

# 2025 2<sup>ND</sup> QUARTER EARNINGS CALL

August 13th, 2025



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## One Big Beautiful Bill Act

30% Investment Tax Credit has been established for businesses deploying linear electric motors or fuel cells





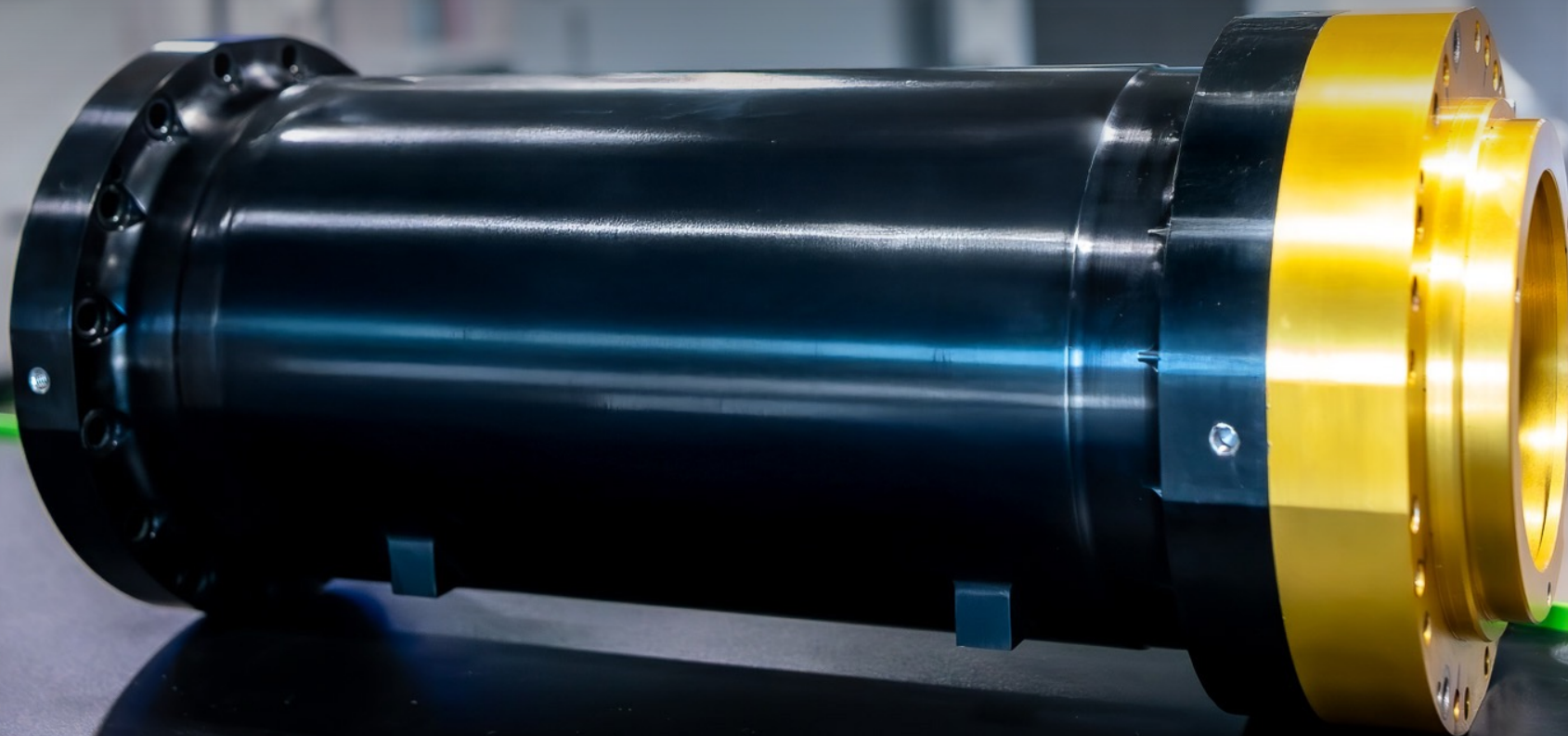
# PRODUCTION UPDATES

- Delivered 2<sup>nd</sup> early adopter unit to the U.S. Navy
- Nearing completion of two more KARNO™ Power Modules in coming weeks
- One KARNO Power Module for UL Certification and 2<sup>nd</sup> for commercial customer





# LINEAR ELECTRIC MOTOR PRODUCTION





# DEPOWDERING & REGEN DESIGN





# '25 - '26 ROADMAP

- Deliver 10 Early Adopter Customer Units in 2025
- Full product commercialization will shift into 2026
- Continue to build an inventory of printed components for KARNO Power Modules



# U.S. MILITARY PARTNERSHIP



Two KARNØ units in testing for the U.S. Navy

Awarded Phase II Small Business Innovation Research contract for up to \$1.5 million

Designated as an "Awardable" technology by the U.S. Air Force and the Department of Defense's Chief Digital and Artificial Intelligence Office





**\$1 billion**  
**KARNO Power Modules**  
opportunity in Saudi Arabia



Up to  
**600 kW**  
**KARNO Power Modules**  
deployment in the commercial and  
industrial sectors



## Recap

- LEM assembly successfully transitioned in-house
- Regen depowdering confirmed and redesign complete
- 30% tax credit in OBBBA
- Delivery of 10 Early Adopter units in 2025
- Product commercialization in 2026



# 2025 Q2 FINANCIAL RESULTS



FINANCIAL RESULTS	2 <sup>nd</sup> Quarter		Year-to-Date	
(\$M)	2025	2024	2025	2024
<b>R&amp;D Service Revenue</b>	<b>\$1.5</b>	<b>\$0.0</b>	<b>\$2.0</b>	<b>\$0.0</b>
Cost of Sales	(1.4)	0.0	(1.9)	0.0
<b>Gross Margin</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$0.0</b>
<b>Expenses</b>				
Research & Development	(10.1)	(8.3)	(22.4)	(16.3)
SG&A	(6.0)	(6.3)	(12.0)	(12.9)
PT Exit and Termination	0.3	0.6	(1.1)	(3.9)
<b>Total Expenses</b>	<b>(\$15.8)</b>	<b>(\$14.0)</b>	<b>(\$35.5)</b>	<b>(\$33.0)</b>
Interest Income	2.2	3.1	4.7	6.5
<b>Net Loss</b>	<b>(\$13.4)</b>	<b>(\$10.9)</b>	<b>(\$30.7)</b>	<b>(\$26.4)</b>

## Q2 Highlights

- Revenue from R&D Services
- Gross Margin of \$0.1 million
- Higher R&D expense related to KARNO generator development and print operations
- Lower SG&A driven by lower insurance and services, partly offset by higher labor cost
- \$0.3 million gain related to sales of powertrain assets

## Year-to-Date Highlights

- Higher expenses driven by R&D, including higher print production
- Lower SG&A due to facilities, insurance, and services, partly offset by higher labor
- Lower Powertrain Exit and Termination costs in 2025

# 2025 RESULTS AND OUTLOOK



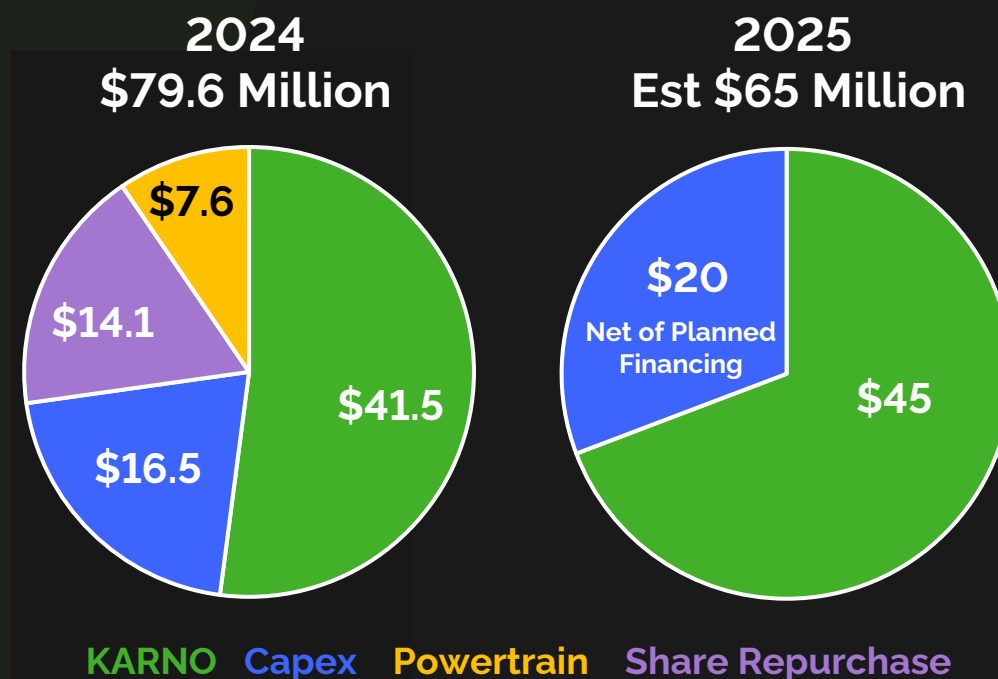
## 2025 Q2 RESULTS

- Cash use of \$13.5 million
- Capital spending of \$4.3 million for printers, facility upgrades and machining equipment
- YTD asset sales of \$0.8 million
- Ended Q2 with \$185.3 million of cash and long and short-term investments

## 2025 FULL YEAR OUTLOOK

- \$5 to \$10 million of revenue
- Tariff impact of \$2 to \$3 million
- Capital expenditures of ~\$30 million
- Total cash use of approximately \$65 million
- Gross margin neutral on a cash basis in late 2026

### CASH USE



- KARN0 spending includes interest income
- Powertrain is net of asset sale proceeds



Q&A

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