# Eos Energy Enterprises

## 2020 Financial Results

February 25, 2021

Eos. Positively ingenious.

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Eos is accelerating the shift to clean energy with positively ingenious solutions that transform how the world stores power. We imagine, make, and hone products and services for energy storage that defy convention to not only get the job done, but to do it better.

# 2020 Highlights

Pipeline
**$3.5 billion**
representing 19 GWh of storage

Booked orders
**$21.2 million**
representing 71 MWh of storage

Cash on hand
**$122 million**[1,2]
$126 million net proceeds from transaction

Production capacity
**260MWh**
with estimated $38M in capex investment in 2021 to increase capacity to 800MWh

**UL Certification**
expected in Q2 2021; awaiting UL9540A certificate and finishing UL1973 testing

**200 people**[3]
representing +140 people in 6 months



1. Cash = cash and cash equivalents 2. Net proceeds = net of transaction expenses 3. Employees = Includes Eos and Hi-Power

# **The Market**
How we see it

Like the pivotal advance from mainframes to PCs,
the energy sector is entering an age of decentralization and democratization.

Two global forces are driving this change.
Demand. Decarbonization.

## Decentralization

Power produced anywhere

**2 million**
total U.S. installed solar systems,
**= 1 year demand in California**

**25% increase**
in microgrid installation, **2X 2008**

## Democratization

Power produced by anyone

**1 in 5 homes**
in California equipped with storage, **3X 2019**

**11 gigawatt hours**
global energy storage installed in 2020, **2X 2019**


## Demand

Ever-increasing global need

**770 million**
people lack electricity, **~2X USA**

**3% growth**
in global electricity demand (YOY)
**= 13 NYCs**

## Decarbonization

Protecting the environment

**64% global electricity**
from non-renewables globally
**4X USA**

**90% worldwide**
renewable new capacity additions,
**~2X 2019**[1]



Sources: EIA, IEA, SEIA, and Wood Mackenzie

1. All renewables today could power 1.5X USA

The transition to this increasingly complex system has introduced new challenges—opportunities.
Waste and scarcity.

## Waste

Overproduction at low use times

**100 terawatt hours**

worth of generated electricity wasted in 2021

**= 1 year demand in Texas**

**15 gigawatts**

one day of curtailment in California in 2020

**> All 2020 storage installations**

## Scarcity

Underproduction in emergency conditions

**More than 69 gigawatts**

ERCOT set a new winter peak demand record in Texas, February 14, 2021

**~20 days**

of rolling blackouts in California's SCE territory during summer 2020 wildfires

Like the evolution of disconnected PCs to cloud-based networking, a decentralized, democratized, and decarbonized energy ecosystem requires a way to synchronize supply and demand to maximize utilization.

# Evolution of energy storage technology and application

Global cumulative deployments

## Pushing the limits of existing, short-duration technology

### 2010 - 2015

**1-hour**
median duration

Frequency Regulation

### 2015 - 2020

**2-hour**
median duration

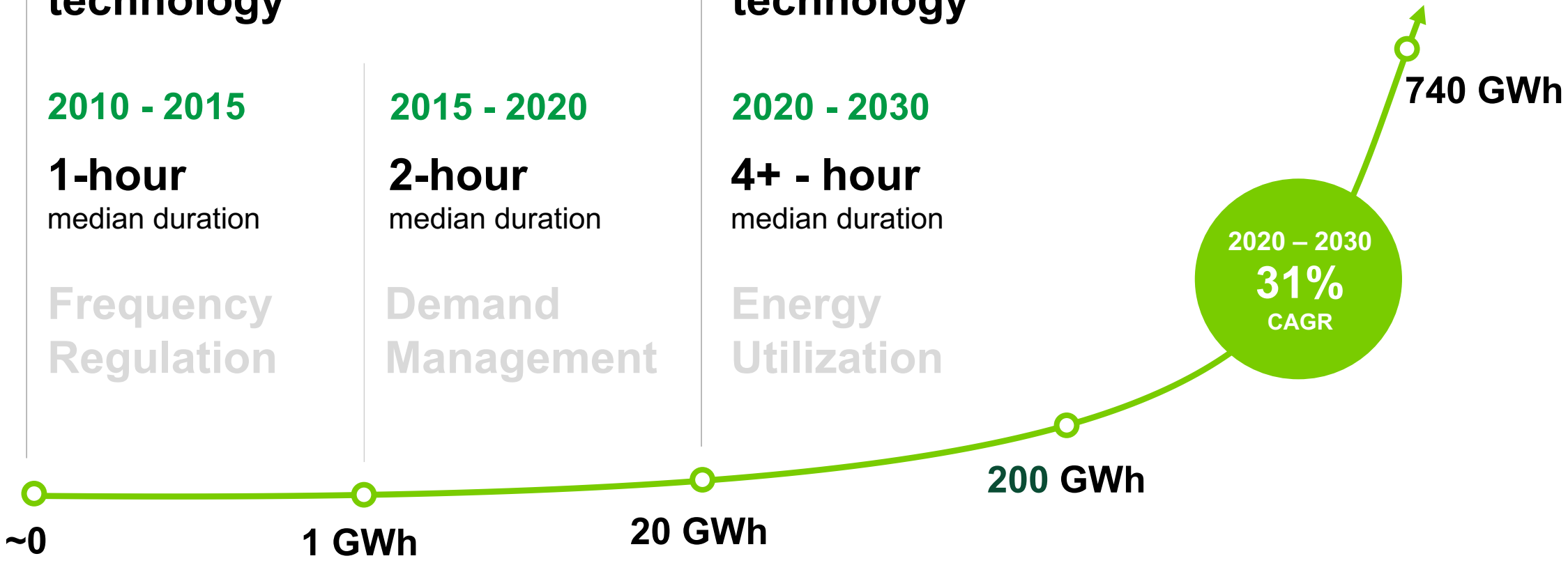
Demand Management

## Expanding the use of purpose-built, long-duration technology

### 2020 - 2030

**4+ - hour**
median duration

Energy Utilization

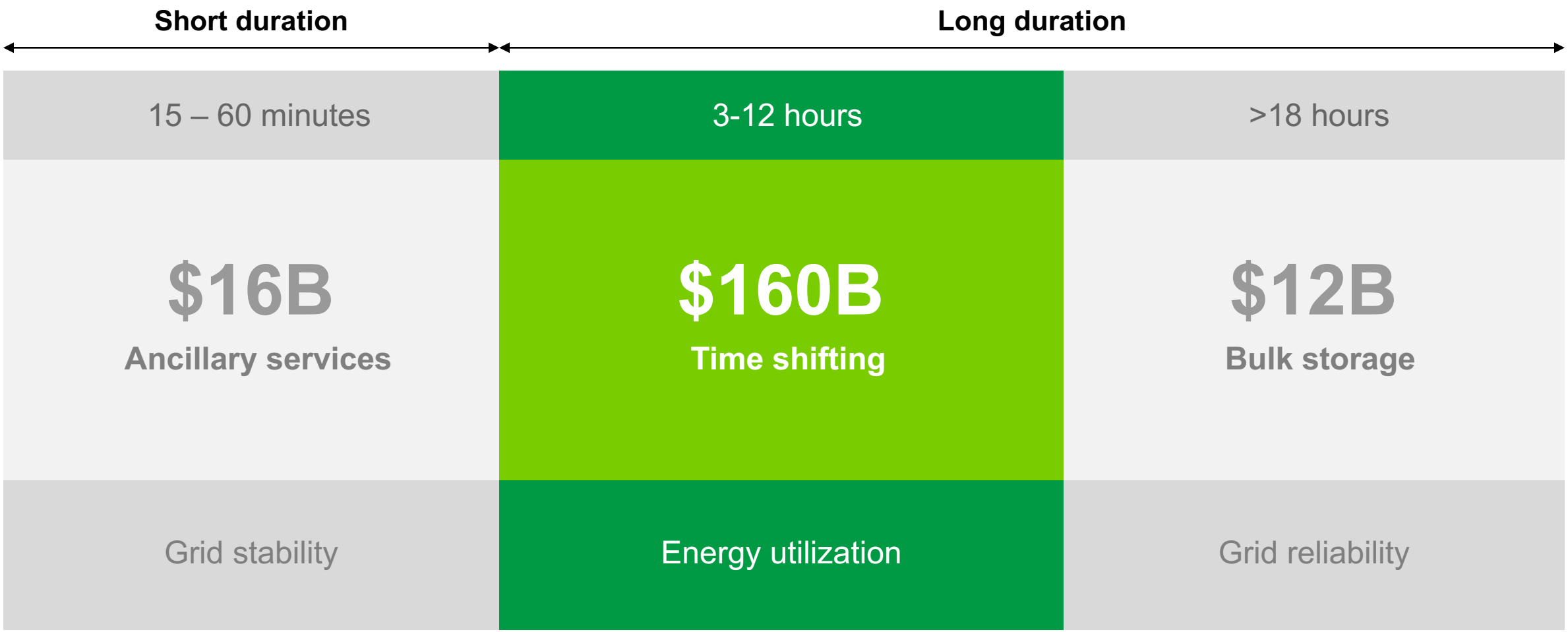





Sources: Wood, Mackenzie

# Eos storage technology is optimized for the big opportunity

## 2020-2030 Use case segmentation



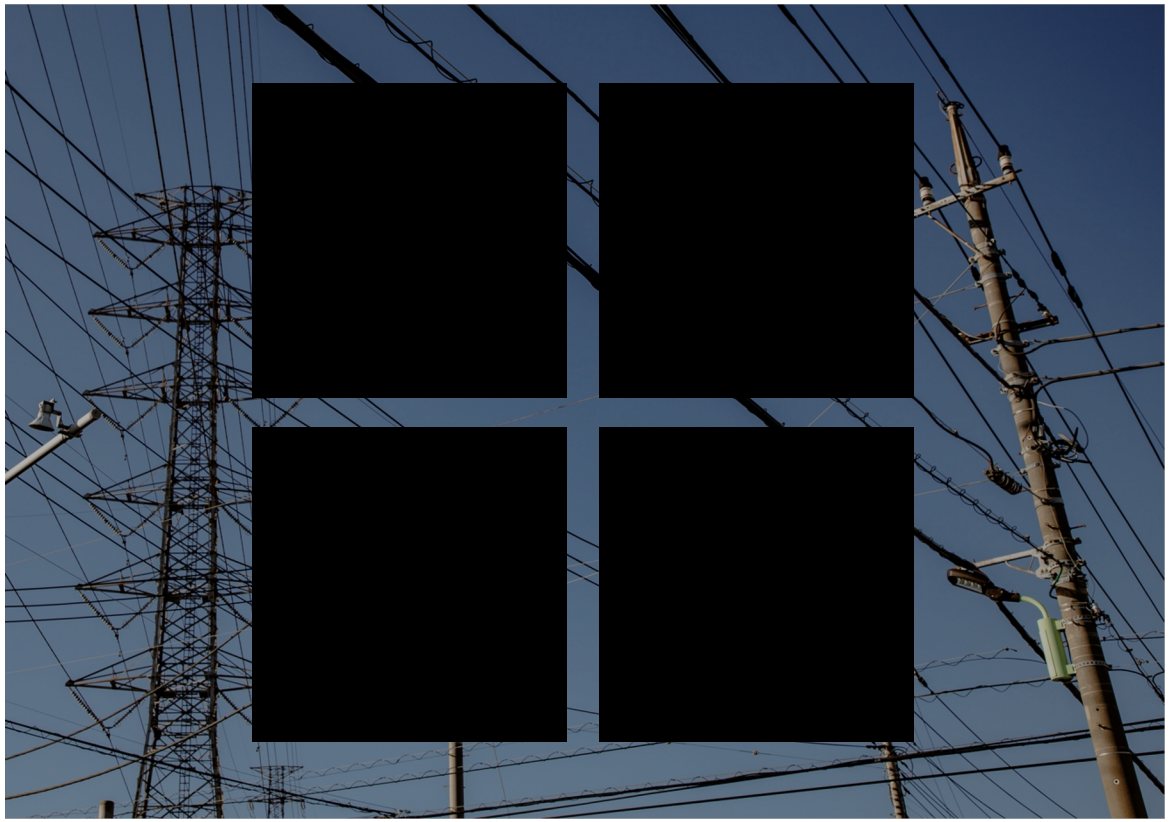



Sources: BNEF

# We’re at the dawn of the energy cloud

# The energy cloud is filled with new customers

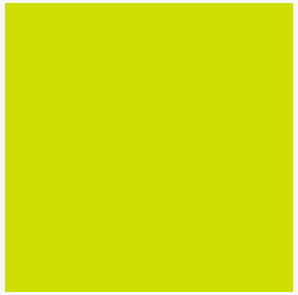
## A one-way market supported by similar large, technical companies



## A diverse market populated by different types and sizes of participants

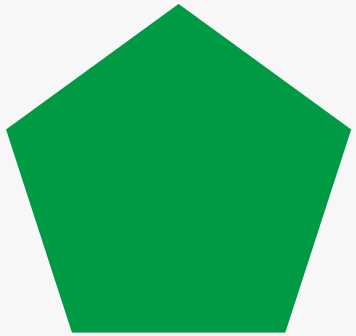
# Diversified customers. Diverse revenue streams.

**Development financing**
for early-stage clean energy initiatives

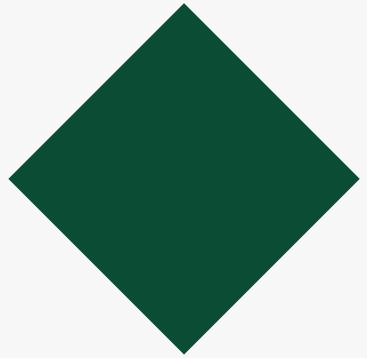


**Project financing**
for renewable energy assets on a stand-alone basis

**Asset leasing**
equipment agreements on a lease-to-own basis



**Cash sales**
for direct purchase of Eos equipment



**Recurring service revenue**

# Eos is building the building blocks of the energy cloud

## Long-duration storage


## Energy utilization software

## Technical and operational services



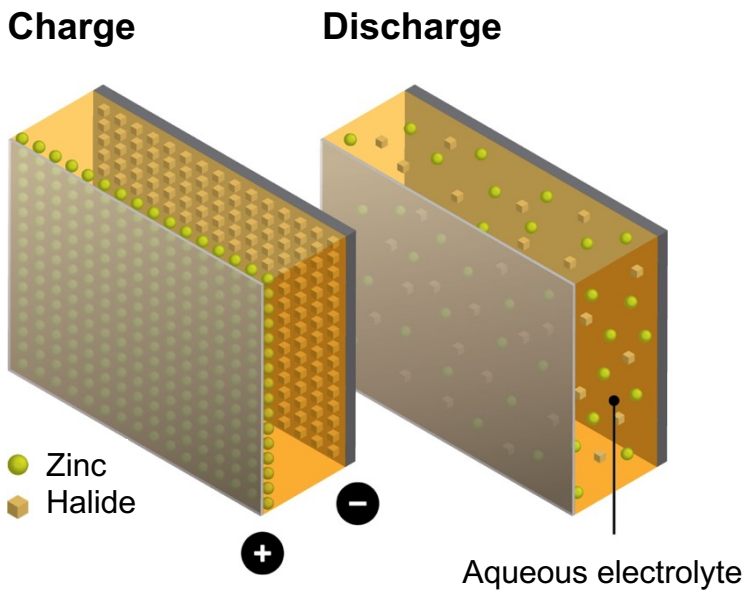

eos

# Znyth® aqueous zinc battery

## Perfecting long-duration chemistry for a diversified commercial market

**Znyth batteries store electrical energy through our proprietary zinc deposition process**

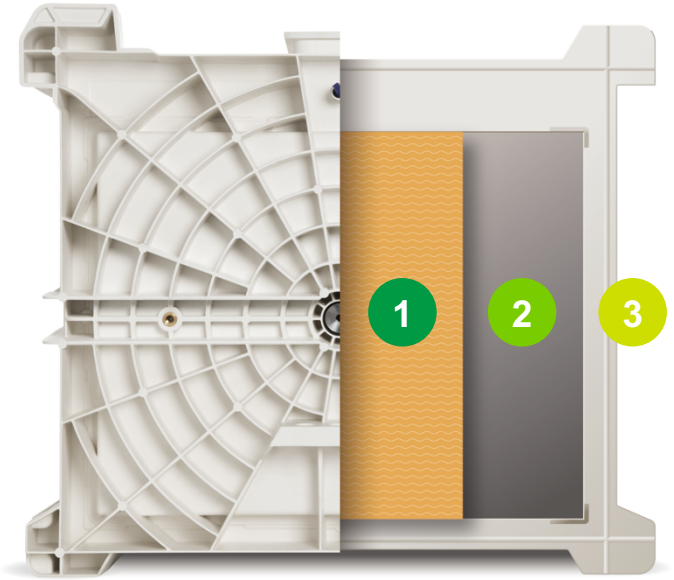
+ Invested 10 years in R&D
+ Purpose-built for 3- to 12-hour applications




**Three components form a design that's simple to manufacture using a handful of raw materials**

+ Invested 3 years in product refinement
+ Simplified materials, manufacturing, maintenance

1. **High-performance aqueous electrolyte**
2. **Non-degradable bipolar electrodes**
3. **Fully-sealed polymer frames**



# Tested in the lab. Proven in the field. Independently certified.*

More than 200MWh discharged since 2016

## One of the largest battery testing facilities in the U.S. – based in Edison, NJ

## Nine Eos energy storage systems deployed across four continents



* UL certification expected Q2 = 2021

# Znyth benefits

+ Solving the limitations that other battery technologies ignore
+ Delivering 27% lower total cost of ownership

## Safe

Non-flammable.
Non-toxic.

## Scalable

No precious metals.
No clean rooms.

## Sustainable

Long lifespan.
Fully recyclable.

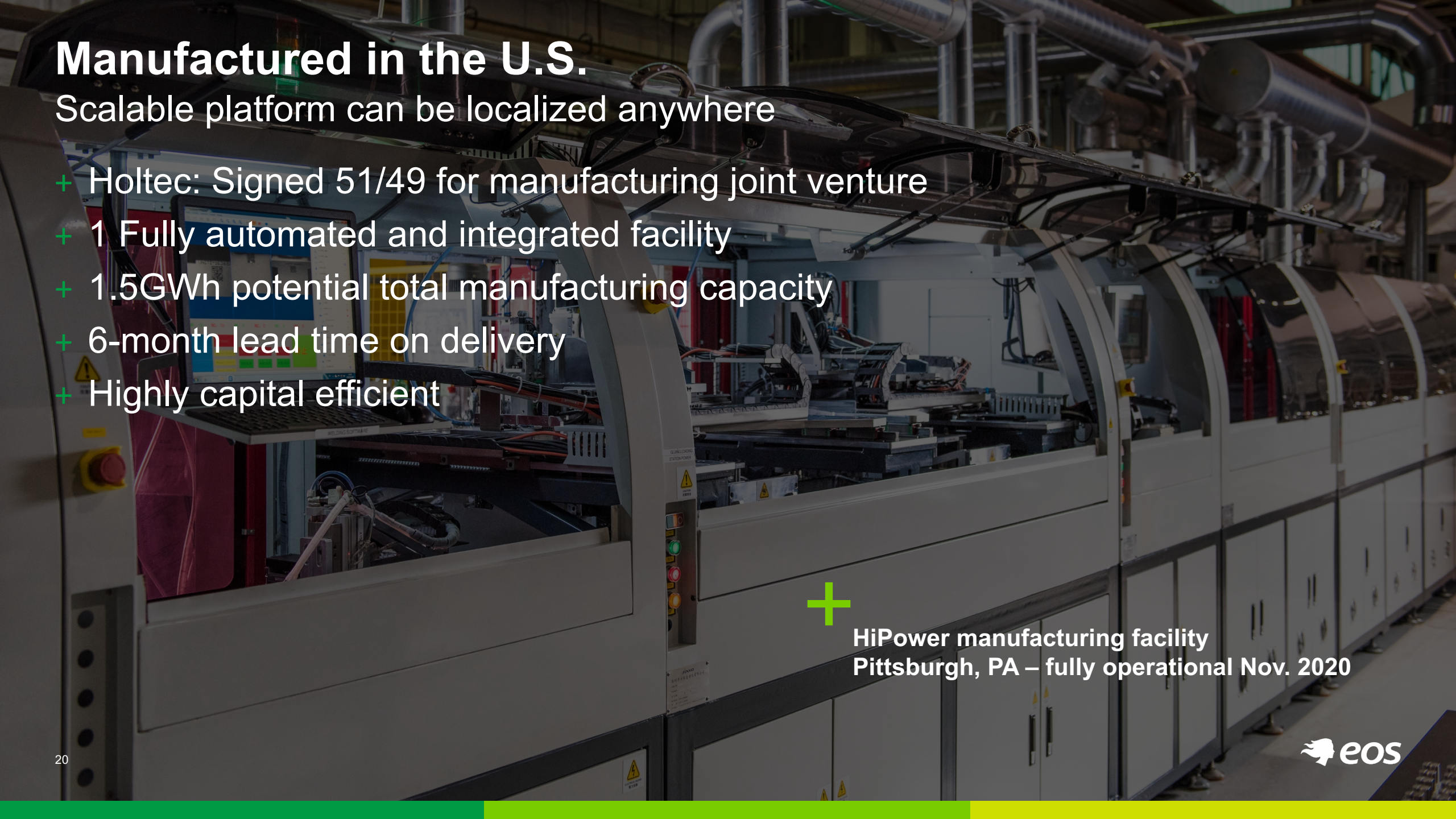
## Efficient

Wide temperature range.
Flexible charge and discharge.

# Manufactured in the U.S.

Scalable platform can be localized anywhere

+ Holtec: Signed 51/49 for manufacturing joint venture
+ 1 Fully automated and integrated facility
+ 1.5GWh potential total manufacturing capacity
+ 6-month lead time on delivery
+ Highly capital efficient



**HiPower manufacturing facility**
**Pittsburgh, PA – fully operational Nov. 2020**

# Eos energy storage system configurations

Modular approach scales with speed and ease to meet any customer requirement

## Stack

### Indoor flexibility

**1MW/4MWh = 1700 sq. ft.**

+ Open, off-the-shelf racking system
+ Racks hold standard 12-battery strings, stacked 6 strings high
+ Enables urban energy storage

## Cube

### Instant plug & play

**10MW/40MWh = 25,000 sq. ft.**

+ Standard 20 ft outdoor-rated container
+ 500 KWh system of 2 racks, each 6 strings high, and DC control cabinet
+ Installs with low cost, high speed

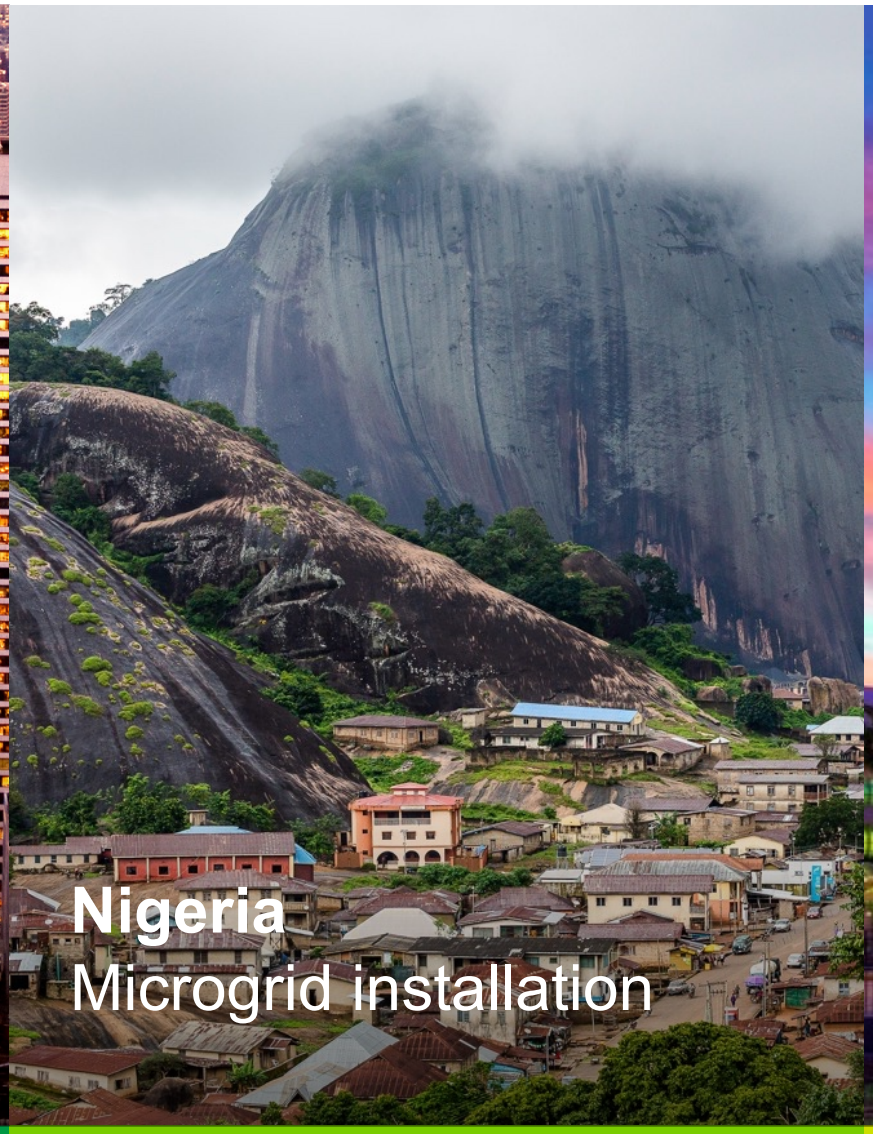
## Hangar

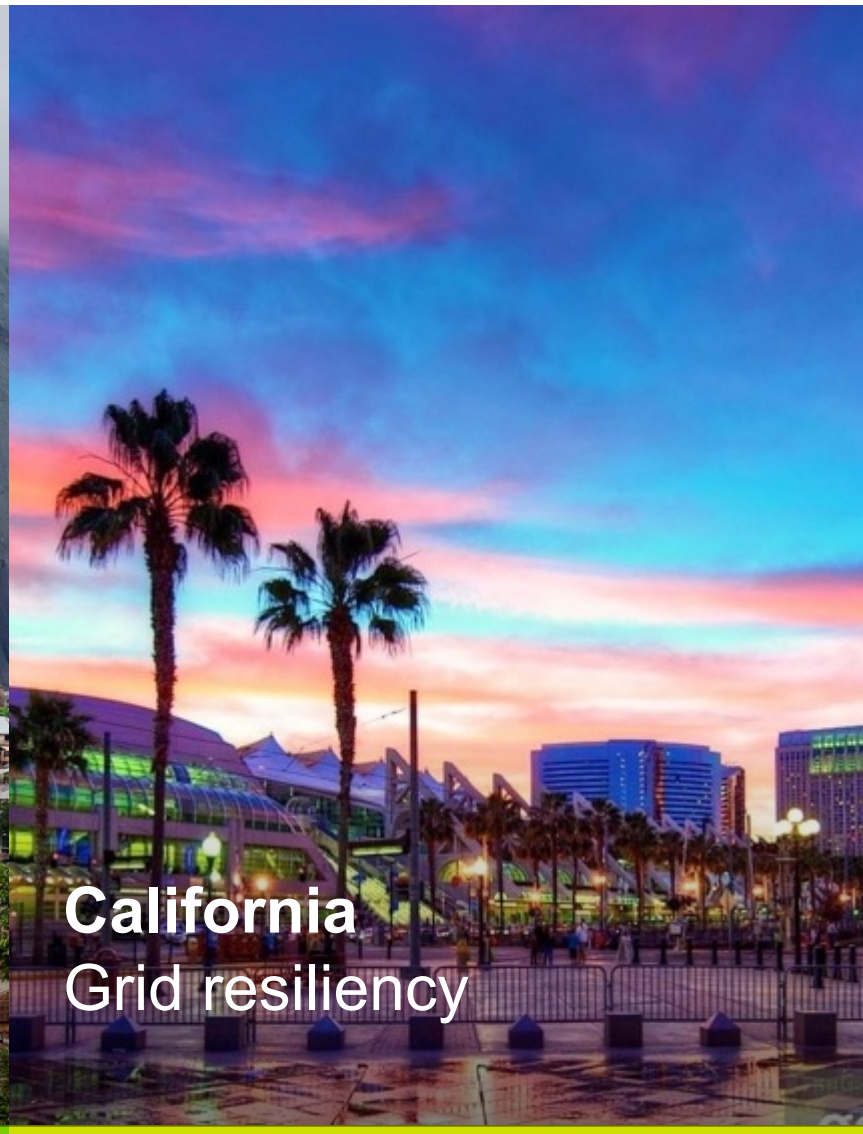
### Maximum capacity

**10MW/40MWh = 14,000 sq. ft.**

+ Pre-engineered hanger-style building
+ Series of racks, each 12 strings high, typically larger than 40 MWh
+ Delivers high power, small footprint

# Ready for any customer, anywhere

# **Financial Results**
# 2020 Performance

# 2020 Income statement

| $ Thousand | 2020 | 2019 |
|---|---|---|
| **Revenue** | **219** | **496** |
| Cost of sales | 5,509 | 8,332 |
| **Gross Profit** | **(5,290)** | **(7,836)** |
| R&D expense | 13,983 | 11,755 |
| G&A expense | 18,883 | 7,710 |
| Grant (income) / expense | 913 | (469) |
| **Operating Loss** | **(39,069)** | **(26,832)** |
| Loss (Income) from JV | (127) | 178 |
| Interest Expense | 23,821 | 49,706 |
| Other | 5,991 | 2,767 |
| **Net Loss** | **(68,754)** | **(79,483)** |

| **EBITDA Bridge** | **2020** | **2019** |
|---|---|---|
| **Net Loss** | **(68,754)** | **(79,483)** |
| Interest Expense | 23,821 | 49,706 |
| Depreciation and Amortization | 1,558 | 2,123 |
| **EBITDA** | **(43,375)** | **(27,654)** |

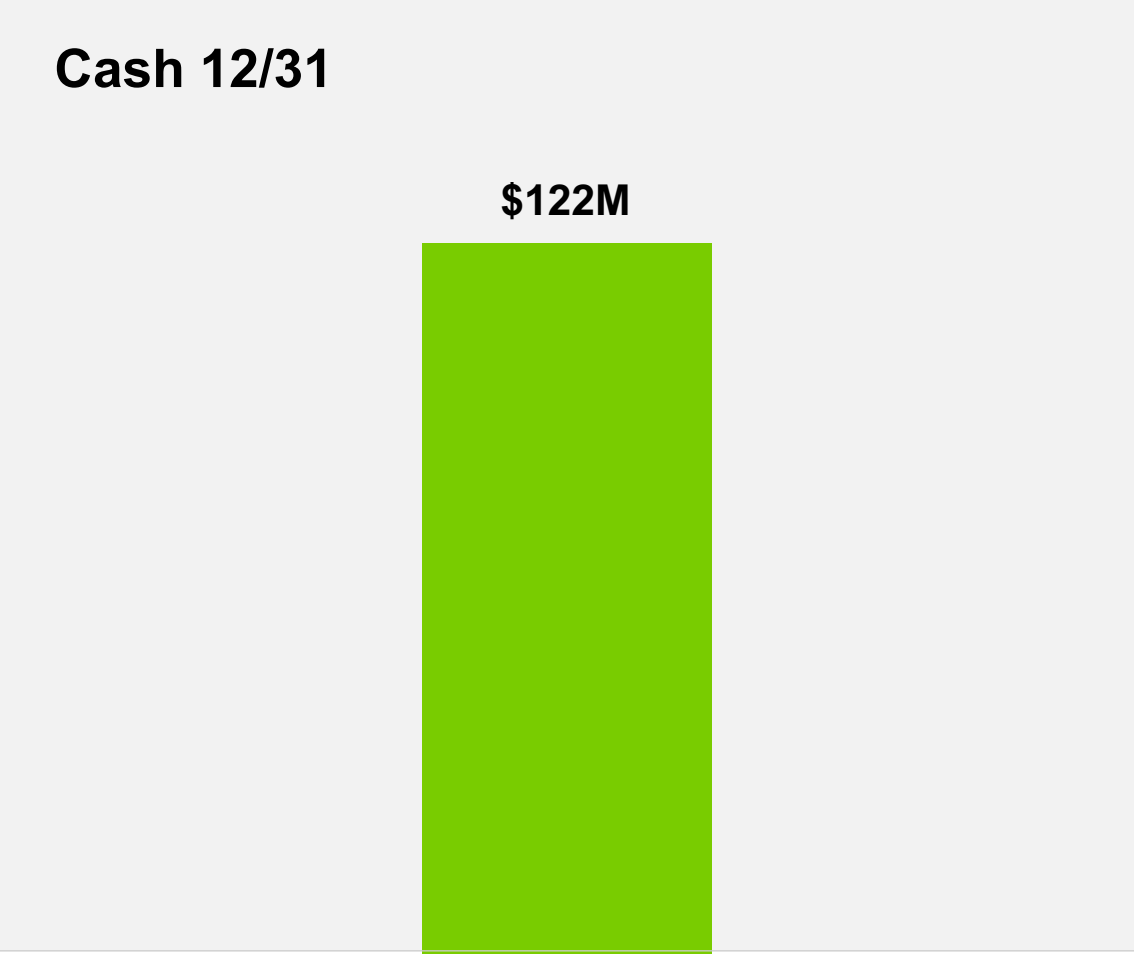
+ We made a strategic decision in 2019 to discontinue the sale of our Gen 2 batteries and instead focus on commercialization of Gen 2.3. We shipped our first Gen 2.3 battery in early January 2021. **Revenue** in 2020 is primarily attributable to recognition of previously deferred revenue.

+ **Cost of sales** predominantly reflect cost for our batteries that we purchase from our Joint Venture. The Joint Venture began its production in 2020 and as a result we manufactured few batteries, which resulted in higher attribution of fixed costs and overhead charges to the produced batteries.

+ We made significant progress in getting our batteries certified by UL and are expecting full certification by Q2 2021. We incurred higher **Research and development (R&D)** costs in 2020 compared to 2019 from expenses related to UL certification. We will continue to invest in our technology.

+ The increase in **General and administrative expenses (G&A)** shows our investment in people, processes and systems, both as a result of our commercialization efforts and our requirements as a public company. Further included are $2.5M higher professional fees and marketing expenses related to our listing on the NASDAQ.

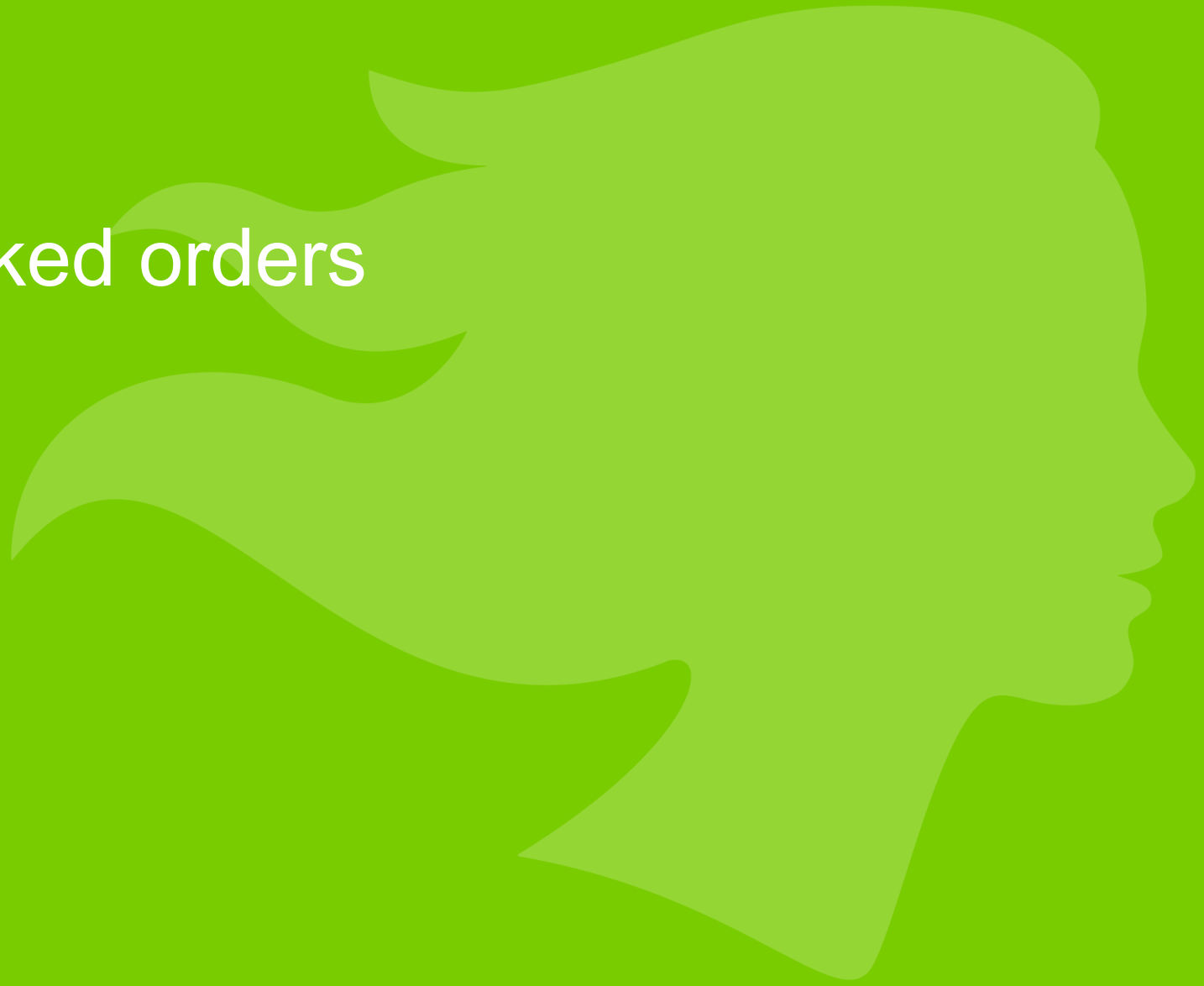
# 2020 Cash




| | |
|---|---|
| **$1M**[1] | Pre-merger cash balances |
| **$126M**[2] | Net proceeds from transaction |
| **$3M**[3] | Capital expenditures related to investments and equipment |
| **$2M**[3] | General administrative expenses related to payroll, rent and utilities |
| **$1M**[3] | Cost of sales for battery production related to materials, shipping, etc. |

1. $2.6M cash balance netted for past due payments
2. Excludes transaction expenses paid via Eos
3. Our uses of cash from 11/16 to 12/31

# **Growth update**
# 2021 Pipeline and booked orders



# Current commercial activity

130+ potential customer projects engaged

| Lead generation | Current pipeline | | | Booked orders |
|---|---|---|---|---|
| | Active proposals | | LOI / Firm commitments | |
| **$1.8B**<br>10GWh | **$0.6B**<br>3GWh<br>**Technical proposal** | **$2.2B**<br>13GWh<br>**Non-binding quote** | **$0.7B**<br>3GWh | **$21M**<br>71MWh |
| ✓ Feasibility study<br>✓ Develop project plan<br>✓ Monitor regulations | ✓ Clear project requirements<br>✓ Gather customer specs<br>✓ Analyze use cases<br>✓ Commercial & technical proposal | | ✓ Finalize commercial terms<br>✓ Contract negotiation<br>✓ Letter of intent<br>✓ Open closing conditions<br>**Customer next steps**<br>+ Acquire land rights<br>+ Negotiate financing<br>+ Establish interconnections | ✓ Binding agreement<br>✓ Open closing conditions<br>✓ Purchase orders w/down payment<br>**Eos next steps**<br>+ Manufacture batteries<br>+ Ship and install system<br>+ Monitor performance |

# Engaging early with strategic investments

## More than $100M in total opportunity with select customers

### Development financing
for early-stage clean energy initiatives

**Committed / Financed capital***

**$5.0M/0.3K**

**Develop microgrid solutions**

+ Partner with select independent power producers to determine site, scale, resource and market potential
+ Analyze interconnections, permitting, construction and transmission costs
+ Evaluate potential partners/off-takers to provide better access to energy supply

### Project financing
for renewable energy assets on a stand-alone basis

**Committed / Financed capital***

**$9.8M/2.6M**

**Financing microgrid solutions**

+ Partner with select customers to develop microgrid projects
+ Financing covers project costs such as engineering, pre-development, solar, and construction
+ Supports Eos go-to-market strategies—enhancing sales through lead generation

### Asset leasing
equipment agreements on a lease-to-own basis

**Committed capital***

**$4.0M**

**Asset based lending**

+ Competitive, long-term financing options to offer flexibility in cash-flow
+ Financing can cover up to 100 percent of the cost of storage equipment
+ Useful life of asset provides long-term collateral over life of lease

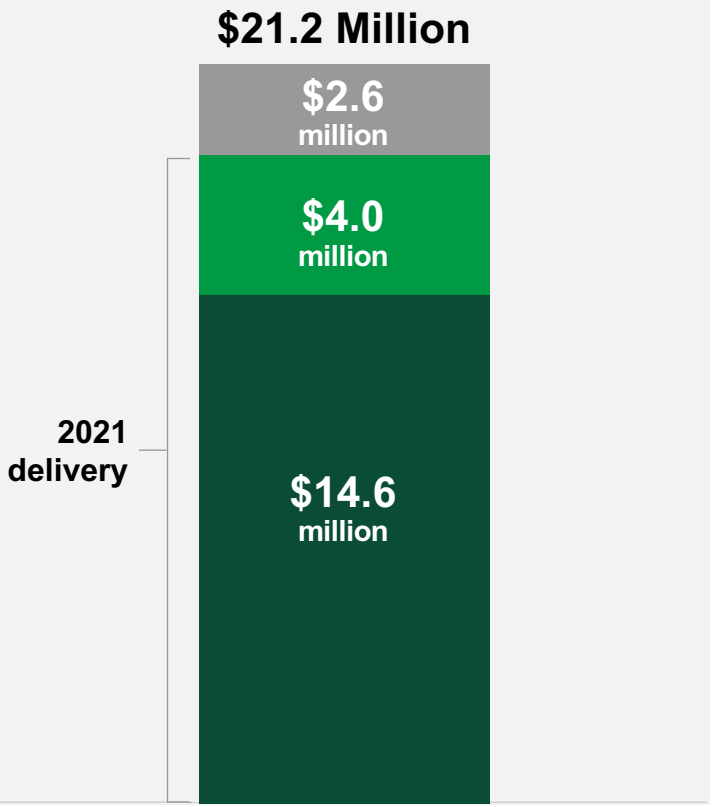


* As of 1/31, 2021

# Booked orders

19 projects, 13 customers, 71MWh

## Booked orders




## Cash sales

for direct purchase of Eos equipment

**17 projects**

+ Orders represent 53MWh for delivery in 2021
+ Equipment refers to DC containers, inverters, installation, and additional scope
+ Customary payment terms

## Asset leasing

equipment agreements on a lease-to-own basis

**2 projects**

+ Orders represent 18MWh for delivery in 2021
+ Accelerate adoption of energy storage to renewable energy projects across microgrids
+ Competitive financing terms

## Recurring services

revenue from monitoring and maintenance agreements

**12 projects**

+ Service guarantees battery degradation curve and fulfills maintenance obligations
+ Typically begin once two-year limited warranty expires
+ Range 5 to 18 Yrs., usually starting Yr. 3

# Investing in manufacturing capacity

## Capacity planning


## Investment required

| | |
|---|---|
| Capital Expenditure | $24M |
| Automation | $13M |
| Implementation | $1.5M |
| **Total** | **$38M** |

## Investment thesis

+ Aligning Manufacturing & production in line with Orders (1.7GWh sales volume in ‘21 and ’22)
+ Investing in improved manufacturing productivity & line automation
+ Insource/vertical integration

## World class partnerships

Robotics, automation, IR welding, and molded parts

# Customer spotlight

**Enersmart**
California

Booked:
3MW/9MWh x2

## Expanding local capacity for wildfire relief

Select deals from advanced pipeline:
737 MWh

**Charge Bliss**
California

Booked:
2MW/8MWh

## Building grid resiliency for critical operations

Select deals from advanced pipeline:
59 MWh

**Coop Power**
Massachusetts

Booked:
0.25MW/1MWh

## Enabling green energy in low-income areas

Select deals from advanced pipeline:
680 MWh

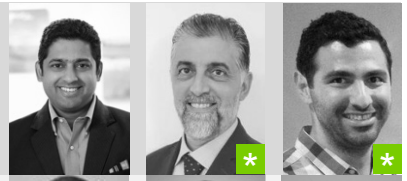
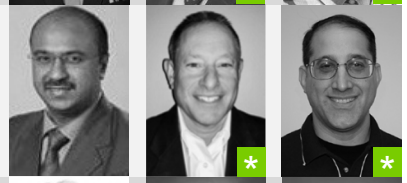
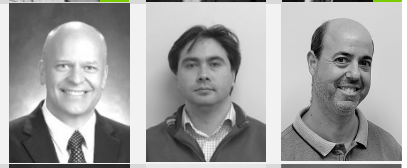
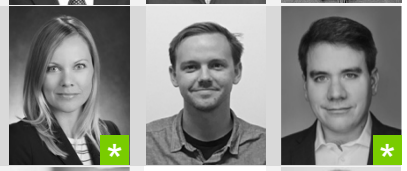
**Nayo Tropical Technologies**
Nigeria

Booked:
0.6MW/2.5MWh

## Bringing solar microgrids to remote locations

Select deals from advanced pipeline:
48 MWh

# Experienced team focused on 6 key deliverables

| | | |
|---|---|---|
| **$300 million** in booked orders | + **Balki Iyer,** Chief Commercial Officer<br>+ **Simone Vannini**, Commercial Director<br>+ **Damoon Moin,** Sales Manager<br>+ 12-person commercial team |  |
| **800MWh** in total manufacturing capacity | + **Partha Dey,** India Operations Leader<br>+ **Jerry Weingord,** Advanced Supply Chain<br>+ **Rick Buchman,** VP Continuous Improvement Operations, Master Blackbelt (Six Sigma) |  |
| **$50 million** in revenue | + **Jody Markopoulos,** Chief Operating Officer<br>+ **Nathan McCormick,** SVP Operations<br>+ **David Leligdon,** Head of Projects |  |
| **2Q 2021** full UL certification | + **Daniel Friberg,** SVP Engineering<br>+ **Grant Kokoszka,** Dir Systems Engineering<br>+ **Steven Lever,** Battery Engineer |  |
| **Gen 3.0** product launch | + **Liza Knutsson,** Program Manager<br>+ **Francis Richey,** VP Research & Development<br>+ **Fabian Bruegger,** Manager Mechanical Engineering |  |
| **Investments in people and culture** | + **Jesper Helt,** Chief People Officer<br>+ **Tracey Czajak,** VP Human Resources<br>+ **Joe Mastrangelo,** Chief Executive Officer |  |

* Recent hire