

# Eos Energy Enterprises

## Q3 2022 Financial Results

November 8, 2022



Eos. Positively ingenious.



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## 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.



# Opportunity to Capture Value for Customers & Shareholders

Focusing management attention and capital resources on Eos Z3™ product launch

## IRA incentivizes energy storage deployment for 10 years beginning in 2023



- ✓ **10-year** tax credit program creating long-term stability for customers & domestic manufacturers
- ✓ Up to **50%** cost savings for customers utilizing domestic content on qualified sites
- ✓ **\$45/kWh** manufacturing credit plus **10%** active electrode active materials tax credit; first 5 years of direct pay

## Eos demonstrated ability to produce & deploy storage systems at scale



- ✓ **258 Energy Blocks** shipped, including **80+ MWh** Pine Gate Eastover project and issued BMS version 1.9
- ✓ Discharged **640 MWh** cumulative energy to date, over 50% from assets in the field
- ✓ Expanded manufacturing and ramped supply chain in a very challenging and inflationary environment

## Confidence in Eos Z3 battery performance, design, and testing



- ✓ Same validated chemistry with new mechanical design for manufacturability
- ✓ Cost-effective and simple design with **50%** fewer cells and **98%** fewer welds per battery module
- ✓ Customer benefit of **2x energy density** per square foot with same safety and reliability

## Trading short-term capacity & revenue to create long-term shareholder value



- ✓ Worked in partnership with customers to push out orders into 2023 to better realize IRA benefits
- ✓ Revising 2022 revenue expectation to **\$17 - \$20 million**, shifting the remaining 2022 revenue into 2023
- ✓ Reduced capex investment for capacity expansion by **\$3 million** to focus on Eos Z3 battery

# IRA Improves Domestic Battery Storage Economics for a Decade

## Customer Impact

Up to 50%

- + **30%** Base tax credit for being an owner of a new energy storage facility
- + **10%** Tax credit if substantial part of project is domestic content
- + **10%** Tax credit if project is in an energy community where a coal mine or coal – fired powered unit was closed

Credits apply for projects commissioned starting in 2023

## Eos Impact

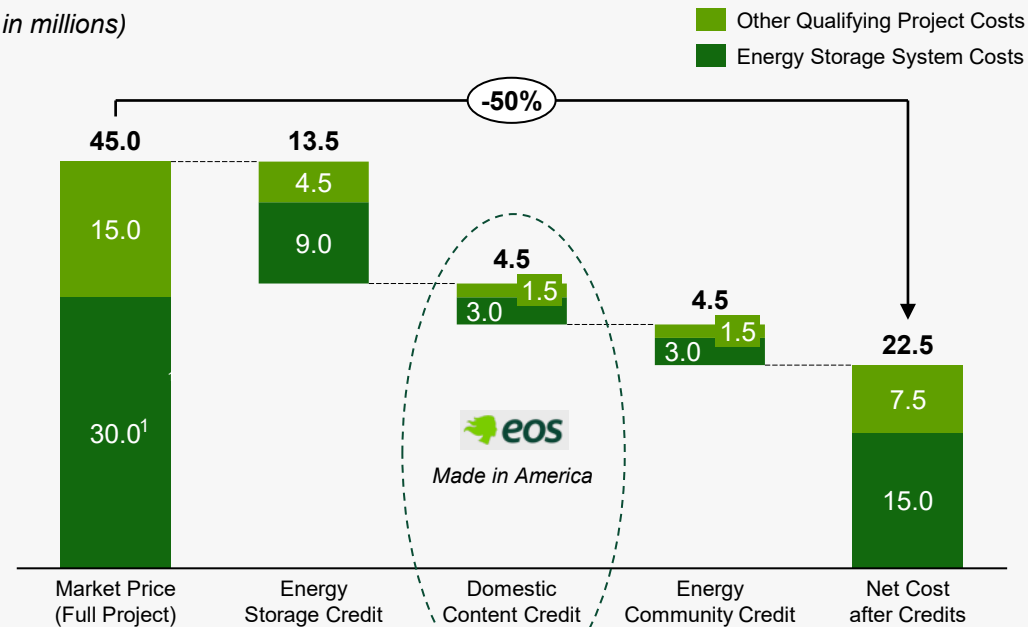
In Excess of \$45/kWh

- + **\$35/kWh** Battery cell manufacturing tax credit
- + **\$10/kWh** Battery module manufacturing tax credit
- + **10%** Quantifying separate tax credit for electrode active material costs

Eos expects to be eligible for direct pay beginning in 2023 with transferability thereafter

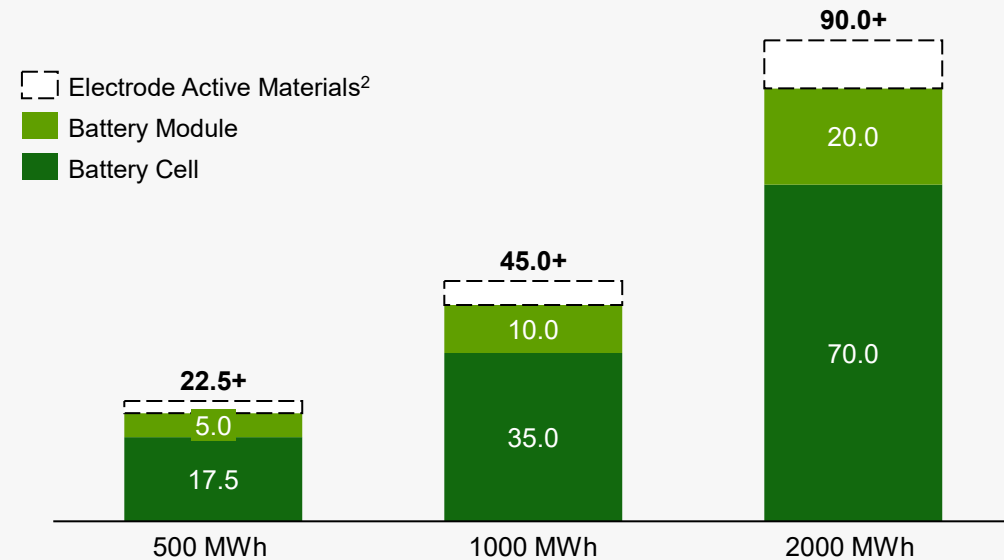
### Illustrative Eos Customer Impact on a 100 MWh project<sup>1</sup>

(\$ in millions)



### Illustrative Production Scenarios at Various Volumes

(\$ in millions)



Source: Public Law 117-169: Inflation Reduction Act.

<sup>4</sup> (1) Assumes energy storage system price of \$300/kWh and energy storage system represents two-thirds of total project costs

(2) Electrode Active Materials credit is estimated on an illustrative basis only

# Operating Performance



# Operating Highlights

Opportunity Pipeline<sup>1</sup>

**\$7.3 billion**

representing 28 GWh

Booked Orders<sup>2</sup>

**\$324.8 million**

representing 1.3 GWh

Orders Backlog<sup>1</sup>

**\$452.2 million**

representing 1.8 GWh

Discharge Energy<sup>3</sup>

**640 MWh**

18% increase vs. Q2 earnings

Revenue<sup>4</sup>

**\$6.1 million**

15% increase in Energy Blocks  
revenue recognized vs. Q2

Cash On Hand<sup>1</sup>

**\$38.4 million**

(1) Numbers shown as of 9/30/2022

(2) For the nine months ended 9/30/2022

(3) Numbers shown as of 11/04/2022

(4) For the three months ended 9/30/2022

# Demonstrating Capability in a Challenging Environment

Stabilized production at run-rate of 2 Energy Blocks per day with 33% less welding capacity than planned



## Capacity Expansion

**Goal:** Procure and commission additional capital equipment while relocating existing equipment to new building

**Q3 Challenge:** Global chip and personnel shortages at capital equipment OEMs delayed infrared welder deliveries by 8-12 weeks, delaying new building transition

**Management Action:** Streamlined processes to increase output over current asset base resulting in a \$3M capex reduction

*Eos Z3 manufacturing reduces need for infrared welding by 98%*



## Supply Chain

**Goal:** Expand supply base and qualify lower cost components

**Q3 Challenge:** New battery frame molds and resin supplier qualification delayed by capacity expansion timing resulted in lower yield and higher scrap & rework

**Management Action:** Deployed manufacturing engineers at suppliers to improve component quality

*Eos Z3 simplifies supply chain with tub design & replaces titanium with conductive polymer*



## Staffing

**Goal:** Increase production workforce by 40% in 90 days

**Q3 Challenge:** Training delays driven by capacity expansion timing and new production employee turnover

**Management Action:** Created operator qualification requirements, training plans, and implemented employee cross-training to fill manufacturing constraints

*Eos Z3 automation improves manufacturing productivity*



# Commercial Viability...Delivered Largest Project to Date

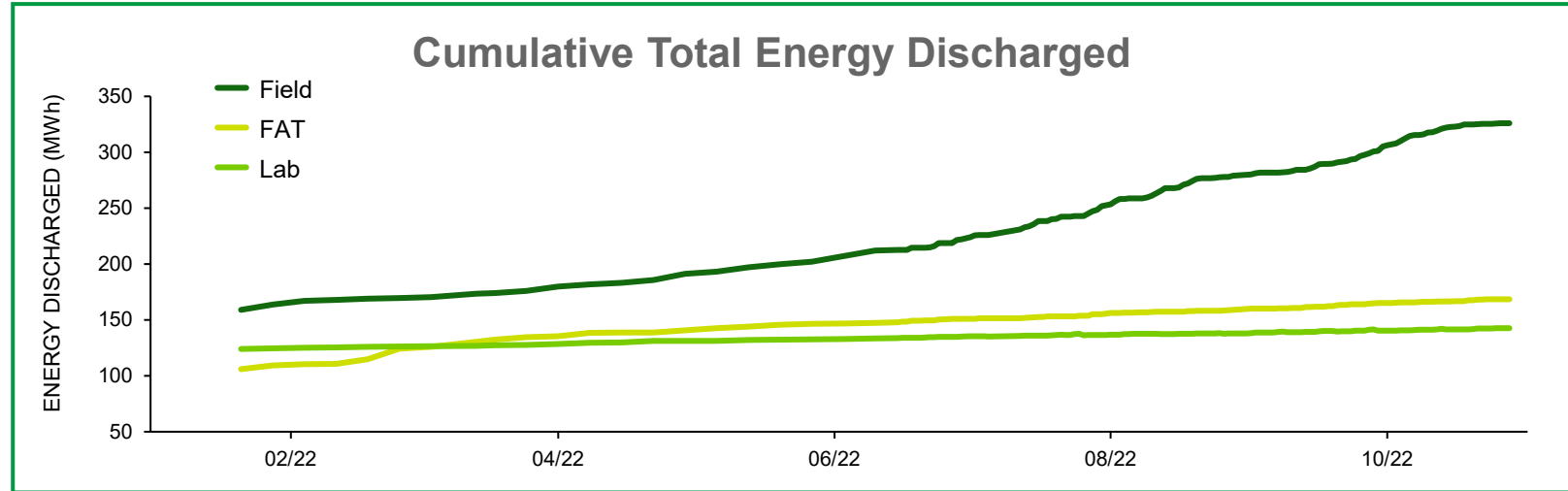
Energy discharged in the field accelerating quickly

639.8 MWh Total<sup>1</sup>

328.8 MWh – Field

168.5 MWh – FAT<sup>2</sup>

142.5 MWh – Lab



## Pine Gate Eastover

80+ MWh Delivered

184 Energy Blocks Delivered

Delivered Largest Eos Project to date



Pine Gate Renewables Eastover Solar + Storage Project



Eos 200th Energy Block produced on September 9, 2022

8 (1) Numbers shown as of 11/04//2022  
(2) Factory Acceptance Testing



# Eos Z3 Progress



# A simpler & lower cost system...the Eos Z3 battery

Same validated chemistry with a simpler and more scalable design



## Simplicity & Density



- + **50% fewer cells** per module
- + **Replacing titanium** with conductive polymer for lower weight and cost
- + Enhancing aqueous zinc electrolyte resulting in **12.5% higher discharge voltage**
- + **2x increase** in energy density

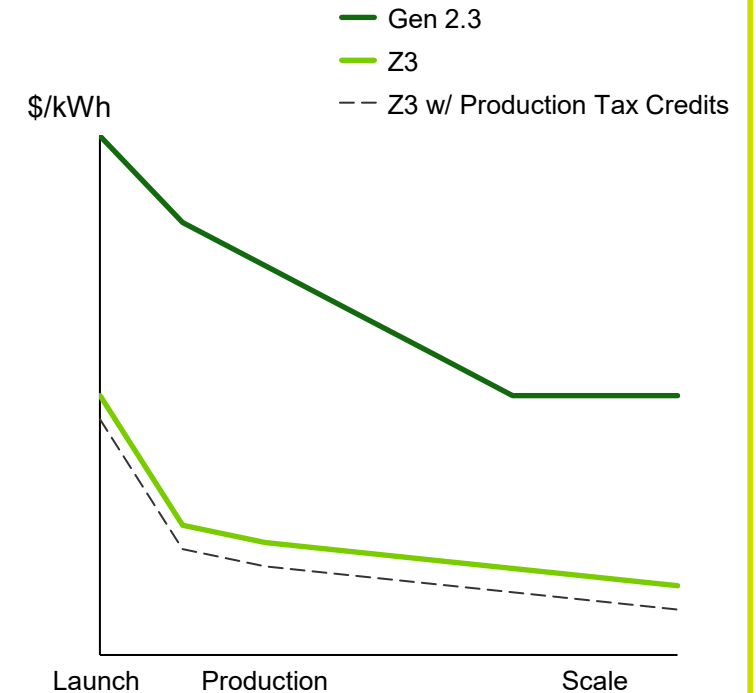


## Manufacturability



- + **Automating battery** and semi-automating container assembly
- + **98% fewer** welds per battery reduces cycle time with higher yields
- + Battery module **cycle time reduced** from **55 minutes** to **less than a minute**

## Lower Cost Structure

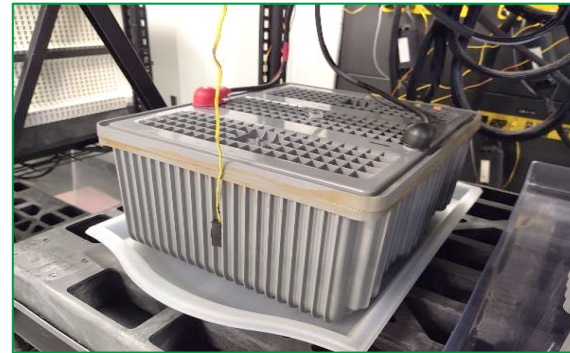
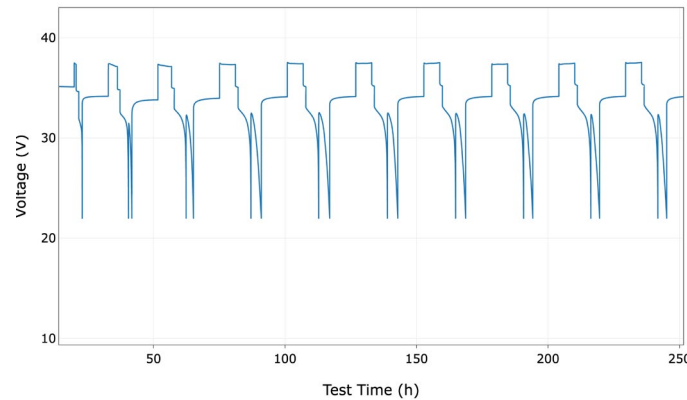
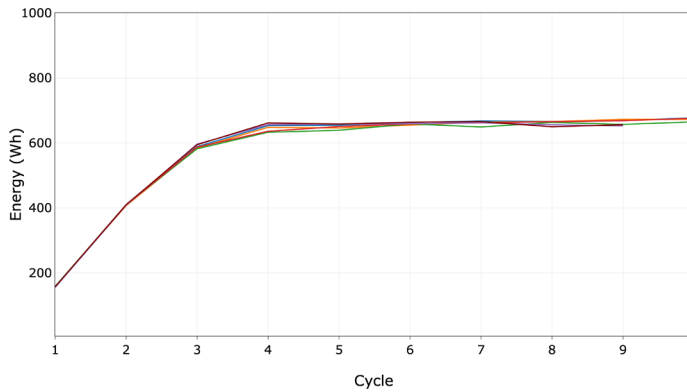


- + **50%+** cost-out opportunity at product launch

# Initial Performance Data

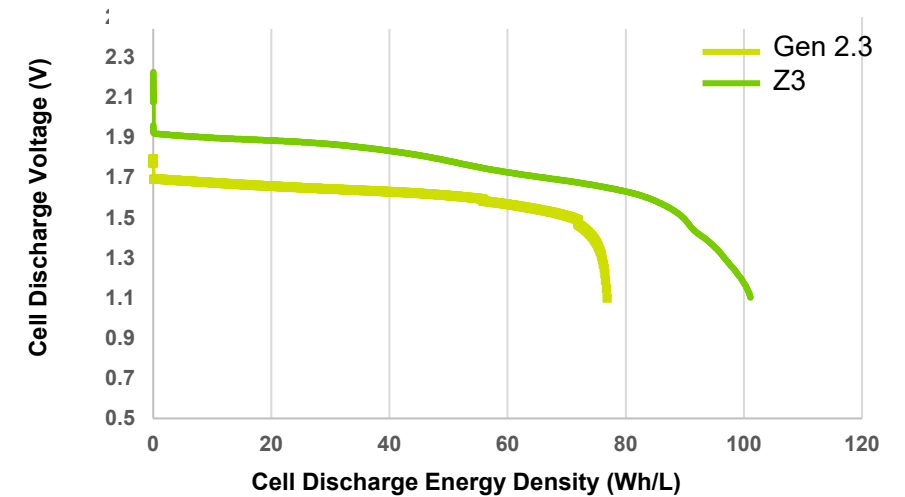
Eos Z3 modules assembled and testing underway demonstrating increased storage density

## Z3 Module Assembly and Testing



- + Z3 battery modules assembled; battery modules and strings undergoing electrical testing
- + Voltage, temperature, and energy output repeatable across multiple modules

## Cell and Electrolyte Development



**Cell Voltage** + 12.5% higher discharge

**Cell Energy Density** + 33% increased output

+ Improved cell voltage and energy density results in significant cost reduction

# Commercial Pipeline & Orders Backlog



# Current Commercial Activity

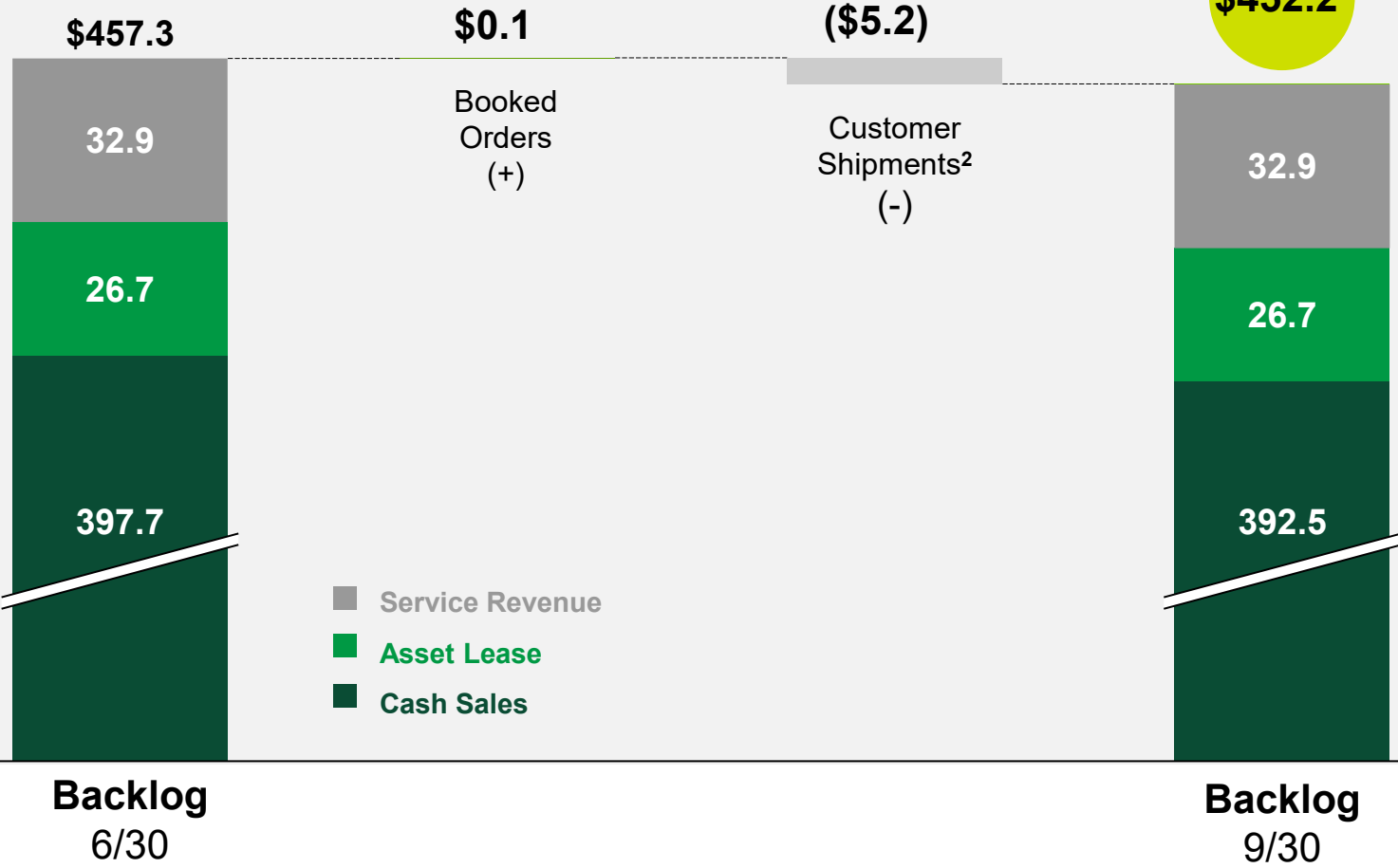
Current pipeline of \$7.3B, 5% increase quarter over quarter

Lead generation <sup>1</sup>	Current pipeline <sup>1</sup>		LOI / Firm commitments	Booked orders <sup>1</sup> YTD 2022
	Active proposals			
<p><b>\$6.7B</b> 30GWh</p>	<p><b>\$1.3B</b> 5GWh <b>Technical proposal</b></p>	<p><b>\$5.1B</b> 19GWh <b>Non-binding quote</b></p>	<p><b>\$0.9B</b> 4GWh</p>	<p><b>\$324.8M</b> 1.3GWh</p>
<p>↑ \$503M vs. Q2'22 earnings</p>	<p>↑ \$331M vs. Q2'22 earnings</p>		<p>↓ \$8M vs Q2'22 earnings</p>	<p>↑ \$55K vs. Q2'22 earnings</p>
<ul style="list-style-type: none"> <li>✓ Feasibility study</li> <li>✓ Develop project plan</li> <li>✓ Monitor regulations</li> </ul>	<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>		<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>	<ul style="list-style-type: none"> <li>✓ Binding agreement</li> <li>✓ Open closing conditions</li> <li>✓ Purchase orders 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>

# Current Orders Backlog

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

(\$ in millions)



**1.8 GWh of backlog**  
3 MSA's, 24 projects  
and 14 customers

**Backlog deliveries**  
\$419 in equipment  
deliveries and \$33 in  
long-term service  
revenue

14 (1) Backlog as of 9/30/22 and is a roll-forward period-to-period  
(2) Customer Shipments represent customers shipped from facility; Independent of quarter revenue recognition

# Transitioning the strategy



Trading short-term capacity & revenue to create long-term shareholder value

# Financial Results & Forecast





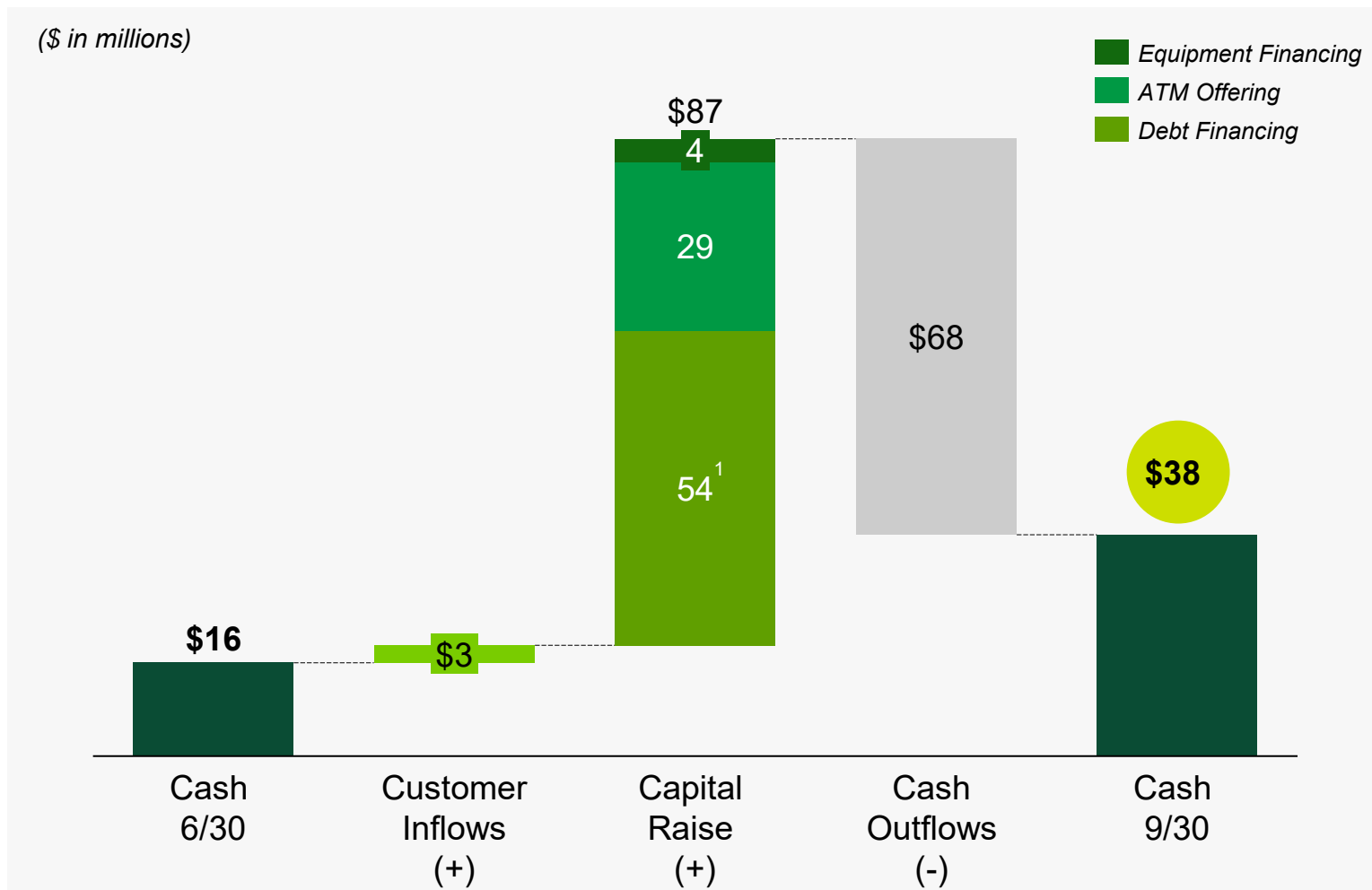
# Third Quarter 2022 Eos Income Statement

(\$ in millions)	Q3 2022	Q2 2022
<b>Revenue</b>	<b>6.1</b>	<b>5.9</b>
Cost of goods sold	50.0	36.9
<b>Gross Profit</b>	<b>(43.9)</b>	<b>(31.0)</b>
R&D expense	4.5	5.5
SG&A expense	14.7	19.1
Loss from write-down of PP&E	0.5	2.0
Grant (income) / expense	-	(0.2)
<b>Operating Loss</b>	<b>(63.6)</b>	<b>(57.4)</b>
Interest expense, net	5.7	2.9
Change in fair value of warrants and derivatives	0.4	(4.2)
Loss on debt	0.9	-
Other (income) / expense	-	0.6
Income tax expense / (benefit)	0.1	-
<b>Net Loss</b>	<b>(70.7)</b>	<b>(56.7)</b>

## Business Highlights:

- + Revenue **increased 3%** vs. last quarter; TTM Revenue is **\$18 million**
  - + 15% increase in revenue recognition unit volume
  - + DC scope revenue increased 20%
  - + AC scope revenue decreased 82%
- + COGS **increased \$13.2 million** vs. last quarter
  - + \$4 million driven by 15% increase in unit volume
  - + \$9 million related to inefficiencies driven by capacity expansion delays, higher logistics costs, and scrap and re-work
- + R&D **decreased \$1.0 million** as Z3 battery development transitioned
- + SG&A **decreased \$4.5 million** vs. last quarter attributable to reduced legal and outside services expense
- + Interest expense **increased \$2.8 million** in conjunction with the senior secured term loan that closed in the third quarter

# Q3 Cash Balance



## Q3 '22 Cash Outflow Detail:<sup>2</sup>

- ~(\$42) Cost of Goods / Manufacturing
- ~(\$11) SG&A Expenses
- ~(\$3) Research & Development
- ~(\$7) Capital Expenditures
- ~(\$3) Financing Activities
- ~(\$2) Other

18 (1) Gross proceeds from Atlas loan: \$94.7M; Uses include \$15M for payoff of note payable, \$11.7M for an insurance wrap, \$11.7M for escrowed interest, \$1.8M for transaction fees, and \$54.4M cash to balance sheet  
 (2) Direct Cash Method

# Revised 2022 Outlook

Order Backlog Growth	
<b>\$500M Booked Orders</b>	<ul style="list-style-type: none"> <li>+ Current opportunity pipeline up \$323M from Q2</li> <li>+ California Energy Commission EPIC award of \$13.5M signed after Q3</li> </ul>
Operating Performance	
<b>\$17M - \$20M Revenue</b>	<ul style="list-style-type: none"> <li>+ Shipped Pine Gate Renewables Eastover, Eos's largest project to date</li> <li>+ Shifted remaining 2022 revenue to 2023 to better utilize IRA benefits</li> </ul>
Operational Scale	
<b>600 MWh Capacity</b>	<ul style="list-style-type: none"> <li>+ Streamlined manufacturing processes</li> <li>+ Increased output over current asset base</li> </ul>