

26 June 2020

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

**Freedom Foods Group Limited  
Conference Call Transcript**

Please find attached a transcript of a telephone briefing provided by Mr Perry Gunner, Executive Chair of Freedom Foods Group, on 25 June 2020 commencing at 5pm.

Names of parties asking questions have been removed for privacy reasons.

Your sincerely,



Trevor Allen  
Non Executive Director and Company Secretary  
Freedom Foods Group Limited



**Company:** Freedom Foods Group Limited

**Title:** Market Update

**Date:** 25 June 2020

**Time:**

## Start of Transcript

Operator: Thank you for standing by and welcome to the Freedom Foods market update. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number 1 on your telephone keypad.

I would now like to hand the conference over to Mr Perry Gunner, Executive Chairman. Please go ahead.

Perry Gunner: Welcome everyone and thank you for being with us this evening, and we apologise for the slight delay but that is a result of the ASX announcement not being uploaded until just recently and I hope you've all had a chance to have a look at it. Before turning to questions, I would just like to make a few points in relation to that announcement.

Firstly, we are committed at Freedom to resolving the current issues and ensuring that we regain the confidence of investors as soon as possible. The current issues are having no impact on our operational performance. We previously stated on 29 May that COVID-19 was having a material influence on our performance, but these issues are not and I think that needs to be made quite clear.

I know the Board and I'm sure investors will be very happy to welcome the statement of the Perich family that they totally support this business and will continue to do so, whenever and whatever. It's a disappointing episode in the Company's history, certainly not our finest hour, but we want to assure everyone that we will provide information on a timely basis and be as transparent as we possibly can, being fully aware of our continuous disclosure obligations.

I also want to assure all of our customers, and I think there are some on the line, particularly including our dairy farmers who provide us with the top quality milk that ends up in our products in the retail outlets and in our milk brands, that we continue to stand by you and remain committed to honour and expand our partnerships.

Ahead of handing over to questions, I want to advise that the Company is not in a position to make any further comment at this time in relation to the employment position of Rory MacLeod. A further announcement will be made next week. Also, given the recent media and market speculation, the Company wants to clarify that a total of 61 positions have been terminated and 41 staff have been made redundant as a result. In the ASX statement this afternoon, it should be noted that Freedom Foods is committed to ensuring it operates at the highest level of integrity and operational performance.

One of the major issues in that announcement is that we are continuing to review our inventory levels. On 29 May, we indicated that we were likely to make a one-off non-cash write-down of the carrying value of our inventory of approximately \$25 million. We've undertaken further analysis since that date and now we are suggesting that further write-downs will be required to reflect the provisioning for obsolete stock, out-of-date stock, and product withdrawals. The revised estimate now is an additional write-down of \$35 million, bringing the aggregate inventory write-down for financial year '20 to be approximately \$60 million. This revised estimate is still subject to further analysis, yearend review processes and audit as part of the finalisation of the financial year '20

results. You will also note in the announcement that we have sought and have been granted a suspension for 14 days to consider our financial position.

Having said all of that, I now welcome some questions.

Operator: Thank you. If you wish to ask a question, please press star-1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star-2. If you're on a speakerphone, please pick up the handset to ask your question.

Your first question comes from\*\*\*\*\*. Please go ahead.

Hi, Perry. Hi, Steph. Thanks for taking my question. I've got three questions; I'll ask them one at a time if I could. The first one is could you please explain what happened with the departure of Rory and the CFO?

Perry Gunner: First, in regard to Rory, we want to be transparent and at the appropriate time we'll inform the market, but please, we ask you to respect that we have employment obligations and are continuing to review the situation. With regard to Campbell, he resigned and that was announced to the ASX. Again, please respect the processes and we'll update you if there is any further requirement in regard to Campbell.

\*\*\*\*\*Okay. With regards to the delay between putting out the announcement on Rory's being put on leave and the trading halt yesterday, was there any reason why you didn't go into trading halt on that initial announcement?

Perry Gunner: When we made that announcement, we were not fully aware of the situation that we now find ourselves in. We began investigations with our executive team and as a result of those investigations plus the speculation that was beginning to occur in the media, we decided to go into a trading halt.

\*\*\*\*\*Okay. Do you have any suspicions or are you aware of any fraud occurring?

Perry Gunner: We are undertaking further investigations and if we become aware of any errors or issues like fraud, we obviously would advise the market immediately.

\*\*\*\*\*That's all from me. Thank you very much.

Perry Gunner: Thank you.

Operator: Thank you. Your next question comes from Josh Kannourakis with UBS. Please go ahead.

\*\*\*\*\*Hi, Perry. Thank you very much for taking the call, appreciate it. Just a little bit further on the inventory issue, can you talk a little bit more around the timeline of events there and just maybe in terms of some of the systems issues that play to how it wasn't picked up earlier?

Perry Gunner: This mostly came to light when we were consolidating our warehouses and I think we've announced that before. We had five external warehouses and we're now moving our stock to within our own warehouses. There was an amount of stock that had been put aside for rework. On further examination of the possibilities of rework, it became evident that it was not practical nor profitable to rework that stock, so we believe the appropriate decision is to write that stock off. That provision will need to include some disposal costs and you can't just throw it away, you have to go through a proper process to dispose of it. That's why the provision has been increased, or the likely provision has been increased from \$25 million to \$60 million.

\*\*\*\*\*Got it. In terms of the rework though, just to understand that a bit better, is that because of you were looking to do a protein fractionation from some existing products or what was it for?

Perry Gunner: Yes, there were various possibilities of how this stock can be reworked, but the practicality and the profitability of reworking it didn't stack up. Therefore, we have decided to write that stock off.

\*\*\*\*\*Okay, understand. I know there's obviously lots of other questions around some of the other issues but I would be keen to just get a quick update on the actual - the performance outside of this in terms of the lactoferrin commissioning, out-of-home channel, and the operational business, just how it's tracking in the current environment, if possible.

Perry Gunner: I think as I said before, none of these issues are impacting our current operational performance. It is tracking as one would expect in the current economic conditions. Our lactoferrin plant is producing lactoferrin as expected. Generally, sales are improving, particularly in the out-of-home area as more and more cafes and hotels and places where people drink coffee come online. There's still some impact but it's much less than it was in May when we last made an update.

\*\*\*\*\*Got it. I'll give other people some questions. Thank you.

Operator: Thank you. Your next question comes from\*\*\*\*\*. Please go ahead.

\*\*\*\*\*Hi, Perry. Thanks for taking the questions. Firstly, can you just confirm that you're - the Board is comfortable with the asset values at the moment, namely the intangibles, with capitalised development, NPD and then the fixed asset values as well?

Perry Gunner: That's something that we would normally review as part of the audit process. That audit process is about to start and clearly, when our end-of-year results are announced, that's a matter that will have been thoroughly investigated, but just at the moment we're dealing with other issues, but you can be assured that will be properly evaluated as part of the annual audit process.

\*\*\*\*\*Okay, great. Are the banks aware, or are your lenders aware of these latest developments now?

Perry Gunner: Yes. We have been in touch with our bankers and made them fully aware of the contents of the announcement and at this stage, they are fully supportive of our situation. They of course are encouraged by the support that the Perich family gives to this business and we don't expect any particular issues to arise with our banks.

\*\*\*\*\*Are there any contractual arrangements that you have that you may struggle to fulfil as you're looking forward here, or is this separate?

Perry Gunner: In what regard? [What's the context]?

\*\*\*\*\* Look, are there any - I guess you've answered in terms of the lactoferrin, producing lactoferrin. I was just wondering whether there are any contractual obligations around either that product or others which you are having any problems fulfilling.

Perry Gunner: Well, the lactoferrin relies on the amount of milk that comes through our factory. We have a more than adequate supply of milk. We do each year have a slight surplus and that will be, given climatic conditions which we can't predict but we would be quite confident that we can produce all the lactoferrin we require to meet our contractual obligations.

\*\*\*\*\* Okay, thank you. That's all I have for now. Thanks.

Perry Gunner: Thank you.

Operator: Thank you. The next question comes from \*\*\*\*\*Please go ahead.

\*\*\*\*\*Hi, there. Good evening. Can we circle back to the inventory write-down? The release says it goes back to 2017 but to the best of my understanding, fractionation hadn't started at that time. I'm just wanting to dig a bit deeper and find out what else has gone wrong here and to what extent have you produced stock for a customer who no longer wants it?

Perry Gunner: There's been undoubtedly cancelled export orders. My background is the wine industry and that's a very common problem in the wine industry. It's a little bit easier to dispose of that sort of wine. There is - part of that obsolete stock does relate to contracts that were in place that were not fully utilised by the other party and it's very difficult to do anything about that.

\*\*\*\*\*How much of the \$60 million is that?

Perry Gunner: I couldn't tell you.

\*\*\*\*\* Right. I guess given that and then given the doubtful debt issue, to what extent will Freedom now rethink its Asian export strategy and to what extent will you guys now demand a deposit upfront for future orders to avoid this happening again?

Perry Gunner: Yes. Well, certainly that's - I think you've hit the nail on the head there. That's the obvious answer to those issues. That probably is only going to relate to the packaging materials and obviously some of this obsolete stock includes packaging materials. Getting deposits or some security against the packaging materials that we purchase for overseas contracts or even contracts within Australia will help out but once the product is packed or some of the raw materials formulated, there's still going to be a potential issue if orders get cancelled.

\*\*\*\*\*Got it. Okay. Then I guess appreciate you don't want...

Perry Gunner: It does go to - the objective of this Company is to develop its own brands so we're in control. One of the issues with the expansion of capital that we've gone through, the first day when you turn on the plant and equipment you don't have enough of your own products to put down the line, so it does require you to seek at times outside orders to fill the production capacity, but of course with time you tend to develop your own brands to replace that contractual capacity.

\*\*\*\*\*Sure. I appreciate that you don't want to talk about Rory's employment specifically so I won't ask on that exactly, but if we were to assume that Rory does not return to Freedom, what are the key things you would be looking for in a new CEO?

Perry Gunner: Well, the very obvious answer to that is someone who can drive this business forward and take advantage of the equipment we've installed, the brands we have, the excellent staff we have who are totally

committed to the Company. It's a point I don't think should be lost on anyone is the commitment of the staff and the quality of the staff within this business. We would be looking for someone to drive the business forward. Most businesses like ours succeed at the sharp end in the marketplace so that would obviously be a qualification that would be at the forefront of any new CEO of this business, drive profitable sales, develop brands.

\*\*\*\*\*Then given the interest in the plant-based segment from global competitors, is the business for sale at the right price or are there strategic reasons as to why Freedom wouldn't divest the plant-based business?

Perry Gunner: I think the plant-based business is very strategic to developing our markets, particularly in Southeast Asia and China. It also gives us leverage in what we call out-of-home where we can develop further products. It's also an important leverage on the Australian retailers, but I think the most important role that plant beverages play in our Company is the out-of-home route trade non-retail business, food service, and behind our plant beverage products, e.g. MILKLAB, we hope to develop other product opportunities. So it's the [weeks] that puts us into the door.

\*\*\*\*\*Sure. Then, can you just give us an update of the key CapEx programs you're planning next year, and how much we should be expecting for CapEx?

Perry Gunner: We only have one more installation, which is a bottle line, PET bottle line. The majority of that equipment has already been purchased and paid for, so it's just the installation costs, and there's been some prework for that already, so we're not anticipating a large capital expenditure program for next year.

\*\*\*\*\*Great. Last question, just on the 61 positions that have been terminated, are any of the Exec Co besides the CEO, CFO?

Perry Gunner: Sorry, I didn't quite catch that.

\*\*\*\*\*Are any of the 61 positions which you've terminated, excluding CFO, CEO, are any key the executives of the Company, on the executive committee?

Perry Gunner: We had one other key management personnel who has left the business, Amine Haddad, but he actually resigned. He indicated some time ago he wished to retire, and he effectively retired, rather than being made redundant.

\*\*\*\*\*Then - sorry, I know I said that one was the last question...

Perry Gunner: Yes, no, that's all right.

\*\*\*\*\*...but this will be the last question. Given Amine's gone, Rory's gone and Campbell's gone, how do you rate the bench strength at Freedom at the moment?

Perry Gunner: Well, we actually rate our bench strength. We have a lot of what we consider highly talented younger people within our business, very skilled, very enthusiastic, and very confident they can step up to the mark. In fact, we see that as the lesser of our issues in today's world. Our issues are still to get out in the marketplace and succeed with our brands, but we have the people. We're very confident of that.

\*\*\*\*\*All right. Thanks very much.

Perry Gunner: Thank you.

Operator: Thank you. Your next question comes from \*\*\*\*\*a private investor. Please go ahead.

\*\*\*\*\*Hi. I just have a question regarding the stocktake. Most of the companies have cyclical stocktake or quarterly stocktake, or half-yearly or annual stocktake, so this kind of inventory losses, what - were not they picked up during a stocktake?

Perry Gunner: I just missed the last part of your question there? You were talking about stocktakes?

\*\*\*\*\*That's correct, yeah.

Perry Gunner: Yes. Clearly, that's a practice we can improve. We do do stocktakes, obviously, but there are a number of things that have come out of the current issues that we're facing that require improvement in our processes and procedures, and stocktakes would certainly be one.

\*\*\*\*\*To me, it clearly suggests that \$60 million write-off means that something's not right with your stocktake system. Or, maybe you are not doing a stocktake regularly.

Perry Gunner: I wouldn't be in a position to make a comment on that, what caused that level. I think the important thing is we have now recognised it and we're going to deal with it, but stock that was set aside for rework, of course, would have been stocktake. It's just the impracticality of that process that has caused us to indicate that we'll have to make this provision.

\*\*\*\*\*Okay. Thank you.

Perry Gunner: Thank you.

Operator: Thank you. Your next question comes from \*\*\*\*\*a private investor. Please go ahead.

Perry Gunner: Hello?

\*\*\*\*\* Yes, the question I'd like to ask is in relation to the stock rework What's the nature of the stock? I mean, is it stock that's out of date, or is it stock that's breaking down what is the actual issue there?

Perry Gunner: Out of date would be the main cause. There's a limited shelf life for UHT milk, so that's the main cause. As previously indicated, there are some packaging materials that have arisen out of cancelled contracts or delisted products. Some of those delisted products have come from local retailers. So, that's, it's basically out of date stock, would be the predominant cause of this write down.

\*\*\*\*\*In terms of the rework, what have they investigated in terms of the ability of the Company to rework the product? In what way have they tried to rework it, or looked at reworking it?

Perry Gunner: Think the opportunities to rework milk would be to have it dried as powder, to put it through our protein fractionation plant. The difficulty is the cost of getting that milk out of the packages and into a vat, if you like, to allow it to be reprocessed, does not justify the protein or the value of the milk powder that you would obtain from doing it, so, there was a hope, but I think the practicality and profitability of it is not there.

\*\*\*\*\*My understanding is that UHT plants often have situations that happen like this, and reworking this is actually possible. Has anybody investigated what's been done in the past?

Perry Gunner: We've had limited quantities of rework. The difficulty here is the actual quantity, and as you would appreciate, there are start-up quantities every day, closedown, change over quantities that need to be reworked all the time. We have the capacity to do that, and we probably have the capacity to do some, but not to the extent of the amount of out of shelf life stock that exists.

\*\*\*\*\*But my understanding is that you could probably rework 5% of it in new product, however, that's not practical, but my understanding also is that the product can actually be worked very satisfactorily and has been done in the past.

Perry Gunner: It can, in quantities that we can deal with. These quantities are beyond our capacity to deal with them.

\*\*\*\*\*My experience has been that a product like that, a million litres can be handled within a fortnight, so how many millions of litres are we talking about? What have you got in rework stock there?

Perry Gunner: I couldn't answer that question. We have identified an amount of stock in value terms. I don't have the details of where it is, what it is. There's packaging materials, there are cereals, there are a whole lot of things that go into make up this amount. I couldn't answer that question at this point in time, but clearly, the Company would want to rework it if it was possible or practical and profitable.

\*\*\*\*\*Right, okay. Well, look, thank you very much for answering those questions.

Perry Gunner: Thank you.

Operator: Thank you. Your next question is a follow-up question from \*\*\*\*\*Please go ahead.

\*\*\*\*\* Hi, yeah, just a couple of quick other ones. What else are you guys investigating before the Company comes back online next week?

Perry Gunner: I think, yes, you would note the suspension is for 14 days, so it won't be next week. I don't know if you caught up with the - that we've been granted an extension - a suspension for 14 days.

We're looking at everything. These matters have only arisen in the last 24 hours, 48 hours. I mean, we need to continue to investigate, continue to see what we can do about it.

\*\*\*\*\*Sure. Why the need for the reversal of prior year revenue recognition?

Perry Gunner: I think that's due to invoicing errors.

\*\*\*\*\*Can you elaborate on what that mean?

Perry Gunner: Oh, well, invoices that were raised that should have been credited, and weren't.

\*\*\*\*\*Okay, and then, you talked about before, the importance of succeeding in brands and to what extent you think the Company has underinvested in marketing as a percent of sales. I think it's roughly 2.5%, and do you think the marketing is spread across too many brands, as opposed to be concentrated on a single brand?

Perry Gunner: I think you have identified one of the areas where this business will be changing. We'll certainly be putting more effort into developing brands having a less complicated product range, supporting the SKUs that are working for us, not developing new SKUs, and I think all of that will contribute to better profitability, and given inventory is an issue we're facing at the moment, a lot less obsolete stock, going forward. So, your point is very apposite. That is what this business has to do now.

But I would repeat what I said before, when you turn on a new production line, you don't actually have the brands to support that production line, so you tend to have to develop product SKUs, if you like, and diversify your product range, and you tend to find out what works and what doesn't.

\*\*\*\*\*Got it. Then, can you please just provide a bit of background to that employee share plan comment? Just wanting to understand why were these shares issued? Who were they issued to? Then what you're looking into here?

Perry Gunner: Well, there are two issues that arose. One, we had one plan that the employees were unable to exercise, due to blackouts, that hadn't been accommodated in the share plan. So, the Board thought it unfair on those staff to miss out on the options, because of blackout periods, and these blackout periods, obviously, weren't planned at the time. The other one was due to the options not being properly recorded, and therefore not properly valued at the time. As you know, you take a charge whenever options are created. The charge was not properly identified, and included in the accounts.

So, the one is due to blackouts, and one is due to catching up on amounts that should have been put in the accounts previously.

\*\*\*\*\*Got it. All right, thanks.

Operator: Thank you. Your next question comes from\*\*\*\*\*. Please go ahead.

\*\*\*\*\*Hi guys. Just one question, on your inventory write down, at \$60 Million, you make a comment there that there are accounting matters relating to COGS that should have been expensed, that have obviously been taken as a capital number. That \$60 million is obviously a huge number relative to your starting balance. Can you - I mean, it says it requires further investigation. Is that investigation incorporated in that \$60 million? If it is can you possibly quantify what that adjustment is each year so there's a better understanding of what the real earnings have been overstated in the last couple of years?

Perry Gunner: We're not at the point where we could answer that question. We're still investigating the - what constitutes that amount, when it occurred, so we're not - we're still in an investigation process. This has only come to the attention of the Board today effectively. We had a Board meeting today where this amount was brought forward to the Board so we've still got a lot of further investigation to undertake.

\*\*\*\*\*Just to follow up on that because you did mention with the employee expenses weren't even being expensed properly. Are there other areas of business the Board will need to review in terms of the rest of the other parts, systems, operating procedures, et cetera et cetera, just to get confidence on all the other [carrying] values in the business?

Perry Gunner: I think that would go without saying but any business needs to continually review its processes and procedures and particularly as you grow very quickly, like we have, the ability for everything to keep up with the speed of growth is difficult. We'll be investigating whatever we believe needs to be done for further improvement in the

Company.

\*\*\*\*\*Great, thanks for taking the time today.

Perry Gunner: Okay, thank you.

Operator: Thank you. Your next question comes from \*\*\*\*\*Please go ahead.

\*\*\*\*\*Oh hello. You mentioned 61 positions were terminated and 41 staff were made reductant. I'm just wondering where the other 20 went, 41 staff redundant.

Perry Gunner: The other 20 were positions that hadn't been filled at the time. During the COVID-19 lockdown it was very difficult to fill positions so they were vacant positions. Our total staff for the 61 positions were made reductant was 760 so 20 was not a large percentage of those positions.

\*\*\*\*\*Now, the next thing is how many - I don't understand how you had so many cancelled orders. Were these from your regular customers or these were new customers who were encouraged to order and then cancelled. How could you have so many cancelled orders?

Perry Gunner: First of all, if local retailers delist your product, and they do that on a fairly regular basis, they have range reviews then that becomes effectively a cancelled order but it has the same impact. You have the stock, the packaging materials, the raw materials that were going to go into that product because you have to be working in advance. That's one source of that issue.

I don't think I'm saying we had that many cancelled orders because some of it was just stock that expired. Yes, it is an issue, remembering this goes back over more than one year. I would think our Asian markets would be a major source of the cancelled orders, particularly China.

\*\*\*\*\*Well, I don't understand how when you had so many expert directors on the panel that it got to this state, like how did all of this occur? If this has been going on since back to 2017 we're talking about nearly three years. I don't understand how this hasn't been picked up beforehand. I'm sorry to say it sounds like you've been asleep at the wheel.

Perry Gunner: Expert directors can only act on the information they're provided with. We were only provided with the information of the additional \$35 million today. We were provided obviously with the information about \$25 million at our last Board meeting in May after which we gave an update.

\*\*\*\*\*You believe what the employees told you, is that what you're saying? They just told you certain things and then you believed it.

Perry Gunner: I don't think Boards go out and do stocktakes, particularly when there are a number of warehouses. I mean to do a stocktake of our stock would take days; I don't think that's the role of the Board.

\*\*\*\*\*Perhaps it might have been, it might have been rather than getting into this situation.

Perry Gunner: Well that's hindsight, that's hindsight. I'm not aware of any Board that goes and does stocktakes.

\*\*\*\*\*You trusted what they said and they told you the wrong thing.

Perry Gunner: We trusted what they said that was an audited figure.

\*\*\*\*\*Okay thanks.

Operator: Thank you. Your next question comes from\*\*\*\*\*. Please go ahead.

\*\*\*\*\*Good evening. Part of my question was asked earlier by Sam with relation to the invoices but the question I have as a follow up was just with relation to debt, how far is debt drawn at the moment? Is the \$100 million facility the additional liquidity facility? Has that been drawn and can you just touch on the capital requirement you mentioned or the potential capital requirements you mention in the first paragraph with relation to the Perichs?

Perry Gunner: Part of that facility has been drawn. The last part of your question about the Perichs was?

\*\*\*\*\*With relation to whether there are actual capital requirements at the current stage for the business to continue?

Perry Gunner: Well, I think we did say we've requested and been granted a suspension to consider those matters.

\*\*\*\*\* Okay, thank you.

Operator: Thank you. Your next question comes from Simon Tritton with Wentworth Security. Please go ahead.

\*\*\*\*\*Perry, it's probably more of a comment than a question. I just wanted to say that given the unprecedented period that we've been through with COVID, I just would have thought - I mean I thought this would have been probably easier to digest if you had to come out with this - without the prior two updates which in May, sorry, in March and April, which said that everything was largely okay, in fact everything was going pretty well.

Perry Gunner: I'm not going to disagree with you there, fair comment.

\*\*\*\*\*Yeah, just as an investor, as a shareholder I just find it - the Board should have been highly alert to any irregularities in the current environment and to have two market updates saying that everything was okay, so encouraging people to buy stock. Then to turn around and say actually we've got a problem and then now to have this one is incredible. Anyway, that's just a comment.

Perry Gunner: Our last market update did say the full year earnings will be materially impacted by COVID-19 [unclear].

\*\*\*\*\*The first two. No, not the last one, I'm talking about the first two in March and April were generally benign. The last one wasn't and the current, well, the one in May wasn't, and the current one's obviously horrendous. It's just a comment.

Perry Gunner: Yes.

\*\*\*\*\*It's just a comment.

Perry Gunner: Yes okay, thank you for your comment.

Operator: Thank you. We have come to the end of our Question and Answer session. I will now hand back to Mr Gunner for closing remarks.

Perry Gunner: Thank you. Thank you for attending and I hope we have answered your questions to the extent that we can. Clearly this is fairly raw, we learned about a lot of this today. Clearly there are further investigations underway.

We remain confident about our business. The underlying business remains very strong, very good people, very good brands, we're in a good place in the market. We're hoping that this is the bedrock, if you like, and that when we next speak to you it will be a more positive outlook than we are presenting to you today.

Anyway, thank you for being on the line and participating and good evening.

**End of Transcript**