Eos Energy Enterprises

Q3 2024 Financial Results

November 06, 2024

Eos. Positively ingenious.

eos™

Disclaimer

Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding our expected revenue, contribution margins, orders backlog and opportunity pipeline for the fiscal year ended December 31, 2024, our path to profitability and strategic outlook, the tax credits available to our customers or to Eos Energy Enterprises, Inc. ("Eos") pursuant to the Inflation Reduction Act of 2022, the delayed draw term loan (the "DDTL") from an affiliate of Cerberus Capital Management, L.P. ("Cerberus"), milestones thereunder and the anticipated use of proceeds therefor, statements regarding our ability to secure final approval of a loan from the Department of Energy LPO, or our anticipated use of proceeds from any loan facility provided by the US Department of Energy, statements regarding the impact of future automation, statements regarding our bankability in 2025 and beyond and statements that refer to 2024 outlook, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are based on our management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to: changes adversely affecting the business in which we are engaged; our ability to forecast trends accurately; our ability to achieve the operational milestones under the DDTL; our ability to generate cash, service indebtedness and incur additional indebtedness; our ability to raise financing in the future; our customers' ability to secure project financing; the amount of final tax credits available to our customers or to Eos pursuant to the Inflation Reduction Act, uncertainties around our ability to meet the applicable conditions precedent and secure final approval of a loan, in a timely manner or at all from the Department of Energy, Loan Programs Office, or the timing of funding and the final size of any loan that is approved; the possibility of a government shutdown while we work to meet the applicable conditions precedent and finalize loan documents with the U.S. Department of Energy Loan Programs Office or while we await notice of a decision regarding the issuance of a loan from the Department of Energy Loan Programs Office; our ability to develop efficient manufacturing processes to scale and to forecast related costs and efficiencies accurately; fluctuations in our revenue and operating results; competition from existing or new competitors; the failure to convert firm order backlog and pipeline to revenue; risks associated with security breaches in our information technology systems; risks related to legal proceedings or claims; risks associated with evolving energy policies in the United States and other countries and the potential costs of regulatory compliance; risks associated with changes to U.S. trade environment; risks resulting from the impact of global pandemics, including the novel coronavirus, Covid-19; our ability to maintain the listing of our shares of common stock on NASDAQ; our ability to grow our business and manage growth profitably, maintain relationships with customers and suppliers and retain our management and key employees; risks related to the adverse changes in general economic conditions, including inflationary pressures and increased interest rates; risk from supply chain disruptions and other impacts of geopolitical conflict; changes in applicable laws or regulations; the possibility that Eos may be adversely affected by other economic, business, and/or competitive factors; other factors beyond our control; risks related to adverse changes in general economic conditions; and other risks and uncertainties indicated in the company's most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K, including those under the heading “Risk Factors” therein, and other factors identified in Eos's prior and future SEC filings with the SEC, available at www.sec.gov. Eos cautions that the foregoing list of factors is not exclusive and not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Eos does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Industry and Market Data

In this presentation, we rely on and refer to information and statistics regarding market participants in the sectors in which Eos competes and other industry data. We obtained this information and statistics from third party sources, including reports by market research firms and company filings. We have not independently verified the accuracy or completeness of, and disclaim and liability with respect to, such third-party sources and the data therein that have been included in this presentation.

Trademarks

This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this presentation may be listed without the TM, SM © or ® symbols, but Eos will assert, the fullest extent under applicable law, the rights of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights. Znyth, Eos Znyth, and Eos Z3 are trademarks of Eos Energy Technology Holdings, LLC, wholly owned subsidiary of Eos Energy Enterprises, Inc

Key Metrics

Backlog. Our backlog represents the amount of revenue that we expect to realize from existing agreements with our customers for the sale of our battery energy storage systems and performance of services. The backlog is calculated by adding new orders in the current fiscal period to the backlog as of the end of the prior fiscal period and then subtracting the shipments in the current fiscal period. If the amount of an order is modified or cancelled, we adjust orders in the current period and our backlog accordingly, but do not retroactively adjust previously published backlogs. We believe that the backlog is a useful indicator regarding the future revenue of our Company.

Pipeline. Our pipeline represents projects for which we have submitted technical proposals or non-binding quotes plus customers with letters of intent (“LOI”) or firm commitments. Pipeline does not include lead generation projects.

Booked Orders. Booked orders are orders where we have legally binding agreements with a Purchase Order (“PO”) or Master Supply Agreement (“MSA”) executed by both parties.

Non – GAAP Financial Measures

To provide investors with additional information regarding our financial results, we have disclosed in this earnings presentation non-GAAP financial measures, including adjusted EBITDA and adjusted earnings per share (EPS), which are non-GAAP financial measures as defined under the rules of the SEC. These non-GAAP financial measures should be considered supplemental to, not a substitute for, or superior to, the financial measures of the Company's calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company believes adjusted EBITDA, and adjusted EPS are useful measures in evaluating its financial and operational performance distinct and apart from financing costs, certain non-cash expenses and non-operational expenses.

We believe that non-GAAP financial information, when taken collectively may be helpful to our investors in assessing its operating performance. There are a number of limitations related to the use of these non-GAAP financial measures and their nearest GAAP equivalents. For example, the Company's definitions of non-GAAP financial measures may differ from non-GAAP financial measures used by other companies. Below is a description of the non-GAAP financial information included herein as well as reconciliations to the most directly comparable GAAP measure. You should review the reconciliations below but not rely on any single financial measure to evaluate our business.

Adjusted EBITDA is defined as earnings (net loss) attributable to Eos adjusted for interest expense, income tax, depreciation and amortization, non-cash stock-based compensation expense, change in fair value of debt and derivatives, debt extinguishment, and other non-cash or non-recurring items as determined by management which it does not believe to be indicative of its underlying business trends. Adjusted EPS is defined as GAAP net loss per common share as adjusted for non-cash stock-based compensation expense change in fair value of debt and derivatives and debt extinguishment per common share.

Operating Highlights

Commercial Pipeline[1]
$14.2 billion
Representing ~59 GWh

Booked Orders[2]
$136.5 million
Representing ~0.5 GWh

Orders Backlog at 9/30[1]
$588.9 million
Representing ~2.3 GWh

Discharge Energy[3]
4.4 GWh
~4.0 GWh in the field

Q3 Revenue[4]
$0.9 million
Enclosure supply chain impact

Cash On Hand at 9/30[1 5]
$23.0 million
Excludes ~$65m Cerberus draw

(1) Numbers shown as of 9/30/2024
(2) For the nine months ended 9/30/2024
(3) Numbers shown as of 10/24/2024
(4) For the three months ended 9/30/2024
(5) Not inclusive of $7.6 million restricted cash

Recent Accomplishments

Strategic investment milestones achieved; large order secured post 3Q close

Cerberus Milestones

- ✓ *Achieved August and October milestones*
- ✓ *Additional $65 million funded post 9/30*
- ✓ *Achieved battery cycle times < 10 seconds with first pass yield > 97%*
- ✓ *Exceeded cost-out milestone target*

Commercial Momentum

- ✓ *216 MWh purchase order with City Utilities of Springfield, Missouri*
- ✓ *$75m orders booked across 2 customers*
- ✓ *Building full bankability offering*
- ✓ *Large utility pipeline strengthening*

Note: Amount funded excludes Original Issuance Discount

Operational Scale & Capacity

Delivering on Cost-Out & Optimizing Production Ramp

Driving improvements to yield quality product with faster throughput

Q3 Cost-Out Progress

Targeting 80% reduction from Z3 launch to scale

Direct Materials

42% improvement from Z3 launch; ahead of plan

80% direct materials target achieved & locked-in

Direct Labor

77% improvement from Z3 launch

41% lower than Q1 with **8% higher battery production** & **24% more energy output**

Manufacturing Overhead

25% improvement from Z3 launch with **39%** more depreciation costs from automated battery line

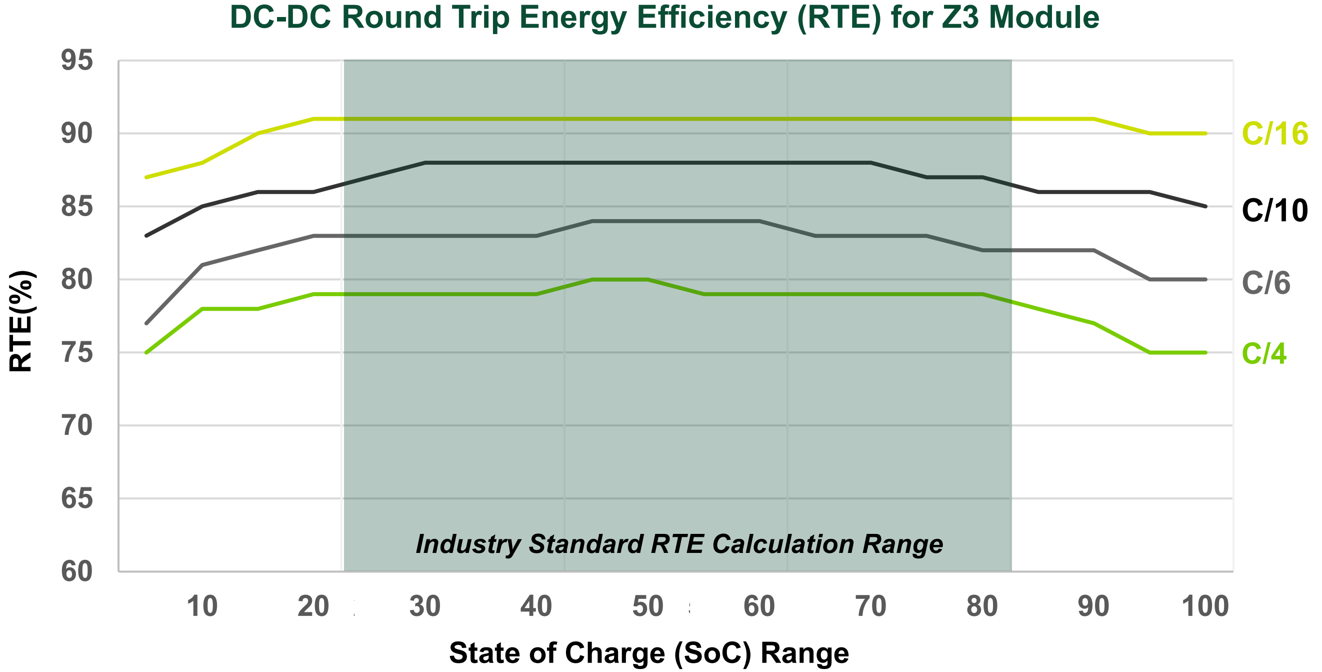
Mfg. Process	1 Subassembly Process	2 Battery Manufacturing	3 Containerization
Current Status	*Semi-automated assembly* *70% test yield improvement*	*Achieved 10 sec cycle times* *Exceeded 97% first pass yield*	*Slower supplier ramp-up for new inline enclosure*
Focus Areas	*Increase current process throughput & yield* *Implementing automation to enable ~2+ GWh output*	*Simplify operator controls to increase line availability* *Enhance conveyer traffic management & robot programming*	*Proactively diversifying supplier base* *Implementing cube assembly automation to increase output by 5X*
Profitability Impact	*~57% lower direct labor costs with additional automation*	*Volume improves manufacturing overhead absorption*	*Q3 enclosure constraint significantly impacting 2H revenue*

Efficiency level

Commercial Growth

Strengthening the Value Proposition

Now quoting RTE in alignment with industry standards



- ✓ **78-91% RTE** operating in the **20-80-20% SoC** window
- ✓ RTE **increases** at **lower operating power**, **longer discharge duration**
- ✓ **Full depth of discharge** at **slightly lower RTE** with **no impact** on **degradation**

Proving operating flexibility

Building a Full Bankability Offering

1

Extending Warranty & Launching Suite of Insurance Products

Technology Performance Guarantee, ITC Bridge & Clawback, Surety Bonds

2

Critical Third-Party Validation

Cerberus & DOE Due Diligence, BNEF Tier 1, Refreshing DNVGL Bankability, UL Certifications

3

Ability to Deliver Large Scale Projects

4.0+ GWh of discharged energy in the field, state-of-the art manufacturing line increasing throughput

Current Commercial Activity

Total pipeline increased ~$0.4B from prior quarter

Lead Generation [1 2]	Commercial Opportunity Pipeline - $14.2B [1]			Backlog [1]
	Active proposals		LOI / Firm commitments	
$9.9B ~38 GWh	**$2.7B** ~10 GWh **Technical proposal**	**$9.8B** ~42 GWh **Non-binding quote**	**$1.7B** ~7 GWh	**$588.9M** ~2.3 GWh

2.2 GWh in late-stage approvals. Awaiting grant awards, shortlisted project closure, and final contracting with Eos technology

Recent 216 MWh City Utility order not included

Change vs. prior quarter

Lead Generation	Active proposals	LOI / Firm commitments	Backlog
~5%	~1%	23%	~0.4%
✓ Feasibility study ✓ Develop project plan ✓ Monitor regulations	✓ Clear project requirements ✓ Gather customer specs ✓ Analyze use cases ✓ Commercial & technical proposal	✓ Finalize commercial terms ✓ Contract negotiation ✓ Letter of intent ✓ Open closing conditions	✓ Binding agreement ✓ Open closing conditions ✓ Purchase orders and/or MSA with down payment

(1) Numbers shown as of 9/30/2024
(2) Lead generation numbers not included in the Company's reported pipeline

Financial Results & Forecast

Enhancing Capital Flexibility

$170m drawn from delayed draw term loan with additional capital for expansion

Cerberus Delayed Draw Term Loan		Cerberus Revolver	DOE Loan
$170m	**$40.5m**	**$105m**	*Expected to be less than* **$398.6m**
Funded to date	***January 31***	***To be funded at Cerberus discretion***	***Expansion program lower than initial forecast***
Funds ongoing production expansion under Project AMAZE	*Dependent on achievement of performance milestones*	*Added flexibility in the event it's needed*	*Lowers cost of capital*

Sufficient capital expected to deliver profitable growth

Third Quarter 2024 Financials

($ in millions)	Q3 2024	Q3 2023
Revenue	0.9	0.7
Gross Loss	(24.9)	(20.6)
Operating Expenses	28.4	17.3
Operating Loss	(53.3)	(37.8)
Net Income (Loss) Attributable to Shareholders	(342.9)	14.9
Non-GAAP Measures		
EBITDA (Loss)	(334.8)	26.6
Adjusted EBITDA (Loss)	(46.1)	(30.8)

Business Highlights

Revenue increased 25%, **lower than expectations**, attributable to **enclosure supply chain impact**

COGS increased 21% driven by **larger projects in commissioning, $6.3 million lower of cost or market adjustment (LCM)** resulting from inventory balances

Operating loss includes $**18.4 million non-cash items** primarily LCM, stock-based compensation, depreciation & amortization, and PP&E write-off

Adjusted EBITDA loss increased 50% resulting from higher operating expense for auto line shakedown costs, Cerberus & DOE financing and legal fees and PP&E write-offs

Fiscal Year 2024 Outlook

Revised Revenue

Reducing FY 2024 revenue guidance due to the following:

$15m

1. *Significantly below Q3 expectations attributable to enclosure supply chain*
2. *Enclosure supply chain timing and subassembly automation expected to have continued impact on Q4*

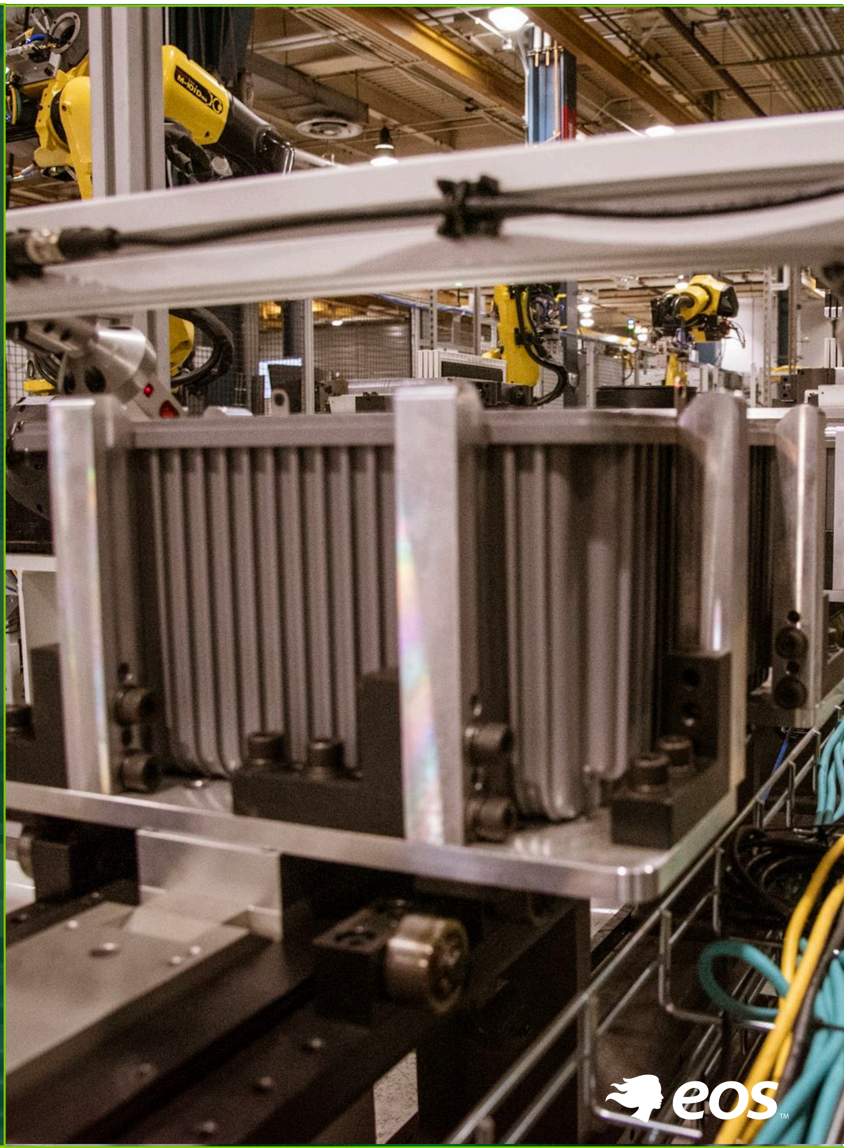
Contribution Margin

Positive by Year End

On track

Defined as sales price less direct labor, direct materials, and includes the benefit of the production tax credits

Difference between prior and current guidance expected to be shipped and recognized in 1H 2025



APPENDIX

Financials

GAAP TO NON-GAAP RECONCILATION
UNAUDITED RECONCILATION OF NET LOSS TO ADJSUTED EBITDA
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net (loss) income	$ (342,866)	$ 14,932	$ (417,746)	$ (188,298)
add: Interest expense	5,424	9,443	22,969	47,671
(deduct) add: Income tax expense	(16)	13	17	25
add: Depreciation and amortization	2,691	2,165	5,259	7,316
EBITDA (loss)	(334,767)	26,553	(389,501)	(133,286)
add: Stock based compensation	6,142	4,456	10,940	10,123
add (deduct): Change in fair value of derivatives	279,503	(61,804)	331,737	25,919
add (deduct): Change in fair value of debt	3,036	—	3,276	—
(deduct) add: (Gain) loss on debt extinguishment	—	—	(68,478)	3,510
Adjusted EBITDA (loss)	$ (46,086)	$ (30,795)	$ (112,026)	$ (93,734)

Financials

GAAP TO NON-GAAP RECONCILATION
UNAUDITED RECONCILATION OF NET INCOME (LOSS) TO ADJSUTED EARNINGS (LOSS) PER SHARE

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income attributable to common shareholders	$ (384,133)	$ 14,932	$ (482,684)	$ (188,298)
add: Stock based compensation	6,142	4,456	10,940	10,123
add (deduct): Change in fair value of derivatives	279,503	(61,804)	331,737	25,919
add (deduct): Change in fair value of debt	3,036	—	3,276	—
add (deduct): (Gain) loss on debt extinguishment	—	—	(68,478)	3,510
Adjusted net loss attributable to common shareholders	**$ (95,452)**	**$ (42,416)**	**$ (205,209)**	**$ (148,746)**
Basic and diluted (loss) income per share attributable to common shareholders				
Basic	$ (1.77)	$ 0.11	$ (2.30)	$ (1.65)
Diluted	$ (1.77)	$ (0.05)	$ (2.30)	$ (1.65)
Basic and diluted adjusted earnings (loss) per share attributable to common shareholders				
Basic	$ (0.44)	$ (0.31)	$ (0.98)	$ (1.30)
Diluted	$ (0.44)	$ (0.26)	$ (0.98)	$ (1.30)
Weighted average shares of common stock				
Basic	216,898,374	138,005,222	209,820,480	114,209,090
Diluted	216,898,374	156,325,284	209,820,480	114,209,090