

Amprius Technologies
Q2 2026 Earnings Call
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Presenters

Tom Stepien, CEO

Ricardo Rodriguez, CFO

Q&A Participants

Colin Rusch - Oppenheimer

Mark Shooter - William Blair

Eric Stine - Craig-Hallum

Austin Bohlig - Needham & Company

Ryan Pfingst - B. Riley

Tim Moore - Clear Street

Chip Moore - ROTH MKM

Derek Soderberg - Cantor Fitzgerald

Ted Jackson - Northland Securities

Amit Dayal - H.C. Wainwright

Operator

Good morning. Welcome to the Amprius Technologies Second Quarter 2026 Earnings Conference Call. Joining us for today's presentation are the company's CEO, Tom Stepien, and CFO, Ricardo Rodriguez. At this time, all participants are in listen only mode. Following managements' remarks, we will open the call for questions. Please note that this presentation contains forward-looking statements including but not limited to statements regarding the company's financial and business performance, business strategy, future product development or commercialization, new customer adoption and new applications, the company's growth and the growth of the markets in which it operates, and the timing and ability of Amprius to expand its manufacturing capacity, scale its business, and achieve a sustainable cost structure. These statements involve known and unknown risks, uncertainties, and other important factors that may cause Amprius' results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied in such forward-looking statements. For a more complete discussion of these risks and uncertainties, please refer to Amprius' filings with the Securities and Exchange Commission.

This presentation includes a non-GAAP financial measure, which is adjusted EBITDA. This non-GAAP financial measure does not replace the presentation of Amprius' GAAP financial results and should only be used as a supplement to not a substitute for Amprius' financial results presented in accordance with GAAP and may not be comparable to calculations of similarly titled measures by other companies. A reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, is included in our press release, a copy of which is

filed with the SEC and posted on our website. Finally, I would like to remind everyone that this conference call is being webcast. A recording will be made available for replay on the company's Investor Relations website at ir.amprius.com. In addition to the webcast, the company has also posted a press release that accompanies these results, which can also be found on the Amprius Investor Relations website.

Before turning the call over to management, I want to highlight a few near-term IR events. Amprius will be attending the Canaccord Conference and partaking in the UBS Energy Transition Call Series next week. The team will also be attending the H.C. Wainwright Conference and the Evercore ADAS, AV, and AI Forum in September. We hope to connect with many of you at these upcoming events. I'll now turn the call over to Amprius Technologies CEO, Tom Stepien, for his comments. Sir, please proceed.

Tom Stepien

Welcome, everyone, and thank you for joining us this morning. I'm pleased to report that Amprius continues to experience robust demand for energy dense silicon anode lithium-ion batteries, and in the second quarter of 2026, we achieved another record revenue as we show on slide three. We believe the characteristics of our cells make them a particularly strong fit for one of the fastest-growing markets in the world, battery-powered unmanned aerial vehicles, UAVs, also known as drones. Our second-generation SiCore silicon anode battery continues to gain broad adoption for drones and other applications. Given the strong quarter and promising new business, we have the confidence to increase our 2026 revenue forecast for the second consecutive quarter. Anyone who reads the news understands that low-cost drones are playing an asymmetric role in military conflicts around the world, changing the nature of modern warfare. As Barron's magazine recently reported, inexpensive drones are "upending the defense sector." We believe that this has been made possible in no small measure by the availability of high-performance batteries like those produced by Amprius.

As you are likely aware, the Trump administration's proposed fiscal 2027 defense budget calls for more than 50 billion in outlays for the Defense Autonomous Warfare Group, an arm of the Department of War focused on drones and related hardware. The specific ask is for 24,000% year-over-year increase. While the U.S. Congress has yet to pass the 2027 spending authorization and the actual budget might be smaller than the original request, it is nonetheless clear that the Pentagon will be making a major and growing outlay for autonomous capabilities for years to come. Our current contract with the Defense Innovation Unit gives us a front-row seat in this arena. This is good news for Amprius, our customers and partners, and for our shareholders. While we expect that the budget details will be sorted out in the months ahead, there are other positive signs from the defense sector for Amprius. For instance, the Department of War's drone dominance program has invited 19 drone manufacturers to a competitive demonstration event at Fort Carson, Colorado later this month.

Half of the participants are using Amprius cells, and we have had at least initial conversations with the rest. The Department of War has said that at the completion of the Colorado event,

they will place orders for 60,000 drones from the top performers. This is one more indication that the opportunity in military UAVs is in its early stages. You may recall that our contract with the Defense Innovation Unit to develop and scale National Defense Authorization Act, NDAA, compliant silicon anode battery cells was increased for a third time in the March quarter and now totals 18.1 million. This funding supports expansion of a pilot line at our headquarters in Fremont, California. I'm happy to report that we now have received nearly half of the equipment required for the pilot line, which is undergoing installation. The remaining equipment is scheduled to arrive later this month and in September with production expected to begin in December 2026.

Our opportunity in military drones goes beyond U.S. borders. I'm happy to report that we've received a 24 million order from a new European customer, a drone manufacturer that uses our SA124 SiCore cylindrical cells. We started to deliver our batteries to this customer in Q2 and will continue to do so for the next three quarters. We're excited about this opportunity and expect to have more to talk about on this topic in the months ahead. I also want to report some recent news from our customer, Redwire, a leading aerospace and defense technology company providing space infrastructure, autonomous systems, and mission-critical solutions for the commercial, civil, and national security customers worldwide. Redwire first purchased our high energy density batteries in 2024. We're happy to see that their demand is growing. Redwire recently announced more than 40 million in purchase orders from the U.S. Marine Corps for the Stalker Block 30, a Group 2 drone designed for long-range reconnaissance. Stalker excels in missions where long endurance is critical, and that's exactly what our SiCore cells enable. We look forward to Redwire's continued success.

While we are excited about the rapid adoption of drones in the defense industry, we also continue to see substantial opportunities for commercial drones. In May, you may remember, we announced an agreement to provide high-density silicon anode cells to Matternet, the world's only FAA-Type Certified drone delivery platform. Amprius' silicon anode cells deliver up to twice the energy density of conventional graphite-based batteries, a critical advantage in aviation where low battery weight and high energy density directly improve aircraft range, payload, and economics. Drones, both military and commercial, are a big part of the Amprius story, but they are not our only strategically important end market. Earlier this year, we announced a \$21 million order from a premier electric mobility customer in China to power a suite of light electric vehicles including scooters, three-wheelers, and motorcycles. Today, I'm excited to tell you about a new e-mobility customer win. We have signed a three-year contract with Stark Future, a Barcelona-based premium electric motorcycle manufacturer. Stark's bikes are impressive with cutting-edge technology, world-class design, and amazing engineering. We showcased one of their bikes at our CES booth in January 2026. We expect revenues from our relationship to Stark to be at least 100 million through 2029, with shipments expected to start early next year.

Let's turn to slide four and discuss our go-to-market strategy. A little less than half of our sales shipped directly to end-use customers, companies that sell drones for various applications,

small electric vehicles, and companies in the satellite value stream. We have more than 500 direct customers, and this figure grows every quarter. The other portion of our purchase orders come from pack partners, companies who buy our cells and package them together with appropriate electronics and sometimes a battery management system. These modules and packs are then sold to end-use customers. Our pack partner program allows us to expand our reach and simplifies customer relationships for many end market applications. Today, we list nine pack partners on our website and more will be added over time. This program is a light lift for our sales team and allows us to scale without adding direct sales headcount. We expect this flywheel effect to allow us to continue strong growth through this rapidly expanding channel.

Let's turn to slide five and let me take a few minutes to provide an update on our capital-efficient contract manufacturing strategy. Our California pilot line gives us the ability to win new customers, allowing us to quickly deliver new cell chemistries to customers. We often do this side-by-side with our customers in joint development programs. We also use our Fremont facility to deliver small volumes of cells. We leverage our worldwide contract manufacturing partners to produce sales at volume. We have four manufacturing partners in China. Over the last several years, they have provided us with excellent quality and reliable delivery. Our China CMs have helped Amprius tremendously, and they will continue to be important partners in our future. We have added several partners in South Korea. In May 2025, we announced our first partner, Libest, located in Daejeon, about a two-hour drive from downtown Seoul. Libest has been delivering Amprius commercial cells since September 2025. We recently added JR Energy and Top Material as South Korean partners. Together, these three CMs give us the ability to produce batteries that are compliant with NDAA rules. I met with all 3 partners in Korea 10 days ago and can confirm that our relationships are solid, our incentives are aligned, and we are expanding well together.

I also want to underscore that we believe we are well on track to reach full NDAA compliance with domestically produced cells in 2027. South Korea gives us NDAA-compliant supply today while Nanotech Energy, the U.S. contract manufacturer we announced earlier this year, provides additional U.S. capacity. We expect to talk about additional U.S. partners in the months ahead. Our partner-focused approach to manufacturing avoids substantial capital expenditures while keeping our management team focused on what matters most, extending our technical innovations and delivering these innovations to customers rapidly. Leveraging manufacturing partners rather than investing heavily in new facilities allows Amprius to scale quickly and efficiently while maintaining strategic flexibility.

I want to provide a brief update on our senior management team. Last month, Ronnie Tao, a five-year Amprius veteran who, until recently, served as our VP of Sales, moved into a new role as Chief Business Officer. Ronnie will focus on expanding our reach into new markets, initially targeting robotics where we see substantial opportunity for our high-energy density offerings. Ronnie's energy is infectious, and his recall of technical details is remarkable, ideal qualities to drive growth into new segments. Three weeks ago, Anne Torricelli joined Amprius as our new VP of Sales. Anne has nearly two decades of experience working in energy technology sales and

business development roles. She was most recently Managing Director of Energy Storage Solutions for Gotion, a top five worldwide lithium-ion battery manufacturer. Her multicultural background, excellent communication skills, and savvy organizational traits are a model profile to lead sales for a fast-growing international company like Amprius. We're thrilled to welcome Anne to the team.

A few additional thoughts before I pass the microphone to Ricardo Rodriguez, our CFO. I continue to see wide and varied growth opportunities for Amprius in multiple markets and several geographies. As I noted earlier, there are sizable opportunities for us in drones, not only in defense but also for commercial delivery, public safety, security, and a growing number of other applications. The massive commitment to drones from the Department of War is a positive sign, but it's not the only one, and we expect drones to expand across many parts of the economy in years ahead. As highlighted by our new relationship with Stark in Spain, there is also a fast-growing opportunity for battery-powered mobility including robotics. We are focusing some of our key executives on this emerging market for personal and commercial robots including delivery bots, humanoid, and industrial mobile robots. It is early, and there is no meaningful robotics revenue in our numbers today, but our ability to offer power and energy balance cells plays well in the unstructured environments in which these machines operate. We expect to have more to say about this segment in the months ahead. Another opportunity that exists for us is in satellites and space where our high energy density cells directly improve launch economics. Satellite launch providers charge customers by weight, making our ability to deliver the same energy at roughly half the weight extremely valuable. Finally, we believe there is tremendous potential for our batteries in eVTOL, electric vertical takeoff and landing aircraft for autonomous point-to-point regional transport for both passengers and cargo. It's early in development of eVTOL vehicles, but they are coming sooner than many think. Let me now turn over the call to Ricardo to review our Q2 results in detail.

Ricardo Rodriguez

Thank you, Tom, and good morning, everyone. I'm happy to start on slide six. In the second quarter, we delivered \$34 million of revenue, up 19% from the first quarter and 2.3x year-over-year. This was our sixth consecutive quarter of sequential growth, and it puts our annual revenue run rate at \$136 million. We expect this to continue growing, so more on this later. For the first half of the year, revenue was \$62.6 million, up 137% year-over-year. SiCore accounted for 98% of our revenue in Q2. Regionally, EMEA drove 68% of our revenue with the rest of our revenue coming from the U.S. and Asia. Cost of goods sold was \$24.8 million, up 9% against 19% revenue growth that enabled gross profit of \$9.3 million and a gross margin of 27%, right in line with our expectations and improving from 20% in the first quarter and 9% in the same quarter last year. For the first half, gross margin was 24%, improving from negative 4% in the first half of 2025. Total OpEx was 13.6 million in the quarter, up 1.2 million sequentially and 5.4 million year-over-year. We continue investing in our go-to-market and R&D efforts as these continue to pay off as our team wins in the market. Our operating loss in Q2 was \$4.3 million compared to \$6.7 million in the first quarter and 6.8 million in the same quarter of last year.

Other income was 1.1 million, consisting of \$472,000 of interest income and \$700,000 of government grant income tied to our work with the Defense Innovation Unit.

Our GAAP net loss attributable to common shareholders for the second quarter was \$5.1 million or negative \$0.04 per share based on 143.5 million weighted average shares outstanding. That is 20% narrower than the same quarter last year. For the first half, our net loss was 10.1 million compared to 15.7 million in the first half of 2025. Our GAAP net loss includes a onetime noncash \$1.9 million adjustment reflecting the change in fair value of the public warrants during our exchange for stock on May 6th of this year. Excluding this \$1.9 million gives us non-GAAP adjusted net loss of 3.2 million or negative \$0.02 per share for Q2 and 8.2 million or \$0.06 per share for the first half of 2026. Adjusted EBITDA in the second quarter was negative \$1 million or negative 3% margin compared to negative 1.8 million in the first quarter and negative 2.1 million in the same quarter last year. As a reminder, we define adjusted EBITDA as net income or loss before interest, taxes, depreciation, amortization, stock-based compensation, and other items that we do not believe are indicative of our core operating performance. In the second quarter, these adjustments were limited to the \$1.9 million related to the warrant exchange, \$2.5 million of stock-based compensation, \$800,000 of depreciation and amortization, and \$1.1 million of interest and other income. For the first half of the year, adjusted EBITDA was negative 2.8 million against negative 7.3 million in the first half of last year. On a trailing 12-month basis, adjusted EBITDA is negative \$800,000 with a negative 1% margin. We are within a rounding error of breakeven on a full year basis if we look at the last 12 months.

Now turning over to cash flow and the balance sheet. We ended the second quarter with \$74.5 million of cash and no debt, an increase of \$12.2 million during the quarter. Our operations only used 2.9 million of cash in the quarter. Accounts receivable grew by \$5.4 million, and inventory grew by 3.3 million, partially offset by lower prepaid inventory and higher payables. Before those working capital movements, our operations generated cash for the first time. Accounts receivable ended at 40.7 million and inventory at 11.5 million. Both are deliberate. Receivables reflect a fast-growing shipment profile weighted towards the second half of the quarter and inventory position to support the ramp of the third quarter. Capital expenditures were \$1.8 million all at our Fremont facility, supporting the electrode coating build-out and primarily funded by the Defense Innovation Unit. First half CapEx was \$2.8 million against the less than \$10 million that we framed out for the year in March, and we are tracking well inside that. Financing activities provided \$16.8 million, consisting of \$12.3 million from warrant exercises and \$4.5 million from option exercises. We currently do not have an at-the-market offering program. Every dollar of equity capital we took in this quarter came from holders choosing to exercise into the business as we continue to focus on minimizing dilution. Working capital at quarter-end was \$113.2 million compared to \$59.8 million for the second quarter of last year, and total stockholders' equity was \$125.6 million.

Before I turn the call back to Tom, I want to frame our outlook for the rest of the year using slide seven as the backdrop. In March, we set an initial 2026 outlook of more than \$125 million

of revenue, over 25% gross margin, and our first full year of positive adjusted EBITDA. In May, after a first quarter of \$28.5 million of revenue, we increased guidance to more than \$130 million for the year. Today, we are increasing our revenue forecast again. With what we know today, we expect full year revenue of at least \$140 million and gross margins of at least 28%. We see upside to gross margins in the second half of the year as we focus on ensuring that the fixed cost of our contract manufacturing partners do not increase with higher volumes. We are reiterating adjusted EBITDA of more than \$4 million, a net loss of \$10 million or less, and a loss of \$0.08 or less per diluted share assuming 143.5 million weighted average diluted shares. These updated GAAP profit guidance estimates consider the \$1.9 million adjustment for the fair value of the warrants in Q2 of this year. Looking further ahead, nothing about the plan that we laid out in March has changed except for how much of it is now visible in the numbers and in reality. As we close out the decade, we are still targeting more than \$600 million of contracted capacity, gross margins above 30%, and adjusted EBITDA margins of at least 20%. The resourceful culture and low fixed cost structure that brought us within rounding error of breakeven over the last 12 months are the same ones that will get us there. With that, I'm happy to turn the call back to Tom for his closing remarks. Thank you very much for your attention and continued support.

Tom Stepien

Thanks, Ricardo. We remain excited about the opportunities ahead and look forward to meeting many of you at upcoming investor events. Thank you for your continued interest and support of Amprius. And with that, let me turn it over to the operator for questions.

Operator

Thank you. We will now take questions from the company's covering analysts. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Once again, that's star one at this time. One moment while we poll for the first question. The first question comes from Colin Rusch with Oppenheimer. Please proceed.

Colin Rusch

Thanks so much, guys, and congratulations on the progress here. As we see some of the incremental regionalization, the NDAA compliance mandates starting to flow through, I just want to get a sense of how much dexterity the technology platform has in terms of using alternate inputs on the anode side as well as on the electrolyte side whether you're moving towards like a semi-solid-state or solid-state electrolyte at some point and your ability to actually integrate some of those material advances that we're seeing in the ecosystem.

Tom Stepien

Yeah, Colin. Thank you. This is Tom. We have five chemistry platforms, a power-based one, energy-based one, balanced one. We have very good dexterity as you say. We have had long

serving suppliers over the last several years. And as a part of NDAA, we've qualified 2 sets of 11 new suppliers for the anode [inaudible] and 7 other binders, et cetera, that go into our batteries. We have a primary set of new suppliers and a secondary set of [Technical Difficulty]. We are happy with those new suppliers. We are holding them in the cells that are being made in South Korea and the U.S. So, it's working well. It's tricky because we have to qualify them. We have to get these suppliers under contract, so it's keeping us busy on the supply chain and operational side of things as well as the technical side. The pilot line here Fremont helps because we get quick turns and quickly validate some of those new components. But we're pretty nimble in that area. We'd always like to go faster, of course, but we're happy with where we are, and we're on track, as we said in the call, to be fully not just NDAA-compliant, but U.S. NDAA-compliant here in 2027.

Colin Rusch

Excellent. And then I guess shifting to the customer base. Given that level of range from the platform, over the last 1.5 years, you've done a great job of actually getting a lot of these customers organized a little bit more methodical in terms of their purchasing patterns. But I want to get a sense of, as you move forward, leveraging the technology road map that you have, some of the range of possibilities and scale that you guys can leverage into both driving incremental sales as well as operating margin, how we should think about that kind of playing out over the next 12 to 24 months?

Tom Stepien

Yeah. So, the pack program certainly helps as we tried to say in the call, giving us some leverage in the flywheel effect as we tried [Technical Difficulty]. That certainly helps. Anne joining us is a very organized methodical person who has run large sales groups. That's part of [Technical Difficulty] we like her. I think that will help. And then I think that the breadth of our offerings allows us to without a lot of brain damage to serve some of these new segments, right? And that's early in robotics and eVTOL, of course. But we have a couple of joint development programs underway, and it appears that some of the tweaks we're making side-by-side with these future customers are relatively small and can be done rapidly to get exactly what these customers need, energy, power, et cetera. So, that, I think, will help us go deeper as well as wider on the customer side of things. On the margins, do you want to think about that?

Ricardo Rodriguez

Yeah. The margins really depend on both the regional mix and the product mix. And we do see, in essence, our sales are the most accretive for us. And as we launch the NDAA-compliant pouch cells, we think that will be accretive and will help us get to our margin targets just as expected, right? When we reported Q3 last year, we said the margins were going to be lumpy, and that happened in Q1 as they went to 20% on a GAAP basis and 22% if we strip out the onetime costs from the Colorado facility. And then here in this quarter, the revenue mix was pretty favorable with quite a bit of our sales in Europe and pouch cells really holding their share of the mix. So, as we look at these other markets like robotics, eVTOLs, we have a team now

looking at data centers potentially. I do think that all of those are going to be pursued in an accretive way.

Colin Rusch

Excellent. Thanks so much, guys.

Ricardo Rodriguez

Absolutely. Thanks, Colin.

Operator

The next question comes from Mark Shooter with William Blair. Please proceed.

Mark Shooter

Hey, Tom, Ricardo. Great quarter and progress thus far.

Tom Stepien

Thanks Mark.

Mark Shooter

Yeah. Of course. Tom, we thought the L3Harris order and the Nanotech contract manufacturing, we saw that was like a creative way to find and leverage some small U.S. manufacturing capacity that's available for these domestic supply chain sensitive customers. As stricter domestic requirements from the DOW and the FCC for both military and commercial drones, if they kick in on '27, '28, do you see this as an inflection point for domestic drone manufacturing or even for the cells? Like will you have to ramp up more in the U.S. manufacturing? And if so, how -- what do you see for available avenues to do so?

Tom Stepien

Yeah. So, we have pretty good visibility certainly through the next several quarters, and of course, on a planning basis, we look through the rest -- through the end of 2027 and then 2028 with increasing certainty. We know when these stricter requirements kick in. We're happy with where we are in Korea with the three. We need to go faster. We need to go deeper. Nanotech has delivered cells. We need to, of course, flow more through them. We're actively working with other U.S. manufacturing. As we said in the call, not quite ready to announce anybody yet, but stay tuned there. So, look, we always want the boat to go faster here, but we are pleased with the demand. We think we are in a leadership role technically. We need to earn that every day. We need to deliver to L3's requirements and others. We're happy with where we are with, of course, always wanting to do more than sitting on our laurels.

Mark Shooter

Great, Tom. I appreciate the color. And Ricardo, one for you. Congrats again on the beat and raise this quarter. Can you give us a little bit of color on what you're seeing that gives you the confidence to raise both revenue and the margin guidance? So, what are you seeing?

Ricardo Rodriguez

Yeah. So, the revenue rate was pretty easy just given the demand profile, right? And as the team develops a tighter relationship with some of the pack houses, as we mentioned, and several of the OEMs, we are seeing more consistent order flow flowing to our customers. And so, that gives us quite a bit of visibility into the demand picture for not just the second half of the year but even starting to get into next year. And so, I mean, frankly, the demand side -- there's even upside from the guidance update, but we think that updating the guide to what we updated it to makes sense just given the supply picture and how the supply chain needs to evolve here in order to deliver product, particularly in Q4 and into next year. The margin piece is -- actually was another easy raise, right? So, if you look at our margins during the first half of the year and you strip away \$0.5 million of expenses from Colorado in Q1 and roughly \$1.8 million in tariffs that will no longer be there that we had to pay here in the first half and that we've pretty much gotten refunded at this point, then our margins would have been 27% for the first half. And so, to raise that to at least 28% in the second half. As I mentioned in my remarks, we're getting a better understanding of the fixed cost elements inside of our contract manufacturing partners, and it would be unfair to let those fixed costs scale up at higher volumes, especially at the higher volumes that are implied in the guide here for the second half. And so, raising it to at least 28% we think makes sense. We do need to continue having a favorable mix of at least 60% of the revenue coming from Europe, at least 60% of the revenue coming from accretive out sales, and we see that playing out here for the rest of the year.

Mark Shooter

That's great. I appreciate the color. I'll hop back in queue.

Operator

The next question comes from Eric Stine with Craig-Hallum. Please proceed.

Eric Stine

Hi, Tom. Hi, Ricardo.

Ricardo Rodriguez

Hey, Eric.

Tom Stepien

Good morning, Eric.

Eric Stine

Good morning. Can we just go back? You talked about NDAA-compliance, and it sounds like you've made progress on the 11 needed components, both primary and secondary suppliers. But I know that one of the things and you mentioned it is getting those suppliers under contract. So, maybe -- I know last quarter, you indicated that you had made some progress in that regard but would love an update.

Tom Stepien

Yeah. We make progress on a weekly basis with the suppliers. I met with several when I was in Korea a couple of weeks ago. There have been obvious -- lots of discussions since getting back. We have a team working on it. We have some outside folks who are actually helping accelerate. We'll get them all buttoned up here this quarter under contract. Some of this is just legal reviews tend to take time. We're comfortable with the cost and the timing. In general, these new suppliers are large international companies that are actually larger revenue-wise than risk. So, we are comfortable with their ability to deliver, but you got to go through all of the operational things just to get them all lined up, aligned on the schedules. They're shipping products to different manufacturers in different countries. It's not technically hard, but it's a little bit complex just on the planning side.

Eric Stine

Okay. Okay. That's great. Thanks for that update. And then maybe second one for me. I mean, obviously, defense is and should be a primary focus here on this call, but I would just like to talk about the commercial side. I do see that recently DoorDash got this Part 135 certification from the FAA for drone delivery. And just curious, I know that that company is one of it's like eight to nine companies that have it. But going forward, do you envision this as being a company-by-company certification? Does the FAA potentially do something that opens it up more broadly? Because I know that -- I mean, certainly a very sizable commercial drone opportunity, as well.

Tom Stepien

Yeah. So, we have a start with Matternet as we talked about in our last call, and that is a foothold, and we're starting to expand. I don't know that the FAA would certify batteries. I think they tend to do that on a vehicle-by-vehicle basis. We're not FAA experts here. But that's part of what the change we did with Ronnie and Anne. The new delivery drones won't necessarily help us make the next quarter. Certainly, planting seeds and getting [Technical Difficulty] understanding what they require and comparing that to our current suite of [Technical Difficulty] is something we're asking Ronnie to do so that we can turn those seeds that we plant into revenue in future quarters. So, we're on it. We'd like that boat to go faster also, but we believe that, gosh, should those delivery vehicles be able to use our batteries, can they deliver to the whole block? Can the -- so, can they go longer? Can they deliver a greater payload. A lot of these payloads are limited to a couple of kilos. Well, we probably could double that. So, we believe the promise is there. We have work to do to earn the trust of DoorDash who you mentioned and others.

Eric Stine

Okay. Thank you.

Tom Stepien

Thank you.

Operator

Our next question comes from Austin Bohlig with Needham & Company. Please proceed.

Austin Bohlig

Thanks for taking my question and congrats on the great results. Tom, first, just maybe wanted to dive into like the key geographies and outlook that's kind of driving the upside. Would you kind of characterize this as more momentum domestically in the U.S. or internationally?

Tom Stepien

So, international has been strong. Europe has been very strong. And we talked about last quarter, it was 75%. It was a little bit less, I think, Europe this quarter. So, that's a really solid base. We are happy with Redwire as we mentioned in the remarks and others that seem to be coming on. We see some of the slowdown from the fiscal government 2026 whether it's drone dominance programs or other spend that we're starting to see. In our last call 90 days ago, we referenced a couple of our customers that were receiving money from that [inaudible]. So, it's starting. It's getting a little bit better balance. We also see a better balance. That's part of what we like about Stark is that there's a better balance also with not just drones, but e-mobility is starting to come on in an increasing way. So, over time, I think we'll see a better balance between Europe and U.S., Asia, e-mobility and drones and then even within drones, not just defense, but delivery, public safety as we've talked about.

Austin Bohlig

Okay. Well, and I just kind of to piggyback off that, so super excited opportunity. You're working with half of the drone dominance customers. Like could you maybe walk through maybe kind of like the content per drone with this opportunity? I know you included some slides in your deck but just would love to get a little bit more clarity on what the opportunity could be here just with this one program.

Tom Stepien

Yeah. So, we did include -- Ricardo did a nice job of putting some of those slides in because we got that question last time, which is, okay, about with these different types of drones, what are typical size batteries and then what is the potential cell content. So, slide 10 and 11 in the deck, I think, was really helpful. And if you look at that, obviously, with the larger Group 3 drones -- the Group 4 and 5 drones tend to be fuel-based. 1, 2, 3 are battery-based. Group 3 drones use more content than Group 1 drones. So, I would direct listeners to that slide.

Ricardo Rodriguez

There's slide 10 and 11 in the deck.

Tom Stepien

Yeah. But the nice thing is that we -- they tend to be pretty sticky, right? So, once we do earn the trust of these customers -- and sometimes it takes a couple of quarters to earn that trust. We -- they tend to stay with our batteries. They look to us because we're sometimes up to 50%

better, 80% better in some cases for light time, which is super important in the scoring of these shootouts. So, that's our view of DDP and some of the other opportunities.

Austin Bohlig

Okay. Great. And I guess just kind of my last one for Ricardo. Just thinking about the incremental OpEx you guys think you might need as revenues scale here, and we'll see these revenues flow to the bottom line.

Ricardo Rodriguez

Yeah. We had a bulk of the OpEx increases here in Q2 on the -- which pulled ahead some of the investments that we want to make in our go-to-market efforts. I do think that in Q3 that will continue. We'll probably add another \$1 million of OpEx per quarter. And then for Q4, we're looking at holding it flat and then really testing ourselves to see how much we can maintain the growth with that level of OpEx. The bulk of the resources that we would be adding would be really on just managing the supply chain beyond what we've already invested on go-to-market.

Austin Bohlig

Okay. Awesome. Well, keep up the great work. Thank you, guys.

Tom Stepien

Awesome. Thank you.

Operator

The next question comes from Ryan Pfingst with B. Riley. Please proceed.

Ryan Pfingst

Morning, guys. Thanks for taking the questions.

Ricardo Rodriguez

Hey, Ryan.

Tom Stepien

Morning, Ryan.

Ryan Pfingst

Hey, Ricardo. Morning, Tom. Tom, you talked about robotics a bit earlier. I just wanted to dig in a little bit more there. Curious what Amprius is doing today that will help the company position itself with customers as that market starts to scale commercially.

Tom Stepien

Yeah. Step one is to get smarter. We attended Automate in Chicago six, eight weeks ago, our first booth at a robotics show. Some of the takeaways for us are that ourselves perform really well with robots that are in unstructured environment. So, think of the doglike robots and even

some of the humanoids that aren't necessarily inside of a very organized factory. Or another example we're not pursuing is in a warehouse robot that can go around the corner and plug itself in. You don't necessarily need high energy density or the right power energy mix for those applications. But if you are unstructured, if there's uncertainty in whatever you're doing in a robot perspective, that's where you value the energy and power mix. We've analyzed some of the current required on some of these robots. And if you're lifting, there's a spike in current, okay, you need a certain type of battery to do that. Certainly, if you are wandering around in again, unstructured areas, you don't have the certainty of when you're going to be able to charge next. So, longer run time, high energy density is prized by robots like that. So, it allows us -- that learning allows us to focus. And again, some of the executive changes we've made to focus and understand where we can win, where do we play and how do we win as part of some of the change we made with Ronnie so that the seeds that he'll be planting here will turn into revenue as that market does expand and get [Technical Difficulty].

Ryan Pfingst

Appreciate that. And then maybe turning to another adjacent market. Ricardo, you just mentioned earlier that you have a team looking at data centers. Can you talk a little bit more about that? And just remind us where Amprius could fit in, in that ecosystem.

Ricardo Rodriguez

Yeah. It's a pretty initial look. But if you look at the power requirements of some of the CPUs in there, it only keeps increasing. And while they're using some super capacitors to sort of flatten the line of the high-power draws from these chips, you may need actually a high-power cell that's pretty close immediately behind those super capacitors to help, in essence, flatten the load in the system, right? And so, that's where we see a huge opportunity for basically a high-power cylindrical cell that can be very close to the rack literally providing 1 to 60 seconds of run time recharging and then being there ready again for whenever the power is not available. And so, yeah, we do see that that's an opportunity there for the taking. We're having some initial discussions with some of the integrators of these racks and the infrastructure around the compute. And yeah -- so, we'll come back and report when we've got customer traction there.

Ryan Pfingst

I appreciate it, guys.

Tom Stepien

Thanks, Ryan.

Operator

The next question comes from Tim Moore with Clear Street. Please proceed.

Tim Moore

Thanks, and nice execution in the quarter. You're destined to get very high operating leverage on your SG&A expense over the next few years, so I just want to follow up on the threat of your

gross margin guidance hike, which is really more impressive, I think, than your revenue raise. So, just going back to your 2030 financial targets above 30% gross margin, how should we think about that maybe possibly getting moved up a year earlier? I mean, you're going to get some tailwinds on efficiency and shipping and logistics costs, which will probably improve a lot. I know you mentioned earlier there should be pouch cell accretion from the margin profile as you grow out pouch cells more to probably offset maybe some of the couple other non-military margin profile. So, if you could just maybe talk about the puts and takes on -- could you get to 30% plus gross margin in 2029?

Ricardo Rodriguez

We will always try to do it sooner, and I think the elements are definitely there for the taking, right? But we also just want to be cognizant of what we're signing up for. And as you've seen us in the way that we've guided this year, our goal is to deliver what we promised and a little bit more. And so, I do see your point on the 30% potentially having more opportunity to, frankly, be higher and also to get pulled ahead. But one of the things that we're managing here over the next, let's say, 12 to 24 months is the full NDAA-compliance, and that comes with a different cost structure that we frankly need to get paid for. And so, executing that and giving ourselves room to execute that is why we put the 30% plus gross margin target up by 2030. And -- but yeah, I mean, we'll pull it ahead if we can. And the main driver, frankly, Tim, is just revenue mix, right? So, if we are able to sell more customized pouch cells, we'll be able to get there sooner. And if we go and hunt some of the cylindrical cell opportunities, which again can be accretive if we're careful, then I think that will help us get there. But yeah, I mean, we'll definitely do everything we can here to pull that ahead. But again, I mean, sort of the same caution that we - - that I gave to everybody when we reported Q3 last year, it won't be totally straight up and to the right. There will be a quarter or two where, as we manage the mix or if North America revenue increases and we haven't totally got -- started getting paid for some of the expenses to become NDAA-compliant, the margins could actually take a slight step back in that given quarter, right? So, it will be a journey, but I'm hoping that with the way we've performed here, three quarters under our belt of delivering gross margins and telling people what it's going to be and then coming in and delivering something that's slightly ahead of that, hopefully, we've got the trust to execute through this lumpiness over the next two years or so as we become fully NDAA-compliant.

Tim Moore

That's really helpful color, Ricardo. I appreciate it. My second question, my only other one is just on the whole pouch cells. Given that you're almost fully NDAA-compliance and you got Nanotech cylindricals, I'm just shifting my thoughts to pouch cell manufacturing domestically. Would you -- without giving away too much, are you getting close to maybe purchasing an existing facility in the U.S. to retool to convert to pouch cell manufacturing? I'm sure there's some excess capacity from lithium batteries out there by a handful of players I can think of for EVs that you could retool. I mean, that would really help your U.S. manufacturing. Just kind of curious around that and potential timing.

Ricardo Rodriguez

Yeah, Tim, I mean, you're basically reading our mind, right? It's no secret that we're out there looking for a partner to do that for us, and there's plenty of capacity from folks who leaned into EVs maybe too aggressively here over the past couple of years. And so, we would just say stay tuned.

Tom Stepien

Yeah. And just to clarify, Tim, it likely will not be Amprius purchasing a facility. Our model is, as everyone knows, to work with partners. But we would -- whatever we do, whether it's in the U.S. or other geographies, will very likely be done with partners. But as Ricardo says, there's lots of partners in the U.S., and there is capacity available. So, watch this spot.

Ricardo Rodriguez

The other bit is that if you look at the CapEx that goes into producing ourselves, like it's not all alike, right? So, for example, the last thing people need is another building producing cells. Then you have the equipment inside of these facilities to produce the cells. We're seeing that the investment on the equipment can basically be about a third of what it takes building or, as we learned in Colorado, what it would have taken to build a building around a cell line. And then I do think that if you get your business model to work out the payback on that equipment inside of the building, which ideally, we don't need to pay for, you can get that back within two to three years if you manage to fill the capacity, right? And so, we're getting quite a few signals on the capacity -- the demand being there very clearly as we talk to the DOW. And yeah, we just need to put the pieces together to deliver that.

Tim Moore

That's great color. Thanks for clarifying it won't be a purchase because you just get rid of Colorado, but that makes sense that there is much CapEx. So, that's it for my questions. Thank you.

Tom Stepien

Tim, thank you.

Operator

Thank you. The next question comes from Chip Moore with ROTH MKM. Please proceed.

Chip Moore

Hey. Morning, Tom and Ricardo. Thanks for taking the question.

Tom Stepien

Hey, Chip.

Ricardo Rodriguez

Morning, Chip.

Chip Moore

Hey, guys. I wanted to go back to drone dominance program, half of those finalists using SiCore, and it sounds like you're talking to everybody. Just a real testament to the performance. Maybe expand on the competitive environment and the alternatives out there and what you're seeing.

Tom Stepien

Yeah. So, look, it's very competitive. We tend to win because of the energy density, and it really depends on some of the scoring, right? These shootouts, the gauntlets as they're called, are scored on a couple of different fronts, all different metrics is a duration, how far, how long these drones can fly. There's videos on the drone dominance website that [Technical Difficulty] go through muck buildings and things like that. So, in general, higher energy density is better. There is a cylindrical pouch mix. If you really want a fully optimized drone, you tend to use pouch because you get greater energy density. Pouch packs and pouch cells are a little bit harder to integrate compared to cylindrical cells. So, there's a dynamic going on there. But that's exactly what our sales folks are focused on like we tried to describe an earlier question about delivery drones. Look, all of these vehicles, even certain types of robots, even these satellites, gosh, why are they not using our cells is a question that we start with and then try to understand that and dig in so that we can learn. We have a reasonably malleable platform. I mentioned the five different chemistries that we have. Gosh, we should be able to get something in front of these in order to win their trust, to win their business. That's how we think about it. We got work to do. We're happy that we're in about half of the 19 for the upcoming gauntlet here at the end of the month, but we have more work to do.

Chip Moore

Oh, yes. That's helpful, Tom. And for my follow-up, maybe on go-to-market, can you at a high level, just talk about visibility or any differences, pack partners versus OEMs? And as we think about that flywheel, how do you see that mix evolving, say, over the next two, three years?

Tom Stepien

Yeah. So, the pack partners are really an extension of our team. Some drone companies and other vehicles rely on pack partners and ask those companies to make a recommendation, and we like to be at the top of the list for those partners, right? And we're trying to build out this ecosystem [Technical Difficulty] growing companies do. I referenced the nine that are on our website, and there's a gold, silver, bronze type thinking as we go deeper and get closer to those partners. We -- in terms of visibility, it's getting better, right? Some of the companies aren't able to give us multi-quarter purchase orders because, frankly, they don't have the visibility. But as you get more companies like Redwire, we mentioned during the call and a couple of companies from the last call, as those companies start to get under contract with whoever they are supplying their vehicles to, then the visibility to us increases. So, it's getting better. We still - - we have obviously very good visibility here in Q3 and in Q4, but it gets a little bit grainy as you go out to 2027. That's been natural. I think over the last year or so, it's gotten better. But just

like the last question, Chip, we have work to do there, but it's certainly going in the right direction.

Chip Moore

Excellent. Thanks very much.

Tom Stepien

Thank you.

Operator

The next question comes from Derek Soderberg with Cantor Fitzgerald. Please proceed.

Derek Soderberg

Yeah. Hey, guys. Thanks for taking the questions.

Tom Stepien

Hey, Derek.

Derek Soderberg

Hey. What's sort of your current backlog? I know backlog isn't necessarily the best metric to look at as you guys ship quite a lot in the quarter, sort of book and ship. Starting there. And then just on the -- I'm trying to understand kind of the margin mix between the defense versus UAV cylindrical and then the light electric vehicle opportunity. What's sort of the range on margins there? And then I've got a follow-up.

Ricardo Rodriguez

Yeah. On the backlog, we really don't have much to add there, so hate to disappoint here. I mean, we do have quite a bit of visibility, but I think the word backlog has historically been misused. When it comes to open POs, I mean, we feel pretty good about where we stand as we work our way here through Q3, and we see a similar dynamic to what we've seen in the last two quarters as we get the POs and basically work to deliver as much of that product within the quarter as time runs out on us. The margin range, I think, ranges basically from the low 20s to the high 30s if you take on the lower end, the commoditized or slightly more commoditized cylindrical cell that is easily swappable versus a highly customized pouch cell. I think that range also varies by region. So, I mean, in China, there are some folks that are -- where the lower end of the range is -- will start in the single digits, and we are being careful to not play them. So -- and then for higher-end pouch sales, I do think the upper end of the range is a little bit lower in China, and we're just being very careful of how we play that. So, these ranges are not just for the form factor but also for the regions. When it comes to whether the application is defense or nondefense, I think there the same range applies. I don't think there's much pricing discrimination between the end markets.

Derek Soderberg

Got it. That's super helpful. And then just as my follow-up, how much of the cycle revenue today is that cylindrical SiCore? And then just looking at the \$24 million European drone order for those cylindrical SiCore, how much of that do you expect to ship in 2026 versus 2027? Any incremental detail there would be helpful. Thanks, guys.

Ricardo Rodriguez

Yeah. So, maybe I'll just start with the 24 million order. That should be done over the next 2.5 quarters safely. And then on the mix between pouch and cylindrical, we haven't broken that out for folks. We do see that as kind of competitive intel.

Derek Soderberg

Got it. Super helpful. Thanks.

Tom Stepien

Thanks, Derek.

Operator

The next question comes from Ted Jackson with Northland Securities. Please proceed.

Ted Jackson

Thanks for sneaking me in. Best for last is the way I look at it.

Ricardo Rodriguez

Absolutely.

Tom Stepien

100%.

Ted Jackson

So, my question is maybe pretty straightforward. You have China capacity, South Korean capacity. You've got the beginnings of capacity in the U.S. Could you give us a refresh with regards to what is the production capacity in China? What is the production capacity in South Korea? What is the production capacity in the U.S.? And maybe even refine it between cylinder and pouch. And then, I mean, I assume you could maybe think about it like what do you have now and where do you think it can go?

Tom Stepien

Yeah. We total it up in the deck, Ted, to greater than 2 gigawatt hours a year, and in an earlier call, we broke that out. And on an average cell that's working out to be something like 12 million to 15 million cells per quarter, sometimes as should think about cell units. We don't break that out by CM. We did name the three CMs that we have in Korea, and we did mention that we're working to be able to share pouch manufacturers in the U.S. So, we always, of course, want supply to be ahead of demand so that we never leave a nickel on the table. And

that's the goal that we're [Technical Difficulty]. So, there's a lot of work that's done underneath, right? The duck's legs are working [Technical Difficulty] you see visible evidence. So, we're hard at work on that. It's pretty balanced in China on cylindrical pouch. That balance is coming into play in Korea. But we're currently unbalanced in the U.S., right? We have a cylindrical identified, but we haven't shared yet on any of the pouch guys. It will get in balance. And again, the goal is always to have just a bit more of the capacity so that we can meet this demand because part of where we also win, frankly, is with speed, right? We can be nimble whether it's at our pilot line here to win new designs or nimble because, gosh, we can get cells in meaningful quantities to customers before some deadline that other competitors can't. That's where we can [Technical Difficulty] win.

Ricardo Rodriguez

I mean, the other element to the answer is that there is some nuance to this, right? So, I mean, our contract manufacturing partners don't want to have idle capacity there sitting for us, and in one way or another, we would be paying for it. But if you look at what goes on in the company within a given week, month, or quarter, we're basically playing the game of Tetris with the supply where the demand comes in, in a certain mix of flavors. And then within the time period, we work to ship as much as possible given our various different supply sources and the different SKUs that we have. And sometimes we do have to be pretty dynamic here with what we're asking our contract manufacturing partners to make, and this picture is evolving mainly in South Korea as we develop more flexibility there. We're also looking at ways to just creatively produce cylindrical cells in NDAA-compliant markets to, in essence, increase our coverage of what the scheme of Tetris looks like and how flexible we can be. But that's how we -- within the given time period, we basically match supply with whatever flavor the demand comes in.

Edward Jackson

That brings up a follow-up question that wasn't on my list, but can you walk through -- typically, what's the lead time for you to kind of plan for capacity with the manufacturers? So -- you know I'm saying? Like you're clearly in business and orders in place. What's the sort of trade-off between when you think you're going to get a piece of business and then when you're able to contract out that capacity? What are the dynamics with regards to understanding capacity from your contract manufacturers? Because there's clearly a two-way set of communication as you guys are doing the scans to coordinate production and for them to coordinate kind of their capacity utilization. That's my last question [inaudible]

Ricardo Rodriguez

No, it's a good question. So, this lead time depends, right? For something like full NDAA-compliance and setting up capacity here in the U.S. or what we've done in South Korea here over the past year, the lead time can be a year or two. So, we are working pretty well in advance of the need by getting an understanding of the demand first and then going out and farming it out and having the right commercial relationships to get that done. If we are only talking about flexibility within region, then we can be pretty flexible and have things up and

running and make the switches within a quarter, quarter and a half max, and that's how we've managed ourselves to be pretty flexible here over the last three to four quarters.

Ted Jackson

Well, congrats on the quarter. Thanks for squeaking me in.

Tom Stepien

Absolutely. Thanks, Ted.

Ricardo Rodriguez

Thank you.

Operator

Thank you. The next question comes from Amit Dayal with H.C. Wainwright. Please proceed.

Amit Dayal

Thank you, guys. Good morning. Tom, just in regard to your comments around the 2027 spending authorization, it looks like this could get done by December. Contribution from this, should we expect it to come through beginning in 1Q '27 itself, or is there some lag between when this is approved and when you start seeing orders from this approval?

Tom Stepien

Yeah. Thanks for the question, Amit. So, there likely will be a lag. That's what we've seen before, right? So, a couple of the customers that we talked about last call and even Redwire this call, that's obviously 2026 defense money, and the fiscal year ends here, what, in six, seven weeks. So, it's only towards the tail end of the fiscal year. So, there was six-, nine-month lag from budget being available to the flow down to Amprius. So, if the budget gets figured out here on the timeline you mentioned, some of that will trickle in probably mid-2027 with the other ones falling in after that. So, there's an arrow bar on that I would imagine, but there'll be some lag, at least a quarter, I would imagine. We believe -- as we talked about that huge 24,000% increase in the ask. Some of that's going to come through, maybe not all of it. But it certainly bodes well, and we want to do the best we can to deliver with speed to those customers.

Amit Dayal

Understood. Thank you. And then maybe, Ricardo, just on the receivables side, that has grown to over 40 million. Are you comfortable with your ability to collect, et cetera? Is this creating any working capital pressure as you are continuing to grow at a pretty rapid pace?

Ricardo Rodriguez

No, not really. I mean, we -- going into this year, we always looked at us needing roughly \$20 million to \$25 million of working capital to enable a doubling of revenues, and then it just -- I mean, the receivables basically look the way they look just because of when you take the

snapshot as you close the quarter. But if you were to look at the balance sheet a month after we closed the quarter, you would see that a lot of the receivables have been collected. And so, we feel comfortable with the AR aging, and actually, the bulk of the AR aging is being driven by customers that we've had a long-standing relationship with who are pretty large. And so, yeah, I think we're fine with the working capital element. We also built up a little bit of inventory, and that was planned here as we look at enabling the ramp of the second half of the year. And so, from a working capital perspective, we're fine.

Amit Dayal

Understood. Thank you, guys. That's all I have. Appreciate it.

Tom Stepien

Thanks, Amit.

Ricardo Rodriguez

Thank you.

Operator

Thank you. At this time, I would like to turn the call back to management for closing comments.

Tom Stepien

To all our customers, shareholders, employees, and partners, thank you for your continued support. We are at an opportune moment. Today, several markets require advanced batteries, and Amprius cells lead the industry on multiple dimensions. That intersection is a powerful one, and we expect to continue to drive technical innovation, execute with discipline, and deliver meaningful results. Thank you for your time and attention this morning.

Operator

Thank you. This does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a great day.