

**S&P Global**

Market Intelligence

# **SES AI Corporation** NYSE:SES

## *Earnings Call*

*Monday, August 4, 2025 10:00 PM GMT*

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	6

# Call Participants

---

## EXECUTIVES

**Jing Liu Nealis**  
*Chief Financial Officer*

**Kyle Pilkington**  
*Chief Legal Officer*

**Qichao Hu**  
*Founder, Chairman & CEO*

## ANALYSTS

**Derek John Soderberg**  
*Cantor Fitzgerald & Co., Research  
Division*

**John Marc Andre Roy**  
*Water Tower Research LLC*

**Yan Dong**  
*Deutsche Bank AG, Research  
Division*

# Presentation

---

## Operator

Good afternoon. Thank you for attending today's SES AI Second Quarter 2025 Earnings Release and Call. My name is Jaylene, I'll be your moderator for today. [Operator Instructions] I would now like to turn the conference over to our host, Kyle Pilkington. Please proceed.

## Kyle Pilkington *Chief Legal Officer*

Hello, everyone, and welcome to our conference call covering our second quarter 2025 results. Joining me today are Qichao Hu, Founder and Chief Executive Officer; and Jing Nealis, Chief Financial Officer. We issued our shareholder letter just after 4 p.m. this afternoon, which provides a business update as well as our financial results. You'll find a press release with a link to our shareholder letter and today's conference call webcast in the Investor Relations section of our website at ses.ai.

Before we get started, this is a reminder that the discussion today may contain forward-looking information or forward-looking statements within the meaning of applicable securities legislation. These statements are based on our predictions and expectations as of today. Such statements involve certain risks, assumptions and uncertainties, which may cause our actual or future results and performance to be materially different from those expressed or implied in these statements. The risks and uncertainties that could cause our results to differ materially from our current expectations include, but are not limited to, those detailed in the latest earnings release and in our SEC filings. This afternoon, we will review our business as well as the results for the quarter.

With that, I'll pass it over to Qichao.

## Qichao Hu *Founder, Chairman & CEO*

Thanks, Kyle, and thanks, everyone, for joining today. We had another strong quarter with significant progress achieved on key product revenue development and profitability milestones. And recently, in third quarter, we continued that momentum to grow our profitability and revenue through an acquisition agreement that leverages our strength in Molecular Universe battery materials discovery and safety monitoring capabilities with an established player in the energy storage space.

In the first quarter, since the public release of Molecular Universe, I'm pleased to see that we now have more than 30 companies that have begun trial testing the enterprise level and many more in the pipeline. Our mission is to accelerate the world's energy transition through material discovery and battery management. We are excited to see Molecular Universe helping human scientists to be more creative and develop new products much faster. Since our launch of All-in on AI a year ago, we have been progressing through 4 stages.

The first is chatbot. We achieved this milestone with the original launch of Molecular Universe 0. Molecular Universe is a powerful LLM specifically trained on the world's most comprehensive battery domain expertise, combined with the world's largest and most accurate battery relevant molecule property databases, computed through our recent advancement in GPU-accelerated large-scale computation chemistry algorithm.

The second is AI agent. We achieved this milestone with last month's introduction of Deep Space in Molecular Universe 0.5, an agentic capability that can conduct senior scientist level battery research. This phase can reduce product development time from years to just tens of minutes. The ROI on this capability for battery development teams is tremendous.

The third is physical AI. This is where we are right now. Physical AI is the integration of molecular universe with physical systems, including drones, humanoid robotics, EV, UAM and the largest of all, energy storage systems or ESS. We are on track with EV B-sample development with our EV OEM customers and

growing revenue from our AI-enhanced lithium-ion and lithium metal cells for drones and UAM. And our recent agreement to acquire UZ Energy launches us into ESS physical AI by providing the opportunity to integrate UZ's ESS hardware with Molecular Universe material discovery platform, LFP and sodium-ion for ESS and precise battery health monitoring system.

The fourth is revenue machine. The world's energy transition ultimately needs real physical products with software and hardware integrated. We expect exciting revenue growth to come from 5 areas of focus. These include: A, software and service. This will come from our Molecular Universe tool platform, subscriptions and development projects from cell and materials makers. B, materials. We are producing and selling novel electrolytes and other battery materials discovered through Molecular Universe. C, sales. We are producing and selling AI-enhanced lithium metal and high-silicon lithium-ion cells using electrolytes discovered through Molecular Universe for drones, UAM and humanoid robotics. And D, EV development service. This is the original project that deployed the Molecular Universe with B-sample development with leading EV OEMs for lithium metal cells.

E, and last but certainly not least, ESS. We will be producing and selling ESS hardware and software solutions that deploy safe and long cycle life materials and precise health monitoring from Molecular Universe. This is where we expect to not only grow UZ Energy's core business, but also leverage that integration with Molecular Universe. To implement this platform strategy, we already have the world's best material discovery team.

We have been busy recruiting more top talent and looking for inorganic acquisition opportunities such as the one with UZ Energy that accelerates and extends this strategy. The reason that so many people are excited about our molecular universe platform and want to join us is that they see SES AI uniquely has all the ingredients required to build the best AI platform for energy transition. Some large battery companies don't dedicate enough resources to train AI models, such as cleaning and organizing data, developing large-scale computation algorithms and purchasing computing power and other large pure AI companies simply don't have access to high-quality battery data.

People that join SES AI will have unparalleled access to high-quality battery data that are not available anywhere else, ranging from single molecule to formulations, to cell levels, both through actual experiments and high accuracy simulation. And they will be able to sell products that are not just safer and demonstrate better performance than their competition, but improve much faster. We will share more updates on all of this in the coming months.

Now here's Jing Nealis for financial updates.

**Jing Liu Nealis**  
Chief Financial Officer

Thank you. I will discuss our financial performance for the second quarter of 2025 and provide some context on how we are deploying our capital to support SES' long-term growth and the platform strategy Qichao mentioned earlier. Revenue for the second quarter was \$3.5 million with a 74% gross margin. Our Q2 revenue was primarily driven by contracts with our automotive OEM customers to develop AI-enhanced lithium metal and lithium-ion battery materials for EV applications.

As noted in our pre-announcement, we affirmed our full year 2025 revenue guidance of \$15 million to \$25 million. We utilized \$10.8 million in cash for operations in the second quarter, which was a 51% decrease from Q2 2024 and a 53% decrease from Q1 2025. We have been emphasizing our operational discipline for the past few quarters and the significant reduction in cash usage in operations is a result of executing our plan to deploy capital effectively while growing our top line.

We concluded the quarter with a strong liquidity position of \$229 million with no debt. We also announced an agreement to acquire UZ Energy. I'm very excited about this strategic move to provide us the foothold in the fast-growing global ESS market and propel us forward as we expedite the implementation of intelligent energy storage solutions to address the escalating power needs of the AI era. We have a tremendous opportunity to grow the UZ Energy business from approximately \$10 million to \$15 million in

projected revenue for the full year 2025 to exponentially larger growth in the coming years, together with the market share gains in the \$300 billion global ESS market.

We'll continue to allocate our capital to focus on our AI platform enhancements and growth to support our global commercial readiness through 2025 and beyond through organic growth and acquisitions. We have also allocated capital to share repurchases. While we didn't complete any repurchases during the second quarter, in the third quarter, we have repurchased and canceled 871,754 shares for a total investment of \$1.1 million or roughly \$1.27 per share. In summary, we remain financially disciplined with substantial liquidity and no debt, positioning us for scalable and long-term growth. We appreciate your continued support and confidence in SES AI. Thank you.

Now I will turn the call back to the operator.

## Question and Answer

---

### Operator

[Operator Instructions] Our first question comes from Winnie Dong with the company, Deutsche Bank.

### Yan Dong

*Deutsche Bank AG, Research Division*

I was wondering if you can tell us a bit more about UZ Energy, the genesis of that purchase and then how you plan to leverage that business on a go-forward basis? And then secondly, I think you mentioned that you are on the lookout for more M&A opportunities. I was wondering if you can elaborate a bit more on that. What kind of other companies you're looking for? What does the pipeline look like right now?

### Qichao Hu

*Founder, Chairman & CEO*

Yes, Winnie, on UZ, they were actually one of the earliest companies in ESS. 10 years ago, they used to take LFP cells for EV applications and then supply them for ESS applications. And so the rationale for UZ is really -- so for ESS, we talked about entering ESS end of last year. And then this is a really exciting market for us in addition to EV. And then they have good hardware capability, and they take cells and then integrate them into these ESS containers. And then ESS actually is now the #1 use for Molecular Universe, the LFP and the sodium chemistries.

So now that by integrating with UZ, now we have material development for [ LFP, ] sodium from Molecular Universe, and we have the hardware integration. And then we also get data. So one thing that makes Molecular Universe much more powerful than any other tools out there in the industry is access to high-quality real-world battery data that no other AI model in this field has. So now you have the new materials chemistry and then the hardware integration from UZ and then now the actual data. And then we can also add our Avatar, Molecular Universe on top of that to really ensure safety. So that integration really makes sense to us.

### Yan Dong

*Deutsche Bank AG, Research Division*

And then just on the second question on other opportunities, other M&A opportunities?

### Qichao Hu

*Founder, Chairman & CEO*

Yes. I think we're open to new opportunities and -- because Molecular Universe really empowers so many areas, not just at the material side, the material discovery side, but also material production and then also different applications, drones, ESS. So we're looking at a few other opportunities.

### Operator

Our next question comes from Derek Soderberg with the company Cantor Fitzgerald.

### Derek John Soderberg

*Cantor Fitzgerald & Co., Research Division*

Just I wanted to get an update on the UAM and drone opportunity. It feels like that opportunity is sort of the nearest for you guys to potentially get your lithium metal technology out there. What sort of needs to happen on the supply chain to ensure that, that ramp happens smoothly and is sort of the plan still to ramp the UAM or drone opportunities sort of next year? Is that still the time line? And then I've got a follow-up.

### Qichao Hu

*Founder, Chairman & CEO*

Yes. Actually, our revenue from drones and UAM has increased this year. And then a lot of the customers, especially in the U.S. want to move away from their current supply chain. And then we are in the process of updating and also certifying our Korea line so that it will be compliant to that request. But yes, that revenue is increasing.

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research Division*

And what kind of capacity -- revenue capacity do you think you guys have sort of for the drones and UAMs at this point?

**Qichao Hu**

*Founder, Chairman & CEO*

We -- so in terms of capacity, we are now working -- so our current Korea line and also contract manufacturing partners, we can get to pretty high capacity. And then that capacity is much higher than the current orders we have.

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research Division*

Got it. So it doesn't sound like that's a huge issue there. Got it. And then just as my follow-up on the software piece, 30 companies trial testing. I know it's only been a few months now. But what do you think it's going to take to get one of those companies to sort of move to a joint development tier? Is it just a matter of time testing the platform? Is it sort of identifying a certain amount of cost savings with the R&D process? What do you think it's going to take to get one of those companies to a joint development here?

**Qichao Hu**

*Founder, Chairman & CEO*

Yes. This is a really interesting area, and then it's so new because the use of AI is just not that widely used in the battery industry as it is in other industries. So I think we are really close to a few large ones. And I think the key is really seeing that this is not just a platform, but actually it can deliver a solution that's much better than the best human scientists can.

So right now, some of the largest battery companies are giving challenge to Molecular Universe and see if it can solve problems that the smartest human scientists cannot. And once we can demonstrate that, then I think that's game over, and then it will be the start of a wide adoption of Molecular Universe. It needs to solve a problem that's harder and it cannot be solved by the best human scientists.

**Operator**

Our next question comes from John Roy with the company Water Tower Research.

**John Marc Andre Roy**

*Water Tower Research LLC*

Great. I wanted to continue on the Molecular Universe. What is the overall general feedback from the enterprises that are currently using it? Are they wanting a lot more features? What's the -- what are they doing with it mostly?

**Qichao Hu**

*Founder, Chairman & CEO*

Yes. So in terms of a tool platform, it's already more accurate and more powerful than any other tools out there. And then a lot of the companies instead of asking for more features, they want more accurate results. And then -- and one test they're doing is actually giving a really hard test that human scientists cannot solve. So if you use Molecular Universe as a scientific curiosity chatbot, then it already outperforms anything else out there. But then if it's -- so now the task is can it solve a problem that human scientists cannot solve, like a problem that's intrigued the human scientists and then -- for a long time and then the team has not been able to solve. So that's what we're trying to do next.

**John Marc Andre Roy**

*Water Tower Research LLC*

Great. And do you have any expectations when the next release might be coming and what some of those features might be? I mean, are you putting in costs? Sorry, I haven't gotten into the tool that much and manufacturability issues into the system yet.

**Qichao Hu**

*Founder, Chairman & CEO*

Yes. So we expect the next version to be sometime in September, October time frame, and then that will include more accurate cell level data. So then the prediction will be even more accurate.

**Operator**

There are no more questions registered in queue. I'd like to pass the conference back over to our hosting team for closing remarks.

[Audio Gap]

That will conclude today's conference call. Thank you for your participation, and enjoy the rest of your day.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

© 2025 S&P Global Market Intelligence.