NASDAQ:FCEL Q4 2025 Earnings Call Transcript

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Operator | Conference Operator:

Hello and welcome to the Fuel Cell Energy fourth quarter of fiscal 2025 financial results conference call. 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, please press star 1 on your telephone keypad. I would now like to turn the conference over to Michael Bishop, CFO. You may begin.

Michael 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 fourth quarter and 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. This 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 with today consists of forward-looking statements within the meaning of the Securities and 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 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?

Jason Few | President and Chief Executive Officer:

Thank you, Mike, and good morning, everyone. Thank you for joining us on our call today. Our fourth fiscal quarter closed a year of meaningful progress for fuel cell energy. Starting around 12 months ago, we began a series of thoughtful restructuring measures to sharpen our focus and strengthen the fundamentals of our business. Through this series of tough decisions to streamline and focus our organization, today we are operating with greater discipline, lower cost, and strategic clarity. We are further along on our path to profitability. The work is not finished. but we believe we are on the right track. During this time, the surrounding market environment has undergone significant change as well, presenting what we see as one of the greatest business opportunities of our generation, the demand for more power to accommodate data centers, industry, and communities. We believe that demand plays directly to the strength of our technology, clean, resilient, near silent continuous power. We continue to focus on converting our pipeline into executed contracts, scaling our manufacturing capacity at our Torrington facility, and advancing product improvements that differentiate us from our competitors. We are committed to this work and we are doing it with urgency

and with clear focus. That focus is delivering distributed always-on low emission power through our carbonate fuel cell platform. Our technology is proven at scale, and we are aligning our business around this singular strength. As you all know, demand for power is accelerating quickly, driven by the exponential growth of AI, data centers, and digital infrastructure that is outpacing the capabilities of the existing grid. This demand is reshaping the market and it requires solutions that can provide clean, reliable power where it is needed. The need is clear, urgent, and investable. With decades of operating experience and a differentiated electrochemical platform, we believe we are well positioned to meet this need and successfully compete for the opportunities emerging in this rapidly growing market segment. Please turn to slide four. As you view our fourth quarter and full fiscal year results, please keep the following five points in mind. Number one, we are focused on our data center strategy. AI-driven demand is reshaping power requirements across the data center and digital infrastructure ecosystem. We are actively engaged with participants across the ecosystem to make them aware of our capabilities and that we are prepared to provide utility scale, reliable, and cost-competitive clean power for these types of energy-intensive applications. With our collaboration with Diversified Energy, a potential future collaboration with Inuverse announced earlier this year, and a growing pipeline of potential data center opportunities in the U.S. and Asia, we believe we have strong momentum heading into 2026. Number two, we are scaling manufacturing capacity. We believe that our path to profitability runs through higher utilization at our manufacturing facility in Torrington, Connecticut. As we increase production, we expect our cost structure to become more efficient, and we expect this to translate into positive adjusted EBITDA once we reach an annualized production rate of 100 megawatts per year. Entering fiscal year 2026, our focus is on margin expansion driven by disciplined operations and greater production throughput. I will provide additional detail on our scalable manufacturing capacity later in the presentation. Number three, we are building financing capacity to enable growth. We believe that the $25 million financing provided by XM to support our GGE project in Korea demonstrates a model that can be used for future projects both in Korea and worldwide. The current U.S. administration has expressed its intention to use XM to support the global adoption of American technologies like ours, and we believe this financing signals XM's belief and our utility-scale power generation technology. We are pleased to have EXIM as a financing partner. We are entering 2026 with a strong balance sheet, and we expect to achieve financing flexibility through proven models like the EXIM financing and other financing alternatives. Number four, we believe we are positioned to win in emerging power markets. Policy certainty under the One Big Beautiful Bill Act improves project economics, supports long-term adoption, and allows current and potential customers to make investment decisions. Furthermore, our core carbonate platform provides reliable, clean power that can be dispatched when needed and can be situated close to users, an advantage for customers prioritizing dependable energy, lower emissions, and flexible site options for crucial operations. And number five, we are entering fiscal year 2026 with strong momentum. Commercial momentum, policy clarity, and an expanding opportunity set gives us confidence. Our success in fiscal year 2026 will depend on execution, converting our pipeline into executed contracts and backlog into revenue. with the discipline and focus we've been building across the company. Transitioning to slide five. We succeed when we stay focused on solving problems for our customers. Customers turn to us when they need to pursue business growth without compromise and when power constraints threaten timelines, economics, or operational reliability. Increased demand is not the only challenge they encounter. There are numerous obstacles facing customers today that can hinder their economic growth. Utility interconnections now routinely take five to seven years or more, and new substation builds follow a similar timeline. Traditional gas turbines face three to five years of procurement and construction before they can deliver behind the meter power. Our carbonate fuel cells avoid these bottlenecks. They can be deployed without requiring new high-voltage interconnections, can be brought online more quickly and can deliver a cost of energy comparable to turbines and other engine alternatives with reduced permitting risk. These delays are further compounded by emission restrictions and limited site availability. Our core carbonate platform addresses those issues directly. They produce virtually no NOx or SOx and offer unique carbon capture capability. In addition, our 1.25 megawatt power blocks allow customers to scale capacity as their needs grow. Traditional generation projects often trigger resistance, adding years of uncertainty. Our distributed carbonate fuel cell platform sidesteps these issues. It requires a smaller footprint, operates quietly, and can operate near the point of use, which may help to mitigate opposition and accelerate time to power. Let's move to slide six. These challenges and the way our customers need to solve them

shape how we operate. We have concentrated our efforts on our carbon and fuel cell platform because it not only is ready now, but also directly addresses the constraints I just outlined. It is proven across commercial deployments of varying scale, and we continue to refine it through real-world operating experience. Our platform also benefits from a strong U.S. policy tailwind, including the reinstatement of the investment tax credit and incentives for carbon capture, an important point of differentiation compared to other generation technologies. And while we are doubling down on what is a commercially ready platform, we are also investing selectively in innovations that we believe will better position us for what comes next. These emerging technologies have the potential to drive the next phase of our growth and strengthen our long term competitiveness. Now onto slide eight. I wanted to highlight one example of the momentum we are carrying into 2026. We have established fuel cell energy as a leading partner in South Korea's growing fuel cell energy economy, the largest in the world. Today, We have more than 100 megawatts of power projects in South Korea in our backlog, with another 100 megawatts under MOU. Our ongoing work with GGE continues to advance, supported by the 25 million in new EXIM financing for the next phase of the project, including additional module shipments and service. We also see a clear path for additional repowering opportunities, and we are proud to contribute to Korea's evolving energy landscape. Let's go to slide nine. As we look ahead to fiscal year 2026, we continue to see a compelling case for fuel cells in data center applications. Grid constraints, rising workloads, and pressure to manage energy costs are all increasing demand for reliable, efficient, and scalable onsite power. Our carbonate fuel cell platform addresses these needs directly by delivering baseload reliability modular scalability, and meaningful permitting advantages. And as data centers push more computational power, our integrated absorption chilling and heat offtake could help manage thermal load while maintaining system performance. It is our assessment that our carbonate fuel cell platform additionally offers extended stack longevity, reliable biogas functionality, minimal performance degradation, and sophisticated containment management. These features collectively facilitate cost-effective carbon capture solutions, particularly in large-scale applications. Additionally, as NIMBY concerns grow and data center operators are under pressure to expand, our fuel cells offer a low-profile clean solution that provides greater flexibility for siting that can help them move forward faster amidst community concerns. Let's move to slide 10. With this opportunity in front of us, we also believe we have the manufacturing foundation to meet it. Once we reach an annualized production rate of 100 megawatts per year at our Torrington facility, we expect to achieve positive adjusted EBITDA. Today, we are roughly 40% of the way there, and our backlog continues to build. Looking further ahead, we believe that the Torrington facility could accommodate an estimated annualized production capacity of up to 350 megawatts per year with additional capital investment in machinery, equipment, tooling, labor, outsourcing certain processes, and inventory. As we enter the new year, we are executing with focus and momentum. We are focused on advancing meaningful opportunities in the data center market scaling a manufacturing platform built for utility level deployments, and moving steadily toward profitability with operational discipline. With that, I'd like to turn the call over to our CFO, Mike Bishop.

Michael Bishop | Chief Financial Officer:

Thank you, Jason, and good morning to everyone on the call today. Overall, we are pleased with the progress made during the year with revenue expansion, largely driven by repowering activities in Korea, expense reductions as a result of our restructuring plans implemented in fiscal year 2025, and balance sheet strength as a result of spending reductions and financing activities. Let's review the operating performance for the fourth quarter and fiscal year 2025 shown on slide 12. In the fourth quarter of fiscal year 2025, we reported total revenues of $55 million compared to revenues of $49.3 million in the prior year quarter, representing a 12% increase. We reported a loss from operations in the quarter of $28.3 million compared to $41 million in the fourth quarter of fiscal year 2024. The loss from operations in the fourth quarter of fiscal year 2025 was impacted by a non-cash impairment expense of 1.3 million as a result of our previously announced restructuring plan. The net loss attributable to common stockholders in the quarter was 30.7 million compared to a net loss attributable to common stockholders of 42.2 million in the fourth quarter of fiscal year 2024. The resulting net loss per share attributable to common stockholders in the fourth quarter of fiscal year 2025 was $0.85 compared to $2.21 in the prior year period. The decrease in net loss per share attributable to common

stockholders is due to the benefit of the higher number of weighted average shares outstanding due to the share issuances since October 2020. 31st, 2024, and the decrease in net loss attributable to common stockholders. Net loss was 29.3 million in the fourth quarter of fiscal year 2025 compared to net loss of 39.6 million in the fourth quarter of fiscal year 2024. Adjusted EBITDA totaled negative 17.7 million in the fourth quarter of fiscal 2025 compared to adjusted EBITDA of negative 25.3 million in the fourth quarter of fiscal year 2024. Now, shifting to the full year results, in fiscal year 2025, we reported total revenues of 158.2 million compared to revenues of 112.1 million in the prior year representing a 41% increase. This increase was largely driven by module deliveries to Goji Green Energy Company Limited, or GGE, under our long-term service agreement. During fiscal year 2025, we delivered a total of 22 modules to GGE. We reported a loss from operations for the year of 192.3 million compared to 158.5 million in fiscal year 2024. This increase is mainly attributable to non-cash impairment expenses of 65.8 million and restructuring expenses of 5.3 million incurred in fiscal 2025 resulting from our previously announced restructuring plan. The net loss attributable to common stockholders for the year was 191.1 million compared to a net loss attributable to common stockholders of 129.2 million in fiscal year 2024. The resulting net loss per share attributable to common stockholders in fiscal year 2025 was $7.42 compared to $7.83 in the prior year. Adjusted net loss attributable to common stockholders, which excludes the non-cash impairment expenses, restructuring expenses, and certain other non-cash items was $4.41 compared to $6.54 in fiscal year 2024. Net loss was $191.4 million in fiscal year 2025 compared to net loss of $156.8 million in fiscal year 2024. Adjusted EBITDA totaled negative 74.4 million in fiscal year 2025 compared to adjusted EBITDA of negative 101.1 million in fiscal year 2024, a reduction of 26% and over $25 million. We believe this improvement in adjusted EBITDA and adjusted net loss attributable to common stockholders reflects the early benefits of our cost savings actions and our sharper focus on our core carbonate platform under our restructuring plans. Please refer to the appendix in 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. Next, on slide 13, you will see additional details on our financial performance during the fourth quarter and backlog as of October 31st, 2025. In the graph on the left-hand side of the slide, revenue is broken down by category. Product revenues were $30 million compared to $25.4 million in the comparable prior year period. This increase was primarily driven by revenue recognized under the company's long-term service agreement with GGE for the delivery and commissioning of 10 fuel cell modules. Service agreement revenues increased to $7.3 million from $5.6 million. The increase in service agreement revenues during the three months ended October 31st, 2025, was primarily due to revenue recognized under the company's long-term service agreement with GGE. Generation revenues increased to $12.2 million from $12 million, reflecting higher output from plants in the company's generation operating portfolio during the quarter compared to the prior year period. Advanced technology contract revenues decreased to 5.5 million from 6.4 million. Now, 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 fourth quarter of fiscal year 2025 totaled 6.6 million compared to gross loss of 10.9 million in the comparable prior year quarter. The decrease in gross loss for the fourth quarter of fiscal year 2025 was primarily related to decreased gross loss from generation revenues, product revenues, and service agreement revenues partially offset by reduced gross margin on advanced technology contract revenues during the fourth quarter of fiscal year 2025. Operating expenses for the fourth quarter of fiscal year 2025 decreased to $21.7 million from $30.1 million in the fourth quarter of fiscal year 2024, primarily due to a $6.2 million decrease in research and development expenses partially offset by non-cash impairment expense of $1.3 million. Administrative and selling expenses decreased to $15.2 million during the period from $15.9 million during the fourth quarter of fiscal year 2024, primarily due to lower compensation expense resulting from the restructuring actions taken in September and November 2024 and June 2025. Research and development expenses decreased to 5.5 million during the fourth quarter of fiscal year 2025 compared to 11.6 million in the fourth quarter of fiscal year 2024. This decrease was primarily due to lower spending on commercial development efforts related to our solid oxide power generation and electrolysis platforms and carbon separation and carbon recovery solutions. On the bottom right of the slide, you will see that backlog increased by approximately 2.6% to 1.19 billion compared to 1.16 billion as of October 31st, 2024, primarily resulting from the additions of the Hartford project and the long-term service agreement with CGN Yeltsin Generation Company Limited, or CGN, partially offset by revenue recognition during the year. Slide 14 is an update on our liquidity position. As of October 31st,

2025, we had cash, restricted cash, and cash equivalent of $341.8 million. During the three months ended October 31st, 2025, approximately 16.4 million shares of the company's common stock were sold under the company's amended open market sale agreement at an average sale price of $8.33 per share, resulting in net proceeds to the company of approximately $134.1 million. Subsequent to the end of the quarter, approximately 1.6 million shares of the company's common stock were also sold under the amended open market sale agreement at an average sale price of $8.37 per share, resulting in net proceeds to the company of approximately $13.1 million. Additionally, after the quarter ended, we announced a new $25 million debt financing transaction with the Export-Import Bank of the United States, or XM, marking a continued commitment from XM to support the company's growth ambitions to deliver utility-grade power in international markets such as the collaboration with GGE in Korea. In closing, we continue to take disciplined steps to strengthen our financial foundation while focusing on a growing set of new commercial opportunities. Our strategy centers on commercial momentum with the acceleration of data center opportunities, operational leverage through utilization and expansion at our Torrington facility, with the goal of achieving positive adjusted EBITDA results while maintaining balance sheet strength through capital efficiency via financing structures, including frameworks like those utilized with XM. I will now turn the call over to the operator to begin Q&A.

Operator | Conference Operator:

Thank you. If you would like to ask a question, please press star 1 on your telephone keypad. If you would like to withdraw your question, simply press star one again. We ask that you please limit yourself to one question and one follow-up. Thank you. Your first question comes from the line of Deshant Ayalani with Jefferies. Your line is open.

Deshant Ayalani | Analyst, Jefferies:

Hi, team. Thanks for taking my questions. One, I just wanted to kind of think about how do you guys frame 2026? growth outlook, do you think there's a potential to bake in any data center opportunity in 2026, or do you think it's more of a, you know, 2027 and beyond story?

Jason Few | President and Chief Executive Officer:

Thank you for joining us today, and thank you for the question. As we look at 2026 and the overall data center opportunity, you know, today, as we said, we've got hundreds of megawatts of pricing proposals out. across the whole digital infrastructure ecosystem, and that ranges from hyperscalers, utilities, power land developers, infrastructure players, and sponsors, so kind of across the whole gamut of opportunities. And, you know, each of these opportunities are on their own timeline from a development and getting to an FID or closure, but we certainly believe that those opportunities will present in 2026 for the company. and be part of our growth story.

Deshant Ayalani | Analyst, Jefferies:

Lovely. And then just wanted to kind of talk about the capacity expansions. I think you said that you could increase the capacity to 350 megawatts, right? How long would it take to scale once you make that decision? Just sort of think that through.

Jason Few | President and Chief Executive Officer:

Yeah, so if you think about where we are today, we've always talked about our ability under our existing technology construct and what's there to do 100 megawatts of capacity. We're at 41 megawatts today run rate. So our ability to get to 100 megawatts is really no real new capital investment to make that happen. What we talked about on the call today is getting to 350 megawatts. That's still in that same footprint of our existing Torrington facility. So although there will be some capital investment, we think it's fairly modest to get to the 350 megawatts. And we think that we can do that in a pretty short cycle window. And our expectation is that scale can happen in, you know, in a timeframe of less than, you know, 18 months or so to get that billed out and get it done.

Deshant Ayalani | Analyst, Jefferies:

Got it. Thank you.

Jason Few | President and Chief Executive Officer:

Thank you.

Operator | Conference Operator:

The next question comes from George Giannarekis with Canaccord Genuity. Please go ahead.

George Giannarekis | Analyst, Canaccord Genuity:

Hi, good morning, all, and thank you for taking my question. So maybe just to pull that thread a little bit with regard to data center traction, can you just sort of maybe go into a little bit more detail as to how the conversations with your DPP partners are going? Like any bottlenecks to maybe signing a deal and where you see maybe the most opportunity over the next six to 12 months? Thank you.

Jason Few | President and Chief Executive Officer:

Yeah, George, no, thank you for the question. So I think maybe the way that I would answer that is I'd break it up into maybe two buckets. If you look at the work that we're doing with diversified energy, that's really our play or angle to provide a power and land solution to customers because they bring gas, we bring power. And so it's all about offering, whether it's a real estate developer or if it's another data center developer or even a hyperscaler, that's looking to take advantage of that opportunity across the markets where Diversified has gas infrastructure, we're well positioned to deliver against that opportunity set. We don't see any constraints in our ability to deliver against that because we have really good knowledge around what the gas position is, and we certainly know what our position to deliver power is from a manufacturing capacity standpoint. With respect to kind of the broader data center opportunities and the conversations we're having, you know, it cuts across some direct conversations with hyperscalers, also with utilities. We also are having, like I said, you know, those conversations with infrastructure players and sponsors, as an example. And what we're finding in those conversations is really a strong interest in our distributive generation platform. Time to power is definitely a major thematic and one which we can meet. And thirdly, we're seeing really strong interest in what I would call the benefits of our level of modularity, meaning that our 1.25 megawatt power blocks gives us the ability to scale with those data center customers as they scale. And as you know, it's not linear growth necessarily in the way those data centers scale, so having the modularity is really important. And the other big area that we're seeing is because of our operating temperature of our platform, we're seeing really strong

interest to take advantage of our ability to integrate with steam absorption chilling to provide a really efficient way of cooling the data center. If you think about about a third of the load in a data center goes to overhead. So if we can You know, in a 50-megawatt data center, I think we can roughly take about 5 megawatts or so of power load off that requirement. That's material, and that's very attractive to those customers, and those are the kind of conversations we're having.

George Giannarekis | Analyst, Canaccord Genuity:

Thank you. And maybe as a follow-up, any update on what's happening with ExxonMobil and your carbon capture opportunity there? Thank you.

Jason Few | President and Chief Executive Officer:

Yeah, so on Exxon, you know, we've completed the construction of the modules that are set to be shipped to Rotterdam in support of the demonstration in Rotterdam with Exxon at their ESSO refinery, which will demonstrate capturing 90-plus percent CO2 while simultaneously producing power and hydrogen, which is unique. No other technology can do that. And it's our expectation in the latter half of 2026, That project will be up and running, and we'll be demonstrating that technology. And upon successful demonstration of the technology, which we have a lot of confidence in, you know, we will, you know, certainly work with Exxon to think about how to go after and pursue commercial opportunities with carbon capture.

George Giannarekis | Analyst, Canaccord Genuity:

Thank you all. Happy holidays.

Jason Few | President and Chief Executive Officer:

Thanks, George. Happy holiday to you, too.

Operator | Conference Operator:

The next question comes from Samaya Jane with UBS. Please go ahead.

Samaya Jane | Analyst, UBS:

Hey, good morning, guys. So what are the big changes, if any, that you've seen across the South Korean market over the past year, and what's your outlook for that market specifically heading into 2026? And then on the data center side specifically, how are you seeing the South Korean market or Asian market in general vary from the U.S.?

Jason Few | President and Chief Executive Officer:

Yeah, so good morning, and thank you for the question. You know, in Korea, we obviously are seeing really strong momentum across our opportunity to drive repowering on our existing installed base there, over, you know, 100 megawatts of installed base. So we're fully taking advantage of that, and we're seeing strong demand for that. We think the Korea market, which continues to be the largest fuel cell market in the world, will remain attractive. As you know, we announced an MOU earlier with Inuverse. to work with them on what they anticipate or are trying to do will be the largest data center in the Korea market. And, you know, our

efforts with them, we think, will help seed their growth in the market from a data center perspective. I think if you think more broadly about Asia and, you know, outside of the U.S., I think you're seeing very strong interest and demand in data center growth, and we think that the Asia market You know, in its spots, you know, between markets like Korea and Singapore and Japan and Malaysia, you're going to see really strong data center growth. And we're, you know, excited about the opportunities we're having in those – or conversations we're having in those markets.

Samaya Jane | Analyst, UBS:

Great, thank you. And then could you provide more color on any carbon capture opportunities you are pursuing with other players like the one with Exxon or any other similar partnerships?

Jason Few | President and Chief Executive Officer:

Sure. So maybe you think about it in two ways. There's the work that we're doing with ExxonMobil, which is specifically focused on capturing carbon from external sources. So think about that refinery in Rotterdam. where we're going to capture carbon that is being emitted today from that refinery, right? And in that effort, what we're doing in terms of capturing that external carbon, our commercial activities in that particular application will really start to take full post-start demonstration of this technology with Exxon. Outside of that, though, we have – you can think about it the way we talk about it internally as carbon recovery – And that's our ability to recover the carbon from the fuels that we use to produce clean electricity. And there we're having those conversations actually with many of these data center customers who are still very committed to decarbonizing. And so our ability to provide, you know, a very low emission profile with no SOx, NOx, or other particulates operating at a, you know, very low decibel level, all the things that you're hearing that are causing a lot of problems for these data center customers today. we address with our technology. And then we have the extra added benefit of being able to recover the carbon. And then we can do lots of different things with that carbon up to, you know, providing it and selling it to an industrial gas company, to if we're a data center that's somewhere near a CO2, you know, pipeline, that CO2 could ultimately be sequestered or used in some other way. And so we're actively engaged in those conversations with our industrial customers as well from a recovery standpoint.

Samaya Jane | Analyst, UBS:

Great. Thank you for all the color and happy holidays.

Jason Few | President and Chief Executive Officer:

Happy holidays to you too. Thank you for the question.

Operator | Conference Operator:

The next question comes from Ryan Fingst with B Reilly. Please go ahead.

Ryan Fingst | Analyst, B. Riley Securities:

Hey, good morning, guys. Thanks for taking my questions. Maybe a follow-up on the data center discussions in the U.S. Is it fair to say that customer readiness is the main hurdle for fuel cell to secure a data center customer at this point or other factors we should be thinking about?

Jason Few | President and Chief Executive Officer:

I don't really think it's a customer readiness issue, Ryan. What I would say is that it's a shift in the way these data center customers have procured power, you know, throughout their history. And, you know, they've been able – previously to procure power from the grid, and that model has worked for them. It's the shift in the model that requires them to think about onsite generation. And as they shift their business model, you know, they're being thoughtful about the way to do that. There's still, you know, thoughts around, you know, going completely behind the meter or running grid parallel. We're comfortable in operating in both of those environments and have done that and can demonstrate our capabilities in that regard. But I don't think it's a customer readiness issue. I think customers have now, you know, bought off on the fact that if they're going to build new data centers and they want to build those new data centers now, they're going to need on-site generation to meet that demand.

Ryan Fingst | Analyst, B. Riley Securities:

Appreciate that. And then shifting over to South Korea, can you talk about your expectations around timing for the universe MOU to the extent you're able to when we might see that convert to a firm order or even first revenue there?

Jason Few | President and Chief Executive Officer:

Yeah, I won't get specific on timing, but we think as we go throughout 2026, we'll have more to say about that opportunity as it's developing. Okay.

Ryan Fingst | Analyst, B. Riley Securities:

Appreciate it, Jason. I'll turn it back. Thanks. Thank you, Brian.

Operator | Conference Operator:

The next question comes from Jeff Osborne with TD Cowan. Please go ahead.

Jeff Osborne | Analyst, TD Cowen:

Hey, good morning. Just maybe two lines of questioning on my side. One is on the data center side. Is there anything, Jason, that you need to, still develop as it relates to the use case or the application? I'm thinking like load following or other features relative to hospitals, college campuses, things like that.

Jason Few | President and Chief Executive Officer:

You know, as we think about our solution set to address the data center opportunity, we don't really have anything that we need to develop because our ability to integrate in a microgrid configuration to support load following, whether that be through batteries or super caps. We're very comfortable with being able to do that. As you know, we operate in a number of micrograde configurations today, so that's not a concern for us. And we don't have plans on developing, you know, best systems or those kind of things as a company, and there's plenty of, you know, choices in the market, and we're going to leverage those market choices to integrate those solutions for customers.

Jeff Osborne | Analyst, TD Cowen:

Got it. So if I'm hearing you right, then pricing for data centers should be similar-ish to what you've seen in years past for other smaller applications, given there's no additional equipment?

Jason Few | President and Chief Executive Officer:

Yeah, I think, look, I think when we think about what we're offering to these customers, although we aren't going to be the developer, if you will, of the best system, there are instances where we're bringing that full integrated solution to a customer. So the pricing in some of those instances is going to be all inclusive of that. So I think you'll see different pricing based on what the customer is asking us to do. In a straight just deliver power to me scenario, yeah, I think you'll see similar pricing of where we've been priced in the past, but we've done a lot of things to improve our cost position. And so, you know, we think that we're very focused price competitive relative to other onsite generation alternatives, you know, and that goes across, you know, the landscape, including, you know, engines.

Michael Bishop | Chief Financial Officer:

And maybe just to add on, and I know you know this, Jeff, but... With the extension of the investment tax credit this year, that provides pricing strength for us as well. The investment tax credit was extended in the big, beautiful bill in July. That goes through at least 2032, and that's a 30% investment tax credit off of the capital cost.

Jeff Osborne | Analyst, TD Cowen:

Perfect. Maybe just a quick one for you, Mike. Two-parter, but to expand from 100 megawatts in Torrington to the 350, I think you mentioned, do you have a ballpark of what that would cost? And then I think the ATM is fully utilized, share counts up about 80% or so year on year. Is now a period of sort of relaxation on adding capital to the balance sheet and then waiting for the orders to come? And then maybe you need to revisit the ATM. Can you just walk us through the cash consumption in fiscal 26? and what it would cost to add capacity, and what happens if you get some of these major orders that you're targeting?

Michael Bishop | Chief Financial Officer:

Sure. So maybe I'll go in reverse order, and thank you for the question, Jeff. So as far as the balance sheet today, the company is quite comfortable with the cash position that we ended the fiscal year with. We ended with about $342 million of total cash on balance sheet, And then subsequent to the end of the year, we also announced a $25 million facility with XM, a follow-on to the facility that we had done with them last year, which is really supporting deployment internationally. And we obviously like those types of structures, and we'll look to do more of that as we do more deployments internationally, but quite comfortable with our current liquidity position as we sit here today. As far as the expansion, as Jason said and as we included in the deck, we do have plans to expand Torrington up to 350 megawatts. That will obviously be paced by customer demand, but we have completed the planning for that. We are starting steps to enable us to do that expansion and are making plans capital investments this year. We include in our disclosures in 2026 that we plan to spend between 20 to 30 million of CapEx, which gets us started on that expansion path. And as we secure additional backlog and go down that path of expansion, we will provide additional color around any additional investments.

Jeff Osborne | Analyst, TD Cowen:

I got it. So no need for an ATM for now, or do you just have a good housekeeping add that, just to be clear on that part?

Michael Bishop | Chief Financial Officer:

So as far as the ATM, the company has historically kept an at-the-market sales program on file. I don't anticipate that changing, and we're not going to forecast potential financings beyond what I've already described.

Jeff Osborne | Analyst, TD Cowen:

Makes sense. Appreciate it. Thank you.

Michael Bishop | Chief Financial Officer:

Okay. Thank you.

Operator | Conference Operator:

Once again, if you have a question, it is star 1 on your telephone keypad. Your next question comes from Noel Parks with Tuohy Brothers. Please go ahead.

Noel Parks | Analyst, Tuohy Brothers:

Hi. Good morning. You know, talking about the data center market, sort of what we see happening in the broader markets overall is just a little bit more realization of there is some devil in the details it seems the market needs to understand just to really understand the, uh, the pace of, uh, uh, the data center rollout and, um, you know, at scale. And so I guess one thing I was wondering, um, I think during the earlier in the call, you, you mentioned sort of the emergence of, um, NIMBY issues, which is, I think sort of a fairly new topic in the last quarter or two. And, um, I just wonder if or how those issues are coming up in your potential customer discussions. And I'm also interested in, particularly with utilities, you know, how some of them are looking ahead to trying to insulate their maybe residential customer base from the cost that they'll probably incur from ramping up power supply to data centers.

Jason Few | President and Chief Executive Officer:

No, good morning. Thank you for the question. You know, if you think about the – maybe I'll start with maybe the NIMBY issue. So what are the things that cause challenges, right? Things that cause challenges are generation platforms that create poor air quality. We do just the opposite, right, because we don't combust the fuel. So that's a significant advantage. What's the other thing that causes the challenge? Noise. We operate at a very low decibel level. Think about maybe your air conditioner running at your home, right? So we solve that issue. We're very efficient from a space perspective at 33 megawatts an acre. So we can be very efficient in terms of the power density that we deliver to these data center customers. In addition to that, we do things that help offset even the power demand. We talked about our ability to deliver absorption chilling, so we can help reduce the amount of power that's needed for that data center. You know, beyond that, we talked a little earlier on this call about our ability to do carbon recovery, to even further reduce the emission profile of the platform. And that remains, you know, very important for many of these data center customers are

certainly the off takers of these data centers. So we think that our platform does a really good job of addressing the NIMBY issue. And in fact, you know, we have examples of our platform being deployed right next to, you know, where people live, and it's not an issue. And we think that, you know, we can clearly deliver a solution to a data center developer or off-taker that will minimize, if not eliminate, those issues that they see from the NIMBY standpoint.

Noel Parks | Analyst, Tuohy Brothers:

Right, right. It does lead me to wonder whether there are any advantages regionally in your thinking about pursuing customers. I'm not I'm sure there's a connection area what the data center demand pickup is looking like there. But just sort of recognizing that you've done so many projects for sort of communities within your fairly close radius. And so is that a possibly positive factor in getting new business?

Jason Few | President and Chief Executive Officer:

Look, I think being able to demonstrate to these data center customers where we have deployments close into communities and we don't have community complaints is a real strength. So, you know, I don't know that that's driving just a close in regional focus for us as our primary focus area, but it's certainly a leverage point for us as we tell our story to those data center customers. Beyond that, I think when we think about regionality and advantages, you know, across the U.S., we have the ability to take advantage of the IPC, and we think that's a real positive. But in some markets where we are also considered as a platform technology, the equivalent of a Class I renewable, we think that just adds to the economic benefit that we can deliver to these customers by deploying our platform. So, you know, we think the way in which we've deployed our distributed technology, and it's been deployed in urban areas and close-in communities, just serves as a great example of a way to do this and not have the consumer backlash.

Noel Parks | Analyst, Tuohy Brothers:

Great, great. And just the last one for me, again, sort of about the discussions with potential customers. I'm curious, with, you know, so many cross-currents going on, so many different issues to evaluate. As you talk to a utility or a hyperscaler, say from one conversation to the next, say you're talking with somebody at one point and then a couple of months later you kind of reconvene and go from there, are you talking with customers about a pretty stable, static set of projects that they have in their sites? or is it more sort of dynamic and volatile, like the conversation is going one direction, and then a couple months later, the utility talks about, no, we're thinking about a different region or a different customer type. So I'm just sort of curious whether you're sort of following the same trail with these, and it's just a matter of getting to the end point, or whether sort of the table kind of keeps getting reset as you progress with these guys.

Jason Few | President and Chief Executive Officer:

Well, look, I think if you think about at least our experience, you think about a development cycle, as you go through the process, there are always puts and takes that happen throughout that development process. What we aren't seeing is kind of this episode of a very sporadic kind of, you know, activity from the customers that we're engaged with. And we think that, you know, as you think about utilities, since you talked about utilities directly, I mean, I think the utilities are pretty – you know, thoughtful in their planning process and what they want to do. And I think they, you know, they have tremendous insight to where customers want to be and where they want to develop projects. So I think they've got a pretty good handle on that. And we're working with them to help solve the big constraints they have, which is additional, you know, power capacity. They've got constraints around, you know, transmission. I mean, if you look at what just happened in PJM, PJM They just closed their auction, I think it was yesterday. They're sitting at a 14.8% reserve margin, which

is like their lowest reserve margin in a decade, right? So the way you're going to solve this problem is with technologies like ours and deploying distributed generation.

Noel Parks | Analyst, Tuohy Brothers:

Great. Thanks a lot. That's an interesting example. Thanks. Thank you.

Operator | Conference Operator:

There are no further questions at this time. I will turn the call to Jason Few for closing remarks.

Jason Few | President and Chief Executive Officer:

Thank you, Sarah. And for everyone on the call, thank you for joining us today. We look forward to updating you on our progress as we move into calendar year 2026. I wish you all a safe, joyful holiday season and a very happy new year. Thank you.

Operator | Conference Operator:

This concludes today's conference call. Thank you for joining. You may now disconnect.