. But we are holding our own, but it's time to go on the offensive, obviously, to make sure that we increase ARPUs, meaning upsell existing customers, with this vision solution as well as gain share.

**Operator**

Our next question comes from the line of Anthony Stoss with Craig-Hallum.

**Anthony Joseph Stoss**
*Craig-Hallum Capital Group LLC, Research Division*

Jeff, I just wanted to ask a question, more big picture competitive landscape -- wise, you've been having issues clearly on component sourcing, et cetera, and pricing over the last several years. It seems now though that a lot of your competitors are actually growing, where you guys aren't. Can you give us any kind of confidence that you're not losing share that the fact that your telematics devices are probably abnormally high, versus your competitors and they're using price to take share? That's what it seems like to me.

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. On the TSP side, it's really important, Tony, as you know, that the TSP business is pretty unique to us. So when you look at us compared to Geotab or Samsara they don't really have this big TSP business. That's where we started. It was necessary to convert that base to a subscription model, so we could manage it. I think, that will be more stable over time.

We are still winning business from our customers because our configurability, we are priced a little higher but our customers really need that configurability, they place a lot of value on it. It allows them to -- it's not as simple as you would think to switch providers. So I really, think on the TSP side, is inventory correction that they're making with the change in the supply chain is having a big impact, at least in the first and second quarter.

But when, I think about share and what we're trying to do with the business now, really turning towards those full stack customers, and the sales force can really focus there now. And that's where, I think you'll see us growing that recurring revenue line item. And it makes us look more like a pure play like Samsara and Geotab over time, which, yes, they are growing. And we think, we are a very good competitor, especially at the high end of the market with big fleet, long-haul customers where we could leverage our engineering and our transportation logistics expertise.

So we do very well there. We tend to compete upmarket. So, we've seen a couple of wins, as we said in the -- at the end of the first quarter there. Those are a little bit longer sales cycle but higher ARPU.

**Anthony Joseph Stoss**
*Craig-Hallum Capital Group LLC, Research Division*

And then, just to mention that you expect this to continue on for a couple of quarters. Do you expect kind of this $70 million run rate that you're at for both May and you guide for August to be largely similar for November and February.

**Jeffery R. Gardner**
*President, CEO & Director*

No. I think, Jikun said that we recover in the back half of the year. So, we expect the TSPs to be back to more normalized levels in the second half. So the first quarter, Jikun, would you just review the guidance once for, and why we went with that guidance range?

**Jikun Kim**
*Senior VP & CFO*

Yes. So I mean, it's relatively flat guidance relative to Q1 actual, slightly down. But again, this reflects our TSP situation. But the second half of the year, we do expect the TSPs to come back.

**Anthony Joseph Stoss**
*Craig-Hallum Capital Group LLC, Research Division*

But would you expect it to be up year-over-year versus what you did in fiscal '23 for both November and February?

**Jikun Kim**
*Senior VP & CFO*

Well, if you look at fiscal '23, right, Q3 and Q4, we're up at $79 and $79. I think, those ordering is kind of what caused some of the TSP problems. And so, normalization would put you somewhere between current levels in Q3 and Q4.

**Operator**

That concludes the question-and-answer session. I would now like to pass the conference back to Jeff Gardner for any closing remarks.

**Jeffery R. Gardner**
*President, CEO & Director*

Yes. Thank you very much. And thank you all for joining us on the call today for your continued interest in CalAmp. We look forward to sharing our progress with you during our second quarter 2024 earnings call, later this year.

Operator, you may now disconnect the call.

**Operator**
That concludes today's conference call. I hope you all enjoy the rest of your day. You may now disconnect your lines.