



**Akoustis Technologies, Inc.**

**Fiscal 2024 First Quarter Conference Call**

**November 13, 2023**

## C O R P O R A T E   P A R T I C I P A N T S

**Ken Boller**, *Chief Financial Officer*

**Jeff Shealy**, *Chief Executive Officer*

**Dave Aichele**, *Vice President, Business Development*

## C O N F E R E N C E   C A L L   P A R T I C I P A N T S

**Anthony Stoss**, *Craig Hallum Capital Group*

**Craig Ellis**, *B. Riley Securities*

**Suji DeSilva**, *ROTH MKM*

## P R E S E N T A T I O N

### **Operator**

Good day, ladies and gentlemen, and welcome to the Akoustis Technologies Fiscal 2024 First Quarter Conference Call.

As a reminder, this conference call is being recorded.

(Operator Instructions)

Thank you.

### **Ken Boller**

Thank you, Operator, and good morning to everyone on the call. Welcome to Akoustis' first quarter fiscal 2024 conference call.

We are joined today by our Founder and CEO, Jeff Shealy; CFO, Ken Boller; and EVP of Business Development, Dave Aichele.

Before we begin, please note that today's presentation includes forward-looking statements about our business outlook. All statements other than statements of historical facts included in this conference call, such as expectations regarding our strategies and operations, including the timing and prospects of product development and customer orders and design wins, possible collaborative or partnering relationships, litigation matters and expected financial and operating results are forward-looking

statements. Such forward-looking statements are predictions based on the Company's expectations as of today and are subject to numerous risks and uncertainties.

The Company and our Management team assume no obligation to update any forward-looking statements made on today's call. Our SEC filings mention important factors that could cause actual results to differ materially. Please refer to our latest Form 10-K and Form 10-Q filed with the SEC to get a better understanding of those risks and uncertainties.

In addition, our presentation today will also refer to certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is presented in our earnings call highlight release available in the Investors section of [akoustis.com](http://akoustis.com).

I would now like to turn the call over to Jeff Shealy, Founder and CEO of Akoustis.

### **Jeff Shealy**

Thank you, Ken, and welcome, everyone, to our fiscal first quarter conference call.

Revenue in the September quarter was within our guided range of down 15% sequentially. During the September quarter, we had one customer that made up greater than 10% of our revenue. XBAW-related sales accounted for the top five customers and seven out of the top ten customers. Our top 10 customers made up 59% of revenue. Our top 25 customers made up 74% of revenue.

In terms of regional sales from our top 35 customers, which make up 80% of our revenue, 53% of those sales came from Asian customers followed by 35% of sales came from North American customers, and 12% of our sales came from European customers. Earlier this calendar year, we commented on the build-up in channel inventory, particularly at our Wi-Fi customers in the Asia region. As we stated on last quarter's call, we expected two quarters of slowdown as we transition and ramp to new Wi-Fi AP platforms, work through a slowdown in the infrastructure segment, and transition a portion of our defense activity to new contract business.

Consistent with our guidance on last quarter's Investor call, we expect revenue for the December quarter to be \$7 million or flat sequentially. In reaction to the slowdown in the market, the Company implemented two rounds of meaningful expense and cost savings plans to significantly reduce cash burn moving forward. Ken will detail our activities and impact on reducing our cash burn during his upcoming comments. However, looking around the corner, at the March quarter, we are seeing signals of inventory channel clearing. We are presently delivering new, lower-cost RF filter products and are receiving multiple new design wins and new Wi-Fi AP platforms with more RF filter content in early calendar 2024.

As a first look, we expect to return to record quarterly revenue for the March quarter in the range of \$8.3 million to \$8.8 million or a sequential increase of 18% to 25%. We will update the March quarter guidance during next quarter's Investor call.

I would now like to take a moment to discuss updates involving the Company's activity related to the CHIPS and Science Act of 2022. Regarding CHIPS Act funding, there are four updates to share with Investors. First, in mid-September, our Microelectronics Commons proposal focused on EW Tech Hub was not selected by the DoD. According to the September 20 announcement made by the government, the majority of the eight DoD Tech Hub awards went to major universities across the U.S.

Second, on October 23, Senator Schumer announced that the Greater Rochester region was selected as a prestigious Tech Hub opening significant Federal funds from the Department of Commerce to boost

critical supply chains in upstate New York. Akoustis is a member of the Tech Hub consortium and will pursue meaningful opportunities with the Tech Hub residing in our backyard in upstate New York.

Third, the CHIPS Act of 2022 includes a provision for a 25% refundable investment tax credit or CHIPS ITC on investments in facilities that manufacture semiconductors or semiconductor manufacturing equipment that were placed into service after December 31, 2022. We estimate the amount of the refundable tax credit applicable to Akoustis to be \$3.5 million to \$4 million over the next 18 months.

Fourth and finally, regarding our proposed expansion of our domestic manufacturing footprint, including both semiconductors and advanced packaging at our New York campus under the Department of Commerce CHIPS for America program we have completed a first pre-application with the DoC. The CHIPS Program Office or CPO of the DoC has received the pre-application submitted by Akoustis Technologies, Inc. The CPO recommends that we move forward and submit a revised pre-application addressing questions raised in our original application. Hence, our next step in the process is to file a revised pre-application once we complete a strategic review with our potential semiconductor partners, who require a partner to manufacture semiconductor materials, wafers, and/or packaging on our New York manufacturing campus.

Next, I would like to discuss several updates in our primary target markets beginning with Wi-Fi. Our first milestone for the September quarter was to receive a design win for next generation Wi-Fi 7 with a consumer-focused OEM. We delivered a total of three design wins on the consumer front with all programs currently planned to begin production ramp in the March quarter of calendar 2024. Two programs are four by four MIMO architectures and the third program is a two by two MIMO architecture, all utilizing our recently released Wide Bandwidth XBAW RF filter solutions in the high band spectrum.

Our second milestone was to secure a design win for a next generation Wi-Fi 7 solution with a Tier 1 U.S.-based carrier. We remain confident that this carrier will launch with our filters on their platform, but we have moved this milestone to the December quarter in order to see volume shipments to validate our milestone.

Our third milestone was to secure multiple RF filter design wins for our Tier 1 enterprise class customers Wi-Fi 7 suite of routers and access points. We have been aggressively developing and qualifying these parts for our customer and have made shipments to our customer over the past few months and expect to announce this design win in the December quarter.

Also, during the September quarter, we announced the introduction of our latest single crystal doped piezoelectric materials into a key product which is slated to ramp with an upcoming Wi-Fi 7 enterprise customer. These advanced materials are utilized to allow greater design margin and flexibility to the customer in the design of their system. While the overall Wi-Fi market has been impacted over the past 12 months by excess inventory and slowing Wi-Fi AP demand post-COVID, we see signs of reduced inventory in the channels for existing volume programs, along with new platforms launching in early 2024.

Looking ahead in the December quarter, we expect to announce a design win for a next generation Wi-Fi 7 solution with a Tier 1 U.S.-based carrier. Further, we plan to secure multiple design wins for our Tier 1 enterprise class customers Wi-Fi 7 suite of routers, and we plan to secure a design win for Wi-Fi 7 solution with a Tier 1 enterprise class OEM.

Next, I would like to discuss our recent developments in the 5G mobile market. During the September quarter, we made no new shipments to our Tier 1 RF component customer. The slowdown in shipments is due to a slowdown in marketing and adoption of the product in the China market, our customers' inability to secure a production slot on a new design program in the Tier 1 market as well as other market headwinds. During the September quarter, we expected to receive an order for a 2.4 gigahertz Wi-Fi filter

for our Tier 2 5G RF front end module customer. We received not only an XBAW foundry order for the 2.4 gigahertz band, but the customer also added two additional high frequency Wi-Fi bands. This customer has completed previous design evaluation and has down selected the final design for release in the first half of calendar year 2024.

With the slowdown and headwinds in the mobile market, we have been focusing our resources on near-term opportunities in the Wi-Fi, 5G infrastructure, and automotive segment. However, our anticipated milestones for the December quarter include, we expect to deliver the first of the three Wi-Fi filters to our Tier 2 5G mobile RF front-end module making customer. Finally, we expect to engage a fifth mobile partner offering our XBAW process and foundry for their module and discrete product needs.

I will now discuss our progress in our network infrastructure business. During the September quarter, we experienced strong XBAW filter shipments to our CBRS customers targeting the U.S. market. However, we experienced minimal shipments in our small cell RF filters in the September quarter. Overall, we are seeing the 5G, ORAN and RAN market slow in the December quarter as operators take inventory of existing deployments. We do expect the 5G small cell market to begin to improve in the March quarter and throughout calendar 2024 as carriers throughout the U.S., Europe, the Middle East and Africa continue to deploy sub 5 gigahertz networks.

Regarding our milestone from the September quarter, we received a design win for our XBAW RF filters from a Tier 2 network infrastructure OEM for a massive MIMO base station. The radio design includes 64 TRX paths with one filter in the transmit path and one filter in the receive path. Altogether, we have 128 filters of content in the radio unit and expect production to begin ramping in the second quarter of calendar 2024.

For the December quarter, we expect to complete the redesign and sample of our new and improved 5G Band 41 and 5G U.S. 3.8 gigahertz network infrastructure filter solutions. The redesign of these filters pushed into the December quarter, given engineering priorities related to near term Wi-Fi business.

Finally, before handing the call off to Ken, I would like to provide an update on our defense and other markets business. It is noteworthy that six out of our top ten customers are in our defense and other businesses category. I will begin with an update on our published milestones for the September quarter. First, we made steady progress on securing a design win for an automotive wireless battery management system or WBMS solution used in a Tier 1 IC reference design and we expect to close out this milestone in the December quarter.

Second, we received a specification change from a key customer which delayed the start of the product qualification of our second XBAW resonator for the timing control market. At this point, we already started the qualification and plan to complete this product qualification in the December quarter. Beyond our published milestones, we achieved other notable milestones during the quarter in this segment. As mentioned in the past, our biggest success in the defense and other markets segment was the introduction of our new XP3F technology, which incorporates a new revolutionary patented multi-layer nanomaterial that incorporates our single crystal piezoelectric material. This new nanomaterial was developed with funding from the Defense Advanced Research Projects Agency, or DARPA to scale the XBAW technology to frequencies up to 18 gigahertz.

At the end of the September quarter, we were awarded a multi-million dollar Phase II contract option, which extends our current DARPA COFFEE contract to \$4.8 million, including base and exercise options. The new Phase II contract extends the funding for the program through December of 2024. During the September quarter, we received a purchase order as a foundry supplier supporting a new DARPA contract unrelated to our current DARPA COFFEE contract, which requires high performance, custom resonators for timing control applications.

Further, we completed initial wafer shipments from our New York Fab during the September quarter, and we expect additional shipments over the next few quarters. In addition, we achieved a design win at an international engineering and technology company, supplying timing products for an electric meter application and we have received purchase orders for more than 300,000 pieces of initial volumes with scheduled delivery now into Q3 fiscal year 2024.

For the December quarter and the defense and other market segments, we are expecting to achieve a design win of at least one of the following: crystal oscillator, BAW filter, and/or SAW filter used in an automotive wireless battery management system solution, used in a Tier 1 IC reference design. Also, we plan to complete the qualification of the optimized second XBAW resonator for a key customer in the timing control market. We expect to deliver an X-Band BAW filter utilizing Akoustis' advanced XP3F technology to a Tier 1 defense customer.

Now, I would like to hand the call over to Ken to go through our financial highlights.

**Ken Boller**

Thank you, Jeff.

For the first quarter ended September 30, 2023, the Company reported revenue of \$7 million, which is a decrease of 16% over the prior quarter ended June 30, 2023, but still represents an increase of 26% year-over-year. On a GAAP basis, operating loss was \$21.7 million for the September quarter, driven by revenue of \$7 million, offset by labor costs of \$9.4 million, depreciation and amortization of \$3.2 million, and other operational costs totaling \$16.1 million. As a result, GAAP net loss per share was \$0.28. On a non-GAAP basis, operating loss was \$19.1 million, and non-GAAP net loss per share was \$0.27.

Capex spending for Q1 was \$4.2 million, primarily to enhance our backend processing capabilities and complete our New York fab tool capacity to 500 million filters per year. Cash used in operating activities was \$13.1 million, which included approximately \$3.4 million of year-end expenses for \$9.7 million net. In a December quarter, as indicated in our prior call, we expected revenue to be flat given the broader market weakness along with the associated inventory correction.

We continue to receive design wins and introduce new products and we expect a return to record quarterly revenue in the March quarter of up 18% to 25%. We'll update this guidance during our next quarterly Investor call.

On the expense front, over the past several months, we have undertaken significant expense reductions and cost saving measures that we estimate will reduce our operating cash flow burn rate below \$8 million for the December quarter. Given the top line projections, the CHIPS ITC refund, and a full quarter of cost savings, we currently expect operating cash burn to be below \$6 million in the March quarter, with operating cash flow breakeven less than one year away. The Company exited the September quarter with \$25.8 million of cash and cash equivalents versus \$43.1 million at the end of the previous quarter.

I will now turn the call back over to Jeff for his closing comments.

**Jeff Shealy**

Thank you, Ken.

We continue to believe the market opportunity for our patented high-frequency XBAW and XP3F filters is substantial. As of September 25, 2023, we have approximately 200 issued patents and patents pending

representing a substantial IP moat around our technology. We continue to work diligently to achieve each of our stated objectives and we will continue to provide updates on our execution against these objectives going forward.

I want to emphasize to Investors that while we have been navigating the challenges to our top line revenue during the first half of our fiscal year, we have aggressively taken steps to reduce operating expenses and achieve cost savings on our products to lower our operating cash burn. We believe this is prudent in the economic environment that we are facing.

Finally, I would like to take the opportunity to thank our employees for their hard work, passion and dedication in working together to position our Company for growth in the quarters ahead. I also wish to thank our Shareholders who continue to support the Company.

With that, I would like to open the call for questions from the investment community. Operator, please go ahead with the first question.

**Operator**

Thank you.

(Operator Instructions)

Our first question is from the line of Anthony Stoss with Craig Hallam. Please proceed with your questions.

**Anthony Stoss**

Good morning, guys. Ken, let me start with you. Can you maybe outline OpEx just for December, and then March R&D and SG&A for each? Then your comment about expected reach breakeven in less than a year, what would the new revenue per quarter to reach that breakeven be?

**Ken Boller**

Good morning, Tony. Yes. I'll dive into some of those answers for you. With the expense reductions and cost-saving measures that we've undertaken, in essence, we've cut about 20% of our operating expense. We won't see a full quarter of that until the March quarter, as some of those were undertaken earlier in Q2. We'll start to see up to 10% to 20% in December, and then in March 20% savings in OpEx overall. The question on operating cash flow breakeven, we still are projecting that to be within the next 12 months, still within \$12 million to \$15 million of revenue during that time period. Some of that depends on mix.

A number of our new products are coming into production during the next two quarters, over a dozen. Those products are of a lower form factor and have lower laminate costs and back-end processing costs. We'll start to see not only a reduction in the overall cost from the cost savings plan that we did, but also an introduction of our new parts that are lower back-end in cost and those margins which are now negative, will turn positive. Then by this time next year, we project to be operating cash flow breakeven.

**Anthony Stoss**

Got it. Then, as a follow-up, maybe for Jeff. Just what gives you confidence in the \$8.3 million to \$8.8 million in March, then again, ramping from there we get to your \$12 million to \$15 million? Then Jeff or Ken again, where would you expect gross margins to exit calendar 2024?



**Jeff Shealy**

Good morning, Tony. Jeff here. I think the confidence is coming from what we're seeing. We made in the prepared comments some discussion about what we're seeing in the Wi-Fi channel with inventories, particularly in the Asian market in our Wi-Fi segment clearing. We've seen firsthand some of the evidence of that. I think most importantly and maybe more importantly is that we have multiple programs that we've been focused on which are ramping in the Q1 calendar year, which is our March quarter, of course.

It's confidence in the transition of some programs in Wi-Fi. We also made mention of some transition in our defense and other segment. We really had a perfect storm the first half of this fiscal year with some of the headwinds in the market with we were wrapping up certain contracts. That's as well as the, some of the slowdown in the inventory built up in the channel. For the March quarter, it's all about new programs in Wi-Fi, which we have high confidence in, as well as the defense and other segments really picking up. The infrastructure segment's been a little lumpy, but we've seen some signs of an ongoing recovery in that as we head into next year.

**Anthony Stoss**

Okay.

**Ken Boller**

Tony, I'll comment on gross margins. In the next quarter or two by March, we will turn positive margins. Then exit our fiscal year, above 10% margin. Then when we come to the operating cash flow breakeven time period of this time next year, we're projecting to be 20% to 25% of the positive gross margin. Some of that, as Jeff just alluded to, is some of our product mix. We're also starting to see more interest in infrastructure and some of our base station products. Those if you recall, have a very high ASP and very good margin. That is a piece of the mix that we're talking about when we're going into those time periods in the future.

**Anthony Stoss**

Great. Very good. Thanks, guys.

**Jeff Shealy**

Thank you, Tony.

**Operator**

Our next question is from the line of Craig Ellis with B. Riley Securities. Please proceed with your question.

**Craig Ellis**

Yes. Thanks for taking the question, guys. I wanted to follow up on the earlier questions and just better understand the dynamics in March. It looks like revenue is going to be up about \$1.3 million sequentially, led by Wi-Fi followed by defense. Within Wi-Fi, can you characterize the incremental gains in the consumer part of the market versus the enterprise part of the market for March quarter?

**Jeff Shealy**



Hey. Good morning, Craig. Let me pull Dave in and give you what we see on the mix in Wi-Fi. Maybe I'll add some comments thereafter.

**Dave Aichele**

Yes. Good morning, Craig.

**Craig Ellis**

Hi Dave.

**Dave Aichele**

It's evenly split between the consumer side and the enterprise side. There's two dynamics that we're seeing. We've got good traction with Wi-Fi 6E programs that we've done with carrier market that is going to start picking back up. It's gone through this inventory slow down. We expect that to pick back up. Plus, we've got, per the design win announcement we made in this recent call today, is that we've got two consumer programs that we've already seen substantial POs on for our new Wi-Fi 7 products that we launched probably about three, five months ago.

Then the other one is, our Tier 1 enterprise customer is going to start ramping and also their previous platform is picking back up. They've had a slowdown probably for the past six months. We have both of those coming together. Plus, we announced in the call today another enterprise customer that's also going to be planning to ramp. Both of these enterprise customers have a significant amount of filter content per system. Even though the volume of the system shipping are less than the carrier side, you still get very good dollar content and also total ASP per system.

I think it's going to be a balance between the two of them. We're still focusing on the big box retail side. That, we don't expect any real growth contribution probably until the second half of calendar year 2024. I put an emphasis mainly on the carrier or the enterprise side.

**Craig Ellis**

Yes. That's really helpful, Dave. Thank you. Then the follow-up question is somewhat similar but for the second half of calendar '24, first half of fiscal '25, guide, if we're getting to cash flow break even at mid-team's revenues, then our revenues are going to basically double through the year. Can you just help us understand what your assumptions are around mobile's contribution to that ramp and to the extent that it exists, how much of that is Tier 1 customers versus the Tier 2 that's ramping a little bit in the first half of calendar '24 and then beyond mobile just the relative contributions out of Wi-Fi, defense, et cetera? Thank you.

**Jeff Shealy**

Okay, Craig. Second half of calendar 2024, we see continued increase in transition in Wi-Fi. I think Ken had touched on some of the new products with a more favorable gross margin profile. That's going to be certainly a driver towards a cash flow breakeven. But it's continued ramp with programs in Wi-Fi, Dave gave some outline of what that looks like in terms of some of that mix. I did want to emphasize in these Wi-Fi programs we're moving from programs that we may have eight to ten type filters in a Wi-Fi 6E to some of these programs. We have multiple products and up to more than 30 filters of content in the box. Wi-Fi is a big part of that story.

The other part that we're seeing is, we do see a recovery of network infrastructure as we go in the second half of 2024. We announced this morning a first massive MIMO design win in infrastructure that has—you're talking about in that particular design win, 128 filters in that with significant content in that. The defense and others segment, which is core and key to us continued strength there. We have new programs that we've been bidding. We did announce support of a second DARPA program there as well as some ramp in the automotive. We've been active in the automotive not only in the battery management, but also in the C-V2X, we've been very active marketing that product as well.

You asked about 5G mobile. Our activity there is primarily in the tier 2 market. I think it's well documented, the headwinds that have been in the China segment. But our activity there that's supporting this is primarily in the tier 2 market. Anything else you want to add?

**Dave Aichele**

No, I was just going to comment. We're still very excited about the mobile market. We've got a handful of customers that are active. It's just certain dynamics that we're encountering right now. I agree with Jeff's comment, is most of the revenue increase we'll see in the second half of 2024 is going to be with the tier 2 market. We hope with the activity that we'll see opportunities, back in with the tier 1 in 2025, 2026. But that's something that we've got to continue to push with our tier 1 customers that we're engaged with.

**Craig Ellis**

That's really helpful, guys. Then lastly for me before I get back in the queue. Ken, my connection was breaking up as you talked about the timing of what I believe was a \$4 million ITC refund. When do you expect to realize that?

**Ken Boller**

Hey, Craig. Yes, that's actually over an 18-month period, \$3.5 million to \$4 million that will be filed with our tax return this year and our tax return next year. Then, it's a projection of when we expect to get a refund from the IRS, how long that may take. But we would expect the first tranche of that to be roughly about half of that, a little over \$1.5 million to \$2 million for this upcoming time period and we expect that to occur in the March quarter, March of 2024.

**Craig Ellis**

Got it. Thanks, guys.

**Jeff Shealy**

Thanks, Craig.

**Operator**

Thank you. Our final question is from the line of Suji Desilva with ROTH MKM. Please proceed with your questions.

**Suji Desilva**

Hi, Jeff, Dave, and Ken. The product cost improvements you talked about in terms of improving the margins in the laminate and so forth, what mix of the products, as we go six months to 12 months out, will be at that improved cost structure to target getting to break even?

**Jeff Shealy**

Good morning, Suji. We'll get both Dave and Ken on that. One from the product and obviously one from the numbers on financial.

**Dave Aichele**

Good morning, Suji. Yes, I would say that the mix right now for the next quarter, quarter and a half is going to be more of the older products. But as we get the new products profiles ramping, you'll see that transition point probably three quarters out that you will start to see it move through, that the new products will take a higher percentage. Then by the 12-month period, I would expect a majority of the products that we're shipping or a good chunk of it, it's going to be the new platform, the smaller form factor.

A lot of the 6E and even the 6 programs are getting replaced with the 7, at least with the customers that we're targeting. We'll have some legacy products that continue to ship. Some of the enterprise customers, they'll be utilizing these older generation products for two to three years out. It's a transition period. It's baked into Ken's models too as well, that he touched on.

**Ken Boller**

Yes. Like I said, there's about over a dozen new products that we're introducing over the next three months to nine months and then more to follow after that. As Dave mentioned, they'll slowly be accepted by the market and be brought into our sales funnel. As I mentioned earlier, there also is the new base station products. Those have a higher ASP and have a lower cost as well. We'll start to see that funnel in more and then get to 25% gross margin in that range when we get to this time next year in the December quarter.

**Jeff Shealy**

Suji, let me add, this is Jeff, let me add to that, really three dynamics that's going on, on that margin improvement. Dave touched on the size. The laminate has—our selection of laminate to lower cost laminates is certainly a selection criteria. I do want to emphasize the work by the team in the yield category. It's those size of product laminate as well as the yields that's going to be driving gross margin going forward.

**Suji Desilva**

Okay. Great, guys. My other question is on the financial side. What's the Capex budget expected maybe the next 12 months, calendar '24, whatever time frame you want to use, just to understand how capital intense the next phase is?

**Ken Boller**

Yes. We've just completed our 500 million filters per year capacity expansion and also beefed up some of our back end processing capabilities in this quarter. If you look at our financials, you'll see a footnote disclosure stating about \$1 million of spend that is left. However, I would also tell you that we're looking to—we're looking into it and seeing what expenses we can defer or not do from that angle as well as far as a further cost reduction program. But at most, if you look at our footnote, it's a little over \$1 million for the next 12 months.

**Jeff Shealy**

Suji, let me add to that tool capacity expansion. Those tools are predominantly installed and running. We have deferred on some of the labor, as we've been able to make strides and yields and that's put some of the labor component that's driving some of that cost of goods, that's pushed some of that out. That's part of what Ken's referencing in terms of some of the savings program. We've got the tool capacity and can add the labor and bring that trained up, generally speaking, in one or two quarters.

**Suji Desilva**

Okay. All right. Thanks, guys.

**Jeff Shealy**

Thank you.

**Operator**

Thank you. This concludes our question-and-answer session. I'll now hand the floor back to Management for closing remarks.

**Jeff Shealy**

Thank you, Operator, and thank you, all, for your time today. We look forward to speaking with you during our next update call to discuss the current quarter execution against our milestones, as well as against future expectations. Thank you again and wish everybody a wonderful week. Thank you.

**Operator**

This will conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.