Energous Corporation

Q1 2018 Financial Results Conference Call

Tuesday, May 1, 2018, 4:30 PM Eastern

CORPORATE PARTICIPANTS

Steve Rizzone - *Chief Executive Officer and President*

Brian Sereda - *Chief Financial Office*

Mike Bishop - *Investor Relations*

PRESENTATION

Operator
Good day and welcome to the Energous Corporation First Quarter 2018 Financial Results Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key, followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*", then "1" on your telephone keypad, to withdraw your question, please press "*", then "2." Please note this event is being recorded.

I would now like to turn the conference over to Mike Bishop, Investor Relations. Please go ahead.

Mike Bishop
Thank you, Andrew, and welcome, everybody. 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 that 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 the 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, Energous 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, CEO of Energous. Please go ahead, Steve.

Stephen Rizzone
Thank you, Mike, and good afternoon. Welcome to the Energous first quarter conference call and update.

As usual, with me today is Brian Sereda, our Chief Financial Officer. I will begin the call commenting on the considerable progress Energous made in the first quarter, moving then to some comments on the company's financial results, before turning the call over to Brian for the details. I will close with a perspective on the outlook for the balance of 2018 and the goals we expect to accomplish this year before opening the session up for questions.

Executing on our top-tier customer opportunities is our first priority at Energous, as these customers represent the key to a significant ramp in revenue and the ultimate crossover into profitability. The common thread across all of these customers is the global nature of their business. To be considered a top-tier player, you must have a worldwide presence. In order to support these customers and pave the way for global launches of WattUp-enabled consumer products, international regulatory certifications are key milestones that must be achieved.

I'm very pleased to announce that in the last few days, our regulatory team leveraging off the recently announced FCC certification of our Near Field Wireless Charging Technology has received notice of regulatory approval of the same Wireless Charging technology from the

European Union, Australia, Belize, Colombia, New Zealand, Uruguay, and Venezuela. These approvals, along with the recent FCC approval, represent a total of 38 countries in five regions that have now certified the Energous Near Field Wireless Charging Transmitter and Receiver technology for consumer use.

The combination of the European Union certification with our FCC certification is especially important to our worldwide launch as it gives Energous tremendous momentum and a very strong precedent to leverage as we now expand our regulatory focus to Asia and the rest of the world.

Beyond the immediate benefit of paving the way for global launches of WattUp-enabled Near Field products, these certifications also play a key role in our strategy to obtain global approvals for WattUp power-at-a-distance technology.

As we engage with regulatory agencies around the world in conjunction with Near Field, we're simultaneously working with these agencies to define and accelerate using the FCC distance certification we received last December as a precedent, the path to approval of WattUp power-at-a-distance technology under the existing rules and regulations of the respective agencies.

In the coming months, we expect to announce additional international certifications for our Near Field technology as well as announcements of international certification for our charging-at-a-distance technology towards the end of this year.

To further report on our first quarter progress, Energous continues to work with two top 10 consumer electronics companies on specific product developments and have made significant technical advancements and commercialization progress with both companies in the quarter.

We are seeing increasing opportunities scope and accelerated development for both Near Field and at-distance charging across a wide variety of applications. We have also sampled our CMOS, GaAs and GaN chip solutions to these partners as each of these chips provide specific advantages for select product applications.

Our current view is that at least one of these companies will place purchase orders for meaningful quantities of chipsets before the end of the year in anticipation of global product launches to the consumer in the first half of 2019. We may also see a ramp in engineering services revenue depending on what level of additional integration development Energous will be assigned as we continue to move the relationship forward.

Beyond our two top-tier consumer electronic partners, we can report substantial progress in three targeted verticals: hearing aids, hearables, and wearables. To-date, we have shipped chipsets for revenue to two customers in these verticals. We've also shipped chipsets samples and evaluation kits to 10 top-tier companies in these verticals. And our application engineers are actively supporting internal engineering teams as they assume the lead efforts in integrating the WattUp technology into consumer products.

WattUp represents a game-changing solution to many of the hassles, battery replacement or cord-based charging solution presents for products in these verticals. The 10 customer engagement represents the lion share of the total available market for these verticals, which translates into opportunities for WattUp chipsets in the tens of millions of devices. Thanks largely to the strength of the WattUp technology and the valuable support of Dialog from a supply chain and a sales perspective, we are seeing a new dynamic in many of our customer product cycles.

An example of this is with one of the top five hearing aid manufacturers in the world. Initially, the product development and integration focus was on a single in-the-ear application. This application was launched because the customer was acutely aware of the advantages of wireless power versus the current battery replacement solution. But heretofore the state of the older wireless charging technologies were not capable of supporting the application. The Energous WattUp solution is the only technology that has been able to reduce footprint, while maintaining efficiency to be able to meet the demands of small in-the-ear hearing aids.

Once the initial engagement was launched, the response to the capabilities and scalability of the WattUp technology was so strong that the engagement has now been expanded to include behind-the-ear applications. We are seeing similar expansions at multiple customers across all three verticals, as the WattUp technology establishes a foothold in these accounts, the advantages and scalability of the WattUp technology is demonstrated, which in turn is motivating the product decision-makers to add more SKUs to the WattUp integration cycles.

Let me give you some additional updates on our customer pipeline. Energous is unique among all wireless charging companies in its ability to deliver charging solutions to a broad set of applications from contact to at-distance charging. While the opportunity in contact-based charging is sufficient in and of itself to reach self-sustaining run rates for Energous, I am going to repeat that, while the opportunity in contact-based charging is sufficient in and of itself to reach self sustaining run rates for Energous, we fully appreciate the fact that distance charging represents the game changer, the real differentiator for Wireless Charging 2.0.

To this end, I can report that we have multiple customers in varying stages of product development for each transmitter segment, specifically contact based or Near Field transmitters, Mid Field or desktop power transmission ranges from six inches to three feet, as well as, Far Field applications capable of spanning large square foot areas and sending power out 15 feet or greater.

Another dynamic we are seeing in our customer and prospect base is the accelerated movement away from the first generation coil-based technology as they look to the advantages of WattUp RF-based charging. While coil based charging technology has a substantial footprint in today's consumer electronic industry, albeit almost exclusively in smartphones, virtually every company in our continually expanding customer funnel, either has or has considered the implementation of a charge...coil-based charging solution. Problems with foreign object detection, the lack of position independence, large footprint, and cost disadvantages once you go to a multi-coil solution are the primary drivers behind these decisions to move to RF-based WattUp technology.

Our goal is to maintain market leadership and to continue define…to define and direct the vision of Wireless Charging 2.0. The strength of our core technology, our broad product spectrum, and scalability, our regulatory expertise, strategic partners, customer momentum, and financial strength, as well as, our intellectual property portfolio are keys to maintaining this market leadership.

We intend to use our continually expanding patent portfolio to enact barriers to anyone trying to displace our leadership position. Since our last call, our IP portfolio has expanded from 125 to 135 granted and allowed patents with more than 120 additional filings in various stages of review and approval. The core value of this portfolio to the company cannot be overstated, as even top-tier consumer electronics companies are starting to cite or reference Energous' patents in their own filings, acknowledging our IP leadership positions.

Companies like Energous, public or private, who are pioneering a new technology and developing entirely new markets, are few and far between. Our goal has always and will continue to be to fundamentally change a well entrenched paradigm. How people charge their battery-powered devices. We are in this for the long term. We view ourselves as trailblazers with a unique opportunity that is compelling for the fact that the applications for WattUp technology are almost limitless.

Having said this, like any other company taking on a challenge of this magnitude, the environment we operate in is very fluid. Things change, oftentimes very quickly. This is an important consideration when commenting on our revenue results for the first quarter. As many of you are aware, multiple companies demonstrated WattUp-enabled products at CES this year. These announcements lead us to believe that we would have WattUp-enabled products shipping to the consumer in the first quarter. While a few of these product launches were delayed compared to our expectations, we continue to work with these customers and expect WattUp-enabled Near Field products coming to the market in the coming months.

A key point is that, while we have experienced unexpected delays with some of our earlier adopters, we have continued forward momentum with these opportunities. Nothing has gone off the table, and we expect to see first product releases to the consumer from multiple customers in the months ahead. This can also be said of the revenue expectations for engineering services.

We expected that engineering services revenue attached to certain milestones with certain customers would be ramping in our first quarter. However, some of these milestones and the delivery dates changed, as did the revenues associated with them. The good news is that we did achieve certain milestones, which generated an engineering service payment and our engagements with multiple top-tier consumer electronics companies continues to deepen and move forward.

To summarize Q1 revenues: our top line was less than we anticipated, primarily due to events outside our control and not atypical for any company in the early stages of commercial deployments. Irrespective of the delays, Energous is operating at full capacity in terms of customer engagements and the only constraint we have is the amount of engineering resources available to support the continually expanding number of customers and products that are interested in integrating the WattUp technology.

So what does the revenue picture look like? With each passing day, our forward-looking view is becoming clearer as we get further down the line with both our early adopters and our top-tier opportunities. Things are gelling, which will result in improved consistency for our outlook as we continue to speed forward. Moreover, Energous continues to execute on our two pronged go-to-market strategy. One path is focused on a select few early adopters who are important but have minimal revenue impact.

Our current view is that we will begin to ship chips to a small number of these early adopters in the second and third quarters, resulting in modest quarter-over-quarter revenue growth. We expect to see the same trend with engineering services as we continue to execute with our top-tier partners and complete project milestones.

In parallel, the majority of our resources are concentrated on a second path, focused on the aforementioned opportunities at top-tier, households-named companies with predictable but elongated product cycles, involving multiple SKUs, offering significant revenue potential. It is our expectation that we will see the first orders for significant quantities of chipsets in the fourth quarter.

Finally, we expect 2019 to be our inflection year where we potentially derive the benefit of full-year chip volume from initial customers, coupled with the opportunity for chip sales from our top-tier customers as well as continued expansion of our customer base. Our current forecast have us achieving self-sustaining revenues levels early in 2019.

In summary, our progress is clear. Our position is unique in terms of being the established leader of Wireless Charging 2.0. In addition, our view of revenues from the sale of chipsets in sufficient quantities to drive predictable, profitable financial results continues to crystallize at an accelerated pace, based on Energous expanding product portfolio and maturing customer relationships. The goal of cash flow breakeven is in sight.

Finally, all of the pieces necessary to build a relevant and valuable company that brings to life the vision of a global WattUp-enabled ecosystem are in place. It is all about execution. And the entire Energous team is confident we can and will execute.

Brian, I will now turn the call over to you for comments on our first quarter financial performance.

Brian Sereda
Thanks, Steve. As you saw at the close of market today, we issued a press release announcing our operating and financial results for the first quarter of fiscal 2018 ended March 31st. As Steve highlighted, in the first quarter we generated a total of $25,000 of revenue from engineering services. This compares to $29,575 of engineering services revenue in the previous quarter and Q1 of last year respectively.

We also shipped quantities of chips to a customer through Dialog in Q1 and earlier this quarter…in earlier this quarter Q2 in support of preproduction product runs for an anticipated production ramp later this year. We do expect chip shipments to grow as we progress through fiscal 2018 with potentially larger shipments beginning in the third quarter, growing in volume in the fourth quarter. As a quick note, we will recognize revenue on production orders placed once Dialog ships the chipsets.

Our engineering services revenue number of $25,000 in the first quarter belies the amount of effort expended and innovation delivered to our Tier 1 customer. We also expect engineering services revenue to continue as we advance through 2018, and potentially increase quarter-over-quarter beginning in Q2. The depth of our overall customer opportunities has only increased over the last several quarters, along with the corresponding level of engineering development required to bring these customers to market.

Now, regarding expenses, starting with GAAP numbers in the first quarter. Total GAAP expense for Q1 was approximately $13.5 million, an increase of $2.2 million compared to $11.3 million in Q4 of last year, and an increase of $0.4 million when compared to $13.1 million in Q1 of last year. Almost 60%, or $1.3 million of the increase in GAAP expense compared to the prior fourth quarter is related to stock compensation, which totaled $4.6 million for the quarter.

The balance of the quarterly increase in expense is an additional $0.1 million of engineering expense and $0.8 million increase in SG&A with increased travel, legal, audit, and yearend public company cost accounting for the bulk of the increase over the prior quarter. The year-over-year increase in GAAP spending can also be attributed to a $1.1 million increase in stock compensation offset by savings mainly in chip development, excluding…in chip development excluding stock compensation, engineering expenses compared to the same period last year, declined by $0.9 million on a GAAP basis with SG&A increasing by a net of approximately $0.3 million.

Dropping to our bottom line, our net loss for the first quarter on a GAAP basis was $13.4 million, equal to $0.55 per share on 24.5 million weighted-average shares outstanding. This compares to $11.2 million net loss in the prior quarter, equating to a $0.50 loss per share on 22.3 million shares and $12.5 million or $0.61 per share loss in Q1 of last year.

The increase in share count over the fourth quarter was a result of the at-the-money or at-the-market or ATM transaction completed in January of this year. The company sold 2.2 million shares at an average price of $18.01, netting $39 million of cash.

Now moving on to a non-GAAP discussion of our results for the quarter, as we believe adjusted or non-GAAP EBITDA provides a useful comparison for investors for a company at our stage, especially when used in conjunction with GAAP information.

Excluding $4.9 million of stock compensation and depreciation expense from the GAAP operating loss of $13.4 million in Q1, our adjusted EBITDA or non-GAAP operating loss was $8.5 million compared to a $7.6 million and an $8.6 million non-GAAP operating loss in the prior quarter and same period last year.

Breaking expenses down further, non-GAAP engineering expense increased by approximately $0.1 million compared to the prior quarter, reflecting higher regulatory and headcount-related expenses offset by lower chip-related costs. Compared to Q1 of last year, non-GAAP engineering spend declined by over $0.9 million with lower compensation costs and chip development costs accounting for the bulk of the year-over-year savings, despite larger investments in other areas such as regulatory.

As Steve and I have discussed on past calls, our development costs will fluctuate with our roadmap driven by market requirements and chip development cycles. Non-GAAP SG&A increased in Q1 to approximately $3.2 million compared with $2.3 million last quarter, and $2.8 million in Q1 of last year, with G&A expenses in Q1 increasing by $0.6 million from our prior quarter in areas such as legal and audit tied to seasonal public company year-end activities combined with approximately $0.2 million higher selling costs, with added travel and increased headcount in sales engineering as a result of our growing overseas customer base.

The year-over-year increase in total SG&A is almost…is also mainly due to year-over-year increases in selling and associated marketing expenses. Although total non-GAAP expenses increased in the quarter, we don't currently expect a significant increase in overall spending this year compared to the prior year.

Any material increase in our cost structure will be driven by opportunities presented to us by customers. There is always a possibility that one or more of our larger customers may expand the application of our technology into their product portfolios, representing significant opportunities for revenue in 2019 and beyond, requiring additional investments in engineering resources.

As I mentioned earlier, we completed an ATM in January adding $39 million of additional cash. We ended the quarter with approximately $44.9 million in cash and remain debt free. With a predictable operating model now driven by customer opportunities and commercialization, we remain confident in both our financial and regulatory outlook and look forward to reporting on our progress on many fronts and the anticipated release of WattUp next-generation enabled devices by our customers at our next earnings call.

Let me now turn it back to Steve for his closing comments.

Steve Rizzone
Thank you, Brian. Before turning the call over to the operator for questions, I would like to give our investors some perspectives on the milestones we expect to announce over the course of the year as signs of our continuing progress towards our goal of profitability and dynamic growth.

First, we expect to announce in the coming months a number of additional international regulatory certifications. The key to significant bottom-line growth are our top-tier customers who have a global presence. We must pave the way for these customers to efficiently obtain the necessary regulatory approvals for WattUp-enabled consumer devices to facilitate global launches of their products.

Second, we expect to see modest but increasing chipset shipments through the latter part of this year, when we expect to see significant increases in chip sales as our top-tier customers ramp for global product launches in 2019.

Third, we expect engineering services revenue will continue with the possibility of quarter-over-quarter increases as project milestones solidify. Given the revenue potential from our top-tier customers, the ramp of engineering services revenue is less critical than continued forward progress of the engagement.

Fourth, we will continue to operate a lean and highly efficient expense model enabled by our relationship with Dialog, which eliminates the need for Energous to build out global sales and operations functions.

Our current silicon roadmap will bring to market higher power and more efficient charging solutions based on CMOS, GaAS, and GaN technologies, as we take out the next generation of our ICs. With this said, our goal is to continue to expand our customer acquisition and execute on our silicon roadmap as we maintain our investments in innovation in all areas necessary to successfully commercialize the technology and maintain our leadership position in Wireless Charging 2.0.

We view 2018 as the year Energous gains traction in anticipation of it all coming together in 2019, when we believe there is an opportunity for significant recurring revenue. To us, traction equates to multiple applications of the full spectrum of WattUp technology spanning multiple vertical markets supported by an established supply chain to our partner Dialog, resulting in a dynamic, rapidly increasing predictable business and revenue growth model.

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" on your telephone keypad. If you are using a speakerphone, please pick-up your handset before pressing the keys. To withdraw you question, please press "*", then "2." At this time, we will pause momentarily to assemble our roster.

The first question comes from William Gibson of ROTH Capital Partners. Please go ahead.

William Gibson
Thank you. Steve, you mentioned at least in your release about the testing object detection in the charging capabilities. What's the timing of that hitting the market?

Steve Rizzone
So to clarify, I believe what you are talking about is foreign object detection.

William Gibson
Foreign object, yes.

Steve Rizzone
Is that correct?

William Gibson
Correct.

Steve Rizzone
Okay. So we mentioned foreign object detection because it is a very, very significant problem for the first generation coil-based technologies. As you may be aware, you are probably starting to hear a number of stories where if you place your coil-based enabled product on a coil transmitter and it's got a key attached to it or you drop a quarter on it, it will heat up. And so the ability or the inability of coil-based technologies to detect foreign objects is a real problem. Energous doesn't have that problem. Ours is an RF-based technology, and so we are not susceptible to the same types of foreign object issues that the coil-based technologies are. We understand and can detect our receivers only, it's a capability of the technology. And so, this is a very, very significant advantage for Energous and its inherent in our technology, it is part of all of our current product releases and it's part of all the releases associated with Near Field for which this is a major consideration. So that capability is a core part of our current technology.

William Gibson
And then one follow-up question, shipments to one of the tier 1 consumer products companies sounds like in the fourth quarter, will any of these products be on the market this year in time for Christmas or is that a next year phenomenon?

Steve Rizzone
Given our current view of the product cycles of these top tier companies which, of course, as you would expect are elongated, we believe that we will receive orders for meaningful quantities in the fourth quarter in anticipation of rollouts of WattUp-enabled products from top tier consumer electronics companies on a global basis in early 2019. I do not believe that any of

these top tier companies will be rolling out fully WattUp-enabled products in conjunction with the Black Friday release.

William Gibson
Okay, but in terms of revenue recognition, I assume Dialog will be shipping in the fourth quarter to these customers or at least that's the expectation?

Brian Sereda
Yes, it's a fairly straightforward revenue model, Bill. Once Dialog ships, we tally up the shipments, invoice Dialog, and collect cash in the following quarter, it's a royalty based back to us.

William Gibson
Okay, thank you.

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

The next question comes from FL Kirby of Morgan Stanley. Please go ahead.

FL Kirby
Hi, good afternoon, gentlemen. I have been on several of your calls with a great deal of optimism about what is going to occur. And the only reason I really have found to stay with the company is because of your connection with Dialog. One of my serious objections or problems is the fact that insiders there with all of this news anticipated, why are so many shares of Energous being sold by insiders?

Steve Rizzone
Well, thank you. I think that's a fair question. I think that we have seen shares by our…sales by our insiders. And I think we tried to address that issue. Every time we are awarded RSUs in conjunction with performance and by the way all of our RSUs are performance-based. That is a core cornerstone characteristic of the company and that equity is awarded based on performance. And when that equity is awarded, there are significant tax consequences. You have to pay the taxes on the stock award, at the time it's awarded and at the value that it is awarded.

And so, if you take a look at all of our filings, we try and make it very, very clear that all of these are basically sell-to-cover strategies, where we have…we're awarded stock, we sell enough stock to pay for the taxes, and then we hold the remainder of the stock to take advantage of long-term capital gains. And so, you never see an entire tranche of stock that was awarded simultaneously sold. Again, this is all the strategy to sell sufficient stock to cover taxes so that, again, we can buy and hold that stock on a long-term basis.

FL Kirby
Well, from the past maybe a year and a half that I have been watching the stock, following the company and following your commentary, it seems like we keep getting pushed back for revenue realization. But, to a previous question, is there a number that can be associated with revenue that you can kind of give us a hint with regards to year-end 2018?

Steve Rizzone
So, let me make two comments on that. The first is rather long. And then the second will address the number specifically. First of all, when you take a look at our past statements, it's absolutely necessary to keep in mind what we are trying to accomplish here and the environment in which we work.

As I said earlier, we have a huge vision. We are seeking to establish a global ecosystem that fundamentally changes a basic paradigm about how consumers charge their battery devices. Now, this vision is very, very complex, there's lots of elements to it, and it is unique. There is no roadmap out there. This is something that has never been done before. So you can't make direct comparisons with what we are doing and any other company. The closest parallel you can draw is Wi-Fi. And if you look at Wi-Fi, there was no single company that was at the heart of Wi-Fi like Energous is at the heart of Wireless Charging 2.0.

Now, having said this, as I said, this is very complex business. We have not only our go-to-market strategy of selling silicon, we also have antennas and enabling software and complex algorithms that are part of the system. We've got a global worldwide regulatory front. Then we have the issue of two product cycles, our product cycle, and then our customers' product cycles. And we can only control our product cycles. We cannot control our customer product cycles. As I mentioned earlier, in this environment, things change, and they change fairly rapidly. So, when we make these forecasts, what we are doing is that any given point in time, giving you the best view as to how we see things rolling out in the future at that point in time. With the understanding, as I said, that this is a very dynamic market.

Now, with that, it's important to note that we have gained a tremendous amount of experience. Our vision has been modified significantly since when we started this effort four years ago. We now know realistically what's capable to be established within the existing rules and regulations of the regulatory environment. We are understanding our customer product cycles, both our early adopters and our top-tier consumer electronic companies. We are gaining further understanding of the environments in which these products are going in and the features and functionality that are necessary to support them. We are also having a clear understanding of the competitive environment and how we work within that competitive environment and how we maintain our leadership position.

The point being that our view is crystallizing. Yes, there have been disconnects in the past. We believe that we have a much better view of the future going forward because of the reasons that I had stated. And we believe that our statements with respect to deliveries and accuracy as it relates to forecasts will become better as we continue to progress on our vision of building out the WattUp-enabled ecosystem.

As far as revenue itself, we are really not in a position to give detailed guidance. We think that would be a mistake. It's important for us to cross the barrier with significant customer shipments, understand how these shipments are going to be maintained, understand how it all works out with Dialog and revenue recognition, and also gain further understanding on customer forecasts. At that time, I think we will feel comfortable in giving detailed financial guidance. But, right now, we can't give you a number. It's just too early. I can say that our visibility is better. I can say with a great degree of certainty that we believe quarter-over-quarter our revenue will increase. We see significant revenue ramp in Q4. And we do see a crossover in the profitability and a sustained profitability in early 2019.

FL Kirby
Very good. Thank you.

Steve Rizzone
You're welcome.

Operator
Again, if you have a question, please press "*", then "1" on a touchtone phone. Just one moment please as we pause for questions.

The next question comes from Jim Schnieders of Schnieders Capital Management. Please go ahead.

Jim Schnieders
Hi, Steve, I just had one question for you and some more color on what you are just talking about. In terms of your customer funnel, and it seems like you guys have a lot of stuff going through regulatory process this year, which is kind of what Dialog said as well that you are not going to see a whole lot this year, we'll see a ramp next year and lot of the bigger OEMs are cross-testing products and they have to go through this regulatory cycle. So, my question is, can you give us a little more color on when you start to seeing more people in your customer funnel get approval for these different regulations, are those…are you going to give us updates on the call or we will see press releases issued or we see press releases issued from some of your customer funnels. Can you just give us some more color on how that rolls out?

Steve Rizzone
Yes. So, when we are talking about regulatory approvals, I think there are two elements to it. First is that our strategy is for Energous to do the first approval. Basically, we are blazing a trail on both the Near Field and power-at-a-distance strategy that will provide the initial precedent for regulatory approval of follow-on products in each jurisdiction or within each country, keeping in mind that every product that is shipped has to go through its own regulatory approval process. And so the advantage of our strategy is, once we establish a precedent, our customers, when they submit their WattUp-enabled devices for regulatory approval in their respective agencies can point to this precedent and say basically, "We are doing it just like that was done." And so it short-circuits the regulatory process considerably. Again, every device, Near Field, Far Field, transmitter-receiver has to go through regulatory certification. And our objective is to make that as easy and as painless as possible for our customers, so that this will enable them to launch their products quickly and again focus their resources on elements other than the regulatory process.

Jim Schnieders
Have any customers actually received certification? I know you've got the Near Field and you've got the Mid Field last year. Can give us colors in terms of how many customers kind of in the queue to receive those certifications, or have any received any so far?

Steve Rizzone
We are not aware of any customers that have received certification. We believe that there will be multiple customers in the next few weeks and months that will enter into the certification process as this is necessary obviously for them to ship products to the consumer. We are aware of one customer who will be shipping one product in The United States and a second product with a very focused launch in Vietnam. And we anticipate that those regulatory cycles will begin shortly.

We've got work to do on our own in Vietnam to get the necessary first cycle approval. And so, all of that's in play. But we will not be making announcements per se on customer approvals. What we will be making announcements on are the expanding list of international agencies that have approved the WattUp Near Field product. And then later this year, we expect to start to see the first certifications internationally of the WattUp distance technology.

Jim Schnieders
Okay, thanks a lot.

Operator
The next question comes from Randy Specter, Private Investor. Please go ahead.

Randy Specter
Hi, thanks, I have two questions. One, I just want to confirm that your own personal sales of stock had been to pay taxes only? And second, I'm just curious as to what precisely has to happen for the company to be in the position to identify one or both of its two major consumer electronics customers?

Steve Rizzone
Okay. I mean, I think those are…the first question is a fair question. I have made one sale of stock. It represents less than 2.5% of my total holdings, and it was absolutely to pay taxes, which I was crushed on, quite frankly.

With respect to your second question, which is a good question, Randy, we are never going to be able to release the names of our top-tier customers, or for that matter, the majority of our customers in general. The reality is that consumer electronic business is a very, very competitive and cutthroat business. And our customers do not want their competitors to know in any way, shape or form who they are working with or what technologies they are integrating. Now, obviously, I think a lot of this will become clear as these products begin to reach the market and they are disassembled and the components are made clear as typically happens with most of these devices. But as far as Energous actually making customer announcements, they are really going to be few and far between, just because of the nature of the consumer electronic industry.

Randy Specter
Thanks.

Operator
This concludes our question-and-answer session.

I would like to turn the conference back over to Steve Rizzone, Chief Executive Officer, for any closing remarks.

CONCLUSION

Steve Rizzone
All right, very good. Thank you everybody. We want to thank you for your time and your continued support. As I said earlier, we are confident that we are on a path now. We can see the view of revenues, which are our top priority, absolutely top priority in the company. The revenue view is becoming clear, it's our major focus. Quarter-over-quarter, we think we'll

improve and we are very, very focused on as quickly as possible, crossing that chasm over into profitability. So we'll look forward to reporting continued progress along those lines. I would add that in the coming months I am going to be at the Ladenburg Conference in New York, and hopefully I will see some of you there. Thank you again for your continued support, and we look forward to reporting continued progress at the next conference call. Good day.

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