

29-Feb-2024

Cronos Group, Inc. (CRON.CA)

Q4 2023 Earnings Call

CORPORATE PARTICIPANTS

Shayne Laidlaw

Head-Investor Relations, Cronos Group, Inc.

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

James Holm

Chief Financial Officer, Cronos Group, Inc.

OTHER PARTICIPANTS

John Zamparo

Analyst, CIBC World Markets, Inc.

Bill Kirk

Analyst, ROTH Capital Partners LLC

Yewon Kang

Analyst, Canaccord Genuity Corp.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Josh, and I will be your conference operator today. I would like to welcome everyone to Cronos 2023 Fourth Quarter and Full Year Earnings Conference Call. Today's call is being recorded.

At this time, I would like to turn the call over to Shayne Laidlaw, Investor Relations. Please go ahead.

Shayne Laidlaw

Head-Investor Relations, Cronos Group, Inc.

Thank you, Josh, and thank you for joining us today to review Cronos' 2023 fourth quarter and full year financial and business performance.

Today, I am joined by our Chairman, President and CEO, Mike Gorenstein; and our CFO, James Holm. Cronos issued a news release announcing our financial results this morning, which is filed on our EDGAR and SEDAR profiles. This information, as well as the prepared remarks, will also be posted on our website under Investor Relations.

This information presented during this call is preliminary and subject to change until the company's audited, consolidated financial statements are filed with the SEC, which we anticipate occurring later today.

Before I turn the call over to Mike, let me remind you that we may make forward-looking statements and refer to non-GAAP financial measures during this call.

These forward-looking statements are based on management's current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements.

Factors that could cause actual results to differ materially from expectations are detailed in our earnings materials and our SEC filings that are available on our website, which any forward-looking statements made during this call are qualified in their entirety.

Information about non-GAAP financial measures, including reconciliations to US GAAP, can also be found in our earnings materials that are available on our website.

Lastly, we will be making statements regarding market share information throughout this conference call, and unless otherwise stated, all market share data is provided by Hifyre.

We will now make prepared remarks and then we will move to a question-and-answer session. With that, I'll pass it over to Cronos' Chairman, President and CEO, Mike Gorenstein.

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

Thank you, Shayne, and good morning, everyone. As we reflect on 2023, I'm incredibly proud of everyone at Cronos as we successfully steered our company through a variety of transformational changes.

In addition to our product winning in the market, we have positioned Cronos well to capitalize on opportunities in 2024. We captured \$30 million in operating expense savings in 2023, which exceeded our previously stated target of \$20 million to \$25 million.

Following the \$5 million overachievement in savings in 2023, we anticipate saving an incremental \$5 million to \$10 million in 2024.

We exited our US CBD operations to focus on adult-use products and we entered into a sale leaseback agreement for our Peace Naturals Campus in Stayner that we anticipate receiving \$17 million for. And we wound down operations at our Winnipeg facility, which is currently listed for sale.

These changes culminated in significant cash flow improvement and we stayed laser focused on organic growth.

We grew the Spinach brand to be the number two brand by market share in Canada, propelled by number one rankings in the flower and edible categories. We launched the Lord Jones brand in Canada; opened two international markets, Germany and Australia; and continue to navigate our business through the war in Israel.

Our cash and equivalents balance increased by approximately \$22 million from Q3 to roughly \$862 million, driven by operating expense reductions, increased interest income and improvements in working capital.

Cronos has the strongest balance sheet in the cannabis industry and we continue to manage our capital responsibly while maintaining our ability to launch innovative borderless products and creating a blueprint for selling into other cannabis markets as they open up.

Starting with our growing international business, we continued ramping up with our German distribution partner, Cansativa, a leading distributor of medical cannabis in Germany.

Cansativa has a network of approximately 2,000 pharmacies that currently supply around 300,000 patients in Germany's medical market.

Our PEACE NATURALS flower products have quickly gained patient attention and loyalty, which has elevated PEACE NATURALS to be a leading brand in the German market, led by winning genetics from our in-house breeding program such as GMO Cookies and Wedding Cake.

Within weeks of launching, our GMO Cookies flowers SKU achieved a leading position by market share in Germany. Reentering the German market is a significant milestone for Cronos and we look forward to expanding our reach and brand awareness with the help of Cansativa.

On Friday, Germany's chief legislative body approved the cannabis bill that opens up the cannabis market in Germany, including no longer classifying cannabis as a narcotic.

This change allows us to more effectively market to patients and unlock the significant runway of growth in the market. We believe Cronos is well positioned with a leading distributor and best-in-class genetics to capitalize on the growth fueled by potential legislative changes.

Turning to Australia, we continue to work with our partner, Vitura Health, of which Cronos owns approximately 10% of the common shares, supplying Australian market which has grown significantly in the past three years, reaching approximately \$200 million retail sales in 2023, according to BDS Analytics, is another accomplishment Cronos worked towards achieving in the back half of 2023.

We look forward to working closely with our partner, Vitura, to provide patients with high-quality cannabis products.

Our German and Australian market entrances were a positive way to cap off the back half of 2023 and are expected to be growth drivers for us in 2024. Cronos will continue to look for additional international growth opportunities as 2024 progresses and new markets open and evolve.

We have a leading flower breeding program and an innovation pipeline winning in the Canadian market, which we're eager to bring to a broader subset of patients and consumers globally.

Moving to Israel, despite the challenges of the war, our Israel colleagues have shown incredible resilience and resolve. They continue to push the business forward despite the war, geopolitical climate and market issues.

Powered by our genetic breeding program, PEACE NATURALS continues to be a leading brand in market with SKUs such as GMO and Wedding Cake, leading the pack. These genetics are repeatedly proving to be winners as we enter new markets.

In early January, we launched a new brand called Lit. Lit has a differentiated marketing positioning with a more approachable price point while maintaining the quality that has become synonymous with our existing products and market.

Following stagnant patient growth for most of 2023, the market experienced a rebound in growth in the fourth quarter, providing a positive tailwind for the industry. This coincides with the regulator, the Yakar, reviewing an overhaul of cannabis regulations that would gradually improve ease of access for patients by moving to a prescription model and moving cannabis to a first-line treatment option for doctors treating certain disease indications.

The growing patient count, which now exceeds 140,000, coupled with potentially regulatory reform, can unlock growth for the industry and we are well-positioned to take advantage of it.

Turning to Canada, during the fourth quarter, we continued to execute our plan to create a robust offering of borderless products, highlighted by new launches and strong market performance.

Our Spinach brand closed 2023 as the number one ranked flower brand in Canada with a 6.9% market share in the fourth quarter, up from the fourth ranked brand in 2022.

This achievement is the culmination of years of genetic breeding, R&D investment and best-in-class cultivation at scale with our JV, Cronos GrowCo, which has separated our products in the field, capturing a leading position in flower around our strong year of growth and innovation for the Spinach product portfolio, which is ranked the second best-selling cannabis brand in Canada across all categories as of December 2023.

In the edible category, Spinach edibles accounted for 16.2% of the market's retail sales in the fourth quarter, remaining the market leader in edibles. We have an incredible product that continues to launch in new flavor profile in cannabinoid blends, the perfect example of a borderless, scalable product. In total, we have four edible products in the top 15 market share ranks.

The Spinach brand also recently launched its Strawberry Kiwi 5:1 CBD THC SOURZ gummies. These gummies were designed to compete with other CBD for edible products, seeing success in market. And the 10 pack offers the chance for these lower THC edibles to be shared among friends.

Earlier this month, our Lord Jones brand launched Chocolate Fusions, an exciting first entry into the chocolate edibles category. Cronos' newest edible innovation was developed and designed by an expert team of culinary chefs, food scientists and leaders in cannabis product development.

The bite-sized chocolate fusions feature a dynamic multi-texture experience, combining a soft and chewy center, crunch inclusions and an outer layer of rich creamy chocolate that delivers a decadent, sweet treat for adult consumers.

We believe chocolate fusions are a category-defining product that will expand the chocolate segment.

Chocolate Fusions deliver what adult consumers have come to expect from our brand – truly differentiated, consistent and high-quality products that introduce new and unexpected ways to consume and experience cannabis.

We look forward to growing the Lord Jones brand in Canada and building a bold, premium portfolio that shape the future of what is possible in cannabis innovation.

Turning to vape, I'm really excited about our efforts and the success we're seeing in this category. We climbed in the number three market share positioning, growing to 7.7% of the market in Q4.

We've done a lot of work on our vape portfolio in the past year and it's great to see these strong results in the market. In 2024, we will continue to evolve the vape category by providing consumers with flavor-forward profiles and rare cannabinoid combinations such as our new 1.2 gram format, which was a large driver of the gains in the quarter.

In January 2024, we launched the Lord Jones Live Resin Vapes in two different hardware options. The lineup feature versatile sizes, including a 0.5 gram trial size in the convenience of an all-in-one device and the 1-gram stock-up size as a 510-thread cartridge, catering to both enthusiasts and those new to the category.

Crafted with the discerning cannabis consumer in mind, these products embody a commitment to excellence, offering an unmatched combination of curated strains, pure live resin and high-quality hardware.

I'm incredibly proud of these new products and we see them helping us penetrate more of the vape category in 2024.

We also continue to improve and drive innovation through our Spinach pre-roll portfolio with several new infused products, including Pink Lemonade, Peach Punch and Strawberry Slurricane.

Year-over-year, our pre-roll retail sales grew by 137% in the fourth quarter. In Q4, we added the Spinach Feelz Full Tilt THCV pre-roll to our infused pre-roll lineup. This pre-roll offers a boosted and elevated high due to the THC and THCV blend and complements our existing THCV vape and gummy products.

In the fourth quarter, we launched the Lord Jones ice water hash fusion pre-rolls. The popularity of hash products in premium pre-rolls is increasing amongst adult consumers.

Ice water hash is the most popular solventless infusion and is the second most popular infusion overall in the pre-roll category.

These pre-rolls are crafted with an optimized ratio of premium high potency flower to complementary solvent with ice water hash which preserves the buds natural terpenes made with a reusable ceramic tip to help cool the smoke. These new products have been extensively researched and sensory-tested to deliver a smoother experience featuring bold flavors.

Both the White Tahoe and Cosmic Kush strains of our Lord Jones infused pre-rolls are selling well in the Alberta and BC markets. We're excited to see additional growth when the pre-rolls become available more widely in Canada throughout this year.

With our award-winning pre-rolls and strong position in dried flower, we know it can continue to grow in this category under both our Lord Jones and Spinach brands through innovations and quality product offerings.

Turning to our Canadian cultivation joint venture, GrowCo's performance in cultivation continues to be strong. GrowCo reported to us preliminary unaudited revenue of approximately \$6.6 million from non-Cronos customers in the fourth quarter.

Additionally, the credit facility that Cronos previously provided GrowCo currently has \$69.8 million outstanding, following the principal repayment of \$5.6 million by GrowCo in 2023.

In addition, GrowCo made interest payments of \$10.3 million in 2023. The solid financial performance of GrowCo yield an equity pickup, interest payments and loan payback to Cronos is a vital component of our overall financial picture.

Turning to the US market, we're pleased to hear of increased momentum to reclassify cannabis. Regardless of the specifics of how federal regulation and commercialization of cannabis products evolve, rescheduling would be an important step in the right direction for US cannabis and we hope to see continued momentum in 2024.

This year's successes have resulted in significant operating expense savings and a substantial improvement in cash flow, which better positions us to assemble a portfolio of borderless products with strategic infrastructure and global partnerships.

Our long-term strategy to invest in branded innovation and stay asset-light is working, and we're just getting started. The combination of these efforts and an industry-leading balance sheet set us up well to execute in any market.

With that, I'd like to pass it on to James to take you through our financials.

James Holm

Chief Financial Officer, Cronos Group, Inc.

Thanks, Mike, and good morning, everyone. I will now review our full-year 2023 results at a high level before getting into the details of the fourth quarter.

In 2023, we increased net revenue 1% year-over-year to \$87.2 million, with strong performance in Canada and commencement of sales to Germany and Australia, balanced by a slowdown in Israel. Constant currency consolidated net revenue increased 6% to \$91.7 million.

Total operating expenses declined by \$30 million versus the prior year, adjusted EBITDA improved by 12% to negative \$61 million, and operating cash flow improved by \$46 million to negative \$43 million.

I will now review our fourth quarter's results in relation to the prior-year period. The company reported consolidated net revenue of \$23.9 million, a 9% increase from the prior year.

Constant currency consolidated net revenue increased by 11% to \$24.5 million. The revenue increase was primarily driven by higher cannabis flower sales in Canada and cannabis shipments to Germany and Australia, partially offset by lower cannabis flower sales in Israel due to the war and competitive activity and an adverse price mix in the Canadian cannabis flower category, driving increased excise tax payments as a percentage of revenue.

Gross profit in the fourth quarter was \$1.9 million, equating to an 8% gross margin, representing a \$0.7 million improvement from the prior-year period. The increase is primarily driven by higher sales in Canada and continued supply chain optimization.

Looking at the margin for the full year, we had been performing well in the first nine months, highlighted by a steady margin profile between 15% and 16% through the third quarter.

Unfortunately, due to the both the war in Israel and increased competitive activity, margins were negatively impacted. As we look into 2024 with a more streamlined operational footprint, we are working to further optimize our supply chain and add automation to our production processes to increase throughput and drive cost out of the system, which should improve margins throughout the year.

We anticipate that as we move through 2024, we will recover from the fourth quarter performance and build upon the success we had in the first nine months of 2023.

Consolidated adjusted EBITDA in the fourth quarter was negative \$14.8 million, representing a \$4.2 million improvement from the prior year.

The improvement was primarily driven by a decline in general and administrative and research and development expenses and an improvement in gross profit.

Following the increase to our operating expense savings goal to \$20 million to \$25 million in Q2 2023, we are pleased to share that we surpassed the high end of the range by \$5 million, achieving \$30 million in operating expense savings.

Due to the overachievement in savings in 2023, we're adjusting our 2024 savings projections to deliver an incremental \$5 million to \$10 million.

Turning to the balance sheet, the company ended the quarter with approximately \$862 million in cash and short-term investments, which is up by about \$22 million from the third quarter.

In addition to delivering on operational efficiencies and maximizing the return on our cash, we received an interest payment on our GrowCo senior secured loan of \$1.9 million and a principal repayment of \$1.4 million for total cash paid by GrowCo to Cronos of \$3.3 million in Q4. In total, for 2023 we received \$10.3 million interest payments and \$5.6 million in principal payments.

Having the best balance sheet in the cannabis industry enables us to take calculated, strategic bets while we remain steadfastly focused on reducing cash burn.

Moving to the cash flow statement. Cash flow from operations was positive approximately \$16.8 million, representing a substantial improvement and free cash flow defined as operating cash flow less CapEx was positive \$15 million, another great achievement.

We have many wins to point to: market share gains, OpEx reduction, cash balance optimization and improving cash flow from operations, and we are reaffirming our guidance that we anticipate a net change in cash defined as the sum of cash and cash equivalents and short-term investments to be positive in 2024.

Looking back on these improvements, I share in Mike's confidence in the trajectory of the business and our preparedness for entering into new markets as they become available.

With that, I'll turn it back to Mike.

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

Thank you, James. 2023 was an impressive year for Cronos. We continue to transform our business and adapt it to where our industry is today. Our brands are winning globally thanks to all the hard work from our employees to bring best-in-class borderless products to market.

Our Spinach brand is the number two brand overall and hold number one positions in both flower and edibles. We launched Lord Jones in Canada by returning the brand to its cannabis roots with a suite of innovative and high-quality products and we can't wait to continue to build.

Before getting into questions, I want to level set what is under the Cronos umbrella and where things stand today. We closed the year with approximately \$862 million in cash and short-term investments and zero debt.

We generated over \$14 million in interest income in Q4 and we anticipate generating approximately \$40 million to \$50 million in interest income in 2024.

In Canada, our Spinach brand is the second most popular brand. We brought the Lord Jones brand to the Canadian adult-use cannabis market with products we know can win. We have a leading medical brand, PEACE NATURALS, in Israel, which posted \$21.1 million in net revenue in 2023.

In the fourth quarter of 2023, we shipped cannabis to Germany and Australia, extending our global reach. We have a 5.9% stake in PharmaCann, one of the largest US MSOs, currently on our books for \$26 million.

We own 50% of the equity in Cronos GrowCo which is profitable and GrowCo paid a \$15.9 million principal and interest payments in 2023. We have an approximate 10% stake in Vitura, the leading medical cannabis company in Australia, on our books for \$9.6 million. And finally, we have an exclusive partnership with Altria on a global basis.

We stabilized our cash balance and drastically improved our cash flow trajectory, making us one of the best positioned cannabis companies to take advantage of new market growth opportunities. We're heading into this new fiscal year energized and ready to take Cronos to its next chapter.

With that, I'll open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from John Zamparo with CIBC Capital Markets. You may proceed.

John Zamparo

Analyst, CIBC World Markets, Inc.

Q

Thank you. Good morning. I wanted to start on gross margin. You mentioned some of the reasons that that was lower in the quarter versus Q3. I wonder if you could rank order those. And then are the initiatives that you identified for next year about automation or a few other items? Is the benefit of that included in your cost savings target for 2024 or would that be incremental to it?

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

A

Thanks, John. So we showed steady results in the first nine months of the year with gross margin ranging between 15% and 16%.

Looking beyond the inventory write-downs, we showed steady improvement kind of throughout the year, right, with the exception of Q4. Unfortunately, due to the war in Israel and the increased competitive activity, those margins were negatively affected.

We do anticipate that as we move through 2024, we'll recover from that fourth quarter performance and build upon the success we had in the first nine months.

Positive impacts to our gross margin in the quarter will continue to be our cannabis extract category that carry a higher margin profile and benefit the lower cannabis biomass costs as we continue to leverage our joint venture with GrowCo and improve fixed cost absorption in our Canadian supply chain as we continue to grow the business and further optimize our supply chain cost.

Further, the announced exit of our Winnipeg facility is also anticipated to drive additional COGS saving in 2024, contributing to the \$5 million to \$10 million in savings target for 2024. And then, John, as you alluded, there's some additional opportunity that we're driving automation into the supply chain. And so some of that is baked in. There's additional potential upside as well throughout the year.

John Zamparo

Analyst, CIBC World Markets, Inc.

Q

Got it. Okay. That's helpful. And then two parts. My second question is I would love to get your thoughts on each of Australia and Germany, in particular, how it relates to Cronos. Australia is seemingly interesting to a lot of different LPs. It's becoming more crowded. Do you think that market has sustainability in terms of its growth or are there barriers to entry that would prevent further participants from joining? And on Germany, what upside do you think Cronos has given to use the distributor model with respect to the recent change in legislation? Thank you.

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

A

Sure. Thanks, John. So I think when you look at the Australian and German market, you know, last year, they were similar sizes with the Australian market being a little larger and you see pretty similar barriers with other international markets just in terms of having the type of supply chain and kind of what you need to make sure you get products across the border and meet really tight specs.

For us, similar to other markets, what's going to really matter is having great genetics and making sure that those genetics are grown very well. And so what's propelled us to lead in Israel and Canada and Germany is what we expect will allow us to succeed there. As far as growth relative to Germany, I think just given the country size, you know, I wouldn't expect that to continue to outpace Germany. But I do think there's still runway ahead.

Germany, we already expected there to be growth. But a week ago, having the vote to change the way the cannabis is treated, it is a bill that opened up the cannabis market and is no longer classified as narcotic. And I think that's really significant because while people may talk about the adult use or impassion clubs and what that might mean really for us, what this means is we are allowed to now effectively market medical cannabis and that's a significant change.

So I expect a lot of growth in Germany. I think, from international market perspective, that's what the story should be over the next year.

John Zamparo

Analyst, CIBC World Markets, Inc.

Q

Great. Thank you very much.

Operator: Thank you. One moment for questions. Our next question comes from Bill Kirk with ROTH MKM. You may proceed.

Bill Kirk

Analyst, ROTH Capital Partners LLC

Q

Hey. Good morning, everyone. So increased competitive activity was noted as a margin headwind. Were there specific formats or provinces where you saw that increased competitive activity?

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

A

Yeah. So thanks for the question. I think, overall, right, we experienced competition across the board. Mainly what we were alluding to there was competition in Israel driven by the war.

And so, a lot of the competitors are essentially dealing with the same problems that we are today. There are supply chain issues there.

Thankfully, our facility was not directly impacted and we have an extremely resilient workforce there. And so we've done a lot to stabilize and continue to produce and make sure we're providing our best in class products to the end consumer.

We do experience a little bit of competition in Canada as well, but I think in Canada you're seeing that even in spite of the competition, right, we are number one in flower, number one in edible, number three in vape, and number eight in pre-roll and steadily increasing.

So, we feel very confident in our portfolio and in the products and innovation that we're bringing to market.

Bill Kirk

Analyst, ROTH Capital Partners LLC

Q

And then if I could follow up on Germany, why would the changes in Germany help grow the medical market rather than if cannabis isn't a narcotic, why wouldn't call it the adult use unstructured adult use market take share from the current medical market? Could you help me kind of figure that, think about that a little bit?

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

A

Sure. It's a great question. If you compare how cannabis has been treated in Europe versus North America, it's completely different. When you think about medical cannabis in the US, it's not really going through a pharmaceutical like system.

In Germany, it has truly been treated like a narcotic. And so extremely, extremely restrictive marketing regime.

Changing that and allowing it to actually go communicate with the benefits of having a superior product to patients I think is a game changer.

And the adult-use program that people talk about in Germany isn't really a commercial adult-use program. You're not able to have the same type of infrastructure you have in Canada or Germany. There's not actual legal adult-use sales. It's really just lessening the penalties of an illicit adult-use market.

And I think, with that, you won't expect to see quality product coming out, improved access to quality product. So it'll bifurcate to sort of illicit market with a premium medical market and you layer the ability to the advertising market on top of that, I think it'll funnel people towards the premium product.

Bill Kirk

Analyst, ROTH Capital Partners LLC

Q

That was great. Thanks, Mike.

Operator: Thank you. [Operator Instructions] Our next question comes from Yewon Kang with Canaccord Genuity. You may proceed.

Yewon Kang

Analyst, Canaccord Genuity Corp.

Q

Hi. Good morning. This is Yewon Kang on behalf of Matt Bottomley. Thank you for the question.

I just wanted to drill down on the gross margin question just a little bit more. I want to ask in relation to the relatively stable adjusted EBITDA loss that you guys saw this quarter. Could it be perhaps that there was some kind of reclassification of certain expenses between operating expenses and COGS that led to a drop-off in the gross margin profile, but a stable adjusted EBITDA loss this quarter? Thanks.

James Holm

Chief Financial Officer, Cronos Group, Inc.

A

Yeah. Thanks for the question. So, as we mentioned, it really was predominantly driven Israel and the increased competitive activity there due to the war and then some inventory write-downs related to that. So that's really the main driver.

Yewon Kang

Analyst, Canaccord Genuity Corp.

Q

Okay. Got it. And in terms of Lord Jones launch, I know the launch was only a couple of months ago, but could you just comment on maybe the initial reaction from the consumers that you're seeing across Canada and what the bud tenders are saying about the brand?

Michael Ryan Gorenstein

Chairman, President & Chief Executive Officer, Cronos Group, Inc.

A

Sure. Thanks. Yeah. I think it's been very positive even, as you mentioned, it's been limited in terms of the size of the launch so far. But we wanted to take a very tailored and cautious approach.

But when we look at distribution, we're seeing reorders, we're seeing strong demand, specifically, the hash-infused pre-rolls, we're seeing in the top of the categories. So we're very excited about that.

And a lot of anticipation, I think, especially given the success we've had in SOURZ for Chocolate Fusions, which we really expect to be a crown jewel portfolio and something that cannot just define the category but push the overall chocolate category forward where we think it should be sits within edible.

Yewon Kang

Analyst, Canaccord Genuity Corp.

Q

Thank you.

Operator: Thank you. And this concludes the conference call. Thank you for your participation. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2024 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.