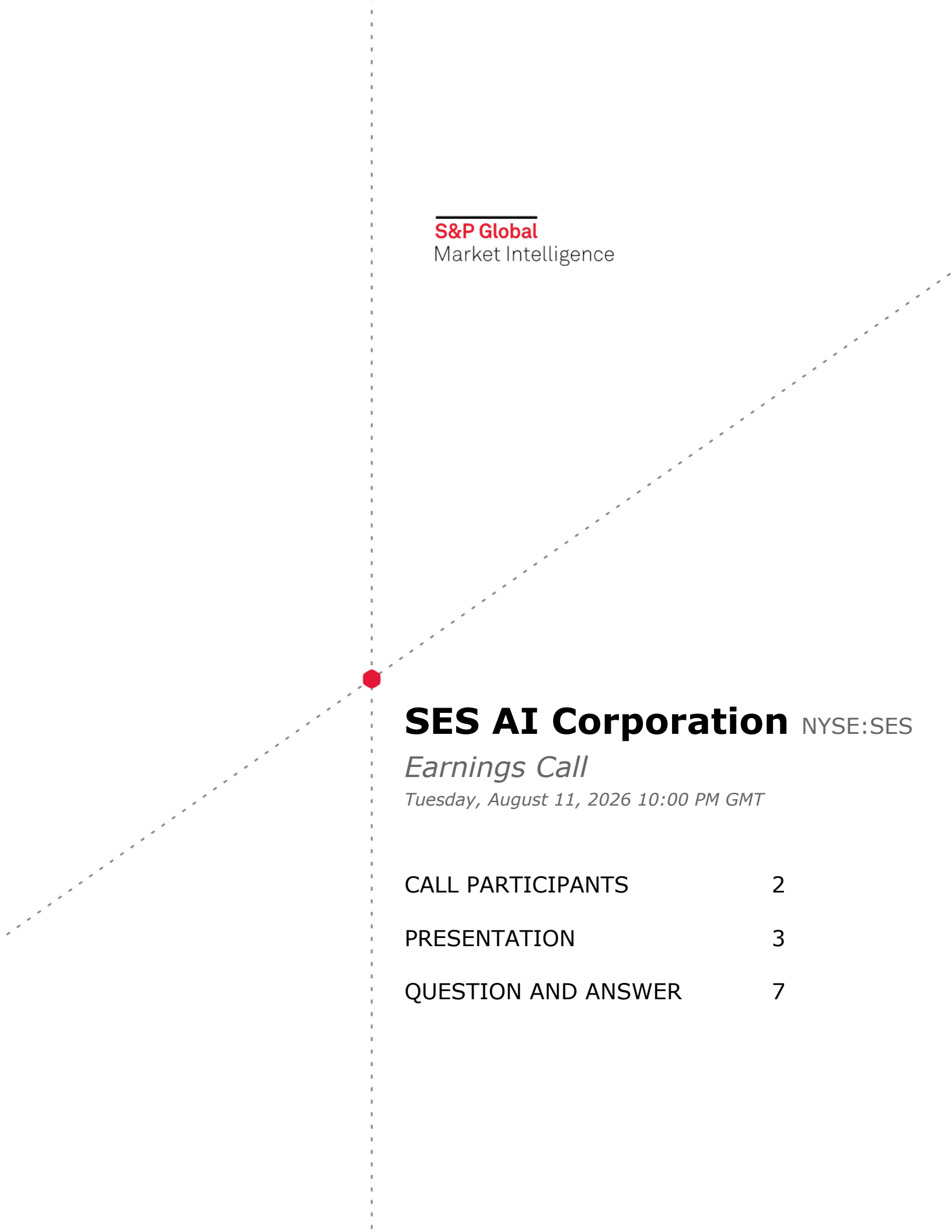




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Earnings Call

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Call Participants

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Presentation

Operator

Hello, everyone. Thank you for joining us and welcome to the SES AI second quarter earnings release and call. After today's prepared remarks, we will host a question and answer session. [Operator Instructions] I will now hand the conference over to Kyle Pilkington, Chief Legal Officer. Kyle, please go ahead.

Kyle Pilkington *Chief Legal Officer*

Hello everyone and welcome to our conference call covering our second quarter 2026 results. Joining me today are Qichao Hu, Founder and Chief Executive Officer; and Ray Liu, Chief Financial Officer. We issued our shareholder letter just after 4:00 p.m. today, which provides a business update as well as our financial results. You will 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 in performance 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 our latest earnings release and in our SEC filings.

On this call, we will discuss non-GAAP financial measures as a supplement to our GAAP results. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles but are intended to illustrate alternative measures of the company's operating performance that may be useful.

These non-GAAP measures should not be considered an isolation or as a substitute for any GAAP measure, and our definitions may differ from those used by other companies reporting similarly titled measures. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP measures can be found in our latest earnings release. With that, I'll pass it over to Qichao.

Qichao Hu *Founder, Chairman & CEO*

Thank you, Kyle. SES is solving 2 of the most difficult challenges in energy storage, accelerating product development using AI for materials and building a robust supply chain to manufacture these products. We originally focused on EV and pivoted more than a year ago to ESS and drones applications. In Q2, we began seeing significant commercial milestones, and we are very excited about the path we're on. Our Q2 revenue grew by more than 40% compared to Q2 last year. And our gross margin improved from 18% to more than 22% due to our differentiated technology and robust supply chain. And we are reaffirming our 2026 revenue guideline of \$30 to \$35 million.

On accelerating product development using AI for materials, we release Molecular Universe MU-3.0, our first agentic workflow platform that works for sodium chemistry as well as lithium chemistry and can be integrated with autonomous labs deployed fully secured and on-premise. We shipped our first Search-in-a-Box order to one of the world's largest battery manufacturers, and some of the materials discovered by Molecular Universe have completed testing and entered pilot commercial deployment.

On building a robust supply chain to manufacture these products, for ESS, this is our largest revenue generating unit. We're making great progress, especially in the U.S. market. We were selected by Sol-Ark as a certified battery partner, and we brought on Paul Diemer, ex-CTO of Flex Power to our board to help guide our ESS strategy. And we continue to hire a stellar team with background in leading AI data center total solution providers to execute and deliver our exciting ESS growth.

For drones and unmanned systems, we are recruiting a team with a proven track record of selling to defense and commercial drones. We expect to start producing 1 million NDAA-compliant cells per year in about 1 month at our Korea plant. And based on the strong customer demand we are seeing, at taking orders well into 2028. I'll dive into each topic separately.

On ESS, while most competitors sell either pure hardware that don't have intelligent software or pure software that are not trained on real world data. Our edgebox-enabled ESS systems are trained on the specific cells that we use in our hardware systems, allowing for one-to-one matching accurate state of health and safety management.

This prediction accuracy not only helps preventing fire and other incidents. This is tremendous saving for our customers across residential, commercial, industrial, and data centers. One of the leading U.S.-based FCC authorized inverter producers, Sol-Ark, certified our subsidiary, UZ's low voltage residential batteries for their hybrid inverter systems.

We believe this certification with Sol-Ark will greatly accelerate the growth of UZ's revenue in the U.S. especially given the recent FCC restrictions around foreign produced inverters and other electronics.

We were also honored to bring on Paul Diemer to our board of directors. Paul served as the CTO of Flex Power, where he ran critical and embedded power group that was responsible for delivering power solutions to data centers and other industrial systems. Paul also ran new EV product architecture at BorgWarner. Paul transition from EV to data centers is very similar to that of SES.

On drones and unmanned systems, we expect to complete the scale up of our Korea-based NDAA-compliant cell production from 200,000 cells a year to 1 million cells a year in about 1 month. And we expect to start producing at 1 million cells a year full speed starting this Q4. We have already hosted many of the largest American and allied drone makers for line audits, with many more in the queue later this year.

We expect revenue contributions from NDAA-compliant cells produced in our Korea line to start in a meaningful way in Q4 this year and really start to take off first half next year. Even at 1 million NDAA-compliant pouch cells, which we believe is 1 of the largest NDAA-compliant pouch manufacturing capacities in the world, and combined with our best in class energy density and performance, we are looking at securing orders well into 2028.

And we're also seeking additional NDAA-compliant manufacturing capacities for both pouch and cylindrical cells to address the strong demand for these products. These cells will be for drones, but also broader unmanned and mobility applications. We recently announced a framework agreement with Doroni, where we'll be responsible for designing and developing the complete battery pack for their H1-X eVTOL. It's a really cool 2-seater.

With Molecular Universe, we released MU-3.0. This is the most powerful and complete end-to-end workflow automation in energy storage. We sold a Search-in-a-Box module to one of the largest battery makers in the world, and we are trialing full MU-3.0 workflow integrated with autonomous labs with many more.

We do have competitors for AI for materials, but none offers solutions as complete, accurate, and most importantly, secure as ours. And many of our customers switched to MU after trying our competitors offerings. Many of our competitors try to offer building blocks in a cloud-based toolkit, but product development is more than a toolkit. And very few enterprise customers would allow their proprietary data to leave their premises or be used to train external models. It requires a fully secured on-premise integration of domain expertise, experimental data, and computation chemistry simulation full stack.

Some of the materials discovered by Molecular Universe have completed testing and entered revenue generating early stage commercial pilot development. We expect to release MU-4.0 later this year. It will feature ability to generate new molecules based on desired properties, and it will be integrated with autonomous labs. So users can generate or discover new molecules, synthesize them, validate them in full devices, and provide actual experimental data back to train their own foundation models, all fully secured on-premise.

This flywheel connects similar technologies simulation with experimental validation can organize and generate high quality data and train models fully secured and on-premise. And without humans in the loop, it can run much faster than humans ever can. I do think a lot of investors are underestimating Molecular Universe, especially purely through the lens of near-term monetization. But I believe in the next 3 to 5 years, Molecular Universe will power majority of product development, definitely in energy storage and expanding to complex fluids and eventually other material applications.

The SES team is solving 2 of the most difficult challenges in energy storage, accelerating product development using AI for materials and building a robust supply chain to manufacture these products. We have a healthy cash runway, highly differentiated capability across products and manufacturing, and one of the most dedicated teams. I'm incredibly proud to work with our team on these critical challenges, even when the market may perhaps underestimate us. And I'd like to thank the team for their hard work.

Now here's Ray for the financial updates.

Yi Liu

Chief Financial Officer

Thank you, Qichao. I'll walk through our second quarter 2026 financial results. Second quarter revenue was \$5.1 million compared to \$6.7 million in the first quarter of 2026 and \$3.5 million in the second quarter of 2025. Notably, this quarter validated our commercial momentum. For the first time, we saw revenue contribution across all product lines. ESS, drone battery cells, materials, and Molecular Universe.

Our GAAP gross margin was 22.6% in the quarter, an improvement from 18.1% in the first quarter. The improvement was particularly driven by the ESS business, where we saw a higher mix of international sales and continued pricing discipline.

Turning to operating expenses, our GAAP operating expenses for the second quarter were \$20.3 million compared to \$19.1 million in the first quarter. The slight sequential increase was primarily due to a bad debt provision related to a legacy EV service contract. Year over year, however, operating expenses were down 26% and we remain confident in our ability to sustain the expense reduction of more than 20% year-over-year.

Our GAAP net loss for the second quarter was \$17.8 million, or \$0.05 loss per share, compared to a GAAP net loss of \$12.1 million, or \$0.04 loss per share in the first quarter. I want to remind everyone that our GAAP net loss can be impacted by non-cash mark-to-market movement in the fair value of our sponsor earn-out liabilities, which are required to be measured each reporting period under GAAP.

In the first quarter, we recorded a \$4.2 million non-cash gain related to these liabilities. That impact was insignificant in the second quarter. Excluding change in sponsor earn out liabilities, stock based compensation, depreciation and amortization, and including interest income.

Our non-GAAP net loss for the second quarter was \$13.1 million, or \$0.04 loss per share, compared to a non-GAAP net loss of \$11.1 million, or \$0.03 loss per share in the first quarter. The sequential widening in non-GAAP net loss was primarily due to lower revenue in the second quarter and the bad debt provision that I mentioned earlier.

Looking ahead, we expect our net loss to narrow in the second half of the year, driven by a pickup in revenue and continued reductions in operating expenses as our cost reduction program takes full effect. Adjusted EBITDA for the second quarter was a loss of \$14.6 million compared to a loss of \$12.8 million in the first quarter. A detailed reconciliation of GAAP net loss to adjusted EBITDA and non-GAAP net loss is included in the financial tables at the end of the shareholder letter.

Turning to capital allocation, we ended the second quarter with cash, cash equivalents and short-term investments of approximately \$163 million. Our CapEx light business model remains a core financial discipline and we're confident our current liquidity provides a runway to fund operations and execute on our 2026 growth initiatives.

We're actively looking for inorganic growth opportunities, including M&A that complement our strategy, while maintaining financial discipline. We believe the second quarter demonstrates continued execution against the plan we laid out, broadening revenue contribution across all our products, continued gross margin improvement, and disciplined cost management. We are reaffirming our full year 2026 revenue guidance of \$30 to \$35 million.

As we look to the second half of the year, our priorities are clear. Continue to scale energy storage systems and Edge Box distribution. Convert our drone qualification pipeline into commercial orders as the Chungju ramp completes and close our supply agreement for materials discovered through Molecular Universe. With that, I will hand over to the operator.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Winnie Dong with Deutsche Bank. Your line is open. Please go ahead.

Yan Dong

Deutsche Bank AG, Research Division

I wanted to touch on the back half of this year, if you can remind a mix of revenue that's going to be driven by across the different business lines. And then you can also talk about the backlog at the energy sentiment. It seems like you've got some important certifications that might be good for the U.S. side. What kind of demand management might we be looking at for 2027? And then I have a follow up. Thanks.

Qichao Hu

Founder, Chairman & CEO

In terms of the split. First half is basically majority ESS, almost more than 70% ESS. But in the second half, we do expect drones and materials to pick up. So still more than half from ESS. And then in terms of that certification with Sol-Ark, so basically if you're not certified, then you're competing with like 20 other companies. But once you are certified and there's only like less than 5, there's like Enphase, there's Tesla, there's Sol-Ark, then really you're competing with like 3.

So later half of this year, we expect the hockey stick to start to pick up and then a lot more next year. I think the exact number, we don't have the exact number yet, but we're quite excited to be certified by Sol-Ark. Because now we go from competing with 20 other players to now competing with just 1. Like Enphase and Tesla.

Yan Dong

Deutsche Bank AG, Research Division

Ok, thank you. That's helpful. And then I was wondering, maybe just like on the capital allocation side, it seems that you're just sort of like sticking with that CapEx like approach. You do have, you know, \$160 plus million cash runway. What kind of CapEx might you be looking to do to spend it on?

And you also alluded to M&A. What are some of the pipelines that you're looking at? What can we anticipate? I think if I look back to the capacity you have for your drone cells out of Korea, it seems like there is demand and order into 2028.

So would you need capacity expansion there and the use of CapEx for that? Thanks.

Qichao Hu

Founder, Chairman & CEO

We definitely do. I mean, if we just had 1 million cells out of Korea, then literally we're going to supply like at most 3 customers, 3 drone customers that need NDAA. Like most. So without additional capacity and based on this pipeline, we are looking at 2028. Now if we can double the capacity in Korea to 2 million or triple that or find additional NDAA-compliant capacity in Southeast Asia, so if we quadruple or even more that capacity, and all that pipeline that we were going to supply in 2028, now we can supply in 2027.

So in terms of line, not so much this year because most of that has already been spent. And then again, most of the Korea CapEx, we built that back in, you know, in the early during the JDA with GM. So now it's not rebuilding new CapEx, it is more modifying that. So not as much this year. And then later this year or next year, if we're to invest in additional CapEx, either through direct investment or through investing in or companies that own those CapEx.

I think that's TBD, but again, for drones, we're not talking about gigawatt hours scale. We're talking about, for example, 20 megawatt hours, 50 megawatt hours, like way smaller than gigawatt hours. So I think the spending is a lot more efficient than the EV CapEx.

Yan Dong

Deutsche Bank AG, Research Division

Thank you. And then what about the M&A portion? Any pipelines that you might be looking at? Anything that we should sort of anticipate?

Qichao Hu

Founder, Chairman & CEO

We are exploring. I think there are some companies that have interesting manufacturing capacities in Korea in the drone space, in the ESS space. Companies that make pouch cells for drones or prismatic LFP, we're very interested in working with them, both cell companies as well as pack companies. We are still evaluating some of those capacities.

Yi Liu

Chief Financial Officer

Yes. We internally, we set up some-- I just want to add internal guardrails on doing M&A. So anything we want to do is kind of fit into our strategy. And also it's going to be business and revenue accretion to our business. So we're just looking to, as Qichao was mentioning, expand with the cash we have on hand.

Operator

Your next question comes from the line of Dave Storms with Stonegate. Your line is open. Please go ahead.

David Storms

Stonegate Capital Partners, Inc., Research Division

Just wanted to maybe start with your comments around the expected gross margin improvement. Could you help us understand maybe what might be driving this? Is this going to be continued on pricing? Is this, you know, volume increases, mixes, you're moving into more drones in the back half? Just any further color here would be great.

Yi Liu

Chief Financial Officer

Yes, I can add some color. I think the improvement, as I mentioned in the announcement, is primarily from our ESS business that's mostly driven by kind of increased international sales. We typically, especially in the North America, particularly see a higher margin on the sales in North America.

Additionally, we have maintained a price discipline on the ESS business. So that's contributed. I think a back half of the year like I said, as the drone revenue picks up, we'll see margin increase because a drone sale typically carries a higher margin compared to the ESS business. So we'll see margin improvements in the second half.

Qichao Hu

Founder, Chairman & CEO

Yes, I think one of the key drivers to the gross margin is, especially in ESS, is the price of the cells. A year ago, cells were really expensive and we did not have Edge Box. So we were required to buy cells produced by one vendor out of one of their lines. So we have very little pricing.

And since we have Edge Box, now we're able to source cells from multiple vendors and multiple lines because we're able to monitor and then balance between the cells. So that has reduced the price of cells.

David Storms

Stonegate Capital Partners, Inc., Research Division

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That's great commentary. I really appreciate that. Maybe, Qichao, if you want to, you know, you mentioned that you are exploring beyond drones, you know, the broader unmanned and mobility applications, you called out a new partnership there. I think you could spend a little bit time talking about maybe some of the technical challenges between drones versus the broader unmanned ecosystem, if there are any. Maybe how that market looks in terms of margins or demand or TAM compared to your current market. Anything else there would be very helpful.

Qichao Hu

Founder, Chairman & CEO

So a lot of it is just timing and then go to market investment and also timing. And then we focus on drones because that market we have seen that it's consolidating around 1 up to 3 major form factors and then so the cells we build, we definitely first and foremost supply to drones.

Now there are other applications that recently have surfaced marine applications, boats, submarines, applications that also care about weight, NDAA compliance, as well as some of the cargo planes, manned eVTOLs as well as unmanned eVTOLs.

So all of the form factors that we have matured for drone applications, we're also selling those to the other adjacent markets.

Operator

Your next call comes from the line of Craig Irwin with ROTH Capital. Your line is open. Please go ahead.

Craig Irwin

ROTH Capital Partners, LLC

So I wanted to ask about Molecular Universe. So, Qichao, you're clearly excited about this as a longer-term opportunity and the potential both revenue and IP out of the library that you've developed.

Can you maybe talk about customer engagement? How actively are you marketing this to new customers at the moment? Do you have strong leads for additional new customers at the moment? If you could maybe give us a little color on the breadth of the customer interest. And how long do you think it will take as far as customers that are already, you know, looking for leads out of your database to make those commercial and have those revenue generating opportunities.

Qichao Hu

Founder, Chairman & CEO

So I would say we have about 3 customers, 3 battery companies that we are deeply engaged with. And then when I say deeply, I mean there's at least 3 to 5 teams within each company that are evaluating different parts of the Molecular Universe. So the entry level basically ones that buy modules, for example, you mentioned Search-in-a-Box, some people buy Predict-in-a-Box, some people buy Design-in-a-Box, some buy Ask-in-a-Box, some buy Formulate-in-a-Box.

So that's the entry level. Companies buy these modules. Second level companies will buy the entire workflow, ask, search, predict, design, manufacture, basically this entire workflow and also with StarSeeker. So it's a agentic workflow.

And then the third tier companies that buy what we call M-Labs. So M-Labs is the integration of the entire agentic StarSeeker with autonomous labs. So we will actually combine the StarSeeker with corresponding autonomous labs. So for example, Ask and Search is integrated with a new molecule synthesis, A-Lab. Formulate is integrated with Electrolyte A-Lab. Design and Predict are integrated with Electrolyte Optimization A-Lab. Also part of Predict is integrated with Cell Testing A-Lab.

Before we had pure software platforms installed on-premise and instead of having this pure software in a box delivered on-premise, now the software is delivered together with a lab. So a customer could just provide us 1,000 to 1,500 square meters of space, and then we will lay out all the other A-Labs and the corresponding software.

So on the customer side, instead of needing 30 people, 50 people to run this lab, now you need just one PM, one project manager with this entire software and this entire A-Lab together, M-Labs, and then you can have a complete battery.

So there are 3 major customers that we are outlining I would say at the third tier discussion. So hopefully we'll announce some revenues at the M-Labs level. And then beyond these 3, there are also other battery companies that we are in the module level and the workflow level.

Craig Irwin

ROTH Capital Partners, LLC

Okay, excellent. I understood. My second question is about the cells coming online in Korea. So you're going from 200,000 cells a year in capacity to 1 million cells a year in capacity. And you know, when I look at your current capacity of 200,000 cells, you know, that's quite small versus the needs of a lot of the defense suppliers, the drone producers and other companies that use lithium-ion batteries in military equipment. But 1 million cells, 1 million cells a year sort of gets you in the game.

Have you received any sort of soft commitments from these NDAA-constrained customers, the defense market customers, as far as probable orders or potential orders on that 1 million cells a year, what's your confidence level that you'll see the offtake there? And actually, I guess another question is, is it possible we see revenue from the incremental capacity at the end of this current quarter within the month of September?

Qichao Hu

Founder, Chairman & CEO

Yes, so total our pipeline for drones for just NDAA, not counting the non-NDAA, we're talking about 50 plus, just all NDAA. And then the large customers, and we define large customers, are the ones that need a pipeline to sell 200,000 to 300,000 NDAA-compliant cells a year. So we have maybe 5 large customers.

So just the top 5 large customers, we've already exceeded 1 million. We're at like 1.5 million, right? And then 1 million is the capacity, if you take into account some qualities, some downtimes, this and that, probably we deliver 700,000, 800,000. So, yes, we are way under capacity purely in terms of NDAA compliance.

Now, we're doing 2 things. One is we are evaluating other capacities in Korea, either through our own investment or through contract manufacturing, so that we are hoping to double, maybe triple the NDAA-compliant capacity in Korea. And we're also looking at additional capacities in Southeast Asia. This is 1. The customers do have a range, a spectrum of NDAA compliance. We have ones that want 100% NDAA compliance, means cathode, anode, electrolyte separator, pouch, and entire assembly. Everything must be done in Korea, completely NDAA-compliant. We also have customers that are okay with 40% NDAA-compliant, 50% NDAA-compliant.

In some cases, Korea's own Article 1, Article 2 compliance where you can have cathode from Korea, anode from Korea, but then cell assembly done in China just for 1 year. So we reserve the 1 million capacity in Korea purely for those that want 100% NDAA-compliant. And then we do have additional capacity for those that want maybe 40%, 50%, 60% NDAA-compliant.

So we do have alternative capacities for those that don't want 100% NDAA compliance, but some portion of NDAA compliance as well as we're looking for additional capacities in Korea and Southeast Asia.

Craig Irwin

ROTH Capital Partners, LLC

Thank you for that. And my last question is, you know, you're increasing capacity or increasing your capacity commitment there five-fold. I do realize that you're using contract manufacturing, so probably you don't see as big a potential improvement in cost. Is there an improvement in cost that you can expect on this capacity increase?

And the 5 customers that are very large in the drone market that you mentioned, have they already started sampling cells, given that you're going to be using nearly identical production, identical cell recipe, to produce a commercial product?

Qichao Hu

Founder, Chairman & CEO

So I just want to confirm that 1 million 100% NDAA-compliant cells out of Korea, those are entirely our own production. And then we have several other million less than 100% NDAA-compliant. Those are through contract manufacturers. And then in terms of where we are with the customers, they've done sample testing, multiple rounds. They've done a line audit, 1 to 2 rounds.

And then they're waiting for that 1 million cell capacity to be operational in September and then visit again for additional quality audits. And in terms of pricing, yes, going from 200,000 to 1 million would significantly reduce the price.

Craig Irwin

ROTH Capital Partners, LLC

Excellent. Well, thank you for that, and thank you for the clarification. Congratulations on your progress.

Operator

Your next question comes from the line of Mark Shooter with William Blair. Your line is open. Please go ahead.

Mark Haywood Shooter

William Blair & Company L.L.C., Research Division

Hey, Qichao. Qichao, am I coming through?

Qichao Hu

Founder, Chairman & CEO

Yes, we're here.

Mark Haywood Shooter

William Blair & Company L.L.C., Research Division

Great, thank you. On the ESS business. I'm interested in if you can update us and give us a little bit of color on exactly what niche of this segment you're looking to play in ideally. And can you update us on if you are still trying to sell product that is the full solution including the battery and the DMS or Edge Box or is there an opportunity to just sell the Edge Box to potentially a utility or an integrator?

Qichao Hu

Founder, Chairman & CEO

Yes, so I would divide them into 3 categories. One is just residential and then there's new certification. So in residential, most companies buy batteries and inverters in one pack, right? Like people don't really just buy a battery or just buy an inverter. You buy those types to connect it together.

So recently when some of those foreign produced inverters got blocked, that did also impact their co-op sale, co-marketing relationship for the battery suppliers because those 2 are sold a lot of times together. And then this partnership with Sol-Ark is one of the 3 along with Enphase and Tesla that have U.S. produced inverters. So this will help the residential.

And then yes, we do include the Edge Box there. And then second is more larger scale data centers. This is quite new for us. This is not an area that UZ was in. UZ was familiar with a residential, not so much in AIDC. So here, we are trying to provide a total solution. So the entire UPS, sometimes it's the best, together with the Edge Box. This is also why we brought on Paul, to help us navigate the go-to-market

strategy here. And then third one, some of the battery inverter distributors are open to us installing the Edge Box and we are testing with them. And then that may also pick up as a revenue source.

Mark Haywood Shooter

William Blair & Company L.L.C., Research Division

Thank you. I'm talking about that second piece, which is the hyperscalers. Is there anything available or that you're ready to update us on that and give us a little bit more detail on the level of engagement?

Qichao Hu

Founder, Chairman & CEO

Yes, I think we can discuss and share more in Q3 or Q4. I think now a lot of those are very early.

Mark Haywood Shooter

William Blair & Company L.L.C., Research Division

Okay, understood. Thought I would try. Also, in the shareholder letter, you mentioned that most competitors just sell hardware without software. The competitors I'm thinking of have very complex and sophisticated software programs attached. So who do you consider your key competitors in this space?

Qichao Hu

Founder, Chairman & CEO

So I think the, yes, I think some of the competitors that you're thinking of, they do, and the large ones, they do. But I think for the majority, they either use like a third party software or they use an internal software that's not specifically trained on those cells.

So for example, say the PAC system is using a 314 amp-hour LFP prismatic produced Q1 this year out of a line from the, say CATL or EVE. So our Edge Box will be trained on that batch of cells, like literally the exact batch of cells that go inside the pack. And then if we switch to even a different vendor that makes the same 314 amp-hour LFP prismatic, we will retrain the software. So the software gets retrained on the specific cell, the specific vendor, the specific chemistry that we actually put inside the pack.

Operator

There appear to be no further questions at this time. This concludes today's call. Thank you for attending. You may now disconnect.

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