

# Eos Energy Enterprises

## Q2 2022 Financial Results

August 2, 2022



Eos. Positively ingenious.



# 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. The actual results of Eos Energy Enterprises, Inc. (“Eos”) may differ from its expectations, estimates and projections and consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “expect”, “estimate”, “project”, “budget”, “forecast”, “anticipate”, “intend”, “plan”, “may”, “will”, “could”, “should”, “believe”, “predict”, “potential”, “continue”, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from current expectations.

Factors that may cause such differences 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 generate cash, service indebtedness and incur additional indebtedness; our ability to raise financing in the future; 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 to revenue; risks associated with security breaches in our information technology systems; risks related to legal proceedings or claims; the outcome of any legal proceedings that may be instituted against Eos; 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; the ability to maintain the listing of Eos’s shares of common stock on NASDAQ; the ability of Eos’s business to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; changes in applicable laws or regulations; the possibility that Eos may be adversely affected by other economic, business, and/or competitive factors; 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](http://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.

## 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.

## 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. There is no comparable US-GAAP financial measure for backlog. 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.

# Operating Highlights

Opportunity Pipeline<sup>1</sup>

**\$7.0 billion**

representing 27 GWh

Booked Orders<sup>2</sup>

**\$324.7 million**

representing 1.3 GWh

Orders Backlog<sup>1</sup>

**\$457.3 million**

representing 1.9 GWh

Discharge Energy<sup>3</sup>

**541 MWh**

with 2.5+ million operating cycles

Revenue<sup>4</sup>

**\$5.9 million**

with 91% total battery yield &  
536 MWh annualized capacity<sup>5</sup>

Cash On Hand<sup>1</sup>

**\$16.3 million**

closed \$85 million senior  
secured term loan

(1) Numbers shown as of 6/30/2022

(2) For the six months ended 6/30/2022

(3) Numbers shown as of 7/29/2022

(4) For the three months ended 6/30/2022

(5) Annualized capacity estimated as of 6/30/2022



# The energy storage market is primed for growth

**Inflation Reduction Act includes 30% ITC for energy storage + 10% for domestic producers<sup>1</sup>**

*The New York Times*

## ***Surprise Deal Would Be Most Ambitious Climate Action Undertaken by U.S.***

The announcement Wednesday of an agreement in the Senate almost instantly reset the role of the United States in the global effort to fight climate change.<sup>2</sup>

“ [California Energy Commission]...to provide financial incentives for projects ... capable of reaching a target of at least 8 hours of continuous discharge of electricity<sup>3</sup>

Eos' domestic manufacturing facility & supply chain stands to benefit from federal tax incentives

Eos technology is designed for flexible 3-12 hour use cases

**International markets accelerating as a result of aggressive energy policy**

“

India's grid storage sector a big driver for forecasted 260GWh of annual battery demand by 2030<sup>4</sup>

Ambitious European net-zero targets, cutting dependency on Russian fossil fuel, regulatory change and growing investor confidence will unlock 42GW of vital energy storage capacity<sup>5</sup>

Eos has a modular supply chain that allows us to grow quickly anywhere

Eos has existing operations & business relationships in India & Europe

**Global supply chain constraints impacting competitors**

“

The two-level problem comprises logistical problems arising as a knock-on effect of the pandemic... alongside the ongoing demand-driven undercurrent of raw material prices soaring<sup>6</sup>

Eos' domestic supply chain reduces volatility & risk

**Li-ion raw material shortages & price increases**

“

Lithium...could see technical supply deficits this year...lithium carbonate prices have risen from \$5,000 per ton in July 2020 to about \$70,000 per ton in July 2022<sup>7</sup>

Eos supply chain does not rely on constrained elements such as lithium

(1) <https://www.democrats.senate.gov/inflation-reduction-act-of-2022>  
(2) <https://www.nytimes.com/2022/07/28/climate/climate-change-deal-manchin.html>  
(3) <https://www.jdsupra.com/legalnews/effective-immediately-california-energy-3425623/>

(4) <https://energy.economictimes.indiatimes.com/news/power/seci-issues-tender-for-500-mw-battery-energy-storage-systems/90880641>  
(5) <https://www.woodmac.com/news/opinion/europes-grid-scale-energy-storage-capacity-will-expand-20-fold-by-2031/>  
(6) <https://www.energy-storage.news/overcoming-the-great-disconnect-in-the-battery-storage-supply-chain/>  
(7) <https://spotlight.bloomberg.com/story/battery-metals-outlook/page/7>

# Commercial Pipeline & Orders Backlog



# Current Commercial Activity<sup>1</sup>

Total booked orders in Q2 '22 ~4x higher than Q1 '22

Lead generation	Current pipeline		LOI / Firm commitments	Booked orders H1 2022
	Active proposals			
<p><b>\$6.2B</b> 29GWh</p> <p>↑ \$876MM vs. Q1'22 earnings</p> <ul style="list-style-type: none"> <li>✓ Feasibility study</li> <li>✓ Develop project plan</li> <li>✓ Monitor regulations</li> </ul>	<p><b>\$1.8B</b> 7GWh</p> <p><b>Technical proposal</b></p> <p>↑ \$359MM vs. Q1'22 earnings</p> <ul style="list-style-type: none"> <li>✓ Clear project requirements</li> <li>✓ Gather customer specs</li> <li>✓ Analyze use cases</li> <li>✓ Commercial &amp; technical proposal</li> </ul>	<p><b>\$4.3B</b> 16GWh</p> <p><b>Non-binding quote</b></p>	<p><b>\$0.9B</b> 4GWh</p> <p>↑ \$480MM vs Q1'22 earnings</p> <ul style="list-style-type: none"> <li>✓ Finalize commercial terms</li> <li>✓ Contract negotiation</li> <li>✓ Letter of intent</li> <li>✓ Open closing conditions</li> </ul> <p><b>Customer next steps</b></p> <ul style="list-style-type: none"> <li>+ Acquire land rights</li> <li>+ Negotiate financing</li> <li>+ Establish interconnections</li> </ul>	<p><b>\$324.7MM</b> 1.3GWh</p> <p>↑ \$258MM vs. Q1'22 earnings</p> <ul style="list-style-type: none"> <li>✓ Binding agreement</li> <li>✓ Open closing conditions</li> <li>✓ MSA or PO w/down payment</li> </ul> <p><b>Eos next steps</b></p> <ul style="list-style-type: none"> <li>+ Manufacture batteries</li> <li>+ Ship and install system</li> <li>+ Monitor performance</li> </ul>

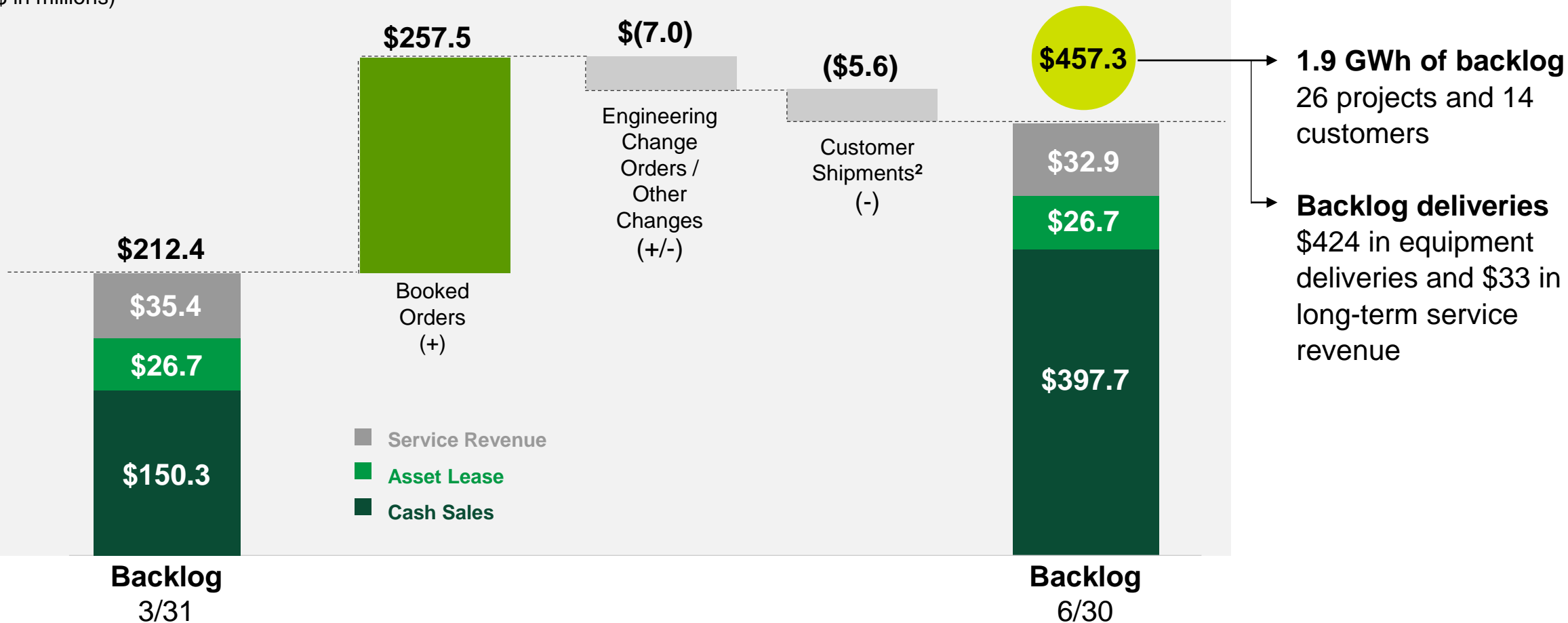
6 (1) Numbers shown as of 6/30/2022, except for booked orders which is for the six months ended 6/30/2022



# Current Orders Backlog

## Backlog progress<sup>1</sup>

(\$ in millions)



7 (1) Backlog as of 6/30/22 and is a roll-forward period-to-period  
 (2) Customer Shipments represent customers shipped from facility; Independent of revenue recognition

# Operational Excellence





# Q2 Operational Milestones

Continued rapid growth as a fully operational company delivering to customers



**500+ MWh**

Eos Zynth™ Energy Block cumulative lifetime energy discharged<sup>1</sup>

**100<sup>th</sup>**

Energy Block shipped in April

**20,000<sup>th</sup>**

Battery module produced and shipped in June

**536 MWh**

Annualized capacity, increasing 70% from Q1 2022

**24%**

Product cost out<sup>2</sup> (input basis)

9 (1) Includes energy discharged in the field, factory, and lab as of 6/30/2022  
(2) Estimated per-unit energy block cost reduction from baseline cost at 12/31/2021 to 6/30/2022 (Source: Company's BOM analysis)

# Continuing to Build Operational Excellence



## Increasing Operational Scale<sup>1</sup>

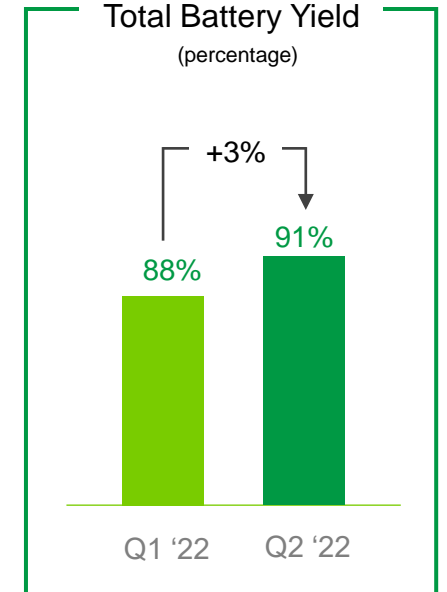
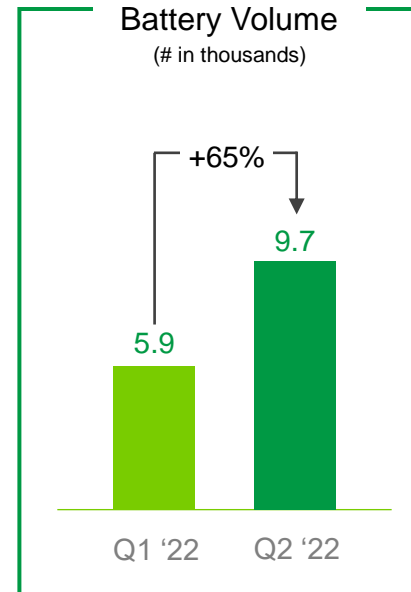
**2x** Increase in welder capacity

**66%** Sequential increase in Energy Block output

## Improving Operating Performance<sup>1</sup>

**17%** Battery weld cycle time reduction

**24%** Product cost out (input basis)<sup>2</sup>

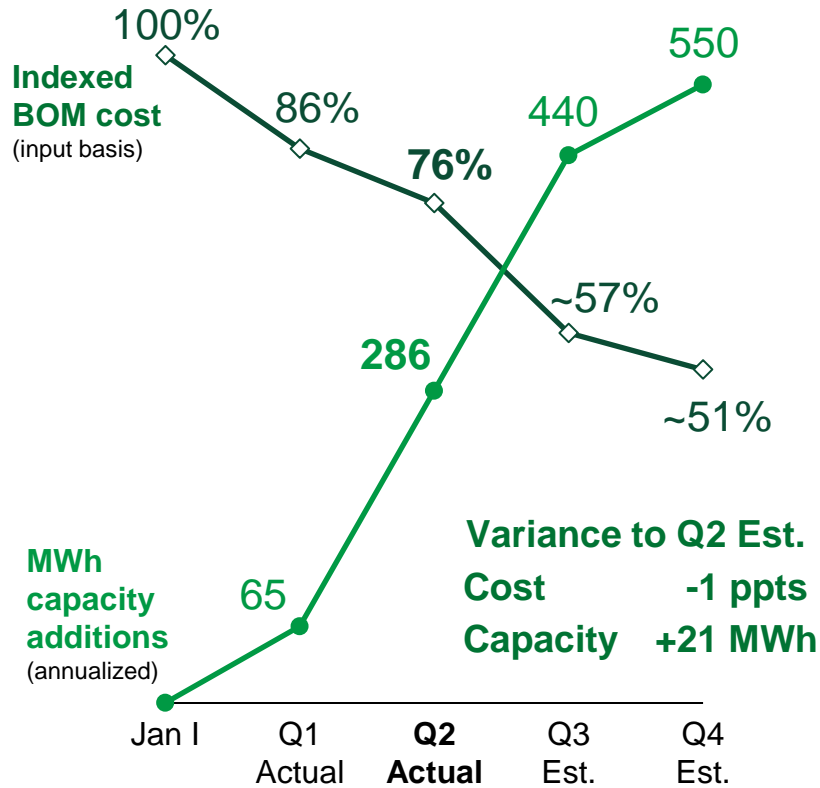


(1) All comparisons are sequential quarterly comparisons from Q1 '22 to Q2 '22, except for welder capacity and product cost out which is compared to 12/31/2021  
10 (2) Estimated per-unit energy block cost reduction from baseline cost at 12/31/2021 to 6/30/2022 (Source: Company's BOM analysis)



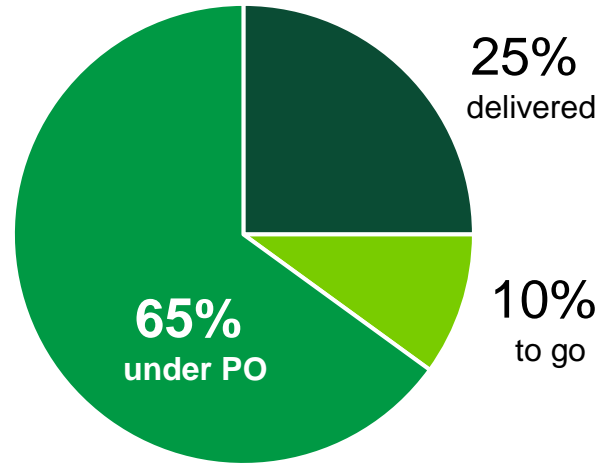
# Continued Progress

Rapidly reducing cost with production scale, design, and sourcing...



...while continuing to lock in material pricing & capacity

## 2022 Material Requirements



- Volume discounts/tiered pricing
- Strategic supplier agreements
- Managing delivery risk

...Delivered a North America built enclosure at lower cost



~8% of total baseline cost

- Increases domestic sources, approaching 90% of total BOM
- Simplified design via value engineering with new partners
- Eliminates exposure to international shipping container volatility
- Moving to full production in August
- Co-developing Z3 enclosure

# Growing Energy Block Usage

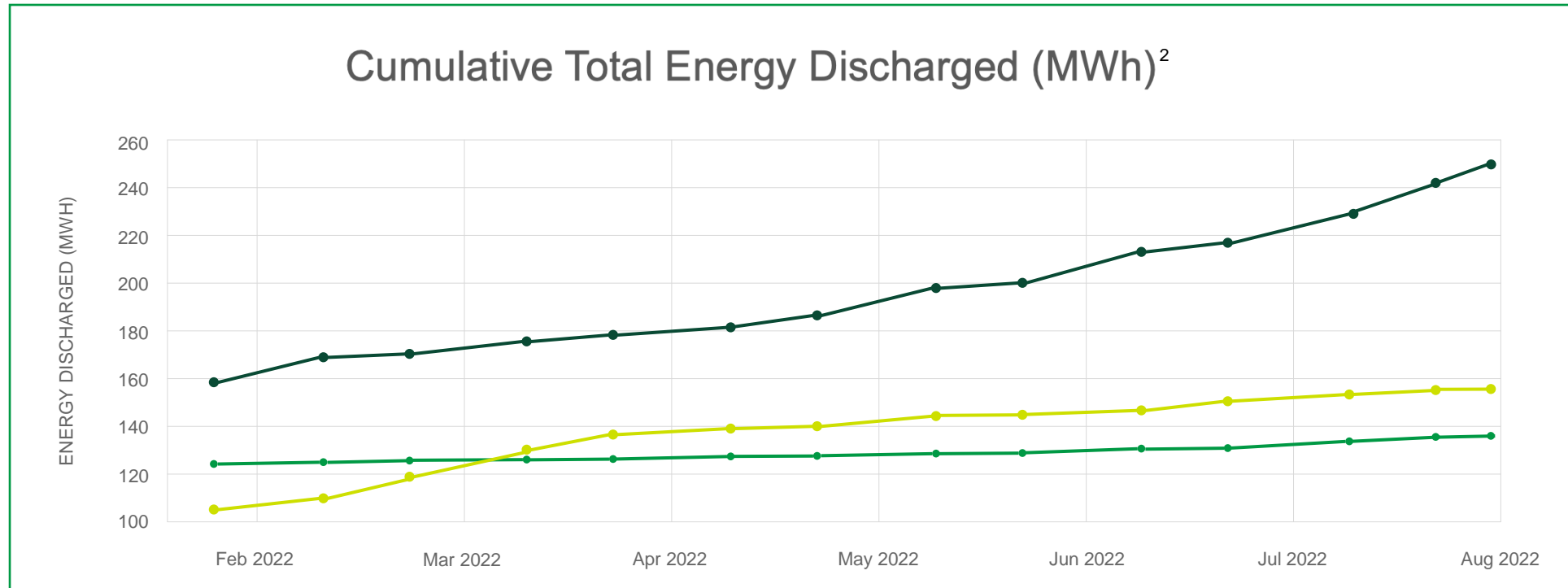
Energy discharged in the field accelerating quickly as projects continue to come online

**248.6 MWh**  
Field

**155.3 MWh**  
FAT<sup>1</sup>

**136.6 MWh**  
Lab

**540.5 MWh**  
TOTAL

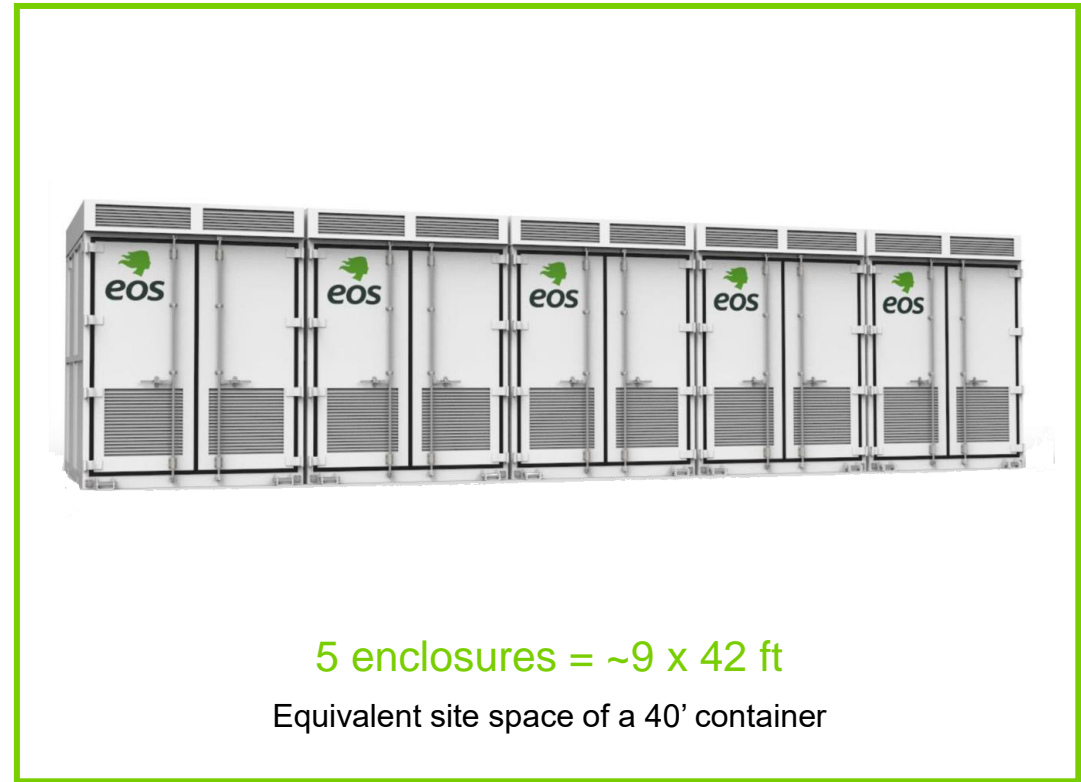


(1) Factory Acceptance Testing  
12 (2) Numbers shown as of 7/29/2022

# Developing a smaller, more powerful battery (Z3)

Same chemistry with a simpler mechanical design

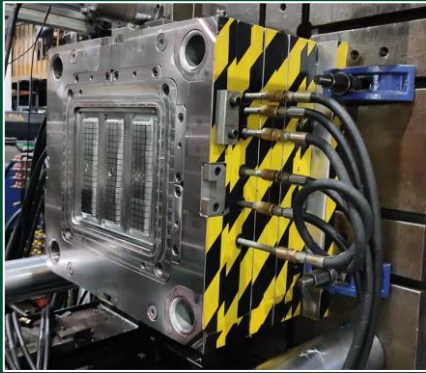
ILLUSTRATIVE



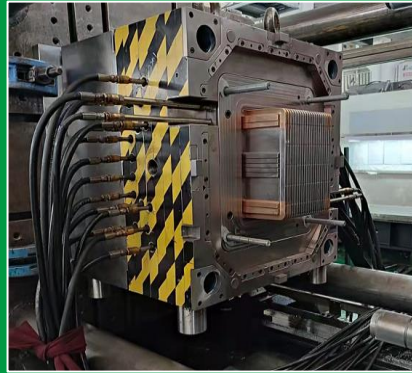
# Developing a smaller, more powerful battery (Z3)

Moving to manufacturing at scale

Module Lid



Module Box



Electrode



Z3 Module



- ✓ Completed FEA modeling for module mechanical design

- ✓ Electrode insertion force testing underway and fixtures for electrode insertion designed

- ✓ Optimized processing parameters for electrode assembly

- ✓ Began 50°C elevated temperature testing

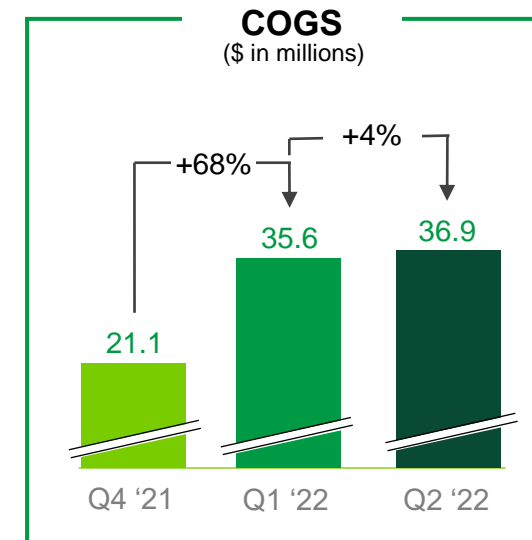
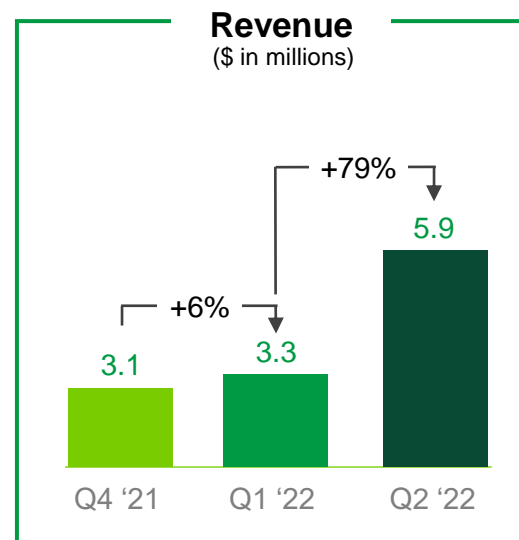


# Financial Results & Forecast



# Second Quarter 2022 Eos Income Statement

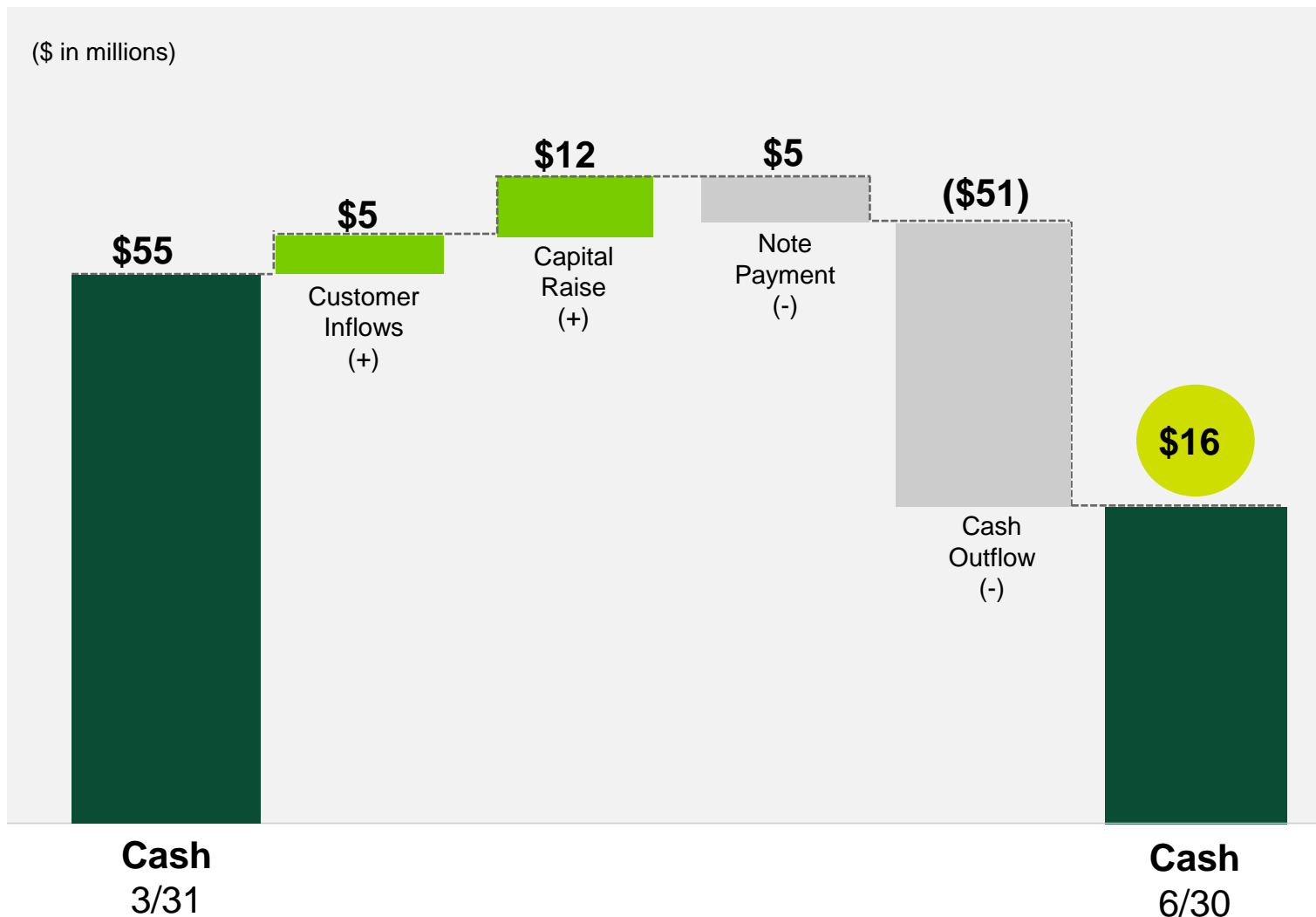
\$ in millions	Q2 2022	Q1 2022
<b>Revenue</b>	<b>5.9</b>	<b>3.3</b>
Cost of goods sold	36.9	35.6
<b>Gross Profit</b>	<b>(31.0)</b>	<b>(32.3)</b>
R&D expense	5.5	5.0
SG&A expense	19.1	14.3
Loss from write-down of PP&E	2.0	-
Grant (income) / expense	(0.2)	0.2
<b>Operating Loss</b>	<b>(57.4)</b>	<b>(51.7)</b>
Interest expense, net	2.9	2.5
Change in fair value of warrants and derivatives	(4.2)	(8.3)
Other (income) / expense	0.6	(0.1)
<b>Net Loss</b>	<b>(56.7)</b>	<b>(45.8)</b>



## Business Highlights:

- + Business continues to scale as planned
- + Revenue increased **79%** vs. last quarter; TTM Revenue is **\$13 million**
- + COGS is flat vs. last quarter excl. \$1.2 million for contract losses
- + **>4x** operating leverage compared to prior period
- + R&D is slightly higher vs last quarter due to Z3 design & development
- + SG&A increased primarily due to performance-based fees of third party in conjunction with accelerated product cost-out and legal fees

# Q2 Cash Balance



## Q2 '22 Cash Outflow Detail:

- ~\$(30) Cost of Goods / Manufacturing
- ~\$(10) SG&A Expenses
- ~\$(3) Research & Development
- ~\$(6) Capital Expenditures
- ~\$(1) Financing Activities
- ~\$(5) Note Payment
- ~\$(1) Other

# Liquidity/Capital Resources & Opportunities

● Debt ● Equity ● Grant

## DIVERSIFYING CAPITAL STRUCTURE

**\$100M**

**SENIOR SECURED LOAN FACILITY**

Four-year, non-amortizing senior secured term loan with Atlas Credit Partners. \$85M funded with up to an additional \$15M, subject to lender consent.

**\$200M**  
Utilized: \$12.5M

**SEPA**

Standby Equity Purchase Agreement with Yorkville Advisors allows Eos to sell common equity at the time of Eos choosing during the two-year term of the agreement.

## ADDITIONAL OPPORTUNITIES

**\$TBD**

**DEPARTMENT OF ENERGY LOAN**

Project finance for manufacturing capacity expansion with future additional loans possible. Part II application submitted in Q2. Decision expected in 2H '22, and if approved, funding anticipated 60-90 days after approval.

**\$TBD**

**FEDERAL R&D GRANT**

R&D grant available through the Bipartisan Infrastructure Law, with \$6B in total grants available in \$50M or \$100M increments. Grant would be used to pay for advanced components of future generations of Eos batteries.

## S-3 REGISTRATION CAPACITY

**\$100M**

**REGISTRATION STATEMENT**

Effective S-3 “shelf” registration filed with the SEC for up to \$300 million of common stock, preferred stock and debt securities, \$200 million of which was used for the SEPA.

# Progress Against 2022 Company Commitments

## Increase Operational Scale

**800MWh**

Manufacturing capacity

- On track with annualized capacity est. 536 MWh at 6/30
- Equipment installation and commissioning

**\$25-35M**

Capex investment

- On plan
- '23 backlog acceleration

## Improve Operating Performance

**\$50M**

Revenue delivered from backlog

- Backlog secure
- Supply chain uncertainty

**90+%**

Total battery manufacturing yield

- Above target
- Working towards Six Sigma performance

## Accelerate Order Backlog Growth

~~\$400M~~  
**\$500M**

Total booked orders

- Booked \$325M 1H '22
- Increased annual commitment by \$100M

**\$80M**

Orders for recurring service & software revenue

- 20% total booked orders
- Lags new equipment orders