

# Energous Corporation

## First Quarter 2019 Financial Results Conference Call

Tuesday, April 30, 2019, 4:30 PM Eastern

### **CORPORATE PARTICIPANTS**

**Steve Rizzone** - *Chief Executive Officer*

**Brian Sereda** - *Chief Financial Officer*

**Mike Bishop** - *Investor Relations*

## PRESENTATION

### Operator

Good day and welcome to the Energous Corporation First Quarter 2019 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" on your telephone keypad. 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 with Investor Relations. Please go ahead.

### Mike Bishop

Thank you, Alyssa, and welcome, everyone. Before we begin, I would like to remind participants 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 in expectations with regard 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. Go ahead, Steve.

### Steve Rizzone

Thank you, Mike. Good afternoon and thank you for attending the Energous first quarter conference call. Brian Sereda, our Chief Financial Officer, is joining me today. I would like to begin my comments with an overall status of the company, as well as a general business review.

While management and our board of directors plan to be further along the path to widespread adoption of the WattUp technology than we are today, as a company, we are energized by the continued intense interest in our technology, the numerous advancements we've made with RF charging, the strength of our IP and the engineering team we have been able to recruit and retain, all of which continues to support the significant upside of Energous and the opportunity to develop and sustain a market leadership position in the rollout of wireless charging 2.0.

Any discussion on the current status of Energous' business needs to begin with commentary on the focus and direction of the company. Over the last few quarters, the major topic of our conference calls and financial presentations has centered on the WattUp near field technology. The reason for this focus is straightforward. There is currently a better defined and faster path to product launches and revenue for our Near Field technology in the key markets we have talked about previously, specifically hearables, including hearing aids and PSAPs; wearables

and smart glasses. Since revenue is our top tactical priority, the majority of our recent commentary and updates have been focused on the Near Field technology. However, I want to be very clear that the company's vision of a ubiquitous wireless charging ecosystem includes both contact charging as well as charging at a distance.

Since the very beginnings of the company, charging at a distance has always been the ultimate differentiator for Energous, something that the current generation of wireless charging offerings will never be able to do. As difficult as the path to introducing a completely new technology on a global basis has been, nothing has deterred the Energous steam from the goal of building out the wireless charging 2.0 ecosystem, and we are more confident than ever that we can and we will achieve this goal.

With the direction and focus of the company as a background, there are two key elements that are impacting our tactical goals of customer shipments and revenue. The first is regulatory. Despite the fact that Energous is the first and only company to receive FCC Part 18 approval for wireless charging at a distance and we have successfully certified the WattUp technology in 111 countries, including the important regional markets of North America and the European Union, the regulatory momentum we have been able to generate around the globe has not advanced as quickly in three key Asian countries, Japan, Korea and China.

The lack of a well-defined path to regulatory approval in these countries has had a delaying effect on product launch decisions and timing that we did not anticipate. It is important to note that our top-tier customers are aware and engaged in our regulatory efforts. And we have not lost these meaningful and impactful opportunities. While some may have been delayed, we expect to see a number of these top-tier opportunities advance toward product launches as we begin to see a clear path to regulatory approval in the three countries.

The second element impacting our business surrounds our customers' product development planning process and schedules. As we work with potential customers, the Energous engineering team has developed proof-of-concept devices, or POCs, in some cases as many as six different versions for each customer engagement that has progressed beyond the initial interest stage. These POCs span all three product categories, near field, midfield and farfield, as well as a broad array of markets, including smartphones, desktop computers, robotics, medical devices, hearables, wearables, IOT devices, hearing aids, smart glasses, computer accessories, public safety and industrial application.

Despite the fact that the POC's energy has developed, have met, or in many cases exceeded customer expectations, we have experienced delays in a number of final green light decisions for reasons beyond our control, including changes in our customers' organization or product responsibility, M&A, funding and retail cost considerations, product launch timing, as well as the aforementioned regulatory concerns. We have also experienced a heightened level of scrutiny and extended testing because of customer experiences with coil-based technologies that were not successful and have left a negative impression of wireless charging that we have had to overcome.

Our business development team, working in concert with the Dialog sales organization has taken a proactive and aggressive problem-solving approach to overcome these obstacles. These efforts are beginning to bear fruit as we believe we are now in a position to see several customers finalizing launch schedules with the goal of shipping to end customers before the end of this year.

In addition to concentrating our customer product launches and revenue generation, the management team has been focused on extending our cash. Thanks largely to the fact that a majority of our two-year silicon roadmap has been completed, reducing the costly expenses associated with chip development and the fact that we have been successful in leveraging the Dialog relationship and their outstanding support in the areas of sales and operations, we have reduced our planned expenditures for 2019 compared to last year by over \$3.5 million dollars. Brian will have more to say about this during his comments.

Some final notes on milestones before I turn the call over to Brian. Earlier this year, we saw the first product availability announcement from our customer, Delight, in partnership with SK Telesys in Korea. Several weeks ago, I commented at a conference that we thought first PSAP from Delight would be available on Amazon within a couple of weeks. This turned out not to be the case. While the PSAP is available to consumers on Alibaba, the process of setting up distribution in the United States and the EU has proven to be a significant and time consuming undertaking. Delight is fully committed to bring their WattUp enabled products to these markets and we expect that Delight will soon make additional announcements on improved product availability for options in consumers in the United States and the European Union.

Turning to our tier 1 customer updates. We reported last quarter that our long-standing tier 1 decided to extend the review and acceptance cycle for our last deliverable. Discussions with this customer continue as to next steps. We also commented last quarter on delays associated with another top tier consumer electronic company who we have been engaged with for some period of time. This company has asked for additional time to review their product specifications and features.

Consistent with our earlier comments on the subject of delays, decision-makers that top-tier company are especially sensitive to de-risking the launch of a product containing a new technology. So delays like this are to be anticipated. Having said this, we do expect to be able to provide a more definitive update for this customer during our next conference call.

Moving on to intellectual property, our IP portfolio continues to expand at a steady rate. To date, Energous has 188 patents issued and 27 allowed for a total of 215 patents, as well as, an additional 110 patents pending. IP is an important consideration for our shareholders as it gives the company a strong advantage over any future competitors and increases the core value of the company.

In summary, while we have experienced delays the tactical business picture for our Near Field technology is starting to come into focus as we overcome obstacles unrelated to the technology, leading to reduce risk for early adopters and, ultimately, the green light for product launch. On this basis, we believe we are in a position to see product shipping to consumers from multiple customers before year-end.

Strategically, Energous continues to advance the midfield and farfield technology with customer engagements spanning a broad spectrum of markets and applications.

We believe the underlying business has strong potential and we are managing it accordingly, sufficient cash to carry the momentum forward. We have expanded and strengthened our IP portfolio and most importantly, the company has the resources, experience, customer base, partnerships, technology and momentum to achieve our long-term goal of a wireless charging 2.0 Ecosystem.

Brian, I will now turn the call over to you for comments.

**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 our first quarter of fiscal 2019 ended March 31<sup>st</sup>. In the first quarter, we recognized \$66,000 in engineering services and chip royalties compared to \$56,000 in the fourth quarter of last fiscal year.

As per Steve's earlier comments, we believe customers will be in a position to launch their products beginning in the second half of this year as we complete remaining regulatory, design in and integration work. During the quarter, we also completed a \$25 million registered direct offering, bringing our ending Q1 cash to \$36.1 million.

Total GAAP expenses for the first quarter totaled \$11.2 million approximately \$1.4 million lower than the \$12.6 million in the prior quarter and approximately \$2.3 million lower than the same period last year. The decrease compared to the prior quarter and prior year is primarily a result of lower engineering costs and lower stock compensation.

As Steve mentioned, we expect this trend to continue through the fiscal year having completed the bulk of the new chip development work in 2018. And we should see a material drop in our expense run rate over the next few quarters.

Headcount remains relatively flat compared to prior quarters as we ended Q1 with 65 heads, heavily weighted towards engineering. Leveraging Dialog's operational and worldwide sales and marketing through our partnership agreement has allowed us to maintain a focus on development work while Dialog provides global sales and operational support.

The net loss for the third quarter on a GAAP basis was approximately \$11 million or \$0.39 per share on approximately 27.9 million weighted average shares outstanding. This compares to a \$12.5 million net loss in Q4 of last year or \$0.48 per share and \$13.4 million net loss or \$0.55 per share loss in Q1 of 2018.

Now, I'd like to go over non-GAAP view of our numbers for the quarters as we believe adjusted or non-GAAP EBITDA provides a useful comparison for investors, especially for a company in our stage, when used together with GAAP information.

Excluding \$3.4 million of stock compensation, depreciation from our total Q1 GAAP expense of \$11.2 million, net non-GAAP operating expenses totaled approximately \$7.8 million, down \$0.6 million over Q4 and \$0.8 million lower than Q1 of last year. Net of revenues or adjusted EBITDA or non-GAAP operating loss for Q1 was \$7.7 million, approximately \$0.7 million better than the prior quarter and \$0.8 million better than Q1 of last year.

Non-GAAP engineering expenses decreased by approximately \$0.8 million to \$5 million versus the prior quarter and was also \$0.5 million lower than the same period last year. This is mainly attributed to lower chip development project costs compared to the prior periods.

Non-GAAP SG&A increased over the prior quarter by approximately \$0.2 million, reflecting Q1 tradeshow costs and a peak and year-end public company expenses in the first quarter. Compared to the same period last year, combined SG&A costs were approximately \$0.4 million lower, mainly due to lower legal expenses and headcount-related expenses.

As I mentioned at the beginning, we ended the quarter with approximately \$36.1 million in cash and remain debt-free. As you will notice, our balance sheet will now show the present value of our operating lease liabilities as a result of our adoption of ASC842, accounting for lease liabilities? In Q1, we recorded liability of approximately \$0.3 million which mainly represents the present value of the remaining term of our facilities leases.

To close, we expect our cash operating expense run rate to decrease compared to prior quarters and we believe we are on track to see the launch of additional customers later this year leading to growth in chip royalties through our partnership with Dialog.

With that, I will now turn it back to Steve.

### **Steve Rizzone**

Thank you, Brian. Let's now turn it over to the operator for questions from our listeners, please.

## **QUESTION AND ANSWER**

### **Operator**

Thank you. We will now begin the question and answer session. To ask a question, you may press "\*" then "1" on your telephone keypad. If you are using a speakerphone, please pick-up your handset before pressing the keys. If at any time your question has been addressed or you would like to withdraw your question, please press "\*" then "2." At this time, we will pause momentarily to assemble our roster. The first question today comes from Illia Grozovsky with National Securities. Please go ahead.

### **Illia Grozovsky**

Thanks, guys. On the cash burn, how much cash do you think you are going to burn in 2019 going forward from today on?

### **Brian Sereda**

Well, we expect to get our burn rate...our non-GAAP burn rate to, Illia, down below \$7 million a quarter. So we would expect to burn approximately 28, you have got some timing issues that's before any customer collections, that's strictly our operating expenses. At this point, we're not giving guidance on revenues and the timing of the collections. But, again, as we've talked about, we expect certain customers to turn on in the second half. The timing of those collections may fall into the first quarter of 2020, but overall, our operating expense burn rate will drop year-over-year.

### **Illia Grozovsky**

Great. And then, on the second part, is on the timing. Steve, can you go through the timing on some of your anticipated product launches from partners, just in terms of how do you see regulatory approval, how quickly does that happen and are we talking about launches for holiday season 2019? Just kind of the timing on this. Thanks.

### **Steve Rizzone**

So we're focused, as I mentioned in the comments, on three markets...hearables, wearables, and smart glasses. I believe these markets have unique advantages for our technology and are less susceptible in some cases to the regulatory issues because we can launch with certain customers in these markets on a regional basis, specifically in the United States and in the European Union. So I believe that we will start to see the ramp-up in chip sales beginning slightly in the second quarter, extending into the third quarter as customers in these business

segments ramp-up for product launches, again, before the end of the year. I don't think we crystallize on all of the timing. It looks to be fairly back-end loaded. We have seen initial purchases from several customers for early pre-production cycles.

And as I said, the near-term focus we have is really to launch with customers on a regional basis in the EU and the U.S. until we get a clear path to regulatory in China and Japan and Korea. Our very top-tier customers that have global aspirations in terms of product launch, they are the ones that are really affected and are affecting us as it relates to regulatory approvals in these three jurisdictions. We're working very closely with each of these jurisdictions and we've also engaged top tier customers in each of these jurisdictions to assist us in this regulatory effort. Each of these jurisdictions has their own process. And where we have been able to leverage the momentum globally around the FCC certification, in these three particular jurisdictions, they are very, very much focused on their own internal process. I'm really not in a position to predict given that we are talking about governmental agencies, the timing on these approvals, we do not see any area where we will not be able to get an approval. That's not been made known to us. So it's a question of how soon that these respective companies can complete their own process, much like the FCC did when we first approached them, and then how soon we can turn this into these regulatory approvals into customer launches.

One final point, given the fact that we've got a number of customers engaged with these regulatory bodies, I don't think that we are going to have to see full regulatory approval before we start to see some green lights on product launches. As the path to regulatory approval becomes clear and these top-tier companies gain more and more comfort that, in fact, the regulatory approvals or certification paths are not going to be far out, but are going to be relatively within weeks or months. I think we'll start to see some of these green-lighted top tier company launches.

**Illia Grozovsky**

Great. That's helpful. And then, one last question, Brian. The share count for Q2, just because you gave the Q1 as an average...what's...what do you think the Q2 share count is going to look like?

**Brian Sereda**

Outstanding should be about 30.5 million at the end of the quarter.

**Illia Grozovsky**

Thank you.

**Operator**

Our next question comes from William Gibson with ROTH Capital Partners. Please go ahead.

**William Gibson**

Thank you. Can you share the number of products in the FCC pipeline?

**Steve Rizzone**

The number of products? I'm not sure what...you mean the number of customers that are actually in certification?

**William Gibson**

Yes.

**Steve Rizzone**

I don't know an exact number, Bill. We complete, as you know, all of the certification process internally here before we submit...before our customers submit to the FCC. In our shop, we probably have...

**Brian Sereda**

There's about five or six.

**Steve Rizzone**

Five or six, I think that are currently being tested in various stages of testing down. And as I said, we will complete all of the testing before they are formally submitted to the FCC.

**Brian Sereda**

Bill, we actually built out our chambers downstairs in our labs to help facilitate a lot of that early FCC approval process to get the products cleaned up before they are submitted to the FCC. So, a lot of the work we're doing in-house just because its new technology and we're helping to guide the customers through that. So, it's a sort of a two-step process from here.

**William Gibson**

Yes. On the last call, you talked about setting up original design manufacturers to help newer customers or smaller customers that are coming in that you don't have the resources for. Is that still in the works?

**Steve Rizzone**

It's still in discussion. I don't think we're ready to launch that yet. I think we have at least two candidates that are well-qualified to assume that mantle. But, it will take a significant amount of resource on our part to launch that effort. All of the training, also we have more work to do on documentation and there are still some issues in terms of some of the reference designs that we would like to turn over. So I think that that's a goal. But right now, we've got a number of customers that are very, very close to moving to launch. And we just have to keep our heads down and drive these customers the last few yards and really get them to the product launch cycle. So right now, all of our resources really are heads-down focused, driving these customers over the goal line.

**William Gibson**

Thank you.

**Operator**

Our next question comes from John Hickman with Ladenburg. Please go ahead.

**John Hickman**

Steve, can you tell us, do you have regulatory approval in those Asian countries for the contact based?

**Steve Rizzone**

No. No, we do not have any regulatory approvals in the three countries that we talked about. Our first goal is to get contact-based approvals, which set the stage for distance approvals. But, right now, the products in question that we are looking to launch are contact based, and that is the focus of the efforts in those three countries.

**John Hickman**



Okay, thank you. Appreciate that.

**Operator**

Our next question comes from Mark Wnek. Please go ahead.

**Mark Wnek**

Hi, I may have a couple...two or three questions here. You just mentioned that you are planning to do contact based and get regulatory approval in these Asian countries. Aren't there quite a few other products out there that are contact based, that are working and how would you differentiate Energous' product compared to these other products already on the market?

**Steve Rizzone**

Well, certainly they were...those that are familiar with the industry are well aware of first generation products, largely based on a technology called Qi [ph], which is a coil-based technology. And this technology...and I think we've made this point several times in the past, is now approaching, I think 15 years old in terms of the time that this technology has been launched. And there are approvals in these three countries for the Qi technology. When you talk about this technology, the Qi in particular, where they've really been successful and where they've gained a level of momentum is in smartphones. As I mentioned earlier, our focus is really initially to launch product where this technology is not readily available in areas like the hearables and the wearables and smart glasses, where the footprint requirements are very, very small and where the coils are not able to really be engineered into these devices. And so, these three markets represent a relative Greenfield for us because the Qi technology, even though it is approved in these Asian countries, really cannot be incorporated into these devices. And so, our focus right now is to gain regulatory approval for our contact based technology. And as I said, the markets that we're concentrating on are the three that I've mentioned.

**Mark Wnek**

Okay, thank you. So I just happened to be in an Apple Store the other day now that you're speaking about what we are, and I asked one of the techs there about AirPower, if they're making any progress, when they are thinking about doing a launch. And he basically said...and this could be either good news or bad news for Energous, but he said that two or three weeks ago, they just canceled this AirPower product, it wasn't working up to their standards. Can you care to comment on that?

**Steve Rizzone**

Well, of course, I think Apple has announced the decision as a matter of fact, Dan Riccio, the Senior Vice President of Hardware Engineering, came out and announced the fact that they had discontinued the AirPower project. It was a very, very complex project, it involved a variation of the Chi technology, a coil design and it points out some of the limitations of the coil technology. On a single basis, a one-to-one charging basis, the coil technology works and has certain capabilities. When you start to move beyond a single device or you try and bring movement into the equation, the coil technologies really suffer. And, of course, this is a strong point for Energous because we have the ability to charge multiple devices on a single surface. We have the ability to provide movement along these surfaces. And so, again, you're right, there's bad and there's good associated with this announcement and we can't comment really further on it because we're not aware of Apple's plans. But it certainly proves the difficulty in bringing out these new technologies when a company like Apple has worked for multiple years in trying to bring a pad to market, it just shows how difficult any of these new technologies is to really bring to market.

**Mark Wnek**

Was that an Airpad [ph] that they...their AirPower or...?

**Steve Rizzone**

AirPower it was a mat or contact based technology that was designed to support three devices simultaneously and that was really the basis of the complexity.

**Mark Wnek**

Right. So, another question. For the 2.0 technology that you have, or 20 watt, are you going to need additional approvals in the United States and the EU for the near-field, midfield and farfield?

**Steve Rizzone**

When we get a regulatory approval, it is by definition almost a generic approval. It doesn't specify power or it doesn't specify the general characteristics of the device. It's primarily focused on health and safety issues, on emissions. And as long as the device in question meets the requirements for health and safety and emission, the amount of power or the distances involved really don't come into play. So the point being that, once these approvals are made, they are made for any device or they are established for any device that can meet the health and safety and emission standards, irrespective of wattage or distance or anything else along those lines.

**Mark Wnek**

Okay. Yes, because there is comments sometimes on these conversation boards that...I don't know, maybe its fake news.

**Steve Rizzone**

Yes. Alright, thank you. We're going to have to run because I've got quite a list of questions here. But I appreciate your comments and thank you for dialing in.

**Mark Wnek**

Yes, thank you.

**Operator**

Our next question comes from Greg Smith. Please go ahead. Pardon me, Mr. Smith, your line is open.

**Greg Smith**

Yes, hi. And thank you for taking my call. I just want to know what Steve has to say for the people out there who call this company a scam and really there is no revenues or really anything to really make anyone think otherwise as to why someone would think this isn't a scam, I am really hiding behind a lot of NDAs and really just not being transparent to investors. I know a lot of people saw the class action lawsuit that was brought against Energous recently. I just want Steve to really speak for the pundits that are really digging in against them and really...and why is there a reason to stay invested in Energous?

**Steve Rizzone**

Well, so let me just quickly deal with this call. First of all, we do not have a lawsuit pending against us. That is not the case and we would not comment up on any kind of current legal situation.

Second, since the very offset of the company, we've had naysayers, we've had people that do not believe in the technology, that don't believe in the company, that believe or don't believe much of anything we have to say. And we really can't negate this on a face-to-face situation. It's taken us longer, and we've admitted that, to bring the company into the fully commercialized state. The obstacles that we've had to overcome have been very, very significant. And I think the reality of launching a new technology on a global basis; I mean it's a very considerable task. But the company is certainly real and viable. Our customer list and our prospect list is stellar. The technology works. The delays that we're experiencing now are not an element of...are related to technology. As I said in my comments, they are really related to things that are beyond our control, like internal issues with some of our customers, regulatory funding, so on and so forth. And so, it doesn't do us any good to really try and combat these issues directly.

The best thing for us to do is to just keep our heads down, execute on the plan that we have. And as more and more customers come to light and the technology becomes more prevalent, we believe that all of this will be in the rearview mirror. And that's been our strategy since the beginning, and that's what we'll continue to do.

### **Greg Smith**

You've been saying this for, I don't know how many years, probably five plus years at this point. So, I mean in terms of an investor who has been hearing you say the same thing over and over again, how do you have confidence to not sell all your shares and say, this is a lost cause. Steve has been repeating himself for years and years and years, and really nothing has changed. It really is dangling the carrot in front of the horse.

### **Steve Rizzone**

Well, I think you're mischaracterizing things and I don't think you are accurately stating the situation. We're talking about launching a new technology on a global basis with a go-to-market strategy that's based on fabless semiconductor. If you do your research, you'll see that the average time for fabless semiconductor companies to bring products to market is 7 years. We're in our fifth year. And so, what we're doing is a tremendous undertaking that is very complex because not only do we involve fabless semiconductors, we also involve systems, complex systems, so on and so forth.

And so, I would take exception to your comments. I understand that there may be those of you that think that we're repeating ourselves. We've tried to be as transparent as possible. And like I said, the best way for us to deal with this is just to continue to execute on the plan as more and more customers come to market. I think this will be the ultimate indicator of the viability of the technology and the reality of the 2.0 ecosystem vision.

### **Operator**

Our next question comes from Todd First with Technology Innovations. Please go ahead.

### **Todd First**

Yes. Thanks for taking the call. I just had a couple of questions. For example, Delight is trying to introduce the hearing aid here, what is all these Asian approvals? If you want to sell stuff in America, why do you need the approvals in Korea and Japan and China? And the other thing

is, you had mentioned all of your customers, but I'm looking at the press release, I don't see any list of any customers. What customers are you guys working with?

**Steve Rizzone**

So, there's two questions here. And let me take them one at a time. First of all, the regulatory approvals in China, Japan, and Korea have nothing to do with Delight selling product in the United States. Delight has already received regulatory approval in the United States and the EU to sell their PSAP product.

Delight is a Korean company. And they, up to now, have been a B2B type company, selling their hearing aids and PSAP to distributors who in turn, sell them in other parts of the world. They want to bring their products to the United States, and so they are simultaneously moving from a B2B to a B2C company and also establishing a distribution capability in the United States. And this is taking time to put together the distributors, the collateral, the websites, all of the things that go to making product availability work in the United States. And that is the area that they are working on now.

**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**

**Steve Rizzone**

Alright. I'd like to thank everyone for attending our first quarter call. One final note, Energous will be attending the B. Riley Conference in Southern California and the Ladenburg Conference in New York in May and the ROTH Capital Conference in London in June. We hope to see many of you at these conferences and we encourage you to attend.

We want to thank you for our continued interest in our company and we look forward to talking to you again in three months. Thank you and good afternoon.

**Operator**

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