NASDAQ:ELVA Q2 2026 Earnings Call Transcript

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Operator | Conference Operator:

Greetings. Welcome to the Electra Via Q2 2026 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. Please note, this conference is being recorded. I will now turn the conference over to your host, John Gibson, CFO. You may begin. Thank you.

John Gibson | CFO:

Thank you. Good afternoon, everyone, and thank you for joining today's call to discuss Electrovia's Q2 2026 financial results. Today's call has been hosted by Dr. Raj Dasgupta, CEO of Electrovia, and myself, John Gibson, CFO. Today, Electrovia issued a press release concerning its business highlights and financial results for the quarter and six months ended March 31st, 2026. If you would like a copy of the release, you can access it on our website. If you want to view our financial statements, management discussion analysis, You can access those documents on CEDARplus at www.cedarplus.ca, the SEC's EDGAR website at sec.gov forward slash EDGAR, or at our updated website at www.electrovia.com. As with previous calls, our comments today are subject to the normal provisions relating to forward-looking information. We will provide information relating to our current views regarding market trends, including their size and potential for growth, and our competitive position within our target markets. Although we believe that the expectations reflected in such forward-looking statements are reasonable, they do obviously involve risk and uncertainties, and actual results may differ materially from those expressed or implied in such statements. Additional information about factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the company's press release announced in the Q2 fiscal 2026 results, and the most recent annual information form and management discussion analysis under risks and uncertainties, as well as in other public disclosure documents filed with Canadian and U.S. security regulatory authorities. Also, please note that all numbers discussed on the call are in U.S. dollars, unless otherwise noted. And now, I'd like to turn the call over to Raj.

Dr. Raj Dasgupta | CEO:

Thank you, John, and good evening, everyone. It is a pleasure to speak with you today as we review our second quarter fiscal 2026 results. Despite some supply chain disruptions stemming from recent geopolitical developments, we continued steady progress during the quarter across our financial, technology, and strategic business objectives. While our material handling products continue to form the foundation of our revenue base, the quarter also marked the commencement of commercial deliveries of our latest battery systems for robotic applications, in addition to shipments to two defense contractors. These developments reflect the continued expansion of our technology platform into new and strategically important verticals. We remain highly focused on new product development, continued advancement of our core battery technologies, and the ramp up of our Jamestown manufacturing facility, all of which we believe will play a central role in supporting the company's long-term growth and success. During the quarter, we also commence shipments of our latest high-voltage battery systems. We expect high-voltage vehicle platforms to scale over the coming years and become a meaningful contributor to revenues beginning in fiscal 2027. In the airport ground support equipment sector, testing activities have continued to progress well, and our trial battery systems are now operating commercially at multiple airports. However, recent disruptions within the

airline industry and broader macroeconomic uncertainty may impact the timing of capital spending decisions and near-term order flow within this sector. Turning to product and technology development, we continue to advance our technology and product portfolio, spanning advanced ceramic separator technologies through to next-generation software solutions. Our most significant development initiative is focused on energy storage products, which we expect will become a showcase of the company's integrated battery system, cell, and software capabilities, delivering differentiated solutions for mission-critical energy storage applications. Electroviya is developing products and technologies that fundamentally build upon our core strengths in advanced ceramic separators, cell and system safety, longevity, cycle life, and high-performance battery operations. I'm particularly excited about our push into energy storage. This is a sector that I personally led at Electrovia more than a decade ago, before the market became increasingly commoditized. Today, however, with the rapid growth in demand for mission-critical energy infrastructure We believe that the market environment has fundamentally changed and presents a significant opportunity for differentiated technology solutions. We believe our energy storage platforms can deliver an outsized impact through a combination of high power density, long cycle life, and industry leading safety. Our objective is to enable customers to achieve more with a smaller and more efficient battery solution. improving both operational performance and overall economics. In addition, given the exceptional safety and field performance record of our Infinity technology, we believe mission critical applications will represent a key target market for the company. We've already demonstrated the strength of this approach within the material handling sector, where we successfully introduced a premium battery solution to some of the world's largest companies. We believe a similar strategy can be applied to energy storage infrastructure markets. Within our energy storage product portfolio, which is in development, we are advancing both AC coupled 1,500 volt systems and DC coupled 800 volt system architectures. These platforms are being engineered to meet UL9540A certification standards while supporting materially higher power densities than conventional lithium ion energy storage systems. Fundamentally, our goal is to deliver greater performance and capability with a smaller overall battery footprint. I'm also encouraged by the continued progress of our next generation ceramic separator development program, which is expected to deliver further improvements in battery performance and capability. To support future commercialization, we are planning scaled manufacturing expansion at one of our Ontario facilities with production targeted to commence in 2027. In parallel, our solid-state battery development efforts have accelerated following the installation of upgraded infrastructure and a new dry room earlier this year. As I mentioned previously, we are also advancing rapidly towards the development of an ultra-fast charging lithium ion cell and accompanying battery systems. This technology integrates a next-generation niobium oxide anode with the company's Infinity platform to deliver enhanced safety, long cycle life, and charging times of approximately five minutes. In-house testing of prototype cells is ongoing and has successfully demonstrated the targeted high-rate charging capabilities alongside excellent cycle life performance. We've also already produced prototype battery modules utilizing these cells and are actively designing complete battery systems targeting applications such as robotics, data center infrastructure support, and other high-power industrial markets. We're currently targeting customer sampling this year with commercial availability expected in 2027. Finally, regarding our Jamestown expansion. I was at the facility yesterday, in fact, and I'm very pleased with the significant progress being made in site preparation and infrastructure development. Construction of the dry rooms is underway. Building floors have been reinforced to support advanced manufacturing equipment and a number of additional facility upgrades are progressing on schedule. Most importantly, we continue to strengthen the leadership and technical expertise required to successfully scale the operation. Our cell manufacturing lead for Jamestown, Aksu Han, recently joined the company and has already relocated to the region. OXU has been based in Michigan since 2015 and previously led new cell product introduction initiatives at LG Energy Solutions. In addition, we have continued to add other key personnel, including process engineers and manufacturing specialists with experience across several major North American battery operations. Along with our ongoing capital equipment investments at the site, experienced talent will be critical to the successful execution of our long-term manufacturing strategy. The Jamestown expansion remains a core component of our plans to increase production capacity and support domestic manufacturing, particularly for our future energy storage and defense-related product lines. With that, I will now turn the call back over to John for a detailed review of our financial results.

John Gibson | CFO:

Thanks, Raj. Aletra continued its steady growth through the second quarter of fiscal 2026. As Raj mentioned, the company did experience supply chain issues due to the current geopolitical and macroeconomic environment. At the end of the quarter, the company had approximately 1.4 million of finished goods waiting to be shipped solely due to these supply chain delays. It's important to note that revenue is only recognized once the units are delivered to customers. Despite these issues, revenue for the quarter was $18 million compared to $15 million in the prior year, year-over-year growth of 20%. Revenue for the six-month period was $33.6 million compared to $26.2 million in the prior year, year-over-year growth of 28%. Gross margin for the quarter was 33.4%, an increase of 230 basis points over the prior year gross margin of 31.1%. And gross margin for the six-month period was 33.2 compared to 30.9 in the prior year. As is the case with previous quarters, the gross margin is primarily driven by product mix. Managing suppliers, prices, and tariffs continues to be at the forefront of our activities as we scale. And management believes the company is well positioned to maintain these strong margins as we continue through 2026 and into 2027. Operating profits increased significantly year over year. Operating profit for the quarter was 2.2 million compared to 1.4 million in the prior year, an increase of 56%. And operating profit for the six-month period was 3.6 million compared to 1.2 million, an increase of 195% year over year. Net profit for the quarter was $1 million compared to $0.8 million in the prior year. And net profit for the six-month period was $2.1 million compared to $0.4 million in the prior year, a significant increase of 404% year over year. Q2 represents the fifth consecutive quarter of net profit and positive earnings per share. Adjusted EBITDA for the quarter was $2.8 million compared to $2 million in the prior year, an increase of $0.8 million, or 41%. Adjusted EBITDA for the six-month period was 4.8 million compared to 2.6 million in the prior year, an increase of 89% year-over-year. EBITDA grew in the current year due to the improved margins and managing operating costs. Adjusted EBITDA as a percentage of sales was 15.7% for the quarter and 14.3% for the six months. The company generated positive cash provided by operating activities of 4.3 million compared to 3.2 million in the prior year, and cash use and operating activities of 5.6 million compared to 4.8 million in the prior year. The cash use being driven by increases in accounts receivable, inventory and prepaids. The company ended its first quarter with positive networking capital of 57.8 million compared to 26.2 million in the prior year, a current ratio of 7.7 compared to 3.9. A clear indicator of improved financial performance and management is committed to continuing this positive trend. At the end of the quarter, total debt was $21.9 million compared to $13.1 million in the prior year. This debt includes both working capital debt and the debt from the EXIM facility, while the prior year figure is solely working capital. Working capital debt was $12.2 million at the end of the quarter, a slight decrease of $0.9 million over the prior year. And at March 31st, the company had drawn $19.8 million from the EXIM loan. The company made the first interest payment on the EXIM loan at the end of the quarter. The company continues to utilize cash from the equity raise for engineering and R&D efforts. At the end of the quarter, the company had 20.4 million in unrestricted cash on hand and availability within its banking facility of 7.8 million. We believe we have adequate liquidity to support our expansion into new verticals and anticipated growth as we continue through fiscal year 2026. We are seeing some impact from the current geopolitical environment and resulting elevated energy prices on customer ordering patterns, particularly as uncertainty around operational costs, supply chain, and regional demand continues to evolve. As a result, we may see a portion of orders that we had previously anticipated within the current fiscal year being deferred, with some customers taking a more cautious approach to capital deployment. However, we're also seeing some customers potentially increasing their demand from our initial expectations. which may compensate for any disruptions. While underlying demand for our products remains strong, given this potential uncertainty, we may see a portion of this activity shift into fiscal 2027. We continue to engage closely with our customers and remain confident of our long-term outlook, with these timing dynamics reflecting prudence rather than any structural change in demand overall. That concludes our financial overview. Raj and I would now be pleased to hold a question and answer session.

Operator | Conference Operator:

Thank you. At this time, we will be conducting a question and answer session. If you would like to ask a question, please press star 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions. Once again, please press star 1 if you have a question or a comment. Your first question comes from Colin Rush with Oppenheimer. Please proceed.

Colin Rush | Analyst, Oppenheimer:

Thanks so much, guys. Could you give us an update on validation and testing of the line that will go into Jamestown? Just want to see or just understand how far along you are in terms of that testing and when we might expect delivery of all that equipment into the facility in the U.S.? ?

Dr. Raj Dasgupta | CEO:

Hey, Colin. Good to hear you. So the equipment, there's a bunch of different equipment, right? So there's the cell manufacturing equipment, which is coming primarily from a Korean supplier. And for that, we're setting up the entire line actually in Korea, and we'll be conducting a pretty extensive factory acceptance test plan over there, right? So we'll have a a very large team from Jamestown primarily out there for a period of six weeks where we'll run the entire production line essentially from start to finish. And that's, I would say, a somewhat unusual factory acceptance test plan, but we've done that to de-risk operations in Jamestown and reduce site acceptance test work that we would do. So that's going to start occurring late summer. Earlier in the summer, the same sort of activity is going to occur for our module production lines, which are highly automated. But that's not as complicated, so it'll be a little bit shorter. Other equipment, a lot of it is already on site. So all the infrastructure equipment, things like drive rooms, switch gears, a lot of the other ancillary infrastructure is already on site. So there's more or less a permanent construction crew on site in Jamestown right now.

Colin Rush | Analyst, Oppenheimer:

Excellent. That's super helpful. And then with the niobium batteries, obviously there's a lot of potential opportunities with that product. I just want to get a sense of, you know, what the form factor looks like right now and, you know, how big these batteries are, you know, like how much capacity they'll ultimately have as you start to roll them out because there's certainly a number of different form factors that they could end up in in different duty cycles. Just wanted a sense of that initial trajectory on that product.

Dr. Raj Dasgupta | CEO:

So, essentially what we've done here with the niobium oxide is we've partnered with a leading technology player who's developed the anode material combined it with our Infinity platform, which is essentially our ceramic separator, our unique electrolyte. And it appears that we're getting actually higher rate performance with our platform as opposed to the standard setup. So that's a good sign. The cells we're making with this new material, we're going straight to large cell format, so about 40 amp hour cells. which would allow us to make larger battery systems, which we think is what the market would want for this type of technology. And so we're going after both the robotics segment. We have a product being developed for that, as well as the, I would say, a rack-based energy storage system. The rates that these are getting is about, in battery terms, over 10C, so five-minute charge, five-minute discharge, which is very, very high power levels for a battery, and then it's quite exciting. But it's still early, so it's too hard to say exactly how this is going to progress, but it's moving quickly.

Colin Rush | Analyst, Oppenheimer:

Excellent. Thanks so much, guys.

Operator | Conference Operator:

The next question comes from Eric Stein with Craig Hallam. Please proceed.

Eric Stein | Analyst, Craig Hallam:

Hi, Rajai, John. Eric. Hey. Maybe we could just talk a little bit about the guidance qualifications. So I just want to be clear. I guess I was unclear. So are you seeing some impact to order patterns now, or is this just kind of being prudent and taking your typical approach to be conservative? that it is possible that you see it? I guess that would be first. And then second, I mean, is there a way you can kind of give at least a high-level idea of what sort of a range or amount we are talking about?

John Gibson | CFO:

We've not seen significant impact to order flow, but there is, you know, with the current global environment, there is a chance that it does happen. So while some customers may slow down their orders, we are seeing some customers potentially speeding up the order. So it's really difficult to determine the actual full impact that it may have on the fiscal year, which is why we wanted to just kind of communicate that today.

Dr. Raj Dasgupta | CEO:

Yeah, I'll expand a little bit on that. For instance, I'll give you an example of the airport ground equipment, which is a new space for us. Most certainly, I would say the current geopolitical situation is affecting what may have been an earlier order flow from that sector into something that's further out. As John just said, we've seen some, we haven't necessarily seen direct impacts just yet, but we've heard chatter that some capital budgets in some of our customer segments may be getting pushed. At the same time, potentially, you know, one of our largest buyers might be increasing their demand beyond what we had initially expected. So it's just, there's just a lot of noise at the moment, which is creating a little bit of difficulty for us in predicting how the rest of the fiscal year is going to go specifically. But in general, the trend and demand signals for our products is very strong. It's just this is a relatively unpredictable time and it's always hard to give specific guidance.

Eric Stein | Analyst, Craig Hallam:

Right. No, I mean, I think it's prudent to take that approach given everything that's going on. Okay, and maybe you mentioned airport ground support equipment. You know, you do, I mean, even though, yes, a possibility that things get pushed a little bit, your commentary seems to indicate that things have taken a bit of a step forward. I think previously you talked about, you know, deployed at two airports and kind of a pilot. This go-around talking about that it's deployed at multiple airports and that it's more...

Dr. Raj Dasgupta | CEO:

commercialized so I don't know if I'm reading too much into that or not I think you know it's not it's not commercialized in material terms at this point but the batteries which I would call demo demonstration batteries which have been purchased but there's very small numbers of them they are being used in commercial activities right there at the airport doing work the airline seems to be happy with them, right? Otherwise, we would have heard. But I do believe these airlines are pushing back some of their capital expenses, expenditures due to the higher fuel prices.

Eric Stein | Analyst, Craig Hallam:

Okay. All right, maybe last one for me. Just, you know, as you've talked about the emerging applications in energy storage, I mean, that certainly has been positioned as it'll arguably or likely be the largest market but that maybe it was a little bit further out. And today it does seem like, again, maybe I'm reading too much into it, but it does seem like you're more optimistic and potentially that it maybe has moved forward a little bit in terms of the contribution to your business. So I guess correct me if I'm reading too much into it.

Dr. Raj Dasgupta | CEO:

No, you're not. We're definitely aggressively pursuing this segment. We've been in discussions with I'd say a fairly wide array of potential stakeholders and interested parties in this technology. The initial reception has been very strong. I think the direction on the product development is fitting a portion of the market which is not served well, right? So what is that? That's short-duration energy storage. There's a lot of players looking at two hours, four-hour energy storage. I mean, that's obviously an important area, but it is not an area we're focused on. We're focused on high-power, mission-critical applications. And there are a lack of solutions for that, in my opinion. We also bring fully, there's a word for this, FEOC compliant, which is FEOC compliant U.S. manufactured solutions. So our solutions coming out of the Jamestown plant will be eligible to up to 40% investment tax credits. Those are That's a very strong incentive. And finally, it will be a fantastic product. We know these batteries work extremely well, extremely reliably in very high stress environments already. We already have an extremely, you know, a very good customer roster of folks who are using our batteries inside buildings. Now we're asking them to use them outside the building. So I think things are aligning well. We also recently won that Department of Energy project, which is a good example of how this is going to move. And we're going to use these products ourselves. So, right, the Jamestown facility in terms of improving power reliability, which is important for an industrial site such as ours. We're going to install our own energy storage systems there instead of using diesel gen sets, right? So we are going at this aggressively in terms of hiring people to support it. We have a, we've been adding key personnel, including our head of the product design, someone to support the high power, high, thermal modeling capabilities. That guy just came from StoreDot. So we're going all in on this, and I think it can become quite rapidly a very significant part of our business.

Eric Stein | Analyst, Craig Hallam:

Okay, that's great. Thank you.

Operator | Conference Operator:

The next question comes from Theo Genzebu with Raymond James. Please proceed, Theo.

Theo Genzebu | Analyst, Raymond James:

Yeah, hey, great. Thanks, guys. Just, Raj, picking back off of your last question just there on energy storage, it clearly appears to be becoming a much larger strategic focus for the company. And at this stage, I guess, are customer discussions primarily centered around, like, pilot-scale deployments, or are you beginning to see, like, maybe interest around, like, larger multi-site commercial opportunities there? Just any color on that would be great.

Dr. Raj Dasgupta | CEO:

We're looking at both. Both are important to us, right? So we've started giving pricing for larger opportunities. At the same time, we want to support our existing base of customers, right? There is an opportunity to sell these solutions coinciding with existing installations of our forklift battery solutions, right? So if a building has, you know, 100 batteries inside it that are made by Electrovia, there's an opportunity to upsell to that same customer and putting an energy storage system outside, right, which would benefit them in terms of reducing electricity costs, right? That's one opportunity. There's also opportunities to do with single customers, you know, larger scale deployments, right?

Theo Genzebu | Analyst, Raymond James:

Okay, great. Thanks for counting on that. And you mentioned also the FEOC, the FEOC compliance there. So would you say are you beginning to see that become a more important competitive differentiator when you're for customer procurement discussions at all?

Dr. Raj Dasgupta | CEO:

I think so. Obviously, we're not going to be the only manufacturer who has that capability, but it becomes a slimmer number, right? So.

Theo Genzebu | Analyst, Raymond James:

Okay, great. And maybe just last one. I know like last quarter you highlighted the start of commercial robotics, the reason increasing activities with like several OEMs. Can you help maybe frame for me how those engagements have progressed over the last few months and whether you're beginning to see maybe broader like fleet scale deployment discussions emerged?

Dr. Raj Dasgupta | CEO:

Yeah, that is progressing well. I mean, this last quarter, John, we shipped hundreds of packs. 300. 300 packs, and that's going to continue and accelerate. We're adding additional OEMs, right? It takes time, of course. There's a qualification and validation period, but we're working with already a handful of OEM partners. These are often very large companies. And we're developing more as time goes on, right? So it's definitely a key area of focus. It's already our second number two after material handling in terms of revenue generation. And it's going to grow. We're very bullish about the segment for sure.

Theo Genzebu | Analyst, Raymond James:

Okay, great. So it sounds like it's safe to say that it's coming along more or less in line with your expectations from like, say, five months ago.

Dr. Raj Dasgupta | CEO:

Correct. Now, these are much smaller batteries, right, that go into these devices as opposed to our material handling systems, which are larger, right? So you need more of them to generate more, to have a more material revenue generation. But it's most certainly a sector which has a long way to go and a huge growth trajectory.

Theo Genzebu | Analyst, Raymond James:

All right. Well, I appreciate the time and color today, guys. I'll get back in queue.

Operator | Conference Operator:

The next question comes from Craig Irwin with Roth Capital. Please proceed.

Craig Irwin | Analyst, Roth Capital:

Good evening. Thanks for my questions, Raj. The first question I have is about backlog, right? So in your press release, there's a boilerplate section about forward-looking statements where you talk about backlog being Approximately 100 to 125. It's very similar to your comments last quarter where you said in your prepared remarks 100 to 125. Can you maybe update us on backlog trends? Has your backlog been kind of flattish sequentially quarter over quarter? Are we seeing a little bit of churn there? What do we need to see to see the backlog grow? I do realize it is a healthy trend. level above what you will be shipping over the next 12 months, but, you know, what do we need to see for people to commit around the Jamestown facility and your capacity expansion and your new technologies and everything else?

John Gibson | CFO:

Okay, John, I'll take that one on. So the number we use there is a combination of the backlog, the front log, and the pipeline, right? So the backlog would be orders in hand, front log is Orders that are one that we know are coming in and pipeline are things that we have pretty good certainty over them coming in. So that's really how we get to that number. And that number has not really changed from last year to this year. All that's happened is there's going to be increases and decreases in each of the three categories to make up the same figure. So that's really more than just like a 12-month outlook as well. That would cover you know, 2026 and go right into 2027. So some of that front log, some of that pipeline is definitely going to be going to Jamestown. And it's also only material handling. There's no revenue for it. There's no pipeline or, you know, amounts counted from other verticals in that number either. So there's no real robotics number. There's no energy storage. There's no airport ground equipment in there. There's no defense equipment in there. It's really just the material handling. In terms of looking at us filling up Jamestown, once you bring all those new verticals into the conversation, we don't have any fear about there being any downtime or anything within Jamestown.

Dr. Raj Dasgupta | CEO:

The other point there on that, for material handling specifically, companies actually place orders often at the last moment, right? Like today we received a pretty, you know, an order which is over a million dollars which requires delivery within two weeks. Obviously we were expecting that order well before so it would be part of a pipeline which we were expecting and which it gets delivered. So that's often how it works in material handling. The other sectors are more traditional in the fact they give longer forecasting and it's more predictable in some senses. But we have obviously a number of key relationships which we rely on both, you know, our OEM partner provides us pretty good forecasting which is built into this, as well as our largest end customers, right? So that's how we put this together. Obviously timing can always shift. And that's built into the FOI.

Craig Irwin | Analyst, Roth Capital:

Okay, I understand that. So my second question is about the energy storage market and your technology and how it fits, right? So when we look at what the hyperscalers have done, they've got a whole lot of business with Toshiba around their tightening batteries, which tend to be very, very expensive, but have an impressive safety profile. and, you know, a tremendous cycle life. Now, your product is sold at a modest premium to the typical, you know, industrial lithium, but has a vastly superior product profile with, you know, I guess we're still running out the cycles, but let's say somewhere between 9 or 10 and 14,000 cycles available. So, you know, it should be really compelling economics to these potential customers. You know, Can you talk about where you stand in conversation with some of these very large customers? The third-party test data has to be very interesting to them. Are you in advanced discussions with any specific hyperscalers, or this product approach is simply build a block and market it and let people choose if that's what they want to use?

Dr. Raj Dasgupta | CEO:

Yeah, I think as you just stated there, Craig, the product, technology, the performance is compelling for this space. And that's why we're going after it in such a big way. We've had, for the larger systems which we're developing, we've been presenting the specifications a wide variety of potential end customers, one of which is, I guess you could classify as a hyperscaler, and a few others are supporting hyperscalers in terms of power infrastructure. And so we're getting good feedback, good responses. However, the product isn't quite ready yet, right? We're in that development phase and hope to bring it to market pretty much coinciding with the startup of the Jamestown plant. So in early 2027 when we're making cells and modules there, that's when we're aiming to ramp up deliveries into the sector. The Toshiba product with lithium titanate, that's one we admire and have both in terms of the robotic segment, that robotic segment, that technology has done well. We're going after the same sort of customers that that technology has gone after with, you know, I would say higher performance and lower cost.

Craig Irwin | Analyst, Roth Capital:

That makes a lot of sense. Last question, if I may. You did mention robotics. That's something people ask about a lot. Can you maybe update us on the applications you're serving there? Any new customer interest or progress with existing customers where we might see commercial ramps for the demand for your product over the next couple quarters?

Dr. Raj Dasgupta | CEO:

Yeah, so the ones we're delivering now to are primarily going into I would call a surveillance robot machine. Most of the ones we're in discussions with are in material handling devices in which are autonomous, right? So we already have two of them which are validated and will go into production later and a number of others in discussions. These are, you know, sometimes they're American companies, sometimes they're Japanese companies. That's what, but there's a lot of discussions taking place for sure. Nothing too much in the humanoid space at this point, but that could always happen. Cool.

Craig Irwin | Analyst, Roth Capital:

Well, congrats on the progress. I'll hop back in the queue.

Operator | Conference Operator:

Next question comes from Jeffrey Campbell with Seaport Research. Please proceed.

Jeffrey Campbell | Analyst, Seaport Research:

Good afternoon, and congratulations on another strong quarter. I wanted to ask, with regard to the storage products, this might be a John question, and with regard to the storage products, can you help us understand what significant scaling of the product would look like from a financing perspective? Will this possibly be a lease or a lease to own or will the customer own it? Will you bring in financial partners to take the tax benefit? Just any color you can provide would be appreciated.

John Gibson | CFO:

I think we'd offer a number of different options to each customer. Each customer is going to have a different capital budget. In some instances, it's going to be beneficial for us to own it and lease it to them. In some instances, they're going to want to purchase it and take the tax credits. It's really just going to be... customer-specific. I don't think we're initially going to bring in a financing partner to help us with this just because I expect more people, more companies to actually purchase the storage units. So if we get to a point where we find that leasing is more advantageous, then we need to sit down and think about how we finance that. you know, in the short term, short to medium term, I think most of them are going to be purchased.

Jeffrey Campbell | Analyst, Seaport Research:

Okay, thanks. My other question was I was glad to see the solid state battery work is accelerating. It would seem like a natural tech for certain military applications. I was just wondering if the traction that you're getting in that space with the Infinity technology might be paving the way for the solid state battery testing when you deem it's ready.

Dr. Raj Dasgupta | CEO:

Yes, certainly. We have developed good relationships in the defense space already with the Infinity technology. When we think we're ready to bring this other platform up to them, we certainly will. In my experience, it's never good to bring something that's premature to a potential commercial activity. So we're not there yet, but There was a period of time where work was essentially stalled in this area, partly due to infrastructure and equipment, and that's now been resolved. So in a priority level, it's not as high as some of

the other endeavors we're after, but certainly we're not ignoring it. All right. Thank you.

Operator | Conference Operator:

Okay, we've reached the end of the question and answer session. I would like to turn the floor back over to management for any closing remarks.

Dr. Raj Dasgupta | CEO:

Thanks so much. That concludes our call this evening, and thanks for listening. We look forward to speaking with you again after we report our third quarter 2026 results.

Operator | Conference Operator:

This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.