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Market Intelligence

# Intrusion Inc. NasdaqCM:INTZ

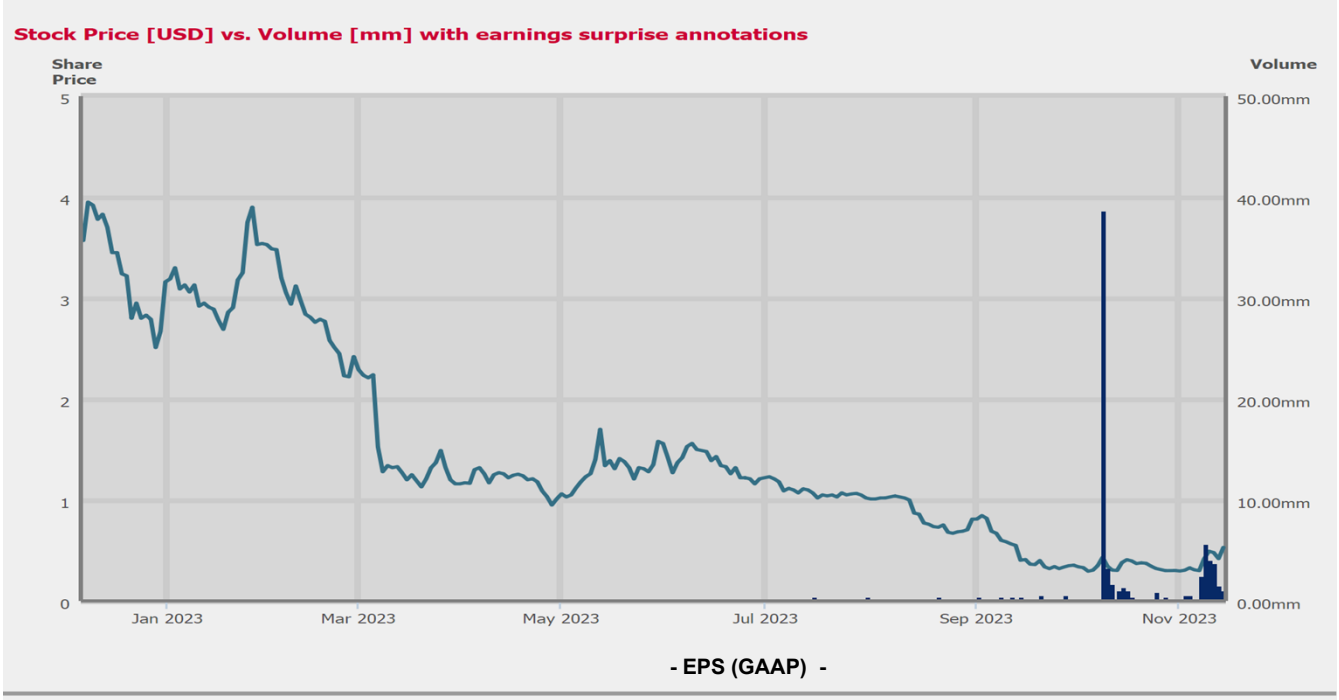
# FQ3 2023 Earnings Call Transcripts

## Tuesday, November 14, 2023 10:00 PM GMT

### S&P Global Market Intelligence Estimates

| | -FQ3 2023- | | | -FQ4 2023- | -FY 2023- | -FY 2024- |
|---|---|---|---|---|---|---|
| | CONSENSUS | ACTUAL | SURPRISE | CONSENSUS | CONSENSUS | CONSENSUS |
| EPS (GAAP) | (0.11) | (0.14) | NM | (0.10) | (0.56) | NA |
| Revenue (mm) | 1.98 | 1.47 | ▼ (25.76 %) | 2.54 | 7.26 | NA |

Currency: USD
Consensus as of Sep-22-2023 9:46 PM GMT




- EPS (GAAP) -

| | CONSENSUS | ACTUAL | SURPRISE |
|---|---|---|---|
| FQ4 2022 | (0.20) | (0.25) | NM |
| FQ1 2023 | (0.21) | (0.22) | NM |
| FQ2 2023 | (0.13) | (0.15) | NM |
| FQ3 2023 | (0.11) | (0.14) | NM |

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# Call Participants

## EXECUTIVES

**Anthony E. Scott**
*President, CEO & Director*

**Kimberly Pinson**
*CFO, Principal Financial Officer & Principal Accounting Officer*

## ANALYSTS

**Edward Moon Woo**
*Ascendiant Capital Markets LLC, Research Division*

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

**Unknown Analyst**

## ATTENDEES

**Josh Carroll**

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# Presentation

**Operator**

Welcome to Intrusion, Inc. Second Quarter 2023 Earnings Conference Call and Webcast. [Operator Instructions] Please note this conference call is being recorded. An audio replay of the conference call will be available on the company's website within a few hours after this call.

I would now like to turn the call over to Josh Carroll with Investor Relations.

**Josh Carroll**

Thank you, and welcome. Joining me today are Tony Scott, Chief Executive Officer; and Kimberly Pinson, Chief Financial Officer. This call is being webcast and will be archived on the Investor Relations section of our website.

Before I turn the call over to Tony, I'd like to remind everyone that the statements made during this conference call relating to the company's expected future performance, future business prospects, future events or plans may include forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Please refer to our SEC filings for more information on the specific risk factors that could cause our actual results to differ materially from the projections described in today's conference call. Any forward-looking statements that we make on this call are based upon the information that we believe as of today, and we undertake no obligation to update these statements as a result of new information or future events.

In addition to U.S. GAAP reporting, we report certain financial measures that do not conform to Generally Accepted Accounting Principles. During this call, we may use non-GAAP measures that we believe it is useful to investors or if we believe it will help investors better understand our performance or business trends.

With that, let me now turn the call over to Tony for a few opening remarks.

**Anthony E. Scott**
*President, CEO & Director*

Thank you, Josh, and good afternoon, and thank you all for joining us today. In today's call, I'll cover our high-level third quarter financial results and provide an update on our product offerings, traction in the marketplace, our pipeline, our recently announced securities purchase agreement through a private offering and other highlights from the third quarter, as well as some visibility into the fourth quarter and beyond.

Overall, Q3 was 1 of the busiest and challenging quarters in the company's history with increased bookings, including the finalizing of the major $5 million award as we previously announced and an increasing number of new customer PLCs in our pipeline and our product development teams delivering exciting new capabilities, and all of that with the painful backdrop trying to raise capital in 1 of the most challenging capital market environments in memory.

Let me start with bookings and a view of our pipeline. In early October, we announced that we've been awarded a $5 million deal with a large telecommunication provider to provide Intrusion Shield support for its data centers. The implementation plan includes the phased production rollout beginning now in the fourth quarter of 2023 that builds upon a successful pilot that actually started in the first quarter of 2023.

The terms of the award allow for further expansion of the use of Shield with the possibility of generating additional revenue after the completion of the initial set of projects. The customer has already requested an accelerated rollout, which will result in earlier revenue recognition than originally contemplated. We expect to make a public joint announcement on the scope and nature of the agreement with this customer in Q4 or early 2024.

During the quarter, Intrusion also booked 4 other new Shield contracts. In aggregate, these are relatively small initially in terms of ARR. However, 2 of these new customers have the potential for an additional revenue growth during 2024. We signed 2 new reseller agreements in Q3 and our previously announced partnerships with SEIC, Netgate, First Advisory Health Services and others remain strong and are leading to new opportunities to showcase our technology and generate new business. Our pipeline is robust, and we are focused on converting existing POVs and POCs to revenue-generating customers. And a bit more on that topic in a few minutes.

Finally, with growing evidence of traction in the marketplace for Intrusion Shield technology, we'll once again explore more strategic technology partner relationships. We've heard over and over again that Intrusion technology is unique, but the big technology players

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have routinely looked for evidence of customer adoption. We believe that in the next 2 quarters, we can begin to show those proof points in revenue that the larger technology players have been seeking.

Turning to our product development efforts. I'm pleased to report that our product development teams have continued to deliver exciting new capabilities. We have released for general availability version 19.2 of our Shield software, which has many improvements over prior versions, including enhancements to reporting, additional threat monitoring capabilities, improvements to our Renderer software and significant changes to Shield's management interface.

We've also completed our integration of Shield technology to the PFM's firewall and are beginning to introduce that to customers when we've introduced a cloud dashboard, which will allow customers to consolidate reporting across multiple instances of our Shield technology. One of the most exciting developments from a product perspective is our beta release of Shield on a small form factor hardware device, which we are testing in a POC with a large StarLink customer. If successful, this could pave the way for a new market opportunity for Shield with this and other StarLink customers, which is a fast-growing service, and it serves customers in previously hard-to-reach in underserved locations around the world. This small form factor device can also be relevant in many other applications beyond StarLink.

Now on to our financials. As you will hear from Kimberly in more detail, total revenue for the third quarter was $1.5 million, which was relatively flat on a sequential basis. Shield revenues for the third quarter were $0.4 million, in line with the previous quarter, as we did not recognize any revenue in the quarter from new bookings. Going forward, we expect some lumpiness in revenue due to the timing of deployment, activation of our technology and when we can recognize revenue. Year-to-date, Shield has represented 27% of revenue for the year and will continue to be a bigger percentage of overall revenue over time.

Turning now to our consulting business. Our third quarter consulting revenues were flat sequentially with the absence of an approved federal budget and the conditions that surround the current continuing resolution, many new spend decisions have been delayed. The potential government shutdown could further impact our ability to get timely renewals of some long-standing contracts. But absent the uncertainty of when a federal budget will get approved, I remain optimistic about the demand for our products and services and expect growth in the future from our government customers.

Apart from our government customers, we do believe that we will see some positive future growth in our consulting business as well, which is evident by the addition of a well-known customer in the travel and leisure industry that we signed in the second quarter. Finally, as we renew many of these consulting contracts in 2024, we do see opportunities for rate increases and other revenue generating enhancements to existing contracts.

As I've previously indicated in various Q&A sessions, I informally stay in touch with many former colleagues and notable CIOs and CISOs across a wide spectrum of industries. Among other things, these conversations help me understand the general sentiment and the consensus opinion of these important individuals as it relates to trends, spending, and concerns related to cybersecurity.

During the last quarter, I heard that as a result of the current economic environment that we are in, a large majority of companies have been going through some form of flattening or reductions in growth when it comes to their cybersecurity teams and their budgets. Meanwhile, the bad guys continue to proliferate and launch all kinds of new and lethal attacks. This has put a significant amount of pressure on CIOs and CISOs to keep up with both technology and staffing needs with more limited availability of new resources.

We believe that this provides Intrusion with a significant opportunity to step in, help fill the gaps these companies currently have in their technology stack and in their cybersecurity teams, and we can help provide them with the needed capability to identify, deflect, and eliminate any cyber threats that they may encounter.

When I joined Intrusion in late 2021, we were faced with a daunting array of legal issues, and we've provided regular updates on our progress in terms of resolving these issues. I'm pleased to announce that during the third quarter, we were able to successfully conclude the last of these, and with the SEC investigation now behind us, this resolves all of the outstanding legal issues that we've been dealing with for the past 2 years, and our team can now fully focus on growing our business.

Finally, let me spend a few minutes on our fundraising efforts. As you may have seen in our filings, after careful consideration, we decided to pull our S-1 registration with the SEC to sell up to $8.5 million in stock and warrants in a public offering. It became evident that market conditions were very unfriendly, and we were being severely and negatively impacted by short sellers, among other factors. However, in place of the S-1 registration and offering, we announced on November 8th, 2023, that we entered into a securities purchase agreement in which we sold to purchasers in a private offering an aggregate of 4.4 million shares of our common stock, each of which is coupled with a warrant to purchase 2 shares of common stock, and an aggregate offering price of $0.60 per share, above market price at the time.

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The offering resulted in net proceeds to Intrusion of approximately $2.4 million. Company intends to use the net proceeds from the offering for working capital, general corporate purposes, and the potential partial repayment of outstanding indebtedness to Streeterville Capital, LLC. The private offering was participated in by myself, members of our executive team, Board of Directors, and existing shareholders, which we believe demonstrates the confidence that both our organization and our loyal shareholders have in our unique technology. The offering also marks an important step for Intrusion as we continue to focus on ensuring we have the funds we need to propel our growth, focus on satisfying our customers' needs, with cost-effective cybersecurity solutions for their enterprise.

Now, I'd like to turn the call over to Kim for a more detailed review of our third quarter financials. Kim?

**Kimberly Pinson**
*CFO, Principal Financial Officer & Principal Accounting Officer*

Thanks, Tony. Revenues for the third quarter of 2023 were $1.5 million, with both Shield and consulting revenues flat compared to the previous quarter. Third quarter Shield revenue totaled $400,000. We do expect to see Shield revenues begin to ramp with some of the recent wins that have been announced. New bookings in much of our pipeline consist predominantly of Shield appliance product sales, where revenue recognition is dependent on an implementation and customer acceptance timeline.

Consulting revenue in the third quarter totaled $1 million. As Tony mentioned earlier, the current continuing resolution and threat of a government shutdown has hindered the timing of new contract awards. We have a relatively strong consulting pipeline that, once the budget uncertainty is resolved, will result in growth.

Revenues for the 9 months ended September 30, 2023 totaled $4.2 million, a decline of $1.8 million, or 30%, when compared to the same 2022 period. The decline is a result of decreased consulting revenues of $2.1 million related primarily to the loss of a contract in the fourth quarter of 2022, in which Intrusion's prime sponsor chose not to renew the final option year of a contract. This loss was partially offset by increased Shield revenues of $0.3 million. As disclosed in prior quarters, while the loss of this 1 consulting contract significantly impacted Intrusion's top-line revenue, the gross margin on this contract was 14% and, as a result, had a marginal impact on profitability.

Gross profit margin was 78% for the third quarter of 2023 compared to 54% in the third quarter of 2022. The increase in gross profit margin in the current quarter is a result of our product mix with Shield revenues representing a higher percentage of revenue, and the loss of the low-margin consulting contract, as previously mentioned. Shield revenues currently represent 29% of our revenues.

As you may recall from our first quarter earnings call, in late March of this year, we implemented cost reduction measures we estimated would result in cash savings of approximately $1.5 million per quarter on a go-forward basis. As a reminder, these measures included the voluntary reduction in the salaries of certain of our executive officers for a 6-month period, the reduction of some full-time positions, and a reduction in the use of contractors. Many of the reductions were in research and development, which impacted the number and frequency of product releases. I am pleased to report that combined cost reduction savings for Q2 and Q3 totals $3.1 million.

Operating expenses in the third quarter of 2023 total $3.8 million, a decrease of $0.2 million sequentially from the second quarter of 2023. As a reminder, as we grow our customer base and increase revenues, we may choose to accelerate our product development in future periods, which will result in increased spending. We will and are continuing to evaluate each spending decision while also making prudent investments in our long-term profitable growth.

The net loss for the third quarter of 2023 was $3.2 million or $0.14 per share, in line with our loss of $3.1 million or $0.15 per share for the second quarter of 2023. When compared to the same periods in 2022, earnings per share showed marginal improvement of $0.01 per share from a loss of $0.15 per share for the 2022 quarter. Q3 2022 was benefited by the recording of the employee retention tax credit refund of $2 million, which reduced the net loss per share by $0.10 in each of the 3 and 9-month periods. The net loss per share for the 9-month period 2023 was $0.51 per share compared to $0.57 per share for the same period in the prior year.

Turning to the balance sheet. On September 30th, we had cash and cash equivalent of $0.2 million, down from $3 million at year-end. We've taken steps to improve our liquidity and strengthen our cash position. In August, we filed an S-1 registration statement, which was subsequently amended to raise up to $8.5 million. As Tony mentioned earlier, we withdrew the S-1 on October 2nd, primarily due to the deal terms not being advantageous to the company.

Alternatively, we completed a private offering on November 8th that resulted in net proceeds of approximately $2.4 million. Also in October, we entered into 2 separate exchange agreements with Streeterville Capital, our debt lender, where we agreed to exchange in aggregate $350,000 of principal for approximately 1 million shares of our common stock. The number of shares in the exchange was determined using at-market pricing. While this exchange did not result in bringing in additional capital, it is a positive step forward

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in deleveraging the company. We believe that these combined efforts will provide us with the liquidity needed for operations as we execute our plan to grow the business.

Before I conclude, I'd like to address our NASDAQ listing compliance. In April, we received a letter from NASDAQ indicating that we had failed to meet the NASDAQ market value of listed securities, or MVLS standard, a $35 million minimum required for continued listing on the NASDAQ Capital Market. We were provided an initial period of 180 calendar days to regain compliance. On October 26th, we received a letter from NASDAQ informing us that our shares had failed to comply with the MVLS required for continued listing on the NASDAQ Capital Market. And as a result, our shares are subject to delisting.

We have filed an appeal with NASDAQ, which has stayed the delisting of our common stock from the NASDAQ Capital Market, pending a NASDAQ Listing Qualifications Hearing Panel's decision. There can be no assurance that the panel will grant our request for continued listing. However, we intend to present a plan to regain compliance to the panel that includes a discussion of the events that we believe will enable us to regain compliance. The panel hearing is scheduled for February 1st. Until that hearing, Intrusion stock will remain listed on NASDAQ.

I'd like to now turn the call back over to Tony for a few closing comments. Tony?

**Anthony E. Scott**
*President, CEO & Director*

Thanks, Kim. To conclude, I think we're continuing to see encouraging signs of growing interest in our Shield family of products. And that gives us confidence that we're heading in the right direction as we continue to focus on satisfying our customers' needs with cost-effective cybersecurity solutions for their enterprise.

I look forward to sharing the next steps in our journey with all of you. And I want to personally thank our investors and financial partners for their continued patience and support as we execute our strategy.
This concludes our prepared remarks. And I'll now turn the call over to the operator for Q&A.

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# Question and Answer

**Operator**

[Operator Instructions] Our first question is from Scott Buck with H.C. Wainwright.

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

Tony, I'm curious, on the $5 million Shield agreement with a large telecommunications company, can you give us a little more color around that contract? I mean, what is the duration and really what is the cadence and how that should ramp over time?

**Anthony E. Scott**
*President, CEO & Director*

Yes, great question. So, the award contemplates a full rollout in 3 years, but the revenue will come over a period of 5 years. So what you'll see is, over the next ensuing quarters, as we deploy into their data centers, revenue that we recognize as we fully ramp up to the full order. And then, as I indicated, they've already indicated to us 2 things that they want to accelerate the rollout, which we're in the process of working out with them, which will result in revenue recognition sooner than our original contemplated plan.

And then, there's also an opportunity for expanded use of Shield and beyond the initial data center. So, we think it's a very positive development. As I said on the call, we expect to have a more public visibility of this, more than likely right after the first of the year, a more sort of public announcement and so on.

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

That's helpful. And would that public announcement provide the actual customer name potentially?

**Anthony E. Scott**
*President, CEO & Director*

Yes.

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

Okay, super. That's great. And then, I want to ask you about the $2.5 million or so that you guys just raised, is that purely to kind of keep the lights on right now? Or is there actually some projects that you can put that capital towards that could potentially accelerate Shield sales? I mean, are there more special marketing programs, et cetera, that you're looking at?

**Anthony E. Scott**
*President, CEO & Director*

Yes, we'll spend that money for general corporate purposes, as we've said. That will include marketing and continued engineering development. As I think I've mentioned on prior calls, we've got at least a 3-year roadmap of things that we want to do with the Shield family of products. And so, we'll continue on that roadmap as well. But Kim and I are both focused on not letting our spend get ahead of our revenue. So, as we get revenue in from some of these deals, we'll make the best decisions we can in terms of how that money could best be used.

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

Great. That's helpful. And then just a last question for me quickly. If you could give us a little more color on the macro environment and whether or not -- I mean, we talked about the government side, but on the commercial side, whether or not, the level of economic uncertainty is causing a hesitation in people to pull the trigger on really any new software.

**Anthony E. Scott**
*President, CEO & Director*

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Yes, the sentiment I'm getting from my colleagues and friends in the industry is, they've enjoyed many years in a row of increased budgets and increased staffing and so on. And while you're getting some increases, 2 things are happening. The rate of those increases is leveled off sharply. And then, just the availability of people has meant that they're not able to staff to the level that they had hoped or even planned in many cases. And so, those 2 factors mean that, A, you've got to be more efficient with the resources that you have, the dollars and the people, and generally that means more automation, more leverage of technology. In some cases, it also means a focus on reducing the number of different solutions that you have in favor of solutions that are highly effective.

And I think it's a truism in the industry that there are some solutions that people think are valuable, but it's hard to prove. And in the case of Intrusion technology, we can show proof every single day of the things that we're blocking or alerting CSO staffs to. So, I think that's a high value proposition for our success.

**Scott Christian Buck**
*H.C. Wainwright & Co, LLC, Research Division*

Great. I appreciate the time, guys.

**Operator**

[Operator Instructions] Our next question is from [ Michael Rubinfeld ] with Mid-Atlantic Builders.

**Unknown Analyst**

I wanted to say a couple quick things. Congratulations on your cost controls. They're certainly admirable and. Obviously excited about some of the great news on the Shield technology. Tony, you just made a comment about being able to show the value of the product every single day. Can you talk a little bit about sort of the adoption rates once you get to showcase the product? What percentage of those people who are trying it are adopting it? I guess that's question #1.

And question #2 is sort of, as we look at this cost reductions and obviously the higher margin Shield product becoming a bigger and bigger piece of the sort of the revenue mix. Can you speak a little bit about what point do you think maybe you look at the future and you start to look at when you're going to be cash flow positive? Is there any sense of what that looks like and feels like yet?

**Anthony E. Scott**
*President, CEO & Director*

Yes, let me talk about our process to adoption. So, typically the challenge that we've had is getting a foot in the door to try to get somebody to try our product. It's often confused with other firewall technology and so on. So, historically we've had to spend a fair amount of time explaining how our technology is different from traditional firewalls and how we actually work really, really well with whatever firewall technology is out there.

And once we get past that and can get to a proof of concept or a proof of value situation where the customer can actually see in real life what our product does, it usually goes really well from there. In a typical POV or POC, we let our product run for a week or sometimes 10 days and we show the customer all of the things that Shield either blocked in the case of it being active or if it's in passive or observed mode, what we would have blocked had we been in enforced mode.

And as our CTO likes to say, when shown that data, the typical customer, their muscles tighten up and they get their eyes wide open and they're shocked by the things that are either leaking in through the firewall or in many cases call homes that are taking place from infected devices or infected technology inside their firewall that are calling out the command and control servers somewhere on the Internet.

And once we show that data, then it's just a conversation about generally speaking how many of these do I need and where do I place them in my network and so on. So we have a pretty high conversion rate once we get to that point. So I'm not worried at all about that aspect. I'm just -- at this point, we've got to make more noise in the marketplace, we've got to get more [ at bats ]. We need to have just greater awareness of what our capability is. And that's I think going to be our challenge.

As you probably know, cybersecurity technology companies spend billions and billions of dollars a year in advertising and billboards and trade shows and all the rest of it. And making a dent in that is a little bit hard for a little company like Intrusion at this point. So, our strategy is to use partners, use the channel, use managed service providers and others who can immediately see the value and act as force multipliers for us in the marketplace.

In terms of cash flow positive, I don't want to make any predictions at this particular point. I think it's all dependent on how quickly we can ramp revenue. I think you may have seen in the market, there's some pretty big companies that are cybersecurity companies

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that even at real high valuations aren't cash flow positive yet. And while I would love to join them in the high revenue space, I think it's all speculative at this point in terms of when and how we might get to that particular point. So, I don't want to make any predictions. We'll get there as quickly as we can is all I can tell you at this point.

**Operator**

Our next question is from Ed Woo with Ascendiant Capital.

**Edward Moon Woo**
*Ascendiant Capital Markets LLC, Research Division*

Yes, thank you for taking my question. I was saying the best advertisement you could get is massive data breach or massive hacking going on. There was a couple of big high profile ones out on the West Coast. You hear some of these big Las Vegas casinos, and there's rumors that they actually paid a significant amount of money. Have you seen a noticeable ratch in high profile hacking type events? And how does that impact your business when companies are getting these high profile hacks that are very public?

**Anthony E. Scott**
*President, CEO & Director*

Yes, I think it's a case, Ed, where, whenever there's a big fire, people start to pay a lot more attention to whether their smoke alarm is working effectively or not. And so we certainly get a lot more calls when there's publicity around a big event. And I can speak from experience in all the businesses I've been in. When 1 of your competitors is hacked, the first thing that your own Board asks is, hey, how are we different than those guys? And are we better protected? Everybody wants some reassurance that they're not going to be the next victim.

The reality today is that the bad guys are inventing and reinventing their technology all the time. And they're very nimble and they're very quick. And so, I can't foresee the day when there won't be hacks in the future. Our mission is to stay as best we can, 1 step ahead and protect as best we can. But I think you're going to continue to see these for the foreseeable future at least. And I think that bodes well for Intrusion because some of our work with our government customers lets us see the most advanced threats and the newest things that are being tried by the bad guys, and then we can build that into our commercial product, into Shield, and protect against those, you know, very quickly. So I think it all bodes well for us for the future.

**Edward Moon Woo**
*Ascendiant Capital Markets LLC, Research Division*

Great. Well, thanks for answering my questions, and I wish you guys good luck.

**Operator**

Our next question is from [ James Green ].

**Unknown Analyst**

I had a question about the mobile app and its development and when we'll see it leave beta.

**Anthony E. Scott**
*President, CEO & Director*

So, right now, we have iOS, Windows, and Android in development. The Android and Windows are feature-complete, and we're demoing with customers. We'll be doing constant upgrades to those products over time. So, we'll have to see how that goes with customers, but it's part of our broader vision for a much broader set of coverage in terms of covering all of the places that matter, whether it's in the data center, whether it's in the cloud, or whether it's in the endpoint. And so, I think you'll see further developments from us in all of those spaces over the next several engineering cycles.

**Unknown Analyst**

Will the Shield family of products eventually be rolling out where ordinary consumers will have access to it? I believe previously you had mentioned that you were focused on commercial interests, and I was wondering if the technology will reach regular consumer base eventually.

**Anthony E. Scott**
*President, CEO & Director*

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Well, right now, the Android is available for consumers, but it's not the full featured product that we have in our -- well, we have available today. It's not what's available in the Android store is not the same product. But I think our target market is still enterprise, small, medium business even. It's probably not the consumer market at the end of the day. That's just a different demand. It's a different selling model. It's a different cost model and really aimed at different needs at the end of the day. So, I currently don't see us getting into that space at the moment.

**Unknown Analyst**

Okay. And previously you had been talking about a plugin for integration with pfSense and Netgate, and I was wondering where you guys stood with that plugin development.

**Anthony E. Scott**
*President, CEO & Director*

Plugin work is done, and we're piloting with customers right now.

**Operator**

There are no further questions at this time. So I'll pass the conference back to the management team for any closing remarks.

**Anthony E. Scott**
*President, CEO & Director*

All right. Well, thank you, everyone. I want to say especially thank you to our investors who participated with us on the management team and our Board in investing in this latest round. As I mentioned, it's not a very pretty environment out there. And so, I really appreciate everyone stepping up and helping get us the runway we need to deliver in this exciting set of products that we've been developing. And I look forward to our next call with all of you. Appreciate the support and the time. And if we don't talk, have a happy holiday season, and we'll see you in the New Year.

**Operator**
That concludes today's conference call. Thank you for your participation. You may now disconnect your line.

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