

Intrusion Inc. NasdaqCM:INTZ

Earnings Call

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Presentation

Operator

Welcome to Intrusion, Inc.'s Fourth Quarter and Full Year 2022 Earnings Conference Call and Webcast. [Operator Instructions] Please note this conference is being recorded. An audio replay of the conference will be available on the Company's website within a few hours after this call.

I would now like to turn the call over to Sam Cohen with Alpha Investor Relations.

Sam Cohen

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

Before I turn the call over to Tony, I'd like to remind everyone that statements made during this conference call relating to the Company's expected future performance, future business prospects, future events or plans may include forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Please refer to our SEC filings for more information on specific risk factors that could cause our actual results to differ materially from the projections described in today's conference call.

Any forward-looking statements that we make on this call are based upon information that we believe as of today, and we undertake no obligation to update these statements as a result of new information or future events. In addition to U.S. GAAP reporting, we report certain financial measures that do not conform to generally accepted accounting principles. During the call, we may use non-GAAP measures, we believe it is useful to investors or if we believe it will help investors better understand our performance or business trends.

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

Anthony E. Scott
President, CEO & Director

Thank you, Sam. Good afternoon and thank you all for joining us today. In today's call, I'll cover our Q4 results as well as talk about Intrusion's full year performance. Because I think that longer-term perspective is useful to understand our long-term goals and objectives.

Our fourth quarter top line results did not live up to our expectations. However, for the full year, Intrusion improved its overall performance on nearly every standard metric, capping an important year-long journey, where we made significant progress along our financial, operational and strategic objectives. I'll talk more about those accomplishments later.

Total revenues for the fourth quarter were $1.4 million, a decrease of $0.2 million compared to the fourth quarter of 2021 and a decrease of $0.8 million from Q3. Shield revenues for the fourth quarter were $0.3 million, which was flat sequentially and up $0.2 million compared to the fourth quarter of 2021. This was disappointing but understandable when taken in the context of the broader macroeconomic landscape. We released the Cloud and Endpoint solutions late in the third quarter and didn't expect any meaningful contribution to our revenue in Q4 2022.

On a positive note, interest remains strong for the Shield family of products with several larger deals that we didn't get across the finish line in Q4 remaining in our qualified pipeline. Our consulting business was relatively flat to the first 3 quarters of 2022 somewhat as expected. However, during the fourth quarter, the business experienced a year-over-year revenue decline of $0.4 million due to the loss of a single contract.

Intrusion's prime contract sponsor experienced leadership changes and subsequently chose not to renew the final option year of a contract that had been in place since 2018. Intrusion's gross margin on this contract was 14%. And as a result, the loss of this revenue while significantly impacting the top line

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had a marginal impact on profitability. Our team is working hard to replace that revenue in 2023, and we do expect growth over the course of the year as a result of our reseller partnerships, our business development efforts and referrals from our Business Advisory Board.

While the fourth quarter results were not as we expected, Intrusion improved its overall financial performance in nearly every standard financial metric during FY '22. Total revenue for the full year grew at $7.5 million, a 3% increase compared to 2021. Our gross margin improved from 50% to 55% and earnings per share improved $0.23 to a loss of $0.82 reflecting an improvement of 22% compared to 2021. Notably, Intrusion Shield contributed 16% of full year revenue in 2022, up from just 7% in 2021. As we've discussed, we fully expect Shield to become a significantly larger portion of our revenue as we move forward.

As I step back and look at the full year in what has been my first year as CEO, we have a lot to be proud of as an organization. We've made great strides in standing up the organization, rounding out the management team to include Tim Pleasant, Chris Duzich, Ross Mandel, and Doug Haloftis, who joined our CTO and Founder, Joe Head, and our amazing technical team to set the stage to ensure Intrusion is properly positioned to capitalize on the significant opportunities in the ever-changing cybersecurity space.

In short, 2022 is an important year, where we achieved most of our objectives for the business and made significant progress along our longer-term financial, operational and strategic goals. Let me touch a bit more on our progress in the promising market trends. During 2022, a number of product milestones were achieved. Earlier in the year, we recognized that there were some performance and reliability issues with our Shield On-Premise solution. We moved swiftly to successfully increase the stability and performance of the Shield appliance, while improving the overall bandwidth it can service.

In addition, we realized the need to expand our Shield product offerings beyond the On-Premise hardware appliance to both make our capabilities easier to demo and to increase our ability to cover workloads in the cloud and to provide Shield protection to endpoint devices. The indications of interest in pipeline expansion as a result of our Shield Cloud and Endpoint products are encouraging. A couple of data points to help you understand what we're seeing.

We have 20 active proof-of-value engagements currently, and our qualified pipeline has grown 5x from Q4 2022 levels, including the pipeline from our resellers. We continue to be encouraged by the response from our channel partners for this full suite of our products. As you may have noticed, earlier this week, we announced the availability of Intrusion Shield Mobile version 1.0 in the Google Play Store. This is yet another opportunity for us to expose Intrusion Shield's capability to a wider audience and make it easier to understand our value, especially for protecting an increasingly mobile-first platform that both businesses and consumers are moving to. We have great confidence in these new products and are excited to have the full suite available for the entirety of 2023 and beyond.

From a sales and marketing perspective, we took several measures to simplify and focus our messaging and shifted toward a more channel-driven sales structure to better align with Shield's growth opportunities. We made significant positive changes to our company and product branding, our logos, our messaging and our marketing communications, which have all been well received by our partners and customers. In addition, we have enhanced our messaging so that we can clearly articulate the value proposition of our products. Recently, a report published by Constellation Research, highlighted Intrusion's pioneering of a new aspect of cybersecurity technology with Constellation is called Applied Threat Intelligence.

The key message of this report highlights Intrusion's technology approach, which empowers organizations to take a more comprehensive view of their network, examining its full history and ongoing behavior to determine what is safe and what is a threat. The report is available on our website for those who are interested. The revamping of our messaging around Shield and the launch of our new website has helped us better communicate the potential buyers, the uniqueness of our new and enhanced suite of products and solutions.

In the fourth quarter, we announced a partnership with vTech Solutions and IT services firm based in Washington, D.C. With vTech's reach in 4 countries in 40 U.S. states. We've been able to expand our reach

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in providing protection to public sector organizations who are managing their critical IT infrastructures. Additionally, as we announced in February, we are partnering with Carahsoft to help protect its public sector customers across federal, state and local government agencies and education and healthcare markets. With Carahsoft deep industry expertise and broad customer base, we can provide Intrusion Shield products to help protect their customers' critical infrastructure from virtual attackers. We have long been a trusted partner of the federal government, and this partnership will expand our reach in the public sector as well.

In 2022, in total, we announced 5 new partners, which expands our reach as we provide Intrusion Shield protection to a greater number of customers in the quarters to come. I would also like to comment on our efforts to improve the company's financial discipline and stability as we advance upon our strategic initiatives. We continue to prioritize the most suitable options against our goal of raising $15 million to $20 million in 2023.

While we operate in the challenging backdrop amidst the difficult interest rate and macroeconomic environment, we feel there is strong interest from the investment community in Intrusion's growth strategy and value proposition. We believe 2023 will be a key building year for Intrusion, and we have overcome several of the key hurdles for the company, stood up the organization and set ourselves up with a clear path forward to achieve our objectives. We've retired the majority of the legal overhang we started with in 2022 and have created a best-in-class organization with the top people in the field as recognized by our 2022 Best Places to Work designation.

We continue to view the channel as a force multiplier, and we have strong partners in place, 2 of which we've highlighted in this call. We've greatly expanded our reach, both in the U.S. and internationally to get Intrusion Shield in front of potential customers. Long-term, the demand backdrop for our solutions continues to grow, specifically in the market subsegments we serve. What I believe and continue to have confirmed from partners and customers is that our unrivaled threat intelligence data set provides a needed additional layer of protection within an advanced comprehensive suite of cybersecurity products.

As we begin to see the market adoption of our unrivaled Intrusion Shield products, there will be a dramatic positive shift in the trajectory of growth and margin profile of this business on a go-forward basis. 2022 was a year of investment, tactical change and improvement for our organization to ensure that we are well positioned for the future ahead. All of the actions we have taken under the surface in 2022, such as product development, sales and marketing, partnership expansion and financial management have created momentum and a clear path forward as we look forward to 2023 and beyond.

Now with that said, I'd like to turn the call over to Kim for a detailed review of our fourth quarter financials. Kim?

Kimberly Pinson
CFO, Principal Financial Officer & Principal Accounting Officer

Thanks, Tony. We continue to benefit from the increased focus and intensity on cybersecurity solutions and expect our results going forward to reflect the strong demand from customers and channel partners for our Intrusion suite of products. We expect that going forward, these new products as well as the advancements made to our existing Shield On-Premise solutions will guide the transformation into our recurring revenue, high-margin and software-focused business model supported by the stability of our consulting business.

I would now like to discuss our financial performance for the quarter and full year period ended December 31, 2022. Revenues for the fourth quarter of 2022 were $1.4 million, a decrease of $0.7 million sequentially and $0.4 million year-over-year. Revenue was $7.5 million for the full year ended December 31, 2022, an increase of $0.3 million compared to 2021. Fourth quarter revenues for our consulting business were $1.1 million, a decrease of 25% year-over-year and 40% sequentially. Full year 2022 revenues for our consulting business were $6.4 million, a decrease of $0.4 million or 6% year-over-year.

As Tony stated earlier, the decline in our consulting revenues is due to a loss of a consulting contract in the fourth quarter. That contract represented almost $2.6 million in annual revenues. Fortunately, this contract

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carried a lower margin profile, so the impact on our bottom line was not as pronounced. However, we do expect consulting revenues in 2023 to increase as a result of our ongoing business development efforts.

Shield revenues for the 3 and 12 months ended December 31, 2022, totaled USD0.3 million and USD1.2 million, representing 22% and 16% of total revenues, respectively. In comparison to prior year periods, Shield revenues increased $0.2 million for the quarter and $0.7 million for the full year, both representing a year-over-year increase of 124%. During the quarter, we signed several new customers, which mitigated the effects of a lost customer who chose not to renew. Similar to the churn, we experienced last quarter, this was another case where the customer was an early Shield adopter and the solution was never fully deployed. We have taken steps to proactively monitor customer utilization of Shield products to improve retention and reduce turnover.

The gross profit margin was 63% for the fourth quarter of 2022 compared to 50% in the fourth quarter of 2021. The gross profit margin was 55% for the full year ended December 31, 2022, compared to 50% in 2021. The improved margin in both the current quarter and full year is a result of our product mix, with Shield sales representing a higher percentage of revenues and the loss of a low-margin consulting contract, as previously mentioned. We are continuing to control our cost structure while also making prudent investments in our long-term profitable growth.

Operating expenses in the fourth quarter of 2022 were $5.4 million, an increase from $4.7 million in the comparable quarter of last year. Operating expenses were $20.5 million for the full year ended December 31, 2022, a decrease from $23.2 million in 2021. The net loss for the fourth quarter of 2022 was $5.2 million or $0.25 per share compared to a loss of $3.8 million or $0.20 per share for the fourth quarter of 2021. The net loss was $16.2 million or $0.82 per share for the full year ended December 31, 2022, compared to a loss of $18.8 million or $1.05 per share in 2021.

Turning to the balance sheet, on December 31, we had cash and cash equivalents of $3 million, down from $4.1 million in the prior year. In January of this year, we amended our debt agreement with Streeterville, whereby Streeterville agreed to waive their right to principal redemptions through March 31. Additionally, in February, we entered into a note purchase agreement with Streeterville in the amount of $1.4 million and a related security agreement, whereby Intrusion granted a security interest in the employee retention tax credits due to the company under the CARES Act. More information relating to these agreements is available on our current reports on Form 8-K.

Both the amendment to the existing agreement and the new note purchase agreements were entered into in order to provide a longer runway to secure financing on terms acceptable to the company. We need to raise additional funds in the near-term to continue operations. We estimate we need between $15 million to $20 million for the full year 2023 to fund our growth plan and financial commitments.

We intend to obtain these funds from sales of our common stock through registered direct offerings and the use of our aftermarket program. While there can be no assurance that we will be able to raise the capital necessary to fund our plan, we remain confident that the capital markets remain open to us for future rounds of funding.

With that financial overview, I'd like to now turn the call back over to Tony for a few closing comments. Tony?

Anthony E. Scott
President, CEO & Director

Thanks, Kim. To conclude, I want to let you know that I believe we are moving forward with our transformation through compelling products and innovative strategies. We have positive momentum as a result of the great strides that the team has made in 2022 to right-size the organization, develop new products and revamp our sales and marketing, which allows us to capitalize on the strong sales pipeline we've developed and drive further revenue expansion as we carry over this progress into 2023. We look forward to sharing the next steps in our journey with all of you, and we thank our investors for your continued support as we execute our strategy.
This concludes our prepared remarks. And I'll now turn the call over to the Operator for Q&A.

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Question and Answer

Operator

Thank you. [Operator Instructions] Your first question today comes from the line of Scott Buck with H.C. Wainwright.

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

Tony, it sounds like from the release in your comments that you're seeing a little bit of hesitation from potential customers and kind of getting some of these sales over the finish line. What do you think breaks that hold and allow some of the sales to actually go through?

Anthony E. Scott
President, CEO & Director

Sure. Great question, Scott. So what we're seeing is kind of an interesting thing that I think, we can address in our sales process. What we've seen is some -- like what I'd call late-breaking questions that we can in the future and should address much earlier in the sales cycle. So that's been a bit of a hang up. Things like integration with other products, kinds of questions and also details on IP addresses that we block, what are the specific reasons we block them and things like that, all of which we've learned from, and we've -- we're building back into our sales process so that salespeople can clear those hurdles much earlier in the cycle. So it's been a bit of a learning. And then also, it's been training our channel partners to answer some of these questions earlier in the process as well. So we're learning. But I think the good news is we're starting to see smart questions and enthusiasm for what we do as we do these proof of values and so on. So I'm not discouraged by these questions, although, as noted, it has delayed the sales cycle in a number of cases.

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

Great. I think that's helpful. And then could you kind of give us some indication of what the early color or feedback has been on Cloud and Endpoint. I know you're at kind of somewhere between 3 and 6 months at this point of sales. So just kind of curious what you're hearing there?

Anthony E. Scott
President, CEO & Director

Yes. Well, I kind of discount Q4 just because it's filled with holidays and people are distracted and so on. But in Q1, we've seen increased interest. Again, there's a learning here selling Cloud and Endpoint a little different than selling the appliance. And so we're learning from those conversations with customers. One of the areas that looks interesting in the Cloud discussion, in particular, is people that are migrating workloads to the cloud seems to be a good entry point for us to have the kind of conversations we'd like to have, when they're moving workloads from on-prem or from one cloud to another is sort of a great place for us to engage.

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

Okay. Perfect. And then last one, Kim, it looked like sales and marketing expenses were up sequentially. I assume that's due to some of these newer product launches, what should we expect for 2023 in terms of that expense line?

Kimberly Pinson
CFO, Principal Financial Officer & Principal Accounting Officer

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Yes. You are correct in terms of the expense in the fourth quarter. We do plan on continuing to invest in sales and marketing. And I think that you won't see us as market of an increase, but we do plan to continue to invest, and you'll see it stay relatively flat or increase over the course of the year.

Operator

Your next question comes from the line of Zack Cummins with B. Riley Securities.

Zachary Cummins
B. Riley Securities, Inc., Research Division

Kim, I think you mentioned within your script that Shield saw a little more churn here in Q4. Once again, it sounds like it was one of our legacy customers that had adopted Shield out the gate. Can you give us a sense of kind of what was going on in that situation and some other initiatives that you're undertaking to monitor the overall health of that Shield customer base?

Kimberly Pinson
CFO, Principal Financial Officer & Principal Accounting Officer

Well, as I mentioned in the script, it was an early Shield customer, and the Shield appliance was never fully deployed and we're not utilizing the Shield appliance. And so we have taken steps to actively monitor the utilization of the appliances that are out there and be in contact with the customers to make sure that they're seeing the full value of the Shield product. So we do not anticipate to continue to see this recurring in the future.

Anthony E. Scott
President, CEO & Director

And this is Tony. Let me add just a couple of things there. Things like making sure they're on a current release that they're getting updates that the reports are being looked at are all different ways we can sort of monitor, how customers are either using or not using the product as the case may be. So I'm feeling a lot better in terms of where we're at on that front than I was 6 months or so, I'll say.

Zachary Cummins
B. Riley Securities, Inc., Research Division

Got it. Got it. That's helpful. And just another final question for me is just really around the traction that you're seeing with partners right now. It's great to hear that your qualified pipeline is up 5x versus what even what you're seeing in Q4. Can you just talk about maybe what it's going to take to really start to get momentum building there in terms of closing some of these customer deals across that partner channel here in the coming quarters?

Anthony E. Scott
President, CEO & Director

Well, my view is, it's a contact sport. So you got to get out there, rub shoulders, create awareness and get the conversation going. And as you might guess, it takes a little while to get partners spun up. They've got to understand the product. They got to get trained. They got to go out and talk to customers and see if there's a fit, if there's a compelling moment for them to introduce us into that cycle. And all of that takes a few turns of the crank. But the good news is when we get our foot in the door, we've not left in most cases. So our opportunity is to go stick our foot in the door in a lot more places with these partners. And we're starting to see that happen. So --

Operator

Your next question comes from the line of Ed Woo with Ascendiant Capital.

Edward Moon Woo
Ascendiant Capital Markets LLC, Research Division

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My question is, have you noticed any change in the competitive environment, especially as the macro environment gets worse? Have you seen competition on pricing?

Anthony E. Scott
President, CEO & Director

I think the biggest thing that I've noticed, and I get this from lots of friends or CIOs across the country is, they're under pressure for 2 things. One is supplier consolidation, what -- I think everyone is realizing is that the more suppliers you have in a given area, the more administrative overhead there is, the more contract administration there is, the more you have to pay attention to renewal dates and deadlines and all of that sort of stuff. So I definitely see a call for [Technical Difficulty] set of products. [Technical Difficulty] To that end, I think you'll see an announcement coming out from us this afternoon around an agreement we've reached with Netgate, who is the creator of a open source-based firewall called pfSense that's super popular. I think it's been downloaded 7 million times or something like that. It is the benchmark that all firewalls compare themselves to and Netgate's created a pfSense Plus product that takes the open source and tunes it to specific hardware platforms and so on. And our agreement with Netgate, I think, will play well into that trend of, hey, I want fewer vendors, and I want more capability out of the platforms that I use. And so we view this arrangement with Netgate as a playing into where the customers are and what customers want, which is timely in the marketplace right now.

Operator

Your next question comes from the line of Brian Kinstlinger with Alliance Global Partners.

Unknown Analyst

This is [Shervin] for Brian. You gave good detail on the pipeline. Could you talk about maybe the average deal size in the Shield pipeline? And do you think maybe from a timeline visibility standpoint, the next few deals, will they be in the first half? Do you think you can maybe bring them over the finish line within the next 2 to 3 months? That would be great.

Anthony E. Scott
President, CEO & Director

Well, our plan is to land every deal we can. I would say the averages don't mean that much at this particular point because frankly, they've been all over the map, and I don't see a specific trend at this particular point. What I do see is some of the bigger deals that are in the pipeline, the customers want to do kind of a smaller trial to get started. And then once they've successfully completed that proof of value, then are opening the discussion with us in terms of bigger, broader sorts of deployment. So at this point, I don't read a lot into those averages or those numbers because they're just too small a number to be statistically meaningful, if you will, but I am encouraged by the trend.

Operator

Your next question comes from the line of Aaron Warwick with Breakout Investors.

Aaron Warwick
ES Capital, LLC

Just wanted to probe a little bit on the Carahsoft partnership that you guys recently announced, my understanding is they're highly respected organization in the D.C. area? And just sort of what's the plan and the opportunity with them? When might we see you bearing some fruit from that partnership?

Anthony E. Scott
President, CEO & Director

Yes. I think Carahsoft was a key partner for us. When I was federal CIO, I paid a lot of attention to who our innovative partners were and the federal government obviously buys a lot of technology. The perception is that a lot of it is with really large federal system integrators, but increasingly, even when I was there 4 or 5 years ago, Carahsoft was the kind of scrappy innovative company that was doing some of

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the more interesting deals with the federal government. They had gotten themselves on to all of the major contract vehicles. They were quite clever in terms of figuring out how to combine pieces of things together to create a solution that a specific customer wanted. They had a reputation for great customer service and interaction. And so when I got here, it was one of the first conversations we wanted to go have and I only wish we'd gotten it started and forgotten it landed a little sooner than we did. But I think in the long run, they're going to be a great partner for us in the markets that they serve. In terms of momentum, you know the federal cycle, it takes a long time to get going. And then once you get going, then it's interesting for a really long time. And so I don't think we're going to see a change in that pattern from Carahsoft. This is more of a mid- to long-term bet, but one that I think will be meaningful for our commercial products. They're not representing us on the traditional federal consulting contracts that we have. This is all about our commercial products, Shield and so on.

Aaron Warwick
ES Capital, LLC

Right. Right. Appreciate that. And then one that caught me by surprise was the Shield Mobile. I don't recall you having spoken about that before. I just wondered kind of what -- if you could talk a little bit more about what the plan is with that and what the opportunities you see there?

Anthony E. Scott
President, CEO & Director

Well, this is mobile version 1.0. And the move there is increasingly mobile platforms are the platforms that people use, moving away from traditional PCs and so on. So it's an important surface area to protect. I felt we needed to be in that space, and we had the ability to take our core endpoint technology and move it on to the Android platform. So through that vehicle, we'll get really good feedback from customers. It also gives potential customers a super easy way to try out our technology and to test it in their own environment even without us having to make a sales call or suggest that they try it. That said, I don't expect that in the short run, it's going to be a huge revenue contributor, but every little bit helps. I think in the short run, at least, it's better for us from a marketing perspective and awareness perspective and the ease of insertion into the conversation with customers.

Aaron Warwick
ES Capital, LLC

Yes, it makes -- that's good. Final one for me, I guess, is just an update. Last year, you talked about potentially several strategic partnerships with macroeconomic patients and situations that were more specific to that company for those companies, those were delayed, the status of that? You had kind of mentioned, I think, on the last call that if there was no progress after the first of the year, you might have to look into other companies as well. You're just with the 3 that you would target. What's the left on those?

Anthony E. Scott
President, CEO & Director

So no progress on the original ones that I was targeting, I have started conversations with additional partners, and it's one of the things that led to this Netgate conversation, quite frankly, as we looked around at the ecosystem and said, who are the players we could logically partner with. An interesting thing happened, a lot of people we were talking to about our products also use pfSense. And I think we've discussed on prior calls, people sometimes confuse us with a firewall or want to know what firewalls we work best with those kinds of conversations. So when we looked around and said, who would be a good company for us to align ourselves with -- there was tremendous synergy with Netgate and their pfSense Plus products. And in the course of that conversation, nearly everyone we talked to said, hey, good move. That's going to be a great combination of Intrusion and pfSense Plus from Netgate. So stay tuned, we'll see where that goes.

Operator

Your next question comes from the line of Harold [Zirin] with Goldman Sachs.

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Unknown Analyst

Thank you very much for making the presentation, Tony. With regard to the Netgate and pfSense, could you give us some idea as to the timing as to when we could hopefully see some revenues from this relationship and maybe some sort of sense as to the magnitude of how good this combination could be.

Anthony E. Scott
President, CEO & Director

Sure. Thanks, Harold, for the question. So the good news is, we've been using pfSense here at Intrusion for a long time. And we also have a couple of customers who've got extensive experience with it and us as well. So we know how these things work well together. So I imagine that in a few weeks, we'll have a very specific SKU that we can offer in the marketplace. And then over time, we'll do more and more work to more fully integrate these products. In terms of revenue, your guess is as good as mine at this particular point. But I think the opportunity here is with 7 million downloads and some pretty significant portion of that active users of pfSense. That's a great audience for us to market to and to have a conversation with -- and even in our larger customers who are looking for larger enterprises that are looking for more cost-effective solutions, this is great product that as they try to manage their budgets and manage some of the other things that I talked about earlier. So hard to predict at this particular point, I'd say, but I wouldn't have done it if I didn't think it was going to be meaningful for us this year.

Operator

At this time, there are no further questions in the queue. I'll turn the call back over to our host, Mr. Tony Scott.

Anthony E. Scott
President, CEO & Director

All right. I do want to make one additional comment as we close the call. Just to add a little color on Kim's liquidity remarks. We do need to bring in additional funds within the next 30 days. And although there can be no assurances that we'll be able to raise such funds on a timely basis or on satisfactory terms. We are actively evaluating our options for additional financing and believe that the capital markets remain open to us. So I think we've said that a couple of different ways in the broadcast, but that's -- I want to make sure that the point is well understood. So thank you, everybody, for your time and attention and your patience, and I look forward to speaking with you on next quarter's call. And for those that analysts, I'm sure we'll have follow-up questions in the next few days. Thanks very much.

Operator
This concludes today's conference call. Thank you for attending. You may now disconnect.

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