NASDAQ:FCEL Q3 2025 Earnings Call Transcript

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Audra | Conference Operator:

Good morning. My name is Audra, and I will be your conference operator today. At this time, I would like to welcome everyone to the Fuel Cell Energy third quarter of fiscal 2025 financial results conference call. Today's conference is being recorded. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press the star key followed by the number one on your telephone keypad. If you would like to withdraw your question, press star 1 again. At this time, I would like to turn the conference over to Mike Bishop, Chief Financial Officer. Please go ahead.

Mike Bishop | Chief Financial Officer:

Thank you, Operator. Good morning, everyone, and thank you for joining us on the call today. This morning, Fuel Cell Energy released our financial results for the third quarter of fiscal year 2025. and our earnings press release is available in the investor section of our website at www.fuelcellenergy.com. In addition to this call and our earnings press release, we have posted a slide presentation on our website. The webcast is being recorded and will be available for replay on our website approximately two hours after we conclude. Before we begin, please note that some information that you will hear or be provided today consists of forward-looking statements within the meaning of the Securities Exchange Act of 1934. Such statements express our expectations, beliefs, and intentions regarding the future and include statements concerning our anticipated financial results, plans and expectations regarding the continuing development, commercialization, and financing of our fuel cell technology, our anticipated market opportunities, and our business plans and strategies. Our actual future results could differ materially from those described or implied by such forward-looking statements because of a number of risks and uncertainties. More information regarding such risks and uncertainties is available in the Safe Harbor Statement in the slide presentation and in our filings with the SEC, particularly the risk factor section of our most recent Form 10-K and any subsequently filed quarterly reports on Form 10-Q. During this call, we'll be discussing certain non-GAAP financial measures, and we refer you to our website, our earnings press release, and the appendix of the slide presentation for the reconciliation of those measures to GAAP financial measures. Our earnings press release and a copy of today's webcast presentation are available on our website under the Investors tab. For this call, I'm joined by Jason Few, our President and Chief Executive Officer. Following our prepared remarks, the leadership team will be available to take your questions. I'll now hand the call over to Jason for opening remarks.

Jason Few | President and Chief Executive Officer:

Jason? Thank you, Mike, and good morning, everyone. Thank you for joining us on our call today. We continue to execute with discipline in our third fiscal quarter, delivering meaningful revenue growth while focusing on expanding our sales pipeline and improving our cost structure. The decisive restructuring actions we implemented in June are already yielding results. lowering costs, sharpening our focus on distributed power generation, and positioning us for investment in technologies and partnerships that can unlock future growth. I want to begin by underscoring what makes Fuel Cell Energy distinctive. From our headquarters in Connecticut, we have established a global leadership position in electrochemical technology, delivering large-scale, always-on power, and advanced emissions management. We believe We see a once-in-a-generation opportunity to shape the transition to a clean energy economy that leverages abundant

natural resources and believe we are positioned to play a meaningful role empowering that future. Today, we live in a world where energy demand is accelerating at an unprecedented pace driven by the exponential growth of AI, data centers, and technology. This is not a distant trend. It is a structural shift reshaping global energy markets today. A world where the existing grid cannot keep pace with these demands, requiring new approaches to provide firm, resilient, and clean power, both in the near term and in decades to come. The need is clear, urgent, and investable. A world where we believe fuel cell energy's people Innovations and proven utility scale distributed power platforms are uniquely positioned to meet these challenges. We bring decades of experience and differentiated technology. In connection with the implementation of our restructuring plan, our strategies and business plans have evolved. At the center is our carbonate power generation platform, the core of our business and the expected engine of our growth. We believe that broader deployment of this platform is our clearest path to profitability, supported domestically by favorable public policy tailwinds. At the same time, we continue to focus on innovating tomorrow's clean energy technologies and forging blue chip partnerships, concentrating on the innovations we believe have the greatest potential for commercial impact and long-term value creation. On slide five, when it comes to the third quarter, I want you to keep four points in mind. First, global power demand is accelerating. Global power demand is rising at an unprecedented pace driven by AI, crypto, and the increasing density of servers inside data centers. DioSo Energy's modular carbonate baseload power technology is a proven, scalable solution available today to meet this demand with reliable, clean, always-on power. Second, strategic partnerships validate global scale. We believe that our commercial traction and partnerships continue to validate our ability to scale globally. South Korea is our most active international market, where we are focused on unlocking commercial opportunities. Under our long-term service agreement with Gungi Green Energy Company Limited, or GGE, the operator of the world's largest fuel cell park, we delivered eight replacement modules to GGE during the third quarter. We expect that this partnership will drive product revenue as we continue to deliver modules through the remainder of fiscal year 2025 and in fiscal year 2026. During the quarter, we entered into a long-term service agreement with CGN, the Oslin Generation Company, or CGN, a leading independent power producer in South Korea. CGN will purchase eight carbonate fuel cell modules from us, making a total of 10 megawatts of power. And we will provide long-term operations and maintenance services for that CGN power platform. Additionally, In the second quarter, we executed an MOU with Inuverse, a developer of next-generation AI specialized hyperscale data centers, to explore opportunities to deploy up to 100 megawatts of fuel cell-based power starting in 2027 at the AI Dungu Data Center, which Inuverse hopes to develop into Korea's largest data center. I will speak in more detail about our Korean opportunities on a later slide. Beyond Korea, we continue to strengthen global relationships. Dedicated Power Partners is our partnership with Diversified Energy and Tessiac, which we formed for the purpose of meeting surging off-grid data center demand by powering these sites with our platforms using Diversified Energy's natural gas and coal mine methane resources. Our work also continues with ExxonMobil's Low Carbon Solutions, ExxonMobil Technology and Engineering Company, and ESSO Nederland BV to develop a pilot plant utilizing carbon capture technology at ESSO's Rotterdam Manufacturing Complex. We continue to make good progress during the second phase of our commercialization of this technology while ESSO continues to progress build out of the infrastructure for the pilot plant. Additionally, With Malaysia Marine and Heavy Engineering and Idaho National Laboratory, we are advancing with capital efficiency our solid oxide electrolyzer technology. We are proud of our existing partnerships and look forward to further opportunities for our business. Third, U.S. policy tailwinds. Domestic policy continues to create meaningful tailwinds for our business. One of the most impactful elements of the recently enacted One Big Beautiful Bill Act is the reinstatement of the Investment Tax Credit, or ITC. By maintaining full ITC eligibility for fuel cell technologies, we believe that this legislation will ensure that companies like Fuel Cell Energy can continue to deploy U.S.-built platforms at scale. We believe that the ITC can help us win projects with more cost-sensitive commercial and industrial customers, and we further believe the flexibility and long-term visibility of the ITC under the legislation will help to provide developers and investors with the confidence to accelerate deployment. We think the 45Q carbon capture sequestration and utilization incentive will provide meaningful support for fuel cell carbon capture applications like the applications we are developing jointly with ExxonMobil's LCS business and reinforce our conviction that carbon capture will be central to meeting U.S. energy goals. We are proud to partner with ExxonMobil and its affiliates in our work to commercialize this technology. U.S. policy is also

supportive of natural gas infrastructure expansion. recognizing the role of natural gas as a backbone fuel. We are pragmatic. We do expect the use of hydrogen will increase, but natural gas remains essential. Our carbonate platform is built to deliver clean power from a combination of both. We think Congress took a much needed step to support a more inclusive approach to energy policy and that fuel cells fit well in the alternative power landscape. According to the Department of Energy, there are fuel cells running in 48 states generating baseload power and operating as primary power sources. Fuel cells are optimized when they run continuously, which is why they are ideal for data centers. Given the numerous supportive policies around the world, we believe that fuel cell energy is positioned well to take advantage of available opportunities. Finally, we are working to fortify our financial foundation. We closed the quarter with approximately $237 million in total cash and cash equivalents, providing ample runway to execute on our business plans. While our June restructuring resulted in significant non-cash expenses, our cost control measures are trending strongly in the right direction and beginning to have positive effects. We remain on track to reduce operating expenses by 30% on an annualized basis compared to operating expenses incurred in fiscal year 2024. And we are targeting the future achievement of positive adjusted EBITDA once our Torrington manufacturing facility reaches an annualized production rate of 100 megawatts per year. The decisive steps we took are already paying off. strengthening our balance sheet, sharpening our execution, and positioning us for profitable growth. Moving to slide seven, let me dive deeper into our market presence in South Korea and the opportunities ahead. South Korea has been one of the most forward-leaning nations in adopting fuel cell power to address growing electricity demand and advance a clean energy future. Its hydrogen economy roadmap has set a global benchmark for low to zero carbon power generation, and we're proud to be a trusted partner of GGE and CGN in supporting those goals. Beyond our recently announced MOU with Inuverse and our long-term service agreement with CGN, we continue to maintain a strong commercial relationship with GGE, Noel Green Energy, and Korea Southern Power Company. We have 82 modules installed or in backlog in Korea representing 108 megawatts of clean power. On slide eight, let me update you on how Fiolso Energy is positioning itself to serve one of the fastest growing markets in the world, data centers. We believe that our MOU with Inuverse to explore future opportunities focused on data centers and our partnership with Diversified Energy and Tessiac and dedicated power partners are just the beginning we are in conversations with leading data center developers hyperscalers and investors about how our platforms can meet their rising demand for reliable clean baseload power we hold a differentiated position in the energy sector as the only fuel cell manufacturer with demonstrated utility scale platforms over 10 20 and 50 megawatts with more than seven years of continuous runtime and more than 17 million megawatt hours of power production. We believe our platform delivers reliability, superior efficiency compared to engines and turbines, and seamless integration with other energy sources. Regulatory momentum further strengthens this opportunity. The One Big Beautiful Bill Act reestablished full ITC eligibility for fuel cell technologies, which we believe will help U.S.-built platforms like ours scale into this generational data center demand. To seize this opportunity, we expect to leverage the scalability of our manufacturing base. The heart of our operations is in our Torrington, Connecticut facility. which is sized to accommodate an eventual annualized production capacity of up to 200 megawatts per year with additional capital investment in machinery, equipment, tooling, labor, and inventory. We also have a proven ability to localize manufacturing as demonstrated in Korea. That flexibility to meet our customers where they are is a competitive advantage as we work to expand globally. We believe our supply chain, comprised of mostly U.S. companies, is stable, giving us greater control over delivery and service timelines. This level of certainty is highly valued by our customers. We look forward to providing further updates in future quarters as we anticipate scaling our manufacturing to meet future demand. Let me conclude by reiterating Piozzo Energy is delivering measurable progress on our strategy and restructuring. We are growing revenue, reducing costs, and focusing our resources on near-term commercial opportunities with the goal of long-term value creation. We believe the decisive steps we have taken are strengthening our foundation and positioning us to capitalize on commercial opportunities during one of the most important energy transitions of our time. The world needs more power, clean, resilient, affordable, and always on power. And that is exactly what we aim to deliver. With that, I'd like to turn the call back to our CFO, Mike Bishop. Thank you, Jason.

Mike Bishop | Chief Financial Officer:

And good morning to everyone on the call today. Let's begin by reviewing the financial highlights for the quarter shown on slide 11. In the third quarter of fiscal year 2025, we reported total revenues of 46.7 million compared to revenues of 23.7 million in the prior year quarter, representing a 97% increase. We reported a loss from operations in the quarter of 95.4 million compared to 33.6 million in the third quarter of fiscal year 2024. This increase is mainly attributable to non-cash impairment expenses of 64.5 million and restructuring expenses of 4.1 million incurred as a result of our previously announced restructuring plan. The net loss attributable to common stockholders in the quarter was 92.5 million compared to a net loss attributable to common stockholders of 33.5 million in the third quarter of fiscal year 2024. The resulting net loss per share attributable to common stockholders in the third quarter of fiscal year 2025 was $3.78 compared to $1.99 in the prior year period. Adjusted net loss per share attributable to common stockholders, which excludes the non-cash impairment expenses, restructuring expenses, and certain other non-cash items, was $0.95 compared to $1.74 in the third quarter of fiscal year 2024. Net loss was $91.9 million in the third quarter of fiscal year 2025 compared to a net loss of $35.1 million in the third quarter of fiscal year 2024. Adjusted EBITDA totaled negative $16.4 million in the third quarter of fiscal year 2025 compared to adjusted EBITDA of negative $20.1 million in the third quarter of fiscal year 2024. Please refer to the appendix of the earnings release, which provides a reconciliation of the non-GAAP financial measures, adjusted net loss per share attributable to common stockholders and adjusted EBITDA. Finally, as of July 31st, 2025, the company had cash, restricted cash and cash equivalent of $236.9 million. Next on slide 12, you will see additional details on our financial performance and backlog. In the graph on the left-hand side, revenue is broken down by category. Product revenues were $26 million compared to $0.3 million for the comparable prior year period. This increase is primarily attributable to the delivery and commissioning of eight replacement modules for GGE and Korea and revenue recognized under the company's sales contract with Amoresco Inc. Service agreement revenues increased to 3.1 million from 1.4 million. The increase in service agreement revenues during the three months ended July 31st, 2025 was primarily driven by revenue recognized under the company's long-term service agreement with GGE. Generation revenues decreased to 12.4 million from 13.4 million, reflecting lower power output resulting from routine maintenance activities during the quarter. Advanced technology contract revenues decreased to $5.3 million from $8.6 million. Looking at the right-hand side of the slide, I will walk through the changes in gross loss and operating expenses. Gross loss for the third quarter of fiscal year 2025 totaled $5.1 million compared to a gross loss of $6.2 million in the comparable prior year period. The decrease in gross loss for the third quarter of fiscal 2025 was primarily related to decreased gross loss from generation revenues and product revenues, partially offset by reduced gross margin on advanced technology contract revenues and service agreement revenues during the third quarter of fiscal year 2025. Operating expenses for the third quarter of fiscal year 2025 were $90.2 million, which included non-cash impairment expenses of $64.5 million and restructuring expenses of $4.1 million recognized in the third quarter of fiscal year 2025. Administrative and selling expenses decreased to $14.1 million during the period for $14.6 million during the third quarter of fiscal year 2024, primarily due to lower compensation expense resulting from the restructuring actions taken in September 2024 November 2024, and June 2025. Research and development expenses decreased to $7.6 million during the third quarter of fiscal year 2025 compared to $12.8 million during the third quarter of fiscal year 2024. The decrease was primarily due to lower spending on commercial development efforts related to solid oxide power generation and electrolysis platforms and carbon separation and carbon recovery solutions. On the bottom right of the slide, you will see the backlog increased by approximately 4% to $1.24 billion compared to $1.20 billion as of July 31st, 2024. As Jason noted, during the quarter ended July 31st, 2025, the company entered into a new long-term service agreement with CGN. Backlog for the CGN long-term service agreement was allocated between product backlog of $24 million and service backlog of $7.7 million. Slide 13 is an update on our liquidity position. As of July 31, 2025, we had cash, restricted cash, and cash equivalents of $236.9 million. During the 3 months ended July 31st, 2025, approximately 6.8M shares of the company's common stock were sold under the company's amended open market sale agreement at an average sale price of $5.70 per share, resulting in net proceeds to the company of approximately 38.1M. Subsequent to the end of the quarter, approximately 2.7M shares of the company's common stock were also sold under the amended open

market sale agreement at an average sale price of $4.55 per share, resulting in net proceeds to the company of approximately 11.8M. In closing, we are taking deliberate and proactive steps to maintain a strong and flexible balance sheet while maintaining cost discipline and executing on a growth strategy centered on our carbonate platform. Our priorities remain clear. Reduce spending and product costs, lower cash burn, and accelerate our trajectory towards the future achievement of positive adjusted EBITDA. In parallel, we are actively pursuing strategic financing to support commercial execution, including our career repowering projects. We believe our proven technology is well positioned to meet the accelerating need for distributed power generation, both through our established channels and our partnership with dedicated power partners. We remain focused on driving financial performance while enabling long-term scalable growth. I will now turn the call over to the operator to begin Q&A. Thank you.

Audra | Conference Operator:

We will now begin the question and answer session. If you have dialed in and would like to ask a question, please press star 1 on your telephone keypad to raise your hand and join the queue. If you would like to withdraw your question, simply press star 1 again. We'll pause just a moment to assemble the roster. And our first question comes from George Gianarchos, Canaccord Genuity.

Matt | Analyst, Canaccord Genuity:

Hi, everyone. Good morning. Thank you for taking my questions. You've got Matt here on for George. Hey, Matt. So I just want to start, you know, congrats on the Interverse deal. And it seems like the data center opportunity is really strong. Do you guys just, you know, maybe provide a little bit, more of an update on just kind of your momentum in the data center space, how this partnership's going along and, you know, any other kind of customer conversations that are in the pipeline?

Jason Few | President and Chief Executive Officer:

Yeah, Matt, this is Jason. Thank you for the question. You know, I think the Inuverse announcement is a reflection of the strength that we've been able to demonstrate in Korea with large-scale utility platforms. and having, you know, multiple years of experience of running platforms, you know, almost 60 megawatts as an example, which is really important when you think about data centers, right, as they try to really shift the way in which they think about, you know, purchasing power, which historically has always been relying on the grid. And now as they look for onsite generation, having assurance around the technology is important. Having a long-term track record at a utility scale is important. and the added benefit that we bring around our ability to deliver, you know, the thermal energy for absorption chilling. And so if you look at the opportunity with Inuverse, we're talking about, you know, potentially up to 100 megawatts in these initial phases as they look to build the largest data center in Korea. And we think our platform and what we've demonstrated is the reason why we were able to secure that relationship with Inuverse. As we look across the board, we are seeing significant strength in the data centers. If you look at our pipeline today, there's been a significant shift in the opportunities around data centers that we see in our pipeline. We are engaged across everything from co-located data centers to the hyperscalers around our technology. And so we're excited about the momentum for data centers and the market opportunity it represents.

Matt | Analyst, Canaccord Genuity:

That's, that's great. Thank you. And I guess just as a followup to that, what's kind of been the breakdown of those data center conversations, um, just in maybe geographically, you know, it sounds like Korea demand has been very strong, but have you seen kind of domestic demand throughout that?

Jason Few | President and Chief Executive Officer:

Yeah, we're seeing strong, uh, us domestic, uh, demand in addition to Korea and, and frankly, broader Asia. as an opportunity set for where we're focused on that data center opportunity, but really strong demand in the US. If you look at the market or the macro environment, right, the grid is short power. The grid is short transmission. Permitting is a challenge. And if you think about our technology being a behind the meter solution, we're easy to site, right? Easy to air permit. We can be sited in you know, edge data centers because of our size and noise profile. We, you know, have negligible, you know, particulate emissions. And so we see significant opportunity in the U.S. and then throw on top of that the policy tailwind that we see, you know, from the ITC being fully back and available to us to at least 2032 and potentially as far out as 2035. giving investors and data center developers certainty around the tax policy and how they can take advantage of that. And certainly for us, we've been able to prove our ability to monetize ITC and recycle that cash. So we think that supports strong tailwinds for data centers overall.

Matt | Analyst, Canaccord Genuity:

That's great. Thank you, guys. I'll hop back in queue. Thank you, Matt.

Audra | Conference Operator:

We'll move next to Jeff Osborne at TD Cowen.

Jeff Osborne | Analyst, TD Cowen:

Great. Thank you. Good morning. A lot of detail on data centers there and the prepared remarks on South Korea, Jason. I was wondering if you could just give us a quick update on the more singles and doubles, if you will, on the sort of legacy commercial business for you folks now that the tax credit in the U.S. has been reinstated. What's the funnel and pipeline there look like?

Jason Few | President and Chief Executive Officer:

Yeah, so we continue, Jeff, you know, to see opportunity, you know, outside of the data center space, and I would characterize it more as just distributed power generation overall. And so we see the ability to leverage IPC as a way to hit some of those singles and doubles as you referred to them. And I think if you look at our, you know, our not too long ago announcement of what we're doing in Hartford, we have the opportunities around grid resiliency and reliability as a theme that's clearly emerging and leveraging our technology. And we think that we're starting to see a shift in the way utilities think about deploying power and really gaining an appreciation for the value of distributed power generation as opposed to just centralized generation, especially when you begin to look at the challenges around permitting. And we know there's a lot of activity happening at the federal level, but at the end of the day, permitting is local. And we think that's a significant advantage for us. And so as we focus and reshifted our focus, we think about data centers. We think about distributed power generation. We think about leveraging our multi-fuel capability. So to include things like biofuels. And that's really where our sales team is very focused in leveraging the strength of our mobile carbonate platform.

Jeff Osborne | Analyst, TD Cowen:

Got it. That's helpful. And then either for yourself or Mike, I think you mentioned, what was it, eight units or modules to GGE in the quarter? Can you give us a reminder of how many are remaining, what your expectations are for Q4 and Q1?

Mike Bishop | Chief Financial Officer:

Sure, Jeff. Good morning. I'll take that. This is Mike. Yeah, as we had said in our previous quarter, we had 16 modules left for this fiscal year. So we delivered on time eight modules this quarter that would leave a balance of another eight in the fourth fiscal quarter and then another 16 next fiscal year. And then on top of that, we signed a repowering agreement with GGE and I'm sorry, with CGN, apologies, We signed a 10-megawatt repowering agreement with CGN in the third quarter, and those module deliveries would start in fiscal 2026 as well.

Jeff Osborne | Analyst, TD Cowen:

Is there something specific with the number eight for this quarter and next, Mike, that that's sort of the staffing capability? So the remaining 16 for next year, is it safe to assume eight in Q1 and eight in Q2, just in terms of a cadence?

Mike Bishop | Chief Financial Officer:

So we haven't provided specifics on the timing of those 16, but as we sit here today, it's basically paced by our current production rate in our factory in Torrington.

Jeff Osborne | Analyst, TD Cowen:

Got it. My last question is just, you mentioned the 100 megawatts to EBITDA break even in terms of Torrington output. I may have missed it. What is the facility, I guess, running at now, or what's your expectations for the next six months or so, just in light of the growth? as it relates to the two Korean contracts?

Mike Bishop | Chief Financial Officer:

So, yeah, today, so the facility is in between the 30 to 40 megawatt range. We'll operate at that range given our current backlog, and we'll certainly look to adjust that as other backlog materializes. And to your point around EBITDA positive, yes, I would confirm that when EBITDA The company gets to 100 megawatts of production volume. We expect to be at adjusted EBITDA positive, and that will be paced by the timing of building up backlog.

Jeff Osborne | Analyst, TD Cowen:

Perfect. And the last just clarification on that topic, is it safe to assume sort of the 40 to 45 megawatt annualized run rate is sort of a gross margin break-even run rate?

Mike Bishop | Chief Financial Officer:

So from a product perspective, yes. You can see gross margin excluding what I call capacity costs, overhead costs, that type of thing for the product sale business. So yeah, at this current run rate. And then if you look at generation negative gross margin on the P&L, but when you back out depreciation and derivative type charges, generation from an EBITDA perspective is positive this quarter when you back out those numbers were north of 30% for an adjusted EBITDA perspective.

Jeff Osborne | Analyst, TD Cowen:

Got it. That's all I have.

Mike Bishop | Chief Financial Officer:

Thank you. Thanks, Jeff.

Audra | Conference Operator:

And as a reminder, if you would like to ask a question, press star one. We'll go next to Ryan Finks at B. Riley.

Ryan Finks | Analyst, B. Riley:

Hey, guys. Thanks for taking my questions. I'll ask a follow-up on Inuverse and maybe timing there. Could you talk about your expectation for when that MOU might convert to an order and what the steps are to get there?

Jason Few | President and Chief Executive Officer:

Yeah, Ryan, thank you for your question. If you look at the MOU within U-verse, part of what you think about in these data center developments, and particularly for folks trying to develop hyperscale data centers, you can think about solving a few challenges as you build to securing, you know, offtake agreements from your data center customers themselves. And that's all about creating or delivering effectively powered land. And so if you think about Inuverse, what they're doing is insuring gas supply with us and working with us. They've insured power supply for that facility. And now it's all about securing all of the offtake agreements to really deliver against their overall development plans. And so those activities are ongoing. And they are working aggressively to secure those offtake agreements, now having lined up the power and gas supply for that site. So we expect that to be an ongoing development and more to say here in the coming quarters. But they're following the process that you need to to be able to secure those agreements.

Ryan Finks | Analyst, B. Riley:

Got it. Appreciate that, Jason. And then on carbon capture, can you remind us what some of the next milestones are there with Exxon and the Rotterdam project?

Jason Few | President and Chief Executive Officer:

Sure. So next milestones are we're in the conditioning phase for the carbon capsule modules that will be shipped to Rotterdam to be part of this project. Exxon has publicly disclosed you know, their progress that they're making at the ESSO facility in Rotterdam to be able to execute the project. And we expect the project to be up and operational in 2026. So the project is kind of in parallel in construction to ready the site. We're finalizing the conditioning of the modules. We'll ship the modules. And so I would say if you think about next milestones, you might look at our shipping modules and then really look at the completion of the construction and getting the COD on the site to demonstrate the technology. Great. I appreciate it. I'll turn it back.

Ryan Finks | Analyst, B. Riley:

Thank you.

Audra | Conference Operator:

We'll move next to Noel Parks at Chewy Brothers.

Noel Parks | Analyst, Chewy Brothers:

All right, good morning. You know, there was a mention sort of near the end of the prepared remarks about actually looking for strategic financing for projects such as some of the power projects in Korea. Just talk a little bit more about what that process looks like, whether you're thinking of sort of doing deals in kind of as individual project by project a scale or looking for a more sort of large, you know, large-spanning deal?

Mike Bishop | Chief Financial Officer:

Sure, Noel. Good morning. This is Mike. Well, thanks for the question. When we look at Korea specifically, if you take the GGE order, for example, when we announced that order, $160 million order to the company, and you can see we've been executing on that now, over the last several quarters. You may recall at the end of last fiscal year, we entered into a financing agreement with the USXM import bank. That financing yielded about $10 million to the company. So when you look at the opportunity around a contract like GGE, there's certainly additional financing opportunities on that contract to recycle capital back to the company. So that's essentially what we were talking about with the career repowering opportunity. Certainly now you add the CGN project into that and there's additional repowering opportunities in Korea that in our perspective are quite financeable. So that's how I'd answer Korea, but I'd also like to make a comment regarding the U.S. opportunities as well and maybe reflect back on the partnership that we have with dedicated power partners that we've established with Diversified and Tessiac. As these data center opportunities emerge, we see a significant opportunity for commercial financing against these opportunities through that partnership, which would attract capital for multiple projects And what that does for Fuel Cell Energy is turns those orders into product sale, relatively short-term product sale orders as we're delivering on building out the data center projects and then long-term 20-year service agreements. So really starts to simplify Fuel Cell Energy's model and working with our partners to to scale up a financing model around these commercial opportunities in the U.S. Terrific. Thanks.

Noel Parks | Analyst, Chewy Brothers:

And thinking about the data center market, of course, there's such a whirlwind of activity going on industry-wide around everything having to do with power and energy to supply that demand growth. I'm just curious, could you talk maybe about the degree of sort of decisiveness or urgency you're seeing when you're talking with data center or hyperscaler customers. I'm wondering if you can sort of envision what sort of the sweet spot, the type of customer or arrangement that is the best fit, would you say, for fuel cell technology, you know, looking near term?

Jason Few | President and Chief Executive Officer:

Yeah, no, this is Jason. Thank you. Yeah, we're seeing, obviously, there's a tremendous amount of activity happening around the data center space. And as I commented earlier, we're seeing that from everything from co-location all the way through into hyperscalers. As we think about where we fit as a company and how we can participate in that, I would tell you in a few different ways. One way would be if you think about a Greenfield site, right, we certainly offer that data center developer the ability to get what we think is time to power faster through our ability to deliver our platform in addition to our ability to minimize the constraints or friction points that generally are around permitting related issues, such as air permitting and or, you know, needing interconnection as an example for the electricity grid. And so you can think about us as being a great first set of power or first set of power blocks into that opportunity, right, to get that data center going. And our modularity gives us the ability to scale with that data center as incremental power is needed so they can take the power they actually need as opposed to just taking what power is available. And we think that gives us an advantage. The second area where we think that we offer a tremendous value to data center customers is our ability to deliver absorption chilling. So if you think about that and you just take, as an example, a 50 megawatt data center, we're delivering 9,000 tons of chilling capacity So effectively taking away almost five megawatts of mechanical cooling requirements for that data center, which delivers a tremendous amount of value. And we're doing that at roughly 70% efficiency when you think about the electrical efficiency and using the thermal energy. We think that's also a big advantage for us and value we can add to data center customers. If you think about existing data centers, I think our modularity really becomes really important because The next block of power that data center needs may be 20 megawatts. It may be 50 megawatts. It may not be 250 megawatts, you know, that you might typically think about in a, you know, combined cycle gas engine as an example. So we give the ability to scale in a modular fashion. And if you think about our power blocks at a nameplate capacity of 1.4 megawatts, that is at utility scale. And that's a really compelling block size to be able to scale power in a very modular fashion. So we think that whether you're talking about co-location, expanding an existing data center, or a new data center site, we offer value across all of those scenarios in our ability to allow the customer to configure power the way they need it and our ability to integrate with other technologies. which we've also demonstrated our ability to do that. Today, we use thermal energy to drive an organic ranking cycle engine, and we also have a number of applications where we're deployed as a microgrid, all of which are needed as the power needs transition from grid-based power and just backup generation to onsite power and needing to deliver that same level of reliability that a Tier 3 or Tier 4 type data center requires, and our ability to create that combination adds a lot of value to those customers.

Noel Parks | Analyst, Chewy Brothers:

And just one last one for me. Given all those factors which sound incredibly favorable, any inkling of whether you might have some pricing power heading into some of the new agreements you're looking at?

Jason Few | President and Chief Executive Officer:

No, that's a great question. I think, you know, if you look at what some of these hyperscalers are willing to pay for nuclear, the answer to that would probably be yes. But, you know, I think that we're really thinking about how do we add value and deliver time to power to those customers? And then how do we price all of the value that we deliver, not just the electricity to those customers? So we think there is value to time. There's clearly value to, you know, baseload, reliable power. clean, efficient electricity. There's clearly value to the thermal energy. And then as we think about overall pricing and economics around the deal, domestically, our ability to take advantage of the ITC at 30% is another form of value that we can deliver overall in terms of how we think about pricing and overall economics for those deals. Terrific. Thanks a lot. Thank you, Paul.

Audra | Conference Operator:

And as a final reminder, please press star one if you have a question. We'll pause just a moment. And at this time, we have no further questions. I would like to turn the conference back over to Jason Pugh for closing remarks.

Jason Few | President and Chief Executive Officer:

Thank you, Audra. Thank you all for listening in today. I look forward to sharing more progress updates on our strategy and restructuring plans and actions in the next quarter. Thank you for joining.

Audra | Conference Operator:

And this concludes today's conference call. Thank you for your participation. You may now disconnect.