

Energous Corporation

Second Quarter 2016 Earnings Call

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CORPORATE PARTICIPANTS

Stephen Rizzone - *President and Chief Executive Officer*

Brian Sereda - *Chief Financial Officer*

Laurie Berman - *Investor Relations*

PRESENTATION

Operator

Good afternoon and welcome to the Energous Second Quarter 2016 Earnings Call. All participants will be in listen-only mode. Should you need assistance, please signal our 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, to withdraw your question, please press "*" then "2." Please also note that this event is being recorded.

I would now like to turn the conference over to Laurie Berman. Please go ahead.

Laurie Berman

Thank you, Andrea and hello everybody. I am Laurie Berman, Investor Relations for Energous. Joining me on today's call are Stephen Rizzone, President and CEO, and Brian Sereda, CFO. After comments by Steve and Brian, we will open the call to your questions.

Before we begin, I would like to remind everyone that during today's call the company will make forward-looking statements. These statements, whether in prepared remarks or during the Q&A session, are subject to inherent risks and uncertainties, these risks and uncertainties are detailed in the company's filings with the Securities and Exchange Commission. Except as otherwise required by Federal Securities Laws, Energous disclaims any obligation or undertaking to publicly release updates or revisions to forward-looking statements contained herein or elsewhere to reflect changes and expectations with regards to those events, conditions and circumstances.

Also, please note that during this call the company will be discussing non-GAAP financial measures as defined by SEC Regulation G. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are included in today's press release, which is posted on the company's website.

Now, I would like to turn the call over to Steve Rizzone. Go ahead, Steve.

Stephen Rizzone

Thank you, Laurie. I would like to welcome everyone to the Energous Second Quarter 2016 Update call. As Laurie said, joining me today is Brian Sereda, our Chief Financial Officer. I will begin the call with some brief remarks on the \$20 million private placement we just announced, followed by a review of the significant milestone achievements and progress the company has made since our last update. I will then turn the call over to Brian, who will review the financial results for the second quarter. Following Brian, I will close with an update on the corporate goals the management team set for the year and then we will open the session to questions.

As you are aware, today we announced a private placement of \$20 million from Malcolm Fairbairn and the principal of Ascend Capital LLC. Ascend is a multibillion dollar hedge fund based in California. Malcolm and Ascend invested in Energous at its founding stage and have been valued long-term investors. There are two important elements to discuss with respect to this investment. The first is the use of proceeds; we now have \$20 million of additional cash in the bank and expect to see cash coming in from licensees and strategic partners in the last half of the year in line with our earlier estimates of a range of the mid-seven figures.

As Brian will confirm in his remarks, last quarter appears to be the high point of our spending for the foreseeable future, due to the fact that during this period we completed the development and tape-out of five separate ASICs. As a result, we expect to see our working capital requirements decline for the second-half of the year. The additional cash infusion allows us to increase our engineering hiring plan for the year to support current and expected development requirements from both our strategic partner and new licensees, plus the additional cash insures us against potential macro events so that we have sufficient capital to operate and expand the company until we cross over in the cash flow capital breakeven territory.

The second consideration is the investor, receiving an investment of \$20 million from a \$3 billion hedge fund like Ascend is a strong validation point for Energous. Further, the stock issued in conjunction with the investment is in the hands of a supportive long-term investor. We are very pleased and fortunate that Ascend Capital has decided to make this investment and become a major shareholder in our company.

Moving on to the company's significant achievements in the second quarter, starting with our strategic partner; as we have noted in earlier call, our progress with this relationship is largely based on successful performance against strategic milestones. Consistent with the planned schedule, I am very pleased to report that since our last call, a number of very significant technological milestones have been delivered to our strategic partner for testing and validation. Once the testing and validation is complete which should be in the next 30 to 60 days, we expect to see additional engineering services revenue from this partner.

In summary, our relationship with our strategic partner continues to progress and while there is no guarantee that WattUp technology will be integrated into consumer devices from the strategic partner, the development against milestones leading to this objective remain on track.

Continuing progress with the milestones of our strategic partner are doubly important since they represent both the past very significant deployment of the WattUp technology, as well as continued acceleration of the overall commercialization effort of our mini, midsize and full-size transmitter technology.

Further, the development of the WattUp technology has matured to the point where Energous is now actively engaged with a broad spectrum of licensees across multiple markets. Since our last call, we have signed four new licensing agreements. Two of these agreements are for applications integrating our miniature WattUp transmitter design and receiver solutions.

The third agreement is for a midsize transmitter and integrated WattUp receiver, while the fourth is focused solely on our WattUp receivers paired with our full-size WattUp transmitters. It is also important to note that in parallel with the increase in size in our licensee base, Energous has also been able to expand the number of licensees paying for engineering services. We now have three different partners generating engineering services revenue.

On a side note, Energous retains the ownership of all IP developed by Energous engineering team in conjunction with these engineering services. As further evidence of the maturity of the WattUp technology and the unique charging solutions the technology offers, the expansion of our licensee base is occurring at a faster pace than original projections of one per month.

In addition to the four new licensing agreements, we have signed two new agreements to specifically develop proof of concept prototypes, or POCs, for two Tier 1 companies. One is a leading, computing and accessory OEM. The other is a leading wearable company. POCs are

a very productive form of engagement where potential licensees have decided to bypass any evaluation period and to proceed directly to integration of the WattUp technology with their consumer devices, thus accelerating the path to adoption.

Finally, we are supporting 15 other active evaluation agreements spanning the full spectrum of WattUp transmitter and receiver technology. As we reported in the last call, we are focusing our attention on 30 active licensing prospects. We are also in the process of hiring additional application support engineers to expand our customer service engineering team to support an additional 50 potential licensees that we have in queue.

The ever growing prospect funnel spans a broad range of commercial and industrial markets and applications. We are also reconfirming our projections that consumer products from our licensees of the Mini WattUp transmitter technology will be shipping late this year or early next year. The WattUp enabled midsize transmitter applications will be shipping in late 2017 and the full-size Wattup transmitters will be shipping in early 2018. While we expect continued expansion of both our licensee based and application served common to all WattUp integrations is the element of compatibility. Simply stated, all WattUp receivers will accept charging from all WattUp transmitters. This is a key technological advantage and the core enabler of our build-out of the WattUp wire free ecosystem.

As established semiconductor company, Energous continues to evolve and advance its technology. Energous now has a complete chipset that will be ready for mass production this quarter. The WattUp chipsets are already being sampled by multiple licensing partners. Based on this progress, we expect to see our first order for chipsets from partners in the final stages of integration late third quarter, early fourth quarter of this year.

While great progress has been made, the Energous management team strongly believes that the key to our continued market leadership is ongoing and increasing investment in advanced development and innovation. As part of this core focus for the company, last quarter the Energous development team completed the design and fabrication of the next generation of ICs with features like efficiencies of greater than 80%, small form-factor and a highly integrated bill of materials resulting in both better price performance and better margin performance.

In less than two-and-a-half years since the company launched, we now have our first-generation of silicon chipsets in the final stages of qualification in anticipation to mass quantity shipments this year and a second generation of advanced silicon that offer even better performance and functionality in the bring-up stage in the Energous lab.

Going forward, we will refer to these developments as Gen 1, which will be integrated into our first licensing product cycle and Gen 2, which will be available to licensees as qualified chipset in late 2017. With all of our silicon development, the original building blocks or architecture has been retained, so that all of the chip sets are used for all three transmitter reference design.

Of course, commercialization of wire-free charging technology involves both the development of the technology and the build-out of the partner base as well as regulatory approval. As we previously released in the press, Energous has received regulatory approval for its Mini WattUp transmitter design, clearing the way for integration and shipment of this version of the Gen 1 WattUp technology to consumers late this year, early next year.

We also continue to make progress on the next phase of regulatory approval, involving our Midsize WattUp transmitter design. As previously stated, Energous has specifically developed

the WattUp technology in such a manner to meet all current regulatory rules for RF exposure as well as all other rules to allow these devices to receive regulatory approval. While there can be no guarantee of approval, we believe the strategy we have implemented provides a viable path to regulatory approval for power at a distance.

With respect to our intellectual property portfolio, Energous views the development of a strong IP portfolio as a value-creation asset as well as a barrier to competition. To this end, our allowed and issued patents, now number 16, with over 250 additional filings in various stages of review by the US Patent and Trademark Office. We expect this number to increase in the coming months, as a large number of filings are approaching their two-year filing date anniversary.

As the company continues to mature and remain on a full path to commercialization and meaningful revenues, we are reconfirming our previous forecast of operating at monthly cash-flow breakeven run rate in the latter part of 2017. Generating revenue remains a key focus and objective for the company, and we look forward to measuring our progress and discussing on these calls, both the company's technological advancements and partner development as well as revenue progress and profitability.

Finally, during the last quarter, Energous continued to expand its world-class team of employees. We are now up to 60 full-time employees, 50 of which are focused on engineering or engineering-related services. We will continue this expansion at a controlled pace in order to meet the growing requirements associated with an increased number of licensees with the goal of exiting 2016 with approximately 75 employees.

In summary, Energous is executing across all functional departments at an aggressive pace, as evidenced by a \$20 million investment from a Tier 1 hedge fund, production-ready chipset in less than 2.5 years after our IPO, milestone progress with our strategic partner, five licensing agreements covering the full spectrum of the WattUp technology product releases, two additional proof-of-concept agreements with Tier 1 consumer electronics companies, engineering service revenue consistent with our forecast for the year, and our first silicon and royalty revenues coming in before the end of the year. Our vision of a WattUp-enabled ecosystem spanning a broad spectrum of devices, markets, and technologies remains on track.

I will now turn the call over to Brian for comments on the company's financial results for Q2. Brian?

Brian Sereda

Thank you, Steve. As you saw at the close of market today, we issued a press release announcing our operating and financial results for our fiscal 2016 second quarter, ended June 30. In the quarter, we recognized engineering services revenue of approximately \$182,000, compared with a \$136,000 in the first quarter of this year and \$225,000 in last year's second quarter.

Although we now have two additional milestone-based engineering services agreements that we expect to generate future engineering services revenue, Q2's revenue was derived solely from our current Tier 1 partner. When looking at our revenue generation, it's important to keep in mind the complexity and timing of changing deliverables and resulting impact on revenue recognition accounting. As such, we expect revenues will continue to be uneven over the next few quarters as the company continues to engage multiple customers each with unique applications and integration requirements.

Second quarter GAAP operating expenses totaled \$10.5 million, a decrease of approximately \$0.5 million over Q1, driven primarily by lower stock compensation expense in the quarter. Year over year, GAAP operating expense increased by \$4.1 million. The majority of this increase, or approximately \$3.7 million, was driven by expenditures for chip development work and increasing related headcount. As we have discussed, we anticipated heavier expenditures in the first half of this fiscal year, mainly related to third-party chip development activity. I'll provide some additional color around this in a moment.

Our operating loss of \$10.3 million for the quarter was also lower by \$500,000 compared with our first quarter loss of \$10.8 million. Taking into account negligible other income and expense, our GAAP net loss for the second quarter was essentially the same as our operating loss, or \$10.3 million. On a per share basis, our Q2 net loss was \$0.62 on approximately \$16.7 million weighted average shares outstanding. This compares with the \$0.66 loss and \$0.48 loss in Q1 of this year and Q2 of last year, respectively.

I'd like to now review our non-GAAP results, as we believe adjusted or non-GAAP EBITDA provides a usual tools for investors, especially when used in conjunction with GAAP information. Excluding approximately \$1.6 million of stock-based compensation and depreciation, on a non-GAAP basis the adjusted EBITDA loss for the first quarter was \$8.5 million versus \$8.7 million in the first quarter and \$4.8 million in the second quarter of last year, all on a similar non-GAAP basis.

As I mentioned earlier, we anticipated heavier expenditures in the first and second quarters, again mainly as a result of third-party chip development expenditures impacting our engineering spend. As we complete our production designs and transition our focus to qualification and fulfillment, we do not anticipate maintaining the spending run rate has worked against the shift to internal engineering teams that we have been building up over the last several quarters.

Breaking this down further, on a non-GAAP basis, year-over-year engineering expense for Q2 rose by approximately \$3.7 million but was flat with Q1. The driver for the year over year variance was primarily, again driven by increased headcount and external chip design cost that I just spoke about. As we are mainly an engineering focused company, our non-GAAP spending on sales, marketing, and G&A was essentially flat to last quarter and up only approximately \$200,000 when compared to Q2 of last year. We ended the quarter with a headcount of 60, with the majority involved directly in engineering related activities, and we continue to hire selectively in the areas of core engineering and customer support engineering.

Now, reviewing our balance sheet, we ended June with \$14.2 million in cash and cash equivalents an expected decrease of approximately \$9.5 million over the first quarter, as a result of expenditures to complete various chip designs that were launched late in 2015 with third-party design firms. We expect this activity to subside in the second-half of this fiscal year.

As I mentioned before, our goal of continuing to transition this work in-house to the world-class engineering teams we built up over the last several quarters should allow our expenditures to drop off significantly from the first-half expenditures on external design services.

Last, the \$20 million private placement investment we announced today from Ascend Capital and that Steve spoke about in detail earlier, will further shield our runway from an increasingly unpredictable macroeconomic environment in global capital markets. Given the significant progress we've made to date, we are comfortable reiterating our forecast of increasing revenues

in the second-half of this year and into 2017, which will generate cash to carry us through to our cash-flow breakeven forecast in late third quarter 2017.

I'll now turn the call back to Steve for his closing remarks.

Stephen Rizzone

Thank you, Brian. Before we turn the call over to the operator for questions, I would like to update our investors on the progress of the company as it relates to the primary goals we have set for this year. At the beginning of the year, Energous management team laid out six strategic goals for 2016 that we felt were critical to maintain our leadership position in true wire-free power and accelerate our path to meaningful revenue. I would like to update you on the progress against each of these goals.

Goal number one is to have WattUp-enabled consumer products shipping late 2016, early 2017. We remain on target to achieve this goal. Counting the new licensing and proof-of-concept agreements, we have seven partners actively engaged in various stages of WattUp integration efforts. Couple this level of activity with the fact that our full chipset will be qualified for mass production this quarter, we believe this goal remains on track.

Goal number two is to have multiple licensees displaying WattUp-enabled consumer product in their respective booths at the 2017 CES show. As we have stated, the pace of expanding our licensing partners remains brisk, as do the integration efforts associated with these partner agreements. While we do not yet have clear visibility as to how many partners will actually have fully integrated WattUp consumer products to display, we believe we will be very well represented at the show.

Goal number three is to obtain the required regulatory approvals for our WattUp implementation. As noted earlier, we received the regulatory approval for our Mini WattUp transmitter design, clearing the way for shipments of the first WattUp integrated consumer product late this year, early next year. We are also actively engaged with the appropriate regulatory agencies to obtain the necessary approvals for the next scheduled release of the WattUp transmitter technology, our midsize WattUp transmitter design. We remain optimistic that we have the necessary approvals in time, to meet the currently scheduled first release of the midsize WattUp transmitters in late Q3 2017.

Goal number four is to successfully transition from a development company to a fabless semiconductor company. This goal will be met as our chipsets will be ready for mass production this quarter. Further, we currently have multiple licensing partners actually sampling our chips on their own test boards and we expect to receive our first orders for chips in the next few months, certainly before the end of the year.

Goal number five is to maintain our current momentum with our top-tier strategic partner, while expanding our licensee base. As we announced, we delivered a number of very important milestones for our strategic partner and they are currently undergoing test and validation. There are additional key milestones that are scheduled to be delivered before the end of the year. We are currently on plan to deliver against these milestones, but they are very complex and difficult development effort that may extend into next year. We will be able to provide better updates on these milestones as part of the November conference call.

Goal number six is to maintain adequate financial controls, liquidity and runway to meet our objectives and the demand for our technology. The company remains on target with respect to

the financial element of its current annual operating plan. However, as a result of the Ascend investment and continued confidence in revenues forecasted, we will be altering our AOP to reflect increased engineering hiring to accommodate the significant number of licensees waiting in queue to begin active integrations of the WattUp technology.

In summary, Energous continues to execute at a very high level and is on track to meet all the aggressive goals we have laid out for the company in 2016.

Operator, we will now take questions.

QUESTION AND ANSWER

Operator

We will now begin the question and answer session. To ask a question you may press "*" then "1" at this time on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys, to withdraw your question you will press "*" then "2." At this time, we will pause momentarily to assemble our roster.

Our first question comes from William Gibson of Roth Capital Partners. Please go ahead.

William Gibson

You expect your share count to be when you exit the third quarter?

Stephen Rizzone

Brian, could you answer?

Brian Sereda

Sure. Bill, we are expecting about 18.6 million, 18.7 million.

William Gibson

Okay, good. And then, in terms of the revenue expectations' mid-seven figure, is it possible that essentially you've gotten the revenue, but it isn't booked for GAAP purposes?

Stephen Rizzone

No, we...

Go ahead, Brian, I'm sorry.

Brian Sereda

Go ahead. No, Bill, on our balance sheet we have a small balance of deferred revenue. We expect the activity level based on with the way our engineering services, deliverables is lining up with our customers to take place in the third and fourth quarter.

William Gibson

Okay and then just one last little question. I know you are focused on 30 companies for the next licensing, but did I hear you say that 15 are already in evaluation, Steve?

Stephen Rizzone

Yes, we have. As I mentioned, we have active engagements with licensees. We are doing two proof-of-concepts as well as working aggressively with 15 other prospective licensees in various stages of evaluation of the technology.

William Gibson

Okay, good. Thank you.

Operator

Our next question comes from Jon Hickman of Ladenburg Thalmann. Please go ahead.

Jon Hickman

Hi, can I ask you to elaborate a little bit on the R&D expenses? You stated that your external costs are going to go down but your internal engineering hires you are going to increase headcount. So if you add those two together, is this quarter, that June quarter still the peak for R&D expenditures?

Brian Sereda

Yes, Steve, I'll take this. Yes, Jon, as we talked the third-party design services will peak in Q2 and we expect those cost to tail-off. However, we're not adding headcount at that same rate. It's very expensive to utilize third-parties in design work. And the selective headcounts that we are adding, will increase our spend rate over same period last year, for example, but not to the level that we've been spending on third-party services.

Jon Hickman

Okay. And then to Bill's question, can you just clarify the mid-seven figure revenues? That's over the next two quarters, right?

Brian Sereda

Correct, by the...

Jon Hickman

The remainder of this year, yes, okay. Thank you, that's all I have.

Operator

Again if you have a question, please press "*" then "1".

Our next question comes from Charles Gonzalez of Newbridge Securities. Please go ahead.

Charles Gonzalez

Yes, hello. Can you hear me?

Stephen Rizzone

Hello, Charles. Yes, we can hear you.

Charles Gonzalez

I apologize. Okay, I had it on mute there. I've been looking and I can't seem to find, and I came in late on the call, what were the terms on the \$20 million? Could you give me little clarity on that?

Stephen Rizzone

So the filing will come out tomorrow. It's a \$20 million investment. The price is equivalent to the rolling 21-day average of our stock price or \$12.36 per share. There is a 100% warrant coverage associated with it. And the warrants are priced at a premium of \$23 apiece and have a 5-year term to them.

Charles Gonzalez

Okay. That's all I needed. I just want to congratulate you guys on everything. I think this is a great deal, this \$20 million raise. I've just been waiting on the sidelines, because I knew you guys needed some capital. And I think it's awesome and I just want to congratulate on the quarter. Thank you.

Stephen Rizzone

Thank you. We are very pleased with the investment also because as we said, this goes into the hands of a very committed and long-term shareholder. And so, not only is it I think is beneficial from a capital infusion perspective, but it's also in the right hands from an investment perspective. And Ascend is a very, very credible top-tier hedge fund.

Charles Gonzalez

No, and the fact is that's exactly what I was thinking as well. I'm the maniac that called you guys when I spoke to your IR department when the stock was getting pummeled and I'm the maniac that started screaming, all excited or what from the call that you guys have put out. So there has been a lot of progress since that \$4 level. And again, I want to congratulate you guys on a great quarter.

Stephen Rizzone

Thank you.

Brian Sereda

Thank you.

Charles Gonzalez

Bye-bye.

Operator

And next question comes from Scott Reed of Vict10n Capital Strategies. Please go ahead.

Scott Reed

Hi there, guys.

Stephen Rizzone

Hello.

Scott Reed

So just real quick, on the use of proceeds, it sounds like you are going to have a little bit more capacity to bring on some more development partners. Now, in the past you had specified that your earlier partners would be the companies that you thought you could convert to more near-term revenue. Is that the case with the newer partners as well, the additional partners you are going to bring on?

Stephen Rizzone

No, as I mentioned earlier, in particular the proof-of-concept agreements that we put in place are an excellent example. These are both from what you would call top-tier consumer electronics companies, very top-tier consumer electronics companies, and as such, their product horizons and their product cycles extend out to a degree from the smaller partners that we are working with in order to get the products out as quickly as possible.

The benefit of course is that the releases, the number of SKUs, the magnitude of the chip sales and the royalties is also substantially higher. And so, what we will look to do is, as I said, will be to expand our application engineering team so that we can now focus on a broader set of strategic partners and licensees simultaneously, and I will make one comment. Our potential licensees have remained very, very patient. We made it clear to them that we will not engage until we are in a position to support and to assist them with their integration efforts, but we have not lost anybody; we have not had anybody that defer their interest.

On the contrary, we had to line them up and prioritize them, and the expansion of our licensee base is only gated by our ability to identify and hire application engineers and expand our ability to support these opportunities.

Scott Reed

Okay. Well, that's a good problem to have and sounds like you now have the capital to allow you to execute, so that's great. One follow-up question to that, it does sound like in the past you have guided to cash-flow breakeven towards the end of 2017, I think maybe third quarter. And just wanted to see with this additional investment and the additional potential partners, it doesn't sound like you are adjusting that just yet, but do you think there might be some upside, once we get three months, six months down the road from here?

Stephen Rizzone

Well, I think it's appropriate for us to maintain that forecast. Again, we have both the tactical view of our strategic partners in terms of getting out our technology as quickly as possible as we can to the consumer. At the same time, we have a more strategic view. We want to target the top two or three market leaders in each of the markets that we are looking to penetrate. And with all market leaders, with all large companies, they just take more time. And so, I think it makes sense for us to continue to hold on to that forecast, but it does look very realistic in terms of meeting that goal.

Scott Reed

Sounds good, thanks a lot guys.

Operator

Our next question comes from Peter Ruggiere from Dawson James. Please go ahead.

Peter Ruggiere

I have a couple of questions for you guys, your wireless charging can go 15 feet, correct?

Stephen Rizzone

Our full-featured transmitter reference design has the ability to go that far, that's correct.

Peter Ruggiere

Have you planned on maybe like teaming up with somebody else that might have conductive charging also to make the best of both worlds or...?

Stephen Rizzone

Well, I think that as you may be aware, we actually provide and will be shipping a, what we call, a near field or contact based transmitter design as our first iteration of the technology. And so, we've divided up the development effort into three distinct efforts that all have or all maintain the common core technology, but they are distinct efforts. The first release is for our Mini WattUp

transmitter which is contact based and will be out by the end of this year, the beginning of next year. The second release is what we are calling our midsize or another way to look at it is the desktop or automotive transmitter release, which has the ability to send power to multiple devices out about three feet.

And then, the third is the full-size transmitter that we expect to see in early 2018 that sends again to multiple devices out to 15 or 20 feet depending on the application. What's important and what's key, and what all of our technology partners have bought into is the fact that all three reference designs, all three transmitter designs can transmit power. And all of our WattUp-enabled receiving devices can receive power from any of the transmitter iteration. And so, it is a part of our vision of building out a total and complete ecosystem with contact-based desktop or midsize-based and full-featured or full-size transmitters that extend all the way from the contact-based desktop to 15 to 20 feet from the transmitter.

Peter Ruggiere

What's the maximum watts you can transmit, in FCC says, isn't it like 5.8 watts or...?

Stephen Rizzone

All of our elements, as it relates to our FCC approvals, are really part of our proprietary, and trade-secret information right now. As I mentioned earlier, we have had significant and ongoing contacts with the regulatory services. Our key strategic partner is very well grounded in the regulatory requirements, and as a result combined with our key strategic partner; we developed a strategy that will allow us to gain approval for all three of our transmitter reference designs.

We have gotten one, we are in the process of gaining the second, and then we'll go on to the third. And ultimately, once they are released their power, if you will, will be largely dependent on applications, on distances, on requirements of the technology. And so, what we are capable of, and what may be released occupies a very broad spectrum of possibilities.

Peter Ruggiere

That's great. Thank you.

Operator

This concludes our question and answer session. I would like to turn the conference back over to Steve Rizzone for any closing remarks.

CONCLUSION

Stephen Rizzone

Well, I want to thank you all for your continued support of our company, and I do have one final comment that I would like to make for our investors and potential investors. Consumerism in general sense continues to demand more power. Consumption habits are clearly more online with a high and increasing percentage being mobile. This points to the need for a fundamental shift in the way consumers charge their mobile devices. Improvements in battery technology are not going to solve the problem. A proliferation of charging mats is not going to solve the problem. Harvesting and recycling microwatts of energy is not going to solve the problem by a long shot.

The only solution, the only solution to the continuing and expanding need for power is a fundamental paradigm shift resulting in the build-out of a true wire free charging ecosystem. Assuming Energo continues to execute, and we will, Energo will be at the epicenter of this

paradigm shift. I want to thank you again for your attention today, and we look forward to reporting our continued progress at our next call in November. Thank you very much.

Operator

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