



Solid Power, Inc.
Fourth Quarter and Full Year 2024 Earnings Conference Call
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C O R P O R A T E P A R T I C I P A N T S

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C O N F E R E N C E C A L L P A R T I C I P A N T S

Chris Pierce, *Needham & Company*

Michael Shlisky, *D.A. Davidson*

P R E S E N T A T I O N

Operator

Good afternoon, and welcome to the Solid Power Inc., Fourth Quarter 2024 Earnings Conference Call.

All participants will be in listen-only mode. Should you need assistance please signal a conference specialist by pressing the star key, followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question you may press star, then one on your telephone keypad. To withdraw your question please press star, then two. Please note, today's event is being recorded.

I would now like to turn the conference over to Melanie Solomon with Investor Relations. Please go ahead.

Melanie Solomon

Thank you, Operator. Welcome everyone, and thank you for joining us today. I'm joined on today's call by Solid Power's President and Chief Executive Officer, John Van Scoter, and Chief Financial Officer, Linda Heller.

A copy of today's earnings release is available on the Investor Relations section of Solid Power's website, www.solidpowerbattery.com.

I'd like to remind you that parts of our discussion today will include forward-looking statements as defined by U.S. Securities Laws. These forward-looking statements are based on Management's current expectations and assumptions about future events and are based on currently available information as to

the outcome and timing of future events. Except as otherwise required by applicable law, Solid Power disclaims any duty to update any forward-looking statements to reflect future events or circumstances.

For a discussion of the risks and uncertainties that could cause actual results to differ materially from those expressed in today's forward-looking statements, please see Solid Power's most recent filings with the Securities and Exchange Commission, which can be found on the Company's website at www.solidpowerbattery.com.

With that, let me turn it over to John Van Scoter.

John Van Scoter

Thank you, Melanie, and thank you all for joining us. Twenty-twenty-four was an important year for Solid Power as we made progress across the business. On the electrolyte front, we increased our sampling activity, including to new potential customers, and opened our state-of-the-art electrolyte innovation center, or EIC. We significantly expanded our relationship with long-time partner SK On and grew our Korean presence by adding business development and program management capabilities. We continued to collaborate with BMW and Ford on cell development and extended our JDAs with both partners.

We were able to accomplish all this in a difficult macro environment, with slower than expected EV sales and many OEMs and battery manufacturers projecting commercial adoption of solid-state battery cells in the late 2020s or early 2030s.

Before I dive into 2024 results, I want to remind everyone of where we view Solid Power in the battery industry and why we believe we are positioned to be a leader in deploying solid state technologies, both here in the U.S. and abroad. Our core technology is a sulfide-based solid electrolyte material, which replaces the liquid or gel electrolyte used in traditional lithium-ion battery cells. We are pursuing a sulfide-based approach because we believe this class of electrolytes has the best-known balance of the ability to move lithium ions quickly and allow cells to be produced on industry-standard roll-to-roll manufacturing equipment. Unlike other solid-state approaches, we believe using a sulfide-solid electrolyte will allow conventional lithium-ion manufacturers to leverage existing processes and know-how to transition to solid-state cells.

We believe our electrolyte technology has the potential to enable a step-change improvement in battery performance beyond what is currently achievable in conventional lithium-ion battery cells, including improved energy density, battery life and safety performance. We are currently targeting the battery electric vehicle market due to its size and perceived demand, though we see no reason that solid state technologies cannot be deployed in a wide range of markets once the technology matures.

Our in-depth knowledge of both electrolyte materials and cell development is a key differentiator for Solid Power. We think it is critical to have a cell level understanding when developing materials that will be incorporated into a cell. We have been deliberate in developing that capability from our early days as a company. To further our business, we have built a world-class team of electrolyte and cell scientists and engineers. We also operate two pilot manufacturing facilities in Colorado, one focused on electrolyte and the other on cell. We believe having strong electrolyte and cell teams and state-of-the-art equipment allow us the opportunity to enable disruption in the battery market.

In addition to our electrolyte, we design and develop cells to improve the performance of our electrolyte and support our partners' cell development programs. Our work on early-stage development, electrolyte materials and the feedback loop with our partners has been very important in advancing our technology and refining our focus. Our commercialization strategy is to manufacture and sell our electrolyte to Tier 1 battery manufacturers and automotive OEMs that choose to produce their own cells.

We also intend to pursue licensing arrangements for our cell manufacturing processes and cell designs. This business model distinguishes us from companies who are, or plan to be, commercial battery manufacturers and allows us to focus on our core strength of electrolyte development and production. Since we do not plan to produce commercial battery cells, we expect to have significantly lower capital requirements than cell manufacturers. We believe our capital-light business model, focused on electrolyte development supported by in-house cell design, is unique in our industry and provides a compelling business model moving forward.

I'll now provide some details on our accomplishments for 2024, beginning with electrolyte. In 2024 we increased our electrolyte sampling program, shipping to new and repeat potential customers, with the majority of volume going to Asian Tier 1 cell manufacturers and automotive OEMs. These samples have yielded constructive feedback that we are using to improve our electrolyte. We believe improved production capabilities and continued robust customer sampling will ultimately drive commercialization of our electrolyte.

In support of these sampling efforts and continued development of our electrolyte, we commissioned our state-of-the-art Electrolyte Innovation Center, or EIC, in 2024. We use the EIC, which is designed for flexibility, to develop and test production processes at the smaller scale prior to transferring those learnings to our pilot electrolyte manufacturing lines, with the goal to improve the performance, manufacturability and cost of our electrolyte and precursor materials.

In September 2024, we were selected by the U.S. Department of Energy for a grant of up to \$50 million to install the first globally known continuous manufacturing process of sulfide-based solid electrolyte materials for advanced all-solid-state batteries and expand our electrolyte production capabilities. We view our selection for funding as validation of the promise sulfide-based all-solid-state batteries hold. The expansion is designed to further our technology roadmap and support anticipated small volume programs of current and future customers as they begin to transition from traditional lithium-ion to solid-state battery technology.

In January 2025, we and the DOE entered into an agreement, which formalized the terms of the grant. Our cost share under the DOE agreement is \$60 million. There is some uncertainty regarding the timing of funding under the agreement due to the January 2025 Executive Order that paused disbursements of funds, pending further review. We are keeping in contact with the DOE and hope to have some certainty around the funding in the coming months.

Moving on to our partner developments. We deepened our relationship with SK On, one of the largest battery manufacturers in Korea, and top 10 in the world, at the beginning of 2024 by signing three agreements: a research and development license, a line installation agreement and an electrolyte supply agreement. With these agreements, we are supporting SK On's efforts to develop solid-state cells based on our technology and operate a solid-state pilot line that we designed to use our electrolyte. Throughout 2024 we executed on our milestones as we prepare to install the line at SK On later this year. We believe the breadth of work we are doing with SK On is unique and validates both our technological acumen and long-term potential as an electrolyte materials supplier.

In 2024 we extended our joint development agreements with BMW and Ford. Under the JDAs, we have been working with each of them to improve our cell technologies and pilot scale manufacturing. After delivering A-1 cells in late 2023, we shifted our focus to improving the cell design for incorporation into A-2 cells. During 2024, we made progress on multiple cell designs that we expect will improve cell performance as compared to our A-1 cells, but we have not yet reached a determination as to a consolidated A-2 build.

We also made improvements to our production processes that we believe will allow us to produce higher quality prototype cells. We worked collaboratively with BMW to enable them to utilize our learnings as they work to bring on-line their own solid-state cell development capabilities.

Finally, in 2024 we expanded our presence in Korea, establishing a home base for driving further engagement across the peninsula with potential customers, vendors, government-funded research institutes and others at the forefront of battery technology development. With our growing relationships in Asia, along with strong potential customer base, we are excited for what our future could be in Korea.

I'll now turn it over to Linda to discuss our financial results. Linda?

Linda Heller

Thank you, John. We achieved our financial objectives for the year in terms of both revenue recognized and cash flow investment, which is comprised of cash flow from operations plus capital expenditures. In 2024, we generated revenue of \$20.1 million, a \$2.7 million or 16% increase compared to our 2023 revenue of \$17.4 million, and slightly above our guidance range of \$16 million to \$20 million. This increase was driven primarily by the SK On Agreements, with strong execution on the line installation agreement and completion of key steps in the transfer of our technology, accounting for \$11.8 million of our 2024 revenue.

Operating expenses were \$125.5 million for the year, an increase of \$17.5 million compared to 2023. This increase was driven by higher research and development costs to improve the performance of our electrolyte and cell designs, electrolyte production, equipment purchases in support of the SK On agreements, and scaling of operations including establishing Korean operations.

Operating loss was \$105.3 million and net loss was \$96.5 million, or \$0.54 per share. Twenty-twenty-four capital expenditures totaled \$15.9 million, which were primarily investments in our electrolyte development and production capabilities, including the build out of the EIC.

Turning to our balance sheet and liquidity, during 2024, we invested \$63.9 million into operations and \$15.9 million into CapEx, bringing our total cash investment to \$79.8 million. This was below our guidance range of \$100 million to \$120 million. During the year, we ensured that we were prioritizing projects and outlays to preserve cash runway while still meeting our goals and objectives. As a result of our lower spend, we ended the year with total liquidity of \$327.5 million.

Moving on to guidance, for 2025, we expect cash investment, representing cash used in operations and capital expenditures, to be in the range of \$100 million to \$120 million, excluding any benefit from the DOE grant. We anticipate that our most significant capital expenditures in 2025 will relate to facility engineering and construction of a third pilot electrolyte line using a continuous manufacturing process, as well as improvements to cell development capabilities. We expect 2025 revenue to be consistent with or higher as compared to 2024, however we are not providing a range.

This guidance reflects our continued efforts to balance the investments required to develop and commercialize our electrolyte while managing spend and maintaining financial discipline to increase our cash runway in the context of overall market signals.

I will now turn it back to John for some final thoughts.

John Van Scoter

Thank you, Linda. Solid Power's key 2025 focus is on continuing to develop demand for our electrolyte through aggressive sampling and exploring additional partnership opportunities. In 2024, multiple new and repeat potential customers requested samples of our electrolyte, and we sampled a greater quantity of electrolyte in 2024 than 2023. We believe this is largely due to Tier 1 cell manufacturers and OEMs coalescing around sulfide solid-state batteries as the preferred solid state cell architecture of the future, and we view this as a validation of our intended business model. We are encouraged by the number of entities engaging in sulfide-based solid-state development.

As we respond to sampling requests, we are seeing a variety of approaches to cell designs and manufacturing processes. This has led us to increase our focus on developing a deeper understanding of how our electrolyte affects certain cell performance parameters, whether in our cell designs or in others. We believe this can give Solid Power a competitive advantage and drive commercialization of our electrolyte, compared to electrolyte producers that do not have the same level of experience and competence that we have with cells.

During 2025, we will focus our cell development teams, primarily on supporting the development efforts of our electrolyte team. This continues the natural progression for our business as other companies have expanded their solid-state cell capabilities and now have a need for high-performing, high-quality electrolyte material. Remember, our business model is to supply electrolyte to these cell developers, not to compete with them on the cell front.

By pursuing this strategy, we will decrease the amount of internal cell development we undertake in the short-term, including scaling back on significant cell manufacturing as part of the automotive qualification process. This is driven by our view that our best path to success is to enable worldwide cell development with our electrolyte and help accelerate the adoption of solid state technologies. However, to be clear, we do still intend to work closely with our partners, including Ford and BMW, under their respective JDAs. We believe this strategy gives Solid Power the best opportunity to be the electrolyte supplier of choice to Tier 1 cell manufacturers and OEMs that choose to produce their own cells.

As we embark on another year, and with an evolving landscape in mind, we are outlining the following additional operational goals for 2025. First, we will continue to execute on our electrolyte development roadmap, including creating a continuous manufacturing process, by beginning facility engineering and construction of a third pilot line at SP2. We currently anticipate the continuous process pilot line to be commissioned in mid-2026 time frame.

In addition, we will continue to work to drive demand for our electrolyte. We currently have significant production capability, which we believe differentiates us from our competition. With the EIC coming online, we expect to be even more flexible and responsive to customer requirements and further demonstrate our leadership position in this industry.

Next, we plan to execute our partner commitments, specifically the SK On line installation. This is a significant undertaking that requires strong coordination between the Solid Power and SK On teams. As I mentioned, this relationship is unique for us as we have been working to enable SK On's efforts to develop solid-state cells based on our technology and operate a solid-state pilot line that we designed, to be used with our electrolyte. I am encouraged by the progress to date, and I look forward to the line being installed at SK On's facility later this year to begin validation efforts.

Finally, we expect to maintain financial discipline while ensuring ongoing investments in technology development and production capabilities.

I would like to thank our employees, partners and stakeholders for their loyalty and dedication. I am energized by our strategy and look forward to a year of technology and customer progress.

We will now take your questions. Operator?

Operator

Thank you. We will now begin the question-and-answer session. To ask a question you may press star, then one on your telephone keypad. If you're using a speakerphone please pick up your handset before pressing the keys. To withdraw your question please press star, then two. At this time we'll pause momentarily to assemble our roster.

Today's first question comes from Chris Pierce at Needham. Please go ahead.

Chris Pierce

Hey. Good afternoon, everyone. Good to hear from you guys. Just two for me. I guess, if we think about '24 and '25, you sort of laid it out there, but what should we be listening for to '25? Is it new partnership on electrolyte? Is it more back and forth between existing partners and then taking larger sized samples? Like what's the right kind of path forward or what should we be listening for as we work through 2025?

John Van Scoter

Hi, Chris. Good to hear from you again. I think you'll see some of both of those from us. There will continue to be some back and forth, but I think you can expect that there will be larger quantities that will be ordered from existing customers that we've been sampling through '24.

Chris Pierce

Okay. I know it's hard to keep track of all the headlines in the industry, but if you see things like Mercedes, 621 miles of range just out this week, is that sort of—should we take that as industry momentum at the OEM level, and that's why you're prioritizing the electrolyte side of the business, or is it—I guess I just don't want to conflate two things that aren't related. I'd just love for you to go a little deeper on the decision to kind of give final comments on moving forward maybe a little bit with a heavier leverage towards electrolyte sampling.

John Van Scoter

Yes. First of all, as you know Chris, electrolyte and the capital light model has always been our core business. We've carried the flag on cell development for a number of years really to get the industry jump started, if you will. In our strategic assessment looking at '25, we saw a number of people based on the sampling activities we had in '24 largely, that people had picked up that flag and they were starting to carry it at an increased pace. That was a lot of what was behind us saying, all right, we've got it to this point, let's get back to our core business model and let's really, really innovate around the electrolytes to make the cell performance of those end customers the best it can be.

Relative to industry announcements, anything that comes out that progresses, demo cars or other developments, we welcome. The industry is so nascent at this point that we would welcome any of those kind of advances going forward.

Chris Pierce

Okay. Thanks for the time and good luck.

Operator

Thank you. As a reminder if you would like to ask a question, please press star, then one at this time. We will pause for just a moment to assemble our roster.

Our next question today comes from Mike Shlisky with D.A. Davidson. Please go ahead.

Michael Shlisky

Yes. Hi. Good afternoon. One quick one for me, about tariffs, on shipping things that are supposed between countries. I know it's mostly Korea and there's some Europe in there as well. But I guess I'm kind of curious, first of all, are the materials that are in your formula currently sourced mostly within The United States or

non-tariff countries? Maybe secondly, are there any cost issues when talking about tariffs for the 2025 business year? Thank you.

John Van Scoter

Yes. We source from around the globe. We're still assessing what all of the tariff potentials will be and will adjust accordingly as we go forward. But I would say that, we are very well diversified. Yes, we have U.S. suppliers for precursors and equipment, but we do get both precursors and equipment from Korea, as well as from Europe. We're monitoring the situation. As you know well, it's a very dynamic situation and we'll make adjustments accordingly. But I think at this point, we're very well-diversified in terms of continuing the business moving forward.

Michael Shlisky

Thank you.

Operator

Thank you. This concludes our question-and-answer session. I'd like to turn the conference back over to John Van Scoter for closing remarks.

John Van Scoter

Thank you for joining the call today and for your interest in Solid Power. We look forward to updating you again next quarter.

Operator

Thank you. The conference has now concluded. We thank you all for attending today's presentation. You may now disconnect your lines and have a wonderful day.