NASDAQ:FCEL Q2 2026 Earnings Call Transcript

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Operator | Conference Operator:

Good morning and welcome everyone to the Fuel Cell Energy second quarter of fiscal 2026 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 one again. At this time, I would like to turn the conference over to Michael Bishop, Chief Financial Officer. Please go ahead.

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 second quarter of fiscal year 2026, 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 Exchange Act of 1934. Set 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 of 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 being described in 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?

Jason Few | President and Chief Executive Officer:

Thank you, Mike, and good morning, everyone. Thank you for joining us today. Let me set the stage before we dive into the quarter. Demand for distributed baseload power and fuel cell solutions continue to accelerate and shift. AI, digital infrastructure, and high density compute are driving a step change in power demand, while grid timelines remain too slow to meet that need. Customers require proven, scalable power that can be deployed without waiting years, and that is where fuel cell energy is differentiated. As we review our second quarter financial and operational results, I want to focus on several key themes that demonstrate the momentum we're building and the strategic progress we're making. The first is commercial execution. and our focus on the AI and data center market. This unprecedented power density requirements of AI infrastructure have exposed the severe limitations of the traditional grid, creating an immediate need for reliable behind-the-meter baseload generation. Fuso Energy's DC native continuous platform is a ready backbone for

data centers. By natively outputting DC power and integrating high-grade thermal exhaust for absorption chilling, we offer a modular solution that bypasses multi-year grid interconnection cues and that we believe can dramatically improve data center power usage effectiveness, or PUE. We are focused on architecting computing and energy as one system. Our pipeline has expanded to 4 gigawatts of submitted proposals. As shown in slide 14, this represents a more than 250% increase over our first quarter pipeline, which we believe reflects the increasing recognition of fuel cells as a critical solution for meeting near-term and long-term power needs. Average proposal size has grown from 65 megawatts to 130 megawatts in a single quarter. a 2x increase that reflects the scale at which data center customers and hyperscalers are now engaging. As transaction size increases, diligence expands proportionally. Extended timelines are often a function of scale. Our pipeline includes opportunities across data centers, distributed generation, utilities, and industrial applications spanning both domestic and international markets. Potential data center customers make up about 89% of our pipeline. This is what gives us confidence in increasing the scale of our planned manufacturing capacity expansion at the Torrington facility from 350 megawatts to 500 megawatts of annual capacity. I'll speak more about this in a moment. To better address this market in a scalable, standardized and modular way, this quarter, we introduced the 12.5 megawatt fuel cell energy block product shown on slide seven. This is not a small system aggregated up. It is a utility scale architecture scaled out. Our base energy block is 1.25 megawatts. Utility scale begins at one megawatt. Going from 1.25 megawatts to 12.5 megawatts to hundreds of megawatts is multiplication. Same architecture, same proven stack, same operating envelope. This off-the-shelf product is another way we enable rapid deployment into grid-constrained markets while shortening time to power for data center developers and will allow customers to add capacity in phases rather than overbuild up front. Built for the scale, reliability, and speed required by AI infrastructure, we believe this commercial product will play a critical role in converting pipeline opportunities into executable transactions. Our priority remains disciplined conversion. We are focused on turning high-quality opportunities into contracted backlog, structuring projects with the right counterparties, and financing support. While 100 megawatt infrastructure decisions are not made on a predictable schedule, our active negotiations focus on advancing those opportunities where we believe execution certainty and long-term value creation are strongest, with the goal of converting submitted proposals into contracted backlog within this fiscal year. Second, operational discipline and manufacturing scale-up. As just mentioned, we have begun the initial phase of our U.S. manufacturing capacity expansion to meet growing power demand. Our Torrentine, Connecticut facility is the heart of our operations and we are making targeted investments to increase our annualized production capacity. Given our engagement with potential customers and the market context, we are increasing our planned capacity expansion from the 350 megawatts per year we had previously discussed to 500 megawatts of fuel cell manufacturing capacity per year. Overall cost associated with this full expansion of the facility will be in the range of $200 to $275 million. Beyond that, we intend to expand capacity in line with contracted backlog, market demand, and structured capital support, not ahead of it. We will execute this expansion in strict alignment with contracted backlog, market demand, and structured capital support with the goal of ensuring we do not build ahead of the market or compromise our stewardship of stockholder capital. Third, our strategic and commercial partnerships continue to validate global scale. Our work in South Korea remains strong with ongoing module deliveries to Gungi Green Energy, Company Limited, GGE, and progress under our MOU with Inuverse for the AI Feigu data center. Our collaboration with ExxonMobil's low carbon solution business continues to progress, which we believe the market has not yet valued. Our partnerships are transitioning from development to deployment. With the carbon capture module shipping to ExxonMobil's Rotterdam facility, we believe we are establishing the physical proof points required to commercialize this technology and unlock the massive total addressable market for point source emission reductions. Currently, two units are en route to Rotterdam, as slide 17 illustrates, and we expect they will be delivered in June. Finally, the strength of our balance sheet enables us to take a measured, disciplined approach to growth. Our strong liquidity position allows us to pursue these opportunities with discipline, prioritizing execution, proof, and long-term value creation. We closed the quarter with almost $441 million in total cash and cash equivalents, providing ample runway to execute our business plans. We continue to build financing capacity to support growth. Across all these areas, we continue to emphasize proof over promise. We're delivering measurable progress on our strategy, growing our pipeline, focusing on converting the pipeline into contracted backlog, increasing our revenue base, reducing costs, and

focusing our resources on near-term commercial opportunities with the goal of long-term value creation. Another key area of focus is our strategic and commercial partnerships, which continue to validate the global scale of market demand for our technology. We believe the decisive steps we have taken in commercial focus on AI, product offerings, and manufacturing scale-up are strengthening our foundation and positioning us to capitalize on opportunities during one of the most important Energy use step changes in history. The world needs more power, clean, resilient, affordable, and continuous power, and that is exactly what we deliver. With that, I'd like to turn the call back to our CFO, Mike Bishop, to discuss our second quarter financial performance.

Michael Bishop | Chief Financial Officer:

Thank you, Jason, and good morning, everyone. In the second quarter of fiscal 2026, we reported total revenues of $35.6 million in compared to 37.4 million in the prior year quarter, a decrease of approximately 5% year over year. This decrease was primarily due to lower service revenue as there were no module exchanges in the quarter and lower generation revenue resulting from lower output largely due to the fact that the Groton project was undergoing repairs. These declines were partially offset by higher product revenues driven by scheduled module deliveries to Gunji Green Energy, or GGE, in Korea, we expect deliveries of the remaining six GGE modules and the upcoming CGN Yulcheon generation, or CGN, deliveries to drive consistent product revenue in the second half of fiscal 2026. We also saw an uptick in advanced technology revenue in the quarter. Loss from operations was $77.9 million for the quarter compared to $35.8 million in the second quarter of fiscal 2025. The higher loss was largely driven by a non-cash $42.6 million impairment charge related to the Groton project, which we expect to upgrade utilizing three of our current generation 2.5 megawatt power blocks. This was a strategic decision with the goal of ensuring high reliability for the Navy-based customer following the upgrade. Net loss was 77.6 million in the second quarter of fiscal 2026 compared to net loss of 37.7 million in the second quarter of fiscal 2025. Net loss attributable to common stockholders was 78.7 million, or $1.45 per share, compared to 38.8 million or $1.79 per share in the prior year period. On a non-GAAP basis, adjusted EBITDA for the second quarter of fiscal 2026 was negative 17.1 million and improvement from negative 19.3 million in the second quarter of fiscal 2025. This 12% year-over-year improvement in adjusted EBITDA reflects our progress on cost reduction and operating efficiency. We have included reconciliations of our non-GAAP financial measures, including EBITDA and adjusted EBITDA in the appendix of our earnings press release for reference. Backlog totaled $1.14 billion as of April 30th, 2026, compared to $1.26 billion as of April 30th, 2025. This change was primarily due to revenue recognized on long-term contracts over the past year, partially offset by new orders added to backlog. Turning to the composition of backlog, as of quarter end, product backlog was $36.1 million, primarily reflecting remaining repowering module deliveries in Korea that are scheduled to be recognized as revenue in the second half of this year. Service backlog was 155.4 million comprised of future revenue from our long-term service agreements on customer-owned power plants. Generation backlog was 928.5 million representing future revenue from company-owned projects under long-term power purchase agreements. This portion of our backlog has a weighted average remaining contract term of approximately 15 years underscoring the long-lived nature of these assets. Lastly, advanced technology contract backlog was 15.4 million, the majority of which is tied to our joint development work with ExxonMobil Technology and Engineering Company. Operating expenses for the second quarter were 65 million, up from 26.4 million in the same quarter last year. This increase was primarily the result of the 42.6 million non-cash impairment charge that I mentioned earlier. It's important to contextualize this charge relates to our decision to upgrade the 7.4 megawatt Groton Navy project with our current generation 2.5 megawatt power blocks with the goal of ensuring high reliability, baseload power for a critical US government asset. Excluding this charge, our core operating expenses declined year over year, demonstrating our continued cost discipline and progress on our path towards sustainable, positive, adjusted EBITDA results. Turning to the balance sheet and liquidity, we ended the quarter with $440.9 million of total cash, cash equivalents, and restricted cash. This includes $373.2 million of of unrestricted cash and $67.7 million of restricted cash, providing a strong liquidity position to support our growth. During the second quarter, we utilized our at-the-market equity program, selling

approximately 10.9 million shares at an average price of $9.45 per share for net proceeds of $100.4 million. Subsequent to quarter end, we sold an additional 4.1 million shares at an average price of $13.31 per share, raising net proceeds of $52.9 million. These actions have significantly bolstered our cash resources while preserving a conservative capital structure. We remain essentially debt-free apart from the long-term financings on specific project assets and service agreements, and we have no near-term debt maturities. our strong balance sheet has positioned us to invest in near-term growth opportunities with a disciplined approach. As Jason mentioned, we are increasing our production levels and expanding our manufacturing capacity with the goal of meeting the accelerating demand for resilient, continuous distributed power, especially in the AI and high density data center market. In closing, we are executing our strategy with financial discipline and focus, balancing growth initiatives with rigorous cost control and efficient capital allocation. We remain confident that our approach of leveraging a solid balance sheet, commercial execution, and targeted capacity expansion will accelerate our path to sustainable profitability. We have made tangible progress this quarter on our objectives. Thank you for your attention. With that, I will now turn the call over to the operator for Q&A.

Operator | Conference Operator:

Thank you. 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 take our first question from Jason Tilchen at Canaccord Genuity.

Jason Tilchen | Analyst, Canaccord Genuity:

Good morning, and thanks for taking my questions. To start, I was hoping, you know, in this deck you laid out a number of the benefits that you think that the use of your fuel technology will provide to data centers. Just curious, in the conversations with potential customers, which of those various benefits and advantages are resonating the most at the moment? That would be really helpful to start from.

Jason Few | President and Chief Executive Officer:

Jason, good morning, and thank you for the question. I think if you look at our platform and the conversations we're having with customers, one of the big advantages that, you know, clearly stand out is just our long history in providing utility scale platforms, first and foremost. If you look at even the material we provided in the deck, we just give, you know, we show five examples with a combined, you know, 50-year operating history at utility scale. And so, When you look at essentially taking the grid and moving it behind the meter, that's a real strong selling point for us because that's effectively what we're doing. Obviously, time to power remains critically important in our ability to deliver quickly, and not only deliver quickly, but to get through the permitting hurdles that more traditional generation clearly faces when it comes to communities, as well as just you know, permitting on things like Title V, which are not issues for us. So we offer a community-friendly platform. The other big piece is we think, you know, we're getting a lot of interest in our, you know, 12.5 megawatt, you know, building block that we've announced. And, you know, just the long-term, you know, capital preservation from an investment in our technology, given that we're native D.C., And as the racks move that direction, GPUs go that direction, that investment that a customer makes is still a solid one and will certainly continue to be important for the AI factory in the future.

Jason Tilchen | Analyst, Canaccord Genuity:

Great. That's really helpful. And maybe one follow-up to that, is there anything else you can share in terms of the steps that are needed either on your side or on the customer side or the prospective customer side, or sort of key milestones you're looking towards to get some of that pipeline converted into those time agreements, as you talked about, and maybe potential timelines beyond just the sort of framework that you mentioned in the prepared remarks around sort of some point this fiscal year.

Jason Few | President and Chief Executive Officer:

Yeah, I think as we look at it and the conversations that we're having, certainly as the transaction sizes have increased, and we talked about a 200% increase in the average size of the proposals that we're responding to, that increases diligence. It expands proportionately to the size of those transactions. So we see these timelines really as a function of scale, but the As you look at the milestones that you go through, it's one, clearly being in the opportunity and have a chance to engage with the customer and lay out our technology, work through the technological questions that a customer has, and then just being able to really demonstrate our long history of providing utility-scale solutions that have had continuous runtime and For example, one of our largest platforms is, you know, continuously run for 13 years. That is a really strong, you know, technical hurdle that we're able to cross given what our platform has done over the last 23-plus years.

Jason Tilchen | Analyst, Canaccord Genuity:

Great. That's very helpful. Thank you very much.

Operator | Conference Operator:

Thank you. We'll take our next question from Mark Strauss at J.P. Morgan.

Mark Strauss | Analyst, J.P. Morgan:

Yes, good morning. Thank you very much for taking our questions. I just had a couple for Mike, if I can. I wanted to ask about the target for profitability. Should we still think about that around 100 megawatts or so? I'm just curious if the increase in capacity that you're targeting, if that changes that target at all.

Michael Bishop | Chief Financial Officer:

Good morning, Mark, and thanks for the question. No, the increase in capacity does not change anything. The company has been consistently looking at once we achieve consistent production volumes at or above 100 megawatts on an annualized basis, we are targeting getting to adjusted EBITDA positive.

Mark Strauss | Analyst, J.P. Morgan:

Okay, thank you. And then with the capital raises that you mentioned recently, obviously your balance sheet's in good shape. You are spending on CapEx, though, so I'm just curious, should investors completely rule out additional capital raises from here? Do you think you're in a sufficient spot or anything else to expect near term? Thank you.

Michael Bishop | Chief Financial Officer:

As Jason and I said in our prepared remarks, we are comfortable with our current balance sheet and investing in capacity expansion for growth. The company looks at a number of ways to continue to finance growth. We have obviously done project financing. We have financed service agreements, and we have looked to the equity markets to periodically, but again, comfortable with our current liquidity position.

Operator | Conference Operator:

We'll take our next question from Ryan Finks at B. Reilly Securities.

Ryan Finks | Analyst, B. Riley Securities:

Hey, guys. Thanks for taking the questions. First, just curious how much the introduction of the 12.5 megawatt power block has accelerated customer conversation since you announced that in late March.

Jason Few | President and Chief Executive Officer:

All right, thank you, and good morning. It's been a really strong adder to the conversations that we're having because you're able to really demonstrate to the customer, one, time to power. Being able to do that in a 12.5-megawatt block size is really attractive in terms of the way that data centers think about the overall power domain and the way in which they want to scale in a modular fashion. The other big piece of that is that you create better economics because your ability to actually leverage a lot of the balance of plant across a larger block of power. So that has become a really strong selling point from a customer perspective. But that being said, you know, I would say that, you know, what continues to be a really strong selling point is modularity and the ability to actually scale at the customer demand as opposed to having the customer overbuy from where their real demand is. And we're able to do that with the 12.5 megawatt block in addition to our 1.25 or 2.5 megawatt block sizes as well.

Ryan Finks | Analyst, B. Riley Securities:

Appreciate that. And then maybe going back to Steve, adopt positive target and how you're thinking about operating leverage. What do you expect for growth in OpEx as you potentially scale revenue here with data center demand and the operating leverage that you're expecting to see?

Michael Bishop | Chief Financial Officer:

Good morning, Ryan. It's Mike. I'll take that one. So as you know, the company has done a fair amount of work. around our operating cost structure with the goal to get to that adjusted EBITDA positive target. As a result, you know, we would not expect to see significant increases in operating expenses. There will certainly be some modest growth related to inflation, but we're comfortable with our current cost structure and absolutely expect to get leverage from it.

Ryan Finks | Analyst, B. Riley Securities:

Great. I appreciate that, guys. I'll turn it back Thank you.

Operator | Conference Operator:

We'll move next to Dushan Alani at Jefferies.

Dushan Alani | Analyst, Jefferies:

Hey, guys. Thanks for taking my question. This is the first one. I know you guys have talked about it briefly, but the ramp to 500 megawatts you've talked about in the next 24 months, how do we think about the cadence? Is it going to be in 100 megawatt blocks, or how do we think about it over the next 12 months? Or do we just see an immediate bump from 100 to 500 in two years?

Jason Few | President and Chief Executive Officer:

Sean, thank you for the question. Yeah, you'll see us unlock capacity as we scale from where we are today to that 500 megawatts. So, for example, one of the things we've talked about is, you know, implementing our high-volume tape caster. That gives us the ability actually to have tape casting capacity to fulfill that 500 megawatts, as an example. And as we expand... and add additional conditioning capacity, we'll start to unlock more volume. And so the way we really think about it, if you think about it and kind of work backwards, we look at all of the areas of constraint where we're kind of maxed out. How do we unlock that capacity as we scale to 500? So we anticipate that we'll incrementally add more volume all the way to the 500. It won't be a binary 100 to 500 cut.

Dushan Alani | Analyst, Jefferies:

Got it. That's helpful. And then maybe just quickly on the Groton repairs, are there potential for other upgrade opportunities across your portfolio, or would this be the only one?

Jason Few | President and Chief Executive Officer:

This is the one that we see because what we're doing is we're changing it to our standard energy block. And across the rest of our portfolio, that's what we have deployed. And from our perspective, we looked at the importance of the U.S. military operation and Groton and that this is a nuclear submarine base and a microgrid is part of hardening that facility. And for us, to play a role in that and to deliver really strong operational technology is, you know, really what anchors this decision. And so this is the one area where we see that we'll switch out to our standard platform. And so we'll be standard across our entire fleet.

Dushan Alani | Analyst, Jefferies:

Thank you.

Jason Few | President and Chief Executive Officer:

Thank you.

Operator | Conference Operator:

We'll move next. Colin Rush at Oppenheimer.

Colin Rush | Analyst, Oppenheimer:

Thanks so much, guys. You know, could you talk a little bit about the siting flexibility that you're enabling for your customers and how that's impacting some of the conversations that you're having with the data center customers?

Jason Few | President and Chief Executive Officer:

Hey, Colin, good morning, and thank you for that question. Yeah, we think one of the really strong value propositions of our platform is the fact that we're a community-friendly technology. So when you think about the following few items. You're not going to run into Title V issues, so we're not going to create air pollution to the local community. That's a positive. If you look at some of the complaints that you see from some communities, it's around noise. Well, we operate at a level that's similar to a home air conditioner, so we're not going to run into noise-related issues. We're modular in terms of our scalability, so we're very efficient in terms of land use. In addition to that, we also have the ability to bring down overall energy consumption by leveraging the thermal output of our platform and delivering a product that can actually help cool the data center by leveraging our thermal energy and integration with absorption chilling. So we see a number of factors that create positives for data center developers and then certainly see those positives play out in terms of the community reaction to our technology. Super helpful.

Colin Rush | Analyst, Oppenheimer:

And then just turning into a different market in Europe, you know, there's been an awful lot of activity looking at moving towards leveraging some of the peak power capacity as well as moving towards energy independence, you know, from some of the international volatility that we're seeing in the macro environment. I'm just curious about how the pipeline is starting to move in Europe and if there's any meaningful opportunities we should be attending to over there.

Jason Few | President and Chief Executive Officer:

I think if you look at our pipeline today, it's clearly weighted toward the U.S. We do see a change in attitude taking place in Europe and a bigger acceptance starting to emerge around natural gas and the importance that it's going to play in helping them build out data centers. And in addition to that, also having the energy that they need from a reliable continuous energy resource, we continue to focus on a global market opportunity. And we're certainly even seeing a lot of, you know, some of the larger data center developers here in the U.S. that also have a significant European presence. We're working with them on our technology as a way to not only deliver the power that they need in Europe, but again, going back to the same conversation we just had around community-friendly, being able to get sighted, getting through a lot of the environmental issues that are a big consideration in the European markets. We're seeing that play well as we look at those opportunities there and in Asia.

Colin Rush | Analyst, Oppenheimer:

Perfect. Thanks, guys.

Jason Few | President and Chief Executive Officer:

Thank you.

Operator | Conference Operator:

Now I'll take our next question from Noel Parks at Tuohy Brothers.

Noel Parks | Analyst, Tuohy Brothers:

Hi, good morning. You know, just trying to wrap my head around sort of the doubling of proposal size and the tripling of the pipeline in the course of the quarter. I wonder if you can just sort of characterize what that looks like compared to our last you know, a call three months ago, just, you know, inbound call, just how has that manifested itself that, you know, in this particular quarter, you've seen, you know, such a ramp up?

Jason Few | President and Chief Executive Officer:

Yeah, no, thank you. And good morning to you as well. Look, we have a direct sales team that is focused on data center, and the overall AI factory opportunity as a segment. And that team is very focused on working across data center developers, powered land developers, hyperscalers, as well as the GPU providers. It's that engagement and creating more awareness of our technology, our differentiation and advantages that's really driving that in addition to just the more significant engagement the team is having now that we've really shifted a big part of our focus toward this opportunity. And so they're coming through our direct channel. In addition to that, we have a a very robust omni-channel, if you will, in terms of our website presence and the things that we do to drive interest and awareness of our technology. You know, we recently published a data center white paper that's been well received. A lot of our, you know, podcasts and other things that we've been doing, those have all been well attended. And so as we think about creating surround sound around our technology, our advantages in the market, we're starting to see that pay off in terms of our ability to engage at a more deep level with customers and submit larger proposals.

Noel Parks | Analyst, Tuohy Brothers:

Great. Thanks. And, you know, I was wondering, is the standardized power block, is that currently expected to be a meaningfully higher margin module out of the gate, or is that only going to be sort of over time just through your normal process of efficiency going to have an impact, would you say?

Michael Bishop | Chief Financial Officer:

Good morning. No, I'll take that one. So the way that we look at our business model here is There's really two key elements as we're converting these proposals into backlog. You would expect to see product backlog where we're delivering the platform to our customers. That would result in future product sales. We target in the 10% to 20%. margin. If we are not the EPC, we're towards the higher end of that margin. If we are involved in the EPC process, we're towards the lower end because we're out working with others. And then, as importantly, we will bring in service backlog as well. These are 15 to 20-year long-term agreements, and generally the size of that service agreement is significantly higher than the initial product sale as we're taking

care of our customers over a long period of time, and we target a margin for service agreements north of 20%. So as we're putting together models here going into the future, those are the targets that the company looks at.

Noel Parks | Analyst, Tuohy Brothers:

Okay, great. Thanks a lot. Thank you.

Operator | Conference Operator:

And that concludes our Q&A session. I will now turn the conference back over to Jason Few for closing remarks.

Jason Few | President and Chief Executive Officer:

Audra, thank you, and thanks, everyone, for joining us today. In summary, the second quarter reflects continued progress in several key areas, strong commercial momentum and expansion of our pipeline to over 4 gigawatts of submitted proposals, operational discipline, cost reductions, and action in support of our manufacturing capacity scale up to 500 megawatts at Torrington. a step closer to demonstrating our unique carbon capture capabilities and financial strength with a solid balance sheet and strategic financing partnerships. More importantly, these results reinforce a broader point. We've already proven the value of distributed baseload power in real-world utility-scale applications over many years. we've demonstrated nearly 50 years of cumulative utility scale runtime across just five of our installations shown on slide nine. What is changing is the scale and urgency of demand, particularly in power-constrained digital infrastructure markets. Our differentiated platform, including modular deployment, continuous power, native DC capability, thermal integration and a disciplined path to scale positions us to meet that need. What's changing is who needs it, how urgently, and at what scale. We remain committed to discipline execution, converting our pipeline thoughtfully, advancing vital programs like carbon capture, and continuing to scale our platform production capacity for the long term. Before we conclude, I want to thank our team members customers, partners, and shareholders for their continued support. The team at Fuel Cell Energy remains focused on executing our strategy, advancing our technology, and delivering reliable, resilient power solutions that strengthen energy infrastructure around the world. Thank you again for your time today, and we look forward to updating you on our progress next quarter. Thank you.

Operator | Conference Operator:

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