

JSDA Earnings Call Transcript

Date: 2025-11-17

Quarter: 3

Operator: Good morning, everyone, and thank you for participating in today's conference call discuss Jones Soda financial results for the third quarter ended September 30, 2025. Before we begin, let me remind everyone that the company's safe harbor disclaimer. Certain portions of our comments today will concern future expectations, plans, prospects of the company that constitute forward-looking statements for the purpose of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements containing verbs such as aims, anticipates, estimates, expects, believes, intends, plans, predicts, will, may, continue, projects or targets and negatives of these words and similar words or expressions. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements. Factors that could affect our results include, among others, those that are discussed under the heading Risk Factors in our most recently filed reports with the SEC, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current report on Form 8-K. In addition, this call includes discussions of certain non-GAAP financial measures, including adjusted EBITDA, most directly comparable GAAP measures, reconciliations for non-GAAP measures and are available in the earnings release and other documents posted on the company's website under Investor Relations. A telco replay will be available after the call through December 1, 2025, and a webcast replay of today's webinar will also be available for 1 year via the link provided in today's press release as well as on our company's website. Now I would like to turn the call over to Jones Sodas, CEO, Scott Harvey. Thank you. Sir, you may begin.

Scott Harvey: Thanks, Jerry. Good morning, everyone, and thank you for joining our third quarter 2025 earnings call. As you recall, the first half of this year, we primarily focused on disciplined cash management and strengthening our supply chain. These initiatives have proven highly effective for Jones, we reduced our selling, general and administrative expenses, rightsized our portfolio and completed the divestiture of our Marijuana assets, of which position the company with a stronger financial foundation. In the third quarter, we built on these operational gains and achieve further meaningful improvements. We consolidated myJones in the e-commerce under a single fulfillment partner, reducing costs and increasing efficiencies. We centralized warehousing and logistics, optimizing freight routes and enabling multi-SKU load pairing. And lastly, we improved forecasting and inventory management, supported by supplier renegotiations and a shift to just-in-time inventory model. The improvements made through the first 3 quarters of 2025 has strengthened operational efficiencies and position the company to scale effectively as order volumes are expected to increase. Under prior management, Jones faced challenges in maintaining margins during periods of heightened demand and as many of the operational efficiencies limited scalability. By addressing these issues in myself and Brian's first years of management, the company is now equipped to handle higher order volumes without the drag of significant rising cost. These enhancements create a stronger foundation for sustained top line growth while preserving margins. Furthermore, making these fixes has allowed us to shift our focus towards growth. This quarter, we expanded our Club and DSD distribution network to increase reach and volume in our core soda business. We achieved record D2C channel performance through our Bethesda partnership, and we broadened our Zero Sugar portfolio, meeting growing consumer demand. These initiatives support our overarching goal of driving sustainable growth across

the 3 key categories of core, modern and adult beverages. Our strategy is to pursue controlled and disciplined expansion with each one of these categories. One of our biggest takeaways from this quarter is the success from our strategic partner and socially rooted marketing campaigns. Initiatives like Crayola and Bethesda were huge successes, leading to record-breaking D2C sales. Today, consumers engage with brands as a form of personal expression, not just consumption, social currency is beginning to increasingly define category leadership. Collaborations roots in culture, virality and nostalgia have proven more effective than typical product innovations. Products designed with visibility, collectibility and community interaction are the products that we see the most success in the future, and Jones is strategically aligned with this shift. We see this alignment exemplified by the success of our launches like fallout and Crayola. This reflects our team's ability to anticipate consumer demand and deliver products that truly resonate. Looking ahead, we expect to continue similar launches in the quarters ahead. One of these upcoming rocket bottle launch is forthcoming in this quarter. The iconic rocket bottle from the follow-up series goes on sales in Q4, followed by additional flavor launches in 2026, is expected to become a collector-driven product supporting premium pricing and recurring demand. Before passing the phone over to Brian to cover our third quarter financial results, I wanted to cover 2 recent developments. The first major factor is the recent U.S. government ruling tied to new hemp regulations affecting HD9 products. This language was passed last week and was folded into the legislation for reopening the government with no debate. We are closely tracking evolving interpretations of the law and validating all effective dates, including that, the provision is set to take effect 1 year from the Bill signing, and we expect clear interpretation within the next 60 days to understand precisely how these changes may be applied. Until the final guidance is issued, it remains business-as-usual for our operations, including producing high-quality products, our fans consistently seek out and rely on. This period also allows us to work closely with other organizations to advocate for responsible science-based regulation across the industry. At the same time, we're prepared to activate our contingency plan immediately should the regulatory environment require it. While the situation is disappointing, we remain confident in the long-term strength and potential growth of our adult beverage category. The second development I want to highlight is the anticipated growth within our Core Soda segment in the fourth quarter. Through our strategic partnerships with Bethesda and the Fallout series and targeted marketing initiatives, we have secured a substantial volume of purchase orders scheduled to ship throughout this month and into December. When combined with strong performance across other channels, this is expected to generate more than \$8 million in fourth quarter revenue. This achievement underscores our team's ability to identify and execute new growth opportunities. As we continue to deliver on similar orders, we not only strengthen our financial profile, but begin to develop credibility and build brand equity in the industry. Establishing this credibility in growing the brand is so important to our long-term mission as it opens up the door for opportunities that were unattainable before. This is a huge win for Jones, and we expect to build upon this momentum in the coming quarters. With that, I'd like to pass the call over to Brian to talk more about our third quarter financials. Brian?

Brian Meadows: Thank you, Scott, and good morning, everyone. Net revenue in the third quarter increased 15% to \$4.5 million compared to \$3.9 million in the year ago period. The increase in revenue was primarily driven by sustained growth in our HD9, direct-to-consumer and fountain products. Scott mentioned, we expect to see increased net revenue in the fourth quarter, driven by higher volumes in our core soda category into 2026 for our very successful fallout related product lines, that includes Sunset Sarsaparilla and the exclusive Fallout Vault-Tec packs through our Club Channel. As we stated in our news release, our fourth quarter gross sales guidance is \$8 million, driven by these Fallout products. Gross profit increased by approximately \$0.6 million or 76.7% to approximately \$1.3 million compared to \$0.7 million last year. Gross margin as a percentage of net revenue increased significantly to 28.9% from 18.8% in the prior quarter or an incremental 10.1 percentage points. The major improvements to gross margin were driven by lower trade spend, lower product costs as well as lower freight and warehousing charges. As mentioned last quarter, our team issued RFIs for our freight lanes to further optimize transportation. We've continued to rationalize our warehousing to reduce costs, resulting increase in gross margin reflects these initiatives, along with ongoing efforts to lower COGS. The company continues to look for opportunities to decrease the cost of goods sold with it's co-mans,

co-manufacturers and our warehouse and providers. Total operating expenses decreased approximately 20% to \$2.7 million in the third quarter compared to \$3.4 million in the year ago period. Additionally, G&A costs declined by 8 percentage points to the share of revenue year-over-year, and we remain focused on identifying further cost reduction opportunities. What's important here is the cost cutting, Scott and I implemented early in the year is sustainable. We are looking to now focus on growing the top line and continue to make improvements to the gross profit margins. As our top line growth is expected to accelerate in the quarters ahead, our volumes will increase and that means we'll have opportunities to negotiate lower co-manufacturing fees, ingredient and packaging purchase costs. We'll also continue to focus to hold down SG&A costs to get to a lower percentage of net sales in the coming quarters. Net loss for the quarter was \$1.4 million or negative \$0.01 per share compared to a net loss of \$2.6 million or \$0.02 per share. The improvement in net income was driven by a combination of higher gross margin and lower operating expenses. Adjusted EBITDA improved 65% compared to prior year to negative \$0.9 million compared to a negative \$2.2 million in the previous period. Lastly, I wanted to touch briefly on our balance sheet as of September 30, 2025, the company had approximately \$0.2 million in cash and \$0.6 million in working capital. Early on in my tenure as CFO, I made the decision to move to a different line of credit facility. This is an extremely important move for Jones as it increased our credit facilities from \$2 million on a small base of assets to borrow against to \$5 million on a larger base of assets to borrow against. Scott and I needed some time to ride the Jones ship and the extra room and -- the credit line has just done just that. We have reduced costs significantly and cut the EBITDA loss down by over \$2 million for the 9 months. Credit facility is also financially supported the buildup of inventory for the sales forecast for Q4 of \$8 million. We'd like to thank our partner, Two Shoes Capital for believing in the Jones leadership team to complete the turnaround in our business in 2025. I'd also like to highlight that with the change in HD9 legislation, Scott and I will carefully manage for this development to keep our inventory levels in HD9 as low as possible and continue to derisk our exposure in the coming months. Scott highlighted previously, we see a number of market opportunities for Jones in its core business with the success of the follow-up products in Club, DSD and the direct-to-consumer channels. Additionally, we plan to focus on the untapped opportunities Spiked Jones to build the alternative adult segment, and lastly, look to drive volume for the modern soda category in 2026. With all this momentum in the fourth quarter, I extend to see this growth take shape while continuing to focus on operational discipline. Scott, over to you for the final remarks.

Scott Harvey: Thanks, Brian. The future of Jones remained in driving growth across our key focus areas, which are core Soda, modern and our adult beverage. Within our core soda, we continue to expand and grow our distribution partners while launching exciting and socially relevant initiatives. In modern soda, we're excited about the growth we see in our marquee products, Pop Jones and Fiesta and remain bullish about the functional beverage category as a whole. As we continue to sign new distribution partners for these products, we are excited to further align offerings with consumers' behavior and preferences. In the adult beverages, although we expect HD9 to be a smaller part of the category due to U.S. regulation, we are excited about Spiked Jones sits, and we will continue to look for ways to increase our market share in the adult beverage category. To wrap up, Q3 was a great quarter for Jones Soda. We continue to make significant operational improvements that have strengthened our business model and position us for success. Additionally, we're beginning to see some momentum across the brand in our sales channel, supporting by meaningful orders that will help elevate the company, drive revenue and create more opportunities ahead. This is an exciting time for Jones, and we look forward to building this progress and delivering sustained top line growth, increased profitability and long-term value creation for our shareholders. Before moving to Q&A, I want to take a moment to thank our team. Their resilience, passion and belief in what we're building have been the backbone of this turnaround. I'm equally grateful to our partners and our customers for their continued commitment and support. With that, we'll wrap up the call by addressing some of the questions that have been submitted via the live webcast.

Scott Harvey: First question, Brian, it's probably a great question for you to take. Can you provide cash holding guidance given the large amount of accounts payable on the balance sheet?

Brian Meadows: As I mentioned earlier, we have a \$5 million credit facility that we utilize as we need to

draw it to build up inventory. So we expect to have adequate cash resources to roll out our Q4 sales plan and into 2026. Scott, back to you. .

Scott Harvey: Great. Thanks, Brian. Second question, it's great that Jones is being innovative with new product development, is there any thought about broadening the distribution footprint through independent DSD network in new markets and making investments in chain account teams to help distribution and authorization of new products? Great question. Yes, I mean, the independents are who we're targeting as well as we're still going after some of the larger distribution networks that are out there. We find that they're great partners with us. They believe in the brand. They're willing to go back and reinvest in the brand as well in order to put the products on to the shelves. When you start taking a look at independent chains, independent account teams. Again, it's just -- it's additional dollars that we'd add on to the -- on to SG&A; lines. It's something that we are talking about internally whether or not we focused it on a specific region of the country and see how well it does within there to see the growth that we get out of there, but it's definitely something that we are actually taking a look at internally and continue to have those ongoing conversations about. Third question. Brian, is probably one for you. Where do things stand with the S-1 filing, any potential uplift to J-BEV fundraising efforts than anything material come out of the gateway conference?

Brian Meadows: Start with the Gateway Conference. You'll see Scott and I attending these type of events as become available and makes sense for Jones to attend. We thought it was a good use of our time to meet potential new investors who are familiar with the brand from a consumer perspective, but not as familiar with it as a public company. So we think we made some good connections there with potential investors, and you'll see us out there in the future. In terms of the S-1 filing is paused at this stage. We're focused on delivering a great fourth quarter for Jones shareholders, and we will revisit sometime in '26.

Scott Harvey: Great. Next question for Pop Jones and Fiesta, have store counts increase held steady or decreased and how well is the sell-through this quarter? Yes. So we've actually expanded our Pop Jones this quarter. We actually were able to get into a few different convenience and -- not convenient stores, but other channels for growth in there. We picked up about 4.3% on Jones year-over-year on Pop Jones moving through there. We were able to get into [indiscernible], which we saw a 96% lift Pop Jones. So it is moving through there. Again, the field is super, super competitive in there within the whole modern soda category. But again, I think the brand differentiator is our flavor profile that we're able to bring in to the consumers as we start to roll out there as well. On the next question, on the last earnings call, it is anticipated -- you anticipate Q3 revenue will exceed Q1 and Q2. What didn't materialize that may have caused that shortfall. Brian?

Brian Meadows: The area that I could think, Scott, would be HD9 came in later than expected, and that was due to some co-man issues that were being resolved during the quarter. But I think will -- as you heard from our sales guidance in Q4, that is going to be significantly higher than last year's Q4 numbers.

Scott Harvey: Great. Was the Southeast Costco test for core Jones Soda to successful, what were the sellout rate did you observe? It didn't meet the threshold of what Costco was looking for. They have a specific threshold. As I would say, it didn't perform poorly, but it did not achieve that threshold. And I attribute a couple of things to that is that we were into the Southeast, brand is not a lot of notoriety in the Southeast. But in some cases and had some great sell-through in some of the clubs, but not so much in some of the other ones that we were able to get through. How do we feel about that going forward? We're still optimistic. And again, we'll be able to share some more thoughts as we continue through our next conference call. But we've gone back and we're still pitching Costco on a few different ideas. And of course, one rotation through there that may not be successful does not bought you out from getting in there again. So again, more to come on that, some stuff that you'll hear forthcoming. But that initial rotation, yes, it wasn't -- did not meet the threshold that they were actually looking for.

Brian Meadows: I just add some question, so there was a news release that we put out in October. I'd like to drive attention to on our success with the fallout exclusive Vault-Tec pack that we ran through the Costco Northeast region. That one exceeded the sell-through hurdle, Scott, right? And we are -- as the news release indicated, we're working around the clock to deliver additional products. So as Scott mentioned, just because one particular region, one product didn't work, there are other opportunities

that we're exceeding -- we're selling with Costco.

Scott Harvey: With Costco.

Brian Meadows: Yes. That rotation that we did for them up in the Northeast was very unique. I mean it caused a bunch of fury online as to where you're able to find the product. We've seen it up on eBay. So I mean, it actually was a huge success, and we were very excited about that opportunity as was Costco just based upon the sell-through rights that they achieved.

Scott Harvey: Next question. You recently hired a new CMO. What strategic and creative shifts do you expect this to bring. I think what Eric brings to us is the ability to be able to look at our current channels that we want to continue to focus on. We keep talking about the same thing, whether it's core, modern or adult, and really try to understand the consumer base that's within each one of those categories. So Eric's job will be is how do we communicate and we look at it from like this perspective, like I call it the 3Es really. For each of those categories, we want to understand how do we educate our consumers, how do we entertain them and how we engage them. And that's part of the pillars that Eric will be able to run after. One, it's identifying who those consumers in there, whether we think that they are or not, we need to validate that through data, figure out how do we go back and connect with them via social media or in-store displays or TPRs that we may do. So it's really about -- what he will bring to this is really that strategic vision as to -- how do we get the brand out there, how the brand gets notarized in notoriety. And as we mentioned, even with the Fallout Vault-Tec that we did with Costco and some of the others and some of the D2C stuff that we do, it's about building brand impressions, meaning getting that Jones name out in front of people where it becomes a household name where people begin to recognize it when they walk down their aisle. So his job will be is to strategically put us in place on how do we execute the 3Es and then how do we connect with our consumers to drive value and incrementality of each one of those categories. And then staying on top of flavors and profiles and brands and what do we need to change within our categories or add when new flavors are on the horizon, how do we adapt to stay relevant within our existing channels that we run after. So great question. Next question was previous leadership proposed a refreshed brand direction in modernizing Jones, look, while keeping key classic elements. Does Jones company plan to continue evolving the brand to remain culturally relevant to avoid a appearing outdated on the shelf. And I think quick response to this would be, yes, I mean there's -- I think it's a yes and no question. One, because one people recognize is for pictures that are on the bottles, right? So that brings back nostalgia. It brings back relevancy. It gives us the opportunity to be able to connect with our customers from them submitting in -- submitting in pictures that could potentially be on the bottles as well. But then you look on the flip of that when you looked at the Pop Jones and the Spike Jones that they're a little bit different. They don't have the pictures on there. couple of reasons for those could be the fact that, hey, when we do long production months and changing them out, maybe less frequently. But again, Eric, who's joined as the CMO is taking a look at those of how one stay relevant but don't lose who we are going forward. So I think that there's a combination of both and we have to find that medium in between as to how do we stay relevant with today's look and feel by not also raising our 30-year heritage of the brand that made Jones, which is, "Hey, I'm putting my -- somebody's photo up on one of our bottles. If we're able to come up with a way that we're able to define it as we continually talk about internally is that, we have to have a label strategy and a flavor strategy. If we're able to figure out how do we -- how we bring those pictures in and get them on the cans and rotate them more quickly, it's definitely something that we will continue to look at on an ongoing basis. Next one is sort of ties into the same one. Why did Jones steer away from including customer photos on top Jones and the Fiesta Jones. I'd literally just -- I just touched into that. And again, it's about quantity of production runs, cost of production runs, how do the pictures portray onto a can versus a printed paper label. So again, it's something that we're looking at and Eric is spending some time on how do we bring that to life, if possible. Because, yes, it does -- it is meaningful for people to see that on there and it really relates back to who we are. Next question, previously mentioned discussions with Walmart. Has that conversation advance? And what is the opportunity or has that opportunity been paused for now? Great question. We did have that meeting with them. There were 30 different brands that did the presentation to the Walmart buyer, which included all the better-for-you carbonated beverage. What Walmart came back with is that, hey, they were looking for strong regional retailers that are delivering sales in there, and we were able to point

out that through some of the existing chains that we're in, how well that our performance did. They talked about a potential test to be able to roll that out, and they had great feedback on the 5 flavors that we have produced for them. Where is it today? Well, unfortunately, the buyer that we were speaking to has moved on. So now we are a bit in that -- a pause as they onboard that new buyer. And once they're in there, then we'll continue to get up in front of them and follow up as far as where we were within that queue of that potential product launch that we have there. If HD9 gets shut down, can Jones repurpose the 800-plus coolers that have been deployed to pivot to Spiked Jones? Absolutely. Yes. So as a matter of fact, I was just at the National Association, the Convenience Store Operators convention a couple of weeks ago, and we had the coolers on site. The good news about the coolers is that they're not HD9 branded, they're Jones branded. So there other than some window claims that are on there, they can definitely be repurposed, not only for modern or spiked or core. So they can be reutilized and those are internal conversations that we are talking about as well.

Brian Meadows: Sorry, I was just going to add, a number of our distributors carry multiple Jones products as well. So we wouldn't have to redeploy in those cases.

Scott Harvey: Yes. Great. Thanks, Brian. What about Pop Jones, no mention of this. I did touch on Pop Jones. And just as an example, we launched Pop Jones in this past quarter, all 5 SKUs into Meijer, Jewel, Fiesta Foods as well. So there is movement on there. We are going back and taking a look to try to see how we improve the economics on that product as well to get us more competitive that's in there and whether or not that again, it's looking at the ingredients. We're not going to play with flavor because people love flavor, but we will look at trying to improve the COGS to get us to a better value proposition in order for us to be able to compete with, like I said, at Costco or at Walmart with those 30 different other manufacturers that are out there that are competing for that same space. Last question would be exactly why was the fundraiser and uplist pause. Brian, can you add any additional color to that?

Brian Meadows: Yes. I would say the following. First of all, Scott and I are, as you can see from our dialogue today, I'm pretty excited about the fourth quarter. We think -- and I use the word to complete the turnaround this year. We think we're going to be a better spot if we -- the Board wanted to raise additional capital once we complete the year and demonstrate what Jones has accomplished in 2025. Secondly, the NASDAQ, for example, has increased its uplift capital raise requirements to \$15 million from the original \$5 million. So these are the 2 reasons. But again, we've got the credit facility to help finance the increase in inventory that we need to do for the fourth quarter. So we're in good shape, and we are excited to complete the year, Scott.

Scott Harvey: Yes. Great. Next question. A year ago, we were hearing about exciting growth with Jones Fountain. You mentioned Fountain as being part of the profitability. What is happening with this. Well, we actually launched a segment into a particular customer so far. And there is great excitement around that as well as that we've got some big things that we're working on within the convenience channel of open heads within some of those convenience channels to be able to launch fountain. And with great excitement. And it can either be carbonated or noncarbonated products. So again, the teams are working diligently on that to be able to see if that's another way for us to edge our way into space and unoccupied heads within some of the convenience stores that were in there. So more to come on that one, but it is something that the team is exploring as we go through. Next question, how often can you capitalize on Fallout opportunities do similar opportunities in the future? Fallout series is that we have a 3-year commitment with Bethesda, based who represents Fallout. So we still -- we're only in year 1 of year 3. So we will continue to capitalize as much as we can with Fallout. The question is, is there other opportunities? And the answer is absolutely yes. And we are going down those exploratory issues now with some really exciting potentials coming forward. We looked at Crayola. We did Crayola this year, too. So you look for us probably doing something again for the for the back-to-school coming up in next year with the Crayola as well. And the teams are actively out there talking to other potentials, which are getting us excited in there because we have the flexibility to be able to adjust, adapt and create. And again, going along those same lines about educating people about our brand and entertaining them and engaging them. So I really see that is an ongoing opportunity for us to be able to engage in these licensed properties opportunities for us on an ongoing basis, whether it's in a store and a club or on our D2C side or on their D2C site as well. So I think that there's great optimistic outlook on those abilities for us to be able to partner with these licensed properties on an ongoing basis.

Brian Meadows: Scott, could I get you to maybe talk about one other thing. We talked about Fallout, the amount of the viral nature of how explosive that went in social media and how it brought people's attention to the Jones brand again and all that attention. I think you used the words that would have cost an awful spot in terms of formal advertising. They get the Jones name out there like that. I wonder if you could touch on that and then how that has elevated the Jones brand again to the other potential partners that have noticed and taken notice of the whole phenomenon.

Scott Harvey: Yes. Great question. So yes, I mean, we -- when Fallout -- when we rolled Fallout out, we did put some allocated dollars behind how are we going to market this to be able to drive some social media buzz around this. So there is 2 ways that we were actually able to accomplish this. One was that direct investment in there about going out and paying to engage consumers to look at our post and paying for that. And what we saw was a minimal investment drove millions of impressions of the posts that we were able to put out there. We worked with specific influencers that were in the Fallout space. So hey, we went and engaged one of them. We pay them a fee. They did it post and that post just through their following, just explode it. What that did for the brand as it brought us back to relevancy is, hey, it's a Jones product, partnering with Fallout was able -- were able to drive these impressions all across. Each one of these -- and again, if you follow us on Instagram, you've seen a lot of posts over the weekend where we were in Vegas out in the desert where the Fallout series in a saloon where it all actually takes place and it's in the actual series itself. We had a booth. We were engaging with consumers. We debuted the rocket bottle that we're going to sell here in we actually had a picture of the rocket bottle in the stars, the star of the show stand behind the bar, and that just exploded as well. So all of that is, again, it's helping the fallout series itself, but it's also about helping the brand itself by one, building impressions of us getting that name Jones out in front of consumers where they go, Fallout and Jones. And it will drive consumers to us. And we did see this when we rolled out the Sunset Sarsaparilla on our website. Astronomical amount of sales. Again, it was associated with a follow-up, but we're able to capitalize on those benefits of selling our product and getting our name out in front of consumers on a go-forward basis. Brian, I don't know if I missed any part of the question that you had.

Brian Meadows: The only -- and I know you can't name names, but we certainly saw other interested brands come forward as a result, I think, of Fallout, yes.

Scott Harvey: Yes. Yes. Two different things. One is that we've had other licensed properties contact us already as to, hey, saw what you did there? Could you probably help it out with that? And we've had some really exciting conversations over the last week about that. So more on that. but not only on that side, but it also came from our customers. We've had customers that we've gone to approach before that didn't -- weren't really interested in Jones but came back to us since we've done this follow-up and saying, "Hey, how can you help us with something like that on a go-forward basis where before they wouldn't entertain a conversation with us. Now we're actually getting inbound phone calls from potential either big box clubs or such that are interested in how do we help them develop products for them to be able to draw consumers into their space as well. Great. Those are all the questions that were submitted today. And hopefully, we were able to answer your questions and again, provide you some insight and how things that Brian and I are working on. We'd like to thank everyone again for taking the time to listen today. Again, I'd welcome further questions or we'd be happy to take one-on-one calls later this week or in the next again, and please direct any inquiries to jsda@gateway-grp.com. I'd be happy to address accordingly. And again, if I don't speak to you soon, I look forward to addressing you all again when we report our full year and fourth quarter results in March. Again, thanks again, everyone, have a great day. And operator, back to you.

Operator: Thank you. Ladies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time, and thank you for your participation.