

EOS Energy Investment Evaluation

1/23/2023

THIS INVESTMENT EVALUATION DOES NOT REPRESENT INVESTMENT ADVICE OR A RECCOMENDATION. DO YOUR OWN RESEARCH.

TIDY ISLAND INVESTORS

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1) Executive Summary:

Summary Information and Metrics	
Company Name:	EOS Energy
Industry:	Energy Storage
Current Share Price (as of 1/23/2022)	\$1.50/share
Price Target:	\$6.00/share
Underwritten Return:	4x MoM
Hold Length:	Long-term (24+ months)
Investment Strengths and Concerns	
Strengths	Concerns
<ul style="list-style-type: none"> ▪ Attractive Entry Price and Highly-achievable Upside Case ▪ Contracted Backlog and Visibility into Forward Pipeline ▪ Unique Positioning and Differentiation within Intraday Energy Storage 	<ul style="list-style-type: none"> ▪ Liquidity and Dilution Concerns ▪ Path to Profitability and Z3 Unit Economics ▪ Competition ▪ Early-stage Company Risk
Investment Summary	
<p>EOS Energy (“EOS” or “the Company”) is a growth-stage company that provides energy storage solutions designed to address grid stability issues caused by the continued growth of renewables as a part of the US and global energy mix. The core use case of EOS’s systems are to address the challenges caused by the staccato nature of wind and solar energy generation by smoothing generation across a 24-hour period.</p> <p>The Company has a proven zinc-based battery technology (little technology risk) and currently benefits from first-mover advantage within a fast-growing end market. The differentiation of the Company’s technology within intraday storage is reflected in EOS’s uniquely strong forward pipeline, which stands at over \$450MM in contracted backlog as of Q3 2022. Over the last 12 months, the Company traded down meaningfully in the public market (relative to broader industry-specific indices) due primarily to concerns regarding the Company’s near-term liquidity. EOS has had meaningful and consistent quarterly cash outflows since entering the public market (via a SPAC), funding these outflows from a combination of debt and equity. While this is concerning, we believe the Company has a near-term path to becoming cash flow positive. EOS is expected to launch its next gen battery (“Z3”) in Q2 – Q3 2023, that has vastly improved unit economics compared to the Company’s existing offerings. We believe the Company will be cash flow positive as early as Q4 2023.</p> <p>While we recognize that the Company does have real liquidity and execution risks that cannot be fully mitigated, we believe the market is overweighting these risks, and the Company is fundamentally undervalued based on where it trades today. We believe our base case return profile of 4x+ MoM (implied share price of \$6.00/share) is highly attractive on a risk-adjusted basis, and we are being appropriately paid for the risk we are taking. Additionally, we believe there is an achievable upside scenario that could result in a 10x+ MoM should EOS continue to benefit from broader macro tailwinds within renewables and energy storage, deliver the Z3 battery on time at attractive unit economics (outlined by management), and continue to build its reputation as the leading provider of intraday energy storage solutions.</p>	

2) Investment Strengths and Concerns

Investment Strengths:

- **Attractive Entry Price and Highly-achievable Upside Case:** EOS has traded down from an all-time high of \$28.83 per share and 12-month high of \$4.97 per share to \$1.50 per share at the time of this report's publication. While we recognize that the all-time high prices reached in 2021 are unachievable in the near-term and were largely driven by irrational exuberance throughout the broader market, we believe the Company is fundamentally undervalued today. EOS's share price suffered during 2022 due to significant concerns regarding the Company's near-term liquidity. EOS continues to burn cash (~\$54MM per quarter¹) as it scales its manufacturing facilities and continues to commercialize its Z3 battery. That said, we believe EOS's current trading levels do not accurately reflect the strength of the Company's contracted backlog, near-term pipeline, unique positioning within the energy storage space, potential near-term funding solutions, and proven technological capabilities. While EOS did enter the market via a SPAC and during a time of market euphoria, the Company stands above its fellow SPAC peers as it relates to the Company's maturity and path to profitability in the next 12-24 months. Further, we believe there is a highly achievable upside case that can be reached should EOS successfully execute on its forward pipeline and continue to commercialize its existing solutions.
- **Contracted Backlog and Visibility into Forward Pipeline:** A significant concern when using a forward multiple to arrive at a valuation is that the revenue and EBITDA projections that are ultimately driving the EV (and price per share) are aspirational. While we recognize that there is meaningful growth assumed during the projection period (see Section 5 for additional detail), we believe EOS's pipeline and contracted backlog provide strong visibility to the 2024E Sales metric that is driving valuation. As of Q3 2022, EOS has over \$450MM (representing 1.8GWh) of booked order backlog. Booked order backlog represents contracted and binding agreements with customers that include purchase orders with a down payment. To unlock this forward revenue, EOS must manufacture its batteries, ship and install the systems, and monitor performance after installation. The Company has a high degree of confidence in being able to service its booked order backlog and we believe this should be thought of as contracted revenue. Additionally, the Company has ~\$900MM in LOI commitments and active proposals of ~\$6.4B (\$1.3B in technical proposal and \$5.1B in non-binding quotes). Should EOS convert even 20% of its non-binding quotes to revenue by 2024, EOS would meaningfully outperform our base case assumptions. In summary, we believe EOS is well positioned to execute on its forward pipeline and meet the base case growth assumptions.
- **Unique Positioning within Intraday Energy Storage:** Renewables have evolved from nascent and unproven technologies into a mature industry that competes with traditional energy sources. The EIA predicts that renewables will grow significantly over the next 25 years, responsible for 44% of U.S. electricity generation by 2050 (up from 21% in 2021). Solar and wind, the leading renewable energy sources, offer unique advantages compared to traditional fossil fuels; however, also face distinct challenges. Solar and wind are dependent on weather conditions (the presence of sun/wind) in order to generate electricity. Due to this dynamic, the energy generated from solar, and wind fluctuates throughout the day. The core use case of EOS's systems are to address the challenges caused by the staccato nature of wind and solar energy generation by smoothing generation across a 24-hour period. EOS's technologies were purpose-built to address challenges caused by the growth of renewables and the Company has delivered four different iterations of its storage systems to provide a solution. The core chemistry that is the foundation for EOS's energy systems are proven and have been validated. Finally, EOS represents a 'first-

¹ Average over last 4 quarters

mover' within the nascent intraday energy storage industry and is well positioned to benefit from the continued growth of renewables.

Investment Risks and Mitigants:

- **Liquidity and Dilution Concerns:** Since entering the public market in 2020, the Company has been cash flow negative. The Company has had cash outflows of ~\$54MM a quarter over the last 12 months, which has resulted in meaningful dilution for existing equity holders along with the deterioration of the Company's balance sheet. In this market environment, a healthy balance sheet and cash flow are king. Unfortunately, neither of these attributes can be used to describe EOS in its current state.

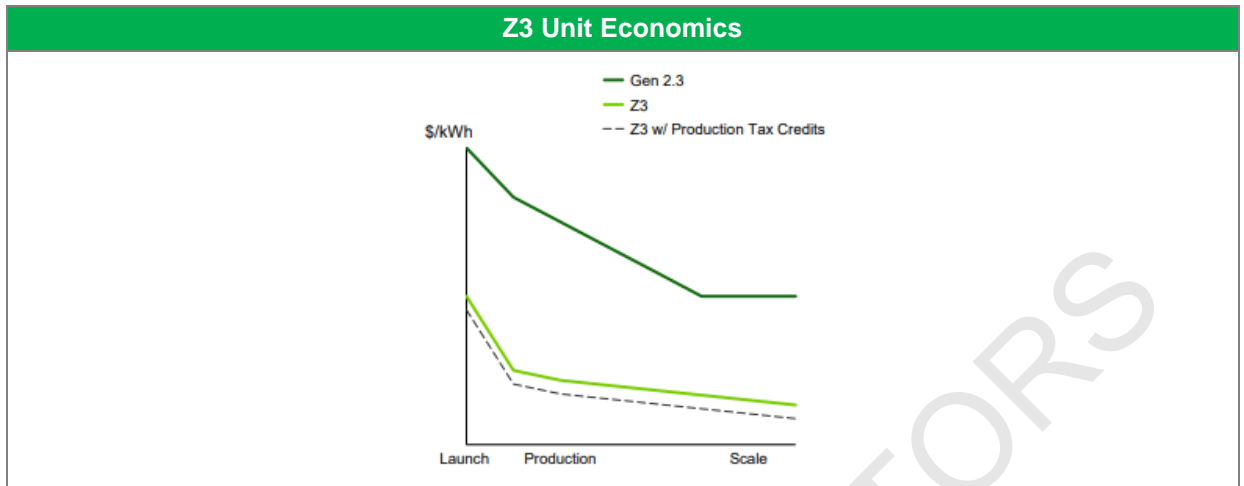
Mitigants:

First, we acknowledge that the Company's liquidity and dilution concerns are real and cannot be fully mitigated. These risks are the primary driver behind the Company's relative underperformance in the public market over the last 12 months. That said, we believe the market has overweighted these risks due to two different dynamics which are outlined below

- (1) Multiple Funding Sources: The Company has multiple funding sources that are already in place and available. These funding sources include a SEPA (\$200MM) with Yorkville Advisors and an S-3 shelf registration (\$100MM). We recognize the risk of further dilution remains; however, believe the risk of bankruptcy is minimal. Please find additional detail in Section 5, subsection a, i. Finally, given the Company's near-term pipeline, US-based operations, and sustainability focus, we think there is a high likelihood that EOS receives a loan from the DoE. The quantum and terms of the loan are unknown, but timing-wise, we expect to have an answer in Q1 – Q2 2023.
 - (2) Path to Near-term Profitability: Unlike other growth-stage companies that entered the market via the SPAC boom in 2020, EOS has a proven technology that has been validated by the market. The Company has over \$450MM of contracted backlog and is expected to be cash flow positive as early as Q4 2023. Given the line of sight towards profitability, we think EOS is well equipped to bridge the next few quarters of cash outflows with the existing funding sources available.
- **Path to Profitability and Z3 Unit Economics:** A successful outcome for EOS hinges on the Company's ability to deliver the Z3 battery on time, and at a meaningful discount to the current Gen 2.3 battery. EOS has experienced meaningful cash outflows as the Company has scaled its manufacturing capabilities and has delivered the existing Gen 2.3 battery to customers at a loss (-10%+ gross margin). EOS's consistent net losses are the primary driver behind the Company's poor liquidity position and the risk of further dilution to equity holders. Paths to near-term profitability and attractive Z3 unit economics are key to the underwrite. For context, EOS currently sells its systems for ~\$250/kwh. We estimate that the Gen 2.3 battery has an average cost to EOS of ~\$300/kwh.

Mitigants:

EOS management has confirmed that the Company does not plan to add additional Gen 2.3 capacity (beyond current run rate available today). While this is positive, the run rate unit economics of the newer Z3 battery are still in question. The Z3 battery is built much simpler than the existing Gen 2.3 battery, operating with 50% fewer cells in each battery module and 98% fewer welds to assemble the battery module. This more efficient design is expected to yield higher output and an immediate 50% cost out opportunity compared to the Gen 2.3 battery (excluding any positive net effects from the IRA). The Company projects that the Z3 will come online at the beginning of 2023, with unit economics improving as the Company scales its manufacturing capabilities for the next gen battery. Please see below for additional detail.



We recognize that this risk cannot be fully mitigated, and execution risk remains. Our estimates regarding the run-rate unit economics and timing of the release / scale-up of the Z3 battery have been informed by guidance from management, and their ability to execute will be necessary for us in achieving our desired return.

- **Competition:** New players could emerge, offering alternative and more efficient forms of energy shifting technology, displacing EOS.

Mitigants:

We acknowledge that others could and will likely offer competing energy shifting technologies as the industry matures. That said, we take comfort in EOS's growth prospects given three different dynamics which are described below.

- (1) EOS has been developing energy storage solutions specific to this use case for over 5 years and is a 'first-mover' within the space. By the time competing technologies are developed, EOS will already have a foothold within the space and established reputation with major customers
- (2) There will be multiple winners. Energy storage is a small and fast-growing industry. Based on recent industry studies, the global energy storage market will grow at an estimated 30% compound annual growth rate between 2022 and 2030. As the industry matures, storage system providers will become more niche, delivering systems specific to individual use cases. EOS's specific focus has enabled the Company to have a unique product-market fit compared to other battery players.
- (3) Lithium-ion is becoming a leader among short duration energy storage systems. Within that domain, lithium-ion far outcompetes EOS's systems. That said, EOS's systems are specifically designed for the medium-duration use case (6-12 hours), in which lithium-ion is relatively less competitive.

- **Early-stage Company Risk:** EOS is unambiguously a small/micro-cap stock with little historical revenue or cash flows. This is a risky investment and should be thought of as such.

Mitigants:

Relative to many other companies of a similar size (in terms of both market cap and EV), EOS is better positioned for executing on its strategy. Please see below for additional detail.

- (1) Leadership: Many companies at this size range are led by founders, without the experience of running a company at scale and fully commercializing a product. This is not the case with EOS. EOS is led by Joe Mastrenghelo, an experienced CEO that led GE's Power Conversion business. The rest of the C-suite team is composed of industry

veterans with a background similar to the C-suite at a \$2B public company. EOS has the team in place to execute on its go-forward strategy.

- (2) Stage of Growth: The Company's core technology today has been validated and is proven. There is little technology risk associated with the chemistry used in the Z3 system and the real risk is associated with the commercialization and mass production of its products

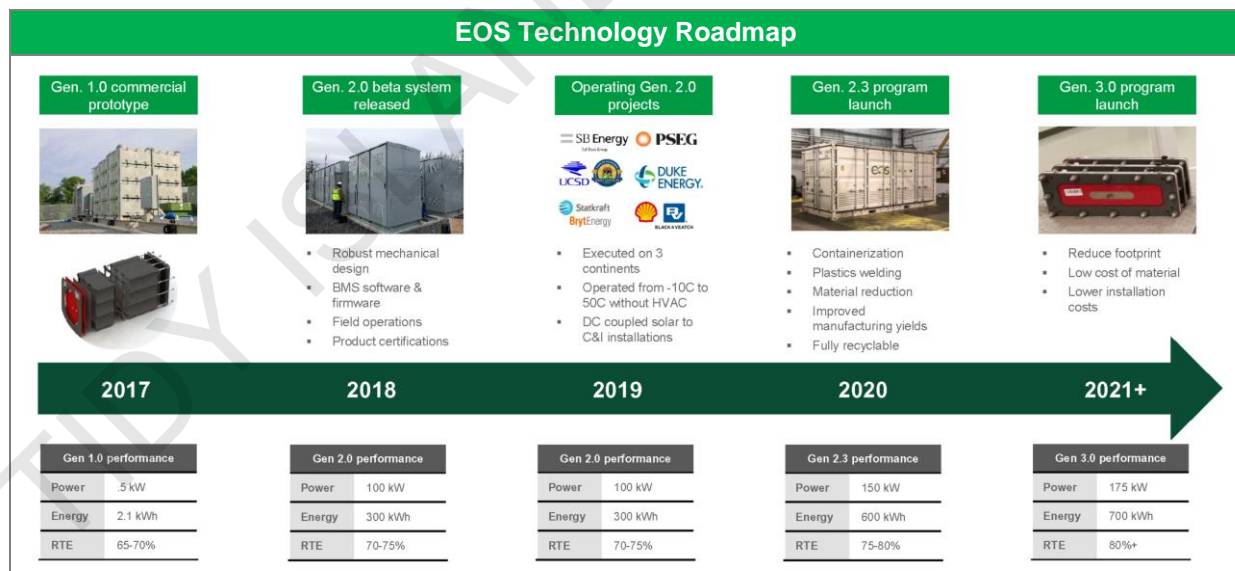
3) Company Overview:

a) History and Evolution

Headquartered in Edison, NJ, Eos Energy Storage ("EOS" or the "Company") was founded in 2008 under the name Grid Storage Technologies, initially focusing on developing the chemistry of its electrolyte-based battery technology and improving mechanical design and system performance. The Company has evolved from an organization focused primarily on research and development to one focused on the commercialization of an energy storage solution and, more recently, scaling its manufacturing platform.

The company went public via a SPAC in 2020. The Company raised \$175MM at a pro forma market capitalization of \$500MM.

EOS produced the first proof of concept with generation 1 of the Eos Znyth™ system in 2015 ("Gen 1") and began commercial shipments of our generation 2 Eos Znyth™ system in 2018 ("Gen 2"). During 2020, the Company completed the development of the Generation 2.3 Eos Znyth™ systems ("Gen 2.3") and shipped the first Gen 2.3 system in December 2020. The Company is currently in the final stages of commercializing its new Z3 Znyth system ("Z3"), designed with lower cost materials that the company projects will reduce weight, improve performance, and decrease manufacturing cycle time. See below for additional detail on the Company's technology roadmap over time.

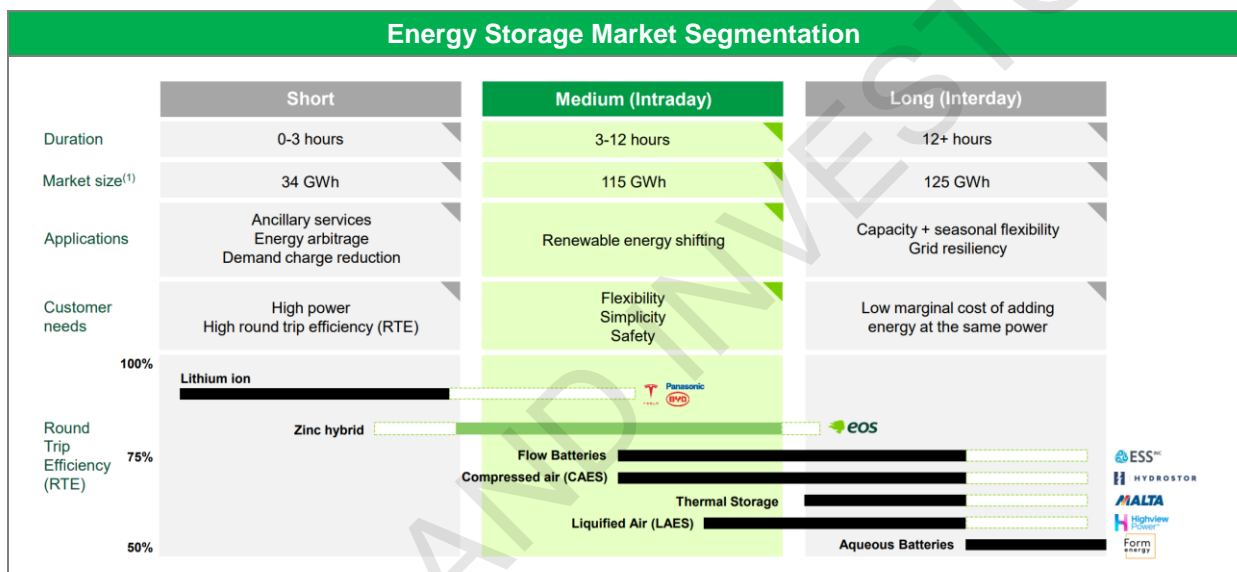


Source: EOS Energy

b) Technology Overview and Core Use Case:

EOS Energy designs, manufactures, and deploys safe, scalable, and sustainable, battery storage solutions for the electricity industry. Eos's Znyth system has been designed to meet the

requirements of the stationary battery storage market with a product that provides 3 to 12 hours of discharge capabilities. The core use case of EOS's systems are to address the challenges caused by the staccato nature of wind and solar energy generation (e.g., solar only generates energy when it is sunny, wind only generates energy when it is windy). Historically, coal-fired plants generated energy full-time or based on when energy was demanded. There has been little to no need for longer duration energy storage systems to smooth generation across a 24-hour period. This is expected to change as the mix of renewable technologies continues to grow as a percentage of the global energy market. EOS systems are combined with renewable energy, such as wind and solar, to smooth generation throughout the day. EOS intends to provide its solutions across a variety of end markets, including utility-scale solar plus storage, commercial solar plus storage, stand-alone grid storage, commercial and industrial storage, and in-building urban storage. See below for additional detail on the Energy Storage market segmentation. Note that there are multiple different technologies that are required to meet the energy storage needs from the growing renewable energy industry.



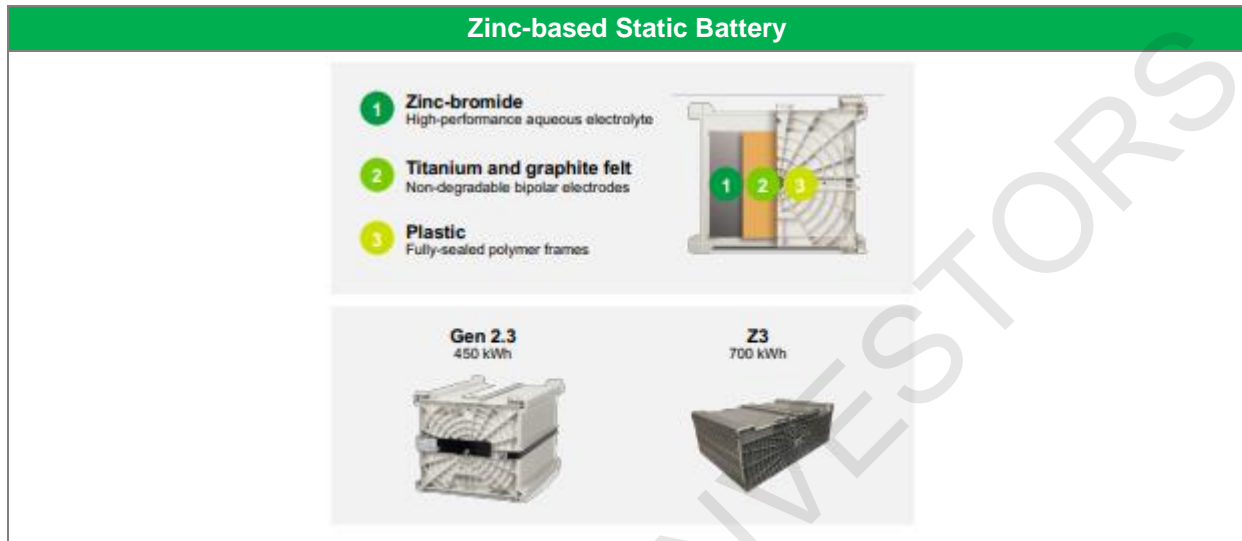
i) Technology, Manufacturing and Supply Chain:

EOS's solutions have been specifically designed for utility scale and grid scale energy storage. This is differentiated from lithium-ion batteries, which have been designed for an entirely different use case since Day 1. Due to this dynamic, EOS has been able to create technologies tailored to a use case that exists and also lacks an incumbent technology. The chemistry used by EOS is well understood and the 'technology-risk' taken here is low. This is not a moonshot technology that relies on its technologies feasibility and a potential future use case to succeed. Rather, EOS's technology has been purposely designed to be safe, simple, durable, easy to manufacture, and mass produced.

EOS is meaningfully less exposed to supply chain risks compared to lithium-ion. The technology used by EOS is a zinc halide battery. Zinc-based batteries are proven to work and are well accepted in the market. Traditionally, zinc halide batteries are flow batteries. EOS has turned its battery into a static battery (similar to lithium-ion). The benefits of a static battery include lower operating costs, and a modular, scalable design. The battery itself is made of a few commodity raw materials. The electrolyte used is zinc halide electrolyte. For the most part, aqueous nonhazardous, nonflammable and the electrode materials are made

of just titanium and graphite felt, which are both readily available. The plastic enclosure for the module itself is a V0-rated flame retardant material.

Another key differentiator of the technology is its durability. The Company expects its battery to last 20 years. Over the course of that lifetime, EOS expects less than 10% energy degradation and the battery to last ~6,000 cycles.



Source: EOS Energy

Another strength of the Company is its manufacturing and supply chain relative to other energy storage peers. Key risks across many battery providers include the supply chain, and the reliance on commodity prices and outsourced manufacturing. EOS has a long-term agreement already in place with a supplier of zinc-bromide (Tetra Technologies). Note that there are multiple producers of zinc-bromide domestically, which mitigate supply chain concerns if Tetra fails to provide zinc-bromide in the future. Additionally, EOS's system evolution to Z3 transitions the use of titanium to plastic, which reduces reliance on Aluminum manufacturers outside of the United States. ~80%+ of Z3 materials are expected to be sourced from suppliers in the United States

In terms of sourcing materials, the majority of EOS's raw materials for its batteries come from areas not far from the Pittsburgh, PA area. Additionally, its manufacturing facility is located in Pittsburgh, PA. This mitigates many of the risks associated with sourcing raw materials and manufacturing outside of the United States. A strong U.S. presence may also bolster the Company's chances of receiving a DOE loan (see section 5, subsection a, i.)

Finally, EOS has taken an ESG-friendly approach to recycling its batteries after use. The Company works with a number of recycling companies already (similar recycling process as to how lead acid batteries are recycled) and is in the process of developing a formal framework for its next gen solutions

ii) Z3 Battery

EOS has three different iterations of its battery (Gen 1, Gen 2, and Gen 2.3), and is working to finalize the fourth, Gen 3 ("Z3"). Each iteration of EOS battery systems improves cell design, unit economics, and consistency; however, the core battery design remains the same. The Z3 model is the same chemistry that has been validated with over 2.5 million

cycles with a simpler and more scalable design. Additionally, the Z3 model offers a significantly lower size (50 pounds versus 250 pounds for Gen 2.3) and cost structure (50%+ cost-out opportunity relative to Gen 2.3) compared to previous batteries. Please see below for a full breakdown of the improvements of Z3 relative to previous models.

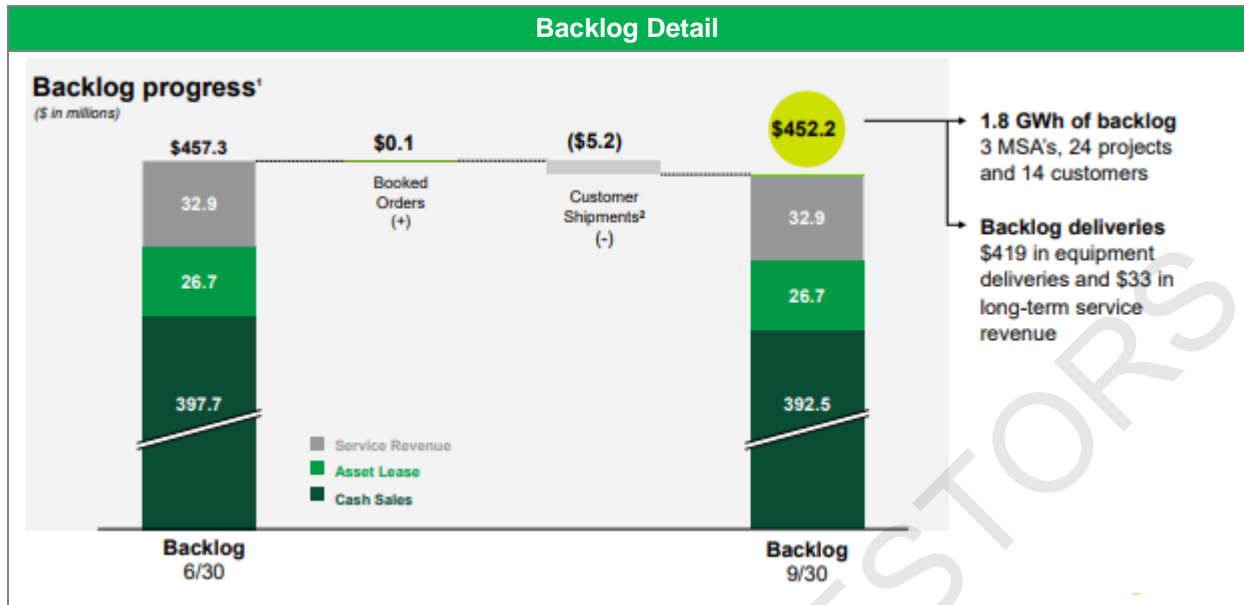
The Z3 Battery	
Simplicity and Density	<ul style="list-style-type: none"> - 50% fewer cells per module - Replacing titanium with conductive polymer for lower weight and cost - Enhancing aqueous zinc electrolyte resulting in 12.5% higher discharge voltage - 2x increase in energy density
Manufacturability	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 50% cost out opportunity immediately at launch – improved unit economics as manufacturing capabilities scale

Source: EOS Energy

The initial performance data of the Z3 battery has been strong, with voltage, temperature, and energy output repeatable and consistent across multiple modules. The Z3 battery is expected to be launched in early 2023.

c) Contracted Backlog and Pipeline

Two of the most significant investment risks for EOS is the Company's liquidity position and reliance on future revenues to arrive at fair valuation today. Both of these concerns are partially mitigated by the strength of the Company's contracted backlog and pipeline. As of Q3 2022, EOS had \$452M (1.8 GW) of booked orders. These represent binding purchase order agreements with customers in which EOS simply needs to manufacture, ship and install its storage systems and then monitor performance. Additionally, the Company has ~\$900MM in LOI / Firm commitments. These commitments are still outstanding, and EOS and the customer are finalizing commercial terms, contract negotiation and closing conditions. We believe the conversion rate of these commitments to revenue to be ~50% and high likelihood. Additionally, the Company has \$6.1B in active proposals (\$1.3B via technical proposals and \$5.1B via non-binding quotes) in the current pipeline. Conversion rates from the current pipeline to revenue will obviously be much lower than the previous groups; however, even a conversion rate at 10% would yield meaningful outperformance relative to forward projections across the street. Finally, the Company has an opportunity pipeline (ongoing lead generation of \$7.3B), which historically has converted above 20%. We recognize that given the low sample size to date, this conversion rate is less meaningful. Please see below for additional detail on the make up of backlog across cash sales, asset lease and service revenue.



Source: EOS Energy

EOS's pipeline includes blue-chip customers such as Pine Gate Renewables in conjunction with Blue Ridge Power, Duke Energy and Ameresco. Other customers include renewable developers and operators (ReNew Power and IEP), microgrid developers (Verdant), and industrials (Motor Oil). The Company's customers are primarily based in the United States; however, the Company also serves customers across Europe, Africa, and India.

d) Alignment and Key Shareholders

EOS's cap table demonstrates little concentration risk, strong alignment with current management, and is composed of institutional firms that have invested with meaningful size over the last 6 months.

Please see below for a list of key takeaways along with the top shareholders table.

Key Takeaways:

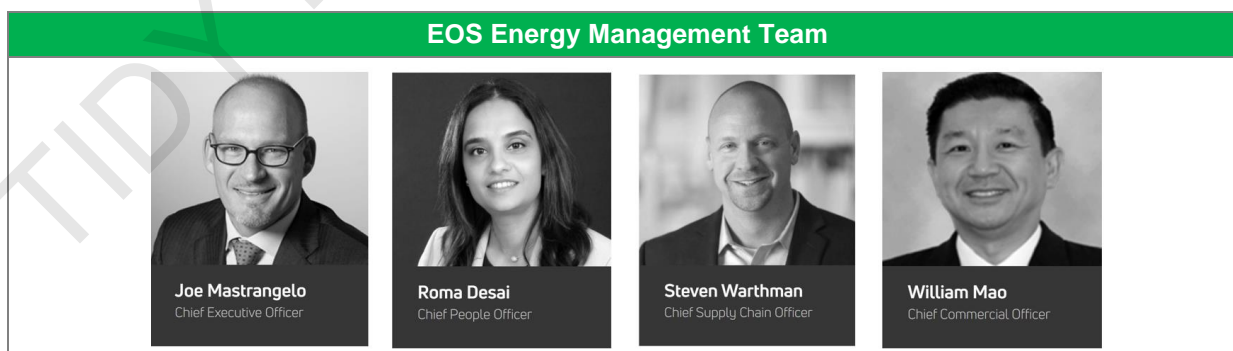
- All insiders (current or former employee of the Company) have grown their equity positions in the Company since Q1 2022. We believe this demonstrates a continued commitment to EOS
- New large and sophisticated investors, such as Electron, Koch, and Point72, have all invested in the last 6 months with meaningful size. Cost basis across these groups is likely \$1.50 - \$2.50/share. Overall, we think this is a positive sign from the market

Top Shareholders

Shareholders	Mar-31-2022	Jun-30-2022	Sep-30-2022
Point72 Asset Management, L.P.	-	-	3,193,723
Electron Capital Partners, LLC	-	-	3,176,994
Invesco Capital Management LLC	3,981,755	3,708,608	2,889,831
AltEnergy LLC	2,653,272	2,653,272	2,653,272
Spring Creek Capital, LLC	2,538,261	2,538,261	2,538,261
Koch Industries, Inc.	-	2,392,361	2,392,361
The Vanguard Group, Inc.	2,098,832	1,660,376	2,298,781
Reservoir Capital Group	1,813,747	1,813,747	1,813,747
Barings LLC	875,769	1,204,430	1,204,430
BlackRock, Inc. (NYSE:BLK)	2,668,119	624,288	700,735
American Money Management Corporation	599,775	599,775	599,775
Geode Capital Management, LLC	616,882	418,080	553,385
Ardsley Advisory Partners LP	25,000	-	502,000
Yorkville Advisors Global LP	-	465,117	465,117
Stidolph, Russell M. (Independent Chairman of the Board)	249,881	325,143	325,143
Mastrangelo Jr., Joseph R. (CEO & Director)	268,727	338,727	338,727
State Street Global Advisors, Inc.	1,933,724	182,212	383,082
Susquehanna International Group, LLP, Asset Management Arm	236,954	218,345	302,506
Williams Jones Wealth Management, LLC	-	-	267,500
GSA Capital Partners LLP	61,833	349,580	239,049
Bank of America Corporation, Asset Management Arm	249,372	138,712	230,224
JPMorgan Chase & Co, Brokerage and Securities Investments	603,986	1,179,054	224,465
Gruss & Co Inc	-	-	200,000
BNY Mellon Asset Management	124,445	118,425	197,902
ETF Managers Group LLC	-	157,561	163,921
Kurada, Sagar C. (Former Chief Financial Officer)	66,939	153,396	153,396
Whipstick Ventures, LLC	-	-	151,581
Wells Fargo & Company, Securities and Brokerage Investments	65,151	104,337	149,868
Goldman Sachs Group, Investment Banking and Securities Investments	77,371	153,805	141,274
Gonzales CPA, Randall B. (Chief Financial Officer)	43,700	113,700	113,700

e) Management Team and Board of Directors:

Overall, we believe the strength of the management team is heavily reliant on the CEO, Joe Mastrangelo, who previously led GE's Power Conversion business. We rate this management team as capable to carry out the value creation initiatives laid out in previous pages and believe Joe's past experience at GE will be complementary to his role at EOS. Please see below for additional detail on the EOS management team.



Source: EOS Energy

Joe Mastrengelo, Chief Executive Officer: After serving as Board Advisor for the company, Joe Mastrangelo was named CEO of Eos in July of 2019. With nearly 30 years of energy industry

experience, Joe draws on extensive knowledge and insight gained leading diverse teams in developing and deploying commercial-scale energy projects around the world. Before joining Eos, Joe served as CEO of GE's Power Conversion business, and prior to that was president and CEO of Gas Power Systems for GE Power, a global business of more than 15,000 employees in 60+ countries. Originally from New York, Joe earned a Bachelor of Science in Finance from Clarkson University and an Associate of Science, Business Administration and Management from Westchester Community College. Leveraging his background and keen understanding of the global energy landscape, Joe's vision for a battery-powered future keeps Eos at the forefront of the transition to clean energy.

Roma Desai, Chief People Officer: Roma Desai joined Eos as Chief People Officer in May 2022. Her unique and varied background gives Roma the knowledge and understanding needed to help create an inclusive and productive culture within the organization. Prior to joining Eos, Roma was Vice President & Head of International HR for MAN Energy Solutions. Before relocating to the USA, Roma was a Chief Financial Officer for MAN Energy Solutions Canada Ltd.

Steve Warthman, Chief Supply Chain Officer: Steve Warthman was named CSCO of Eos in June of 2022. Leveraging his broad knowledge and expertise with process improvement and performance transformation, Steve leads the strategic diversification of Eos' domestic supply chain. Prior to joining Eos, Steve served as Chief Operations Officer and Vice President of Operations for ILC Dover, a world leader in pharmaceutical soft goods manufacturing responsible for development and manufacturing of the NASA EVA Spacesuit.

William Mao, Chief Commercial Officer: Will Mao joined Eos in July of 2022 as the organization's CCO. His vast experience leading power transformer and green substation product launches is an asset for propelling Eos toward continued commercial success. Before joining Eos, Will served in leadership roles with major electricity and energy firms, including VP of Sales & Marketing with Hitachi Energy and Global VP with Hitachi ABB Power Grids. He was also head of the ABB US Oil, Gas & Petrochemicals business unit and served as a senior manager for electrical equipment manufacturer Powell Industries' (NASDAQ: POWL) international business unit.

4) Industry and Market Overview

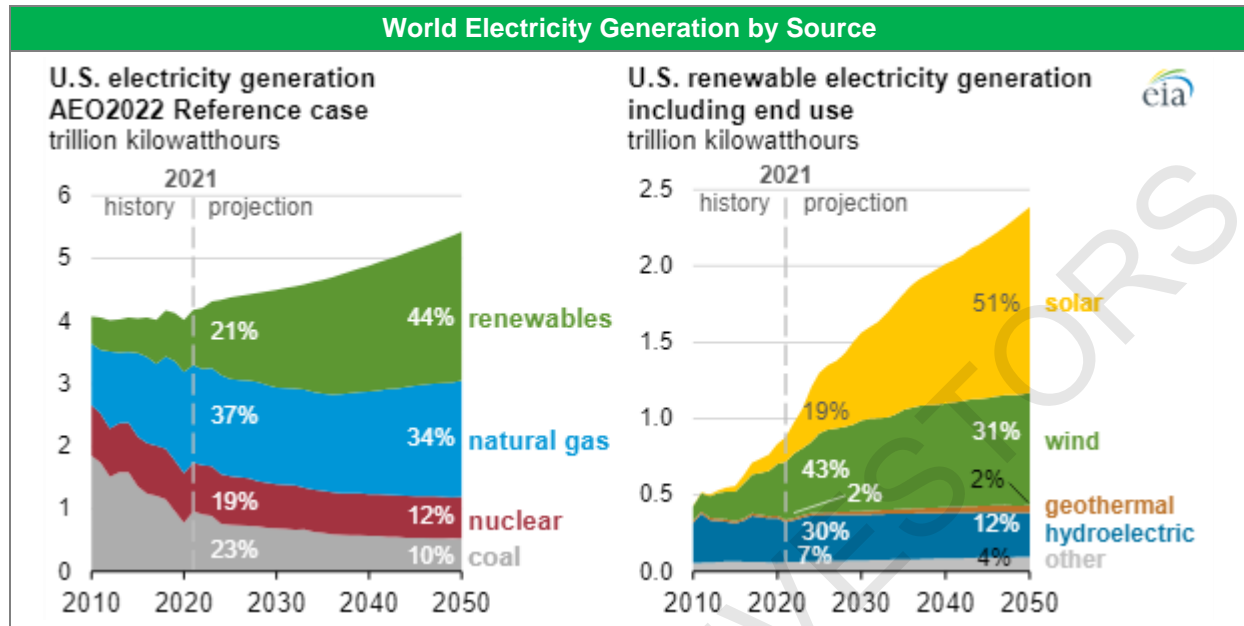
a) Industry Overview and Market Opportunity

Renewables are expected to become an increasingly large portion of the U.S. and global energy mix over the next 25 years (see below for additional detail). EIA predicts that renewables will be responsible for 44% of U.S. electricity generation by 2050. Whether you believe that these estimates are overly-ambitious or not, unambiguously, renewables will grow at a significantly higher growth rate than other energy sources through 2050. Among the renewable energy sources listed below, solar and wind are expected to grow the most and fastest.

Solar and wind offer unique advantages compared to traditional fossil fuels; however, also face distinct challenges. Solar and wind depend on weather conditions (the presence of sun/wind) in order to generate electricity. Due to this dynamic, energy generated from renewable sources fluctuate throughout the day. The U.S. energy grid was designed around using fossil fuels or nuclear energy at centralized powerplants to generate energy for consumers. As renewables have grown over the last decade, intermittency (due to dependence on weather conditions) has stretched the aging grid systems in place, necessitating a solution for renewables-driven energy fluctuations.

EOS and other stationary storage providers attempt to address this issue by providing energy storage technologies that enable the grid to smooth renewables-generation across a 24-hour

period. Renewables are dependent on energy storage in order to grow and EOS is uniquely positioned to take advantage of this emerging tailwind.



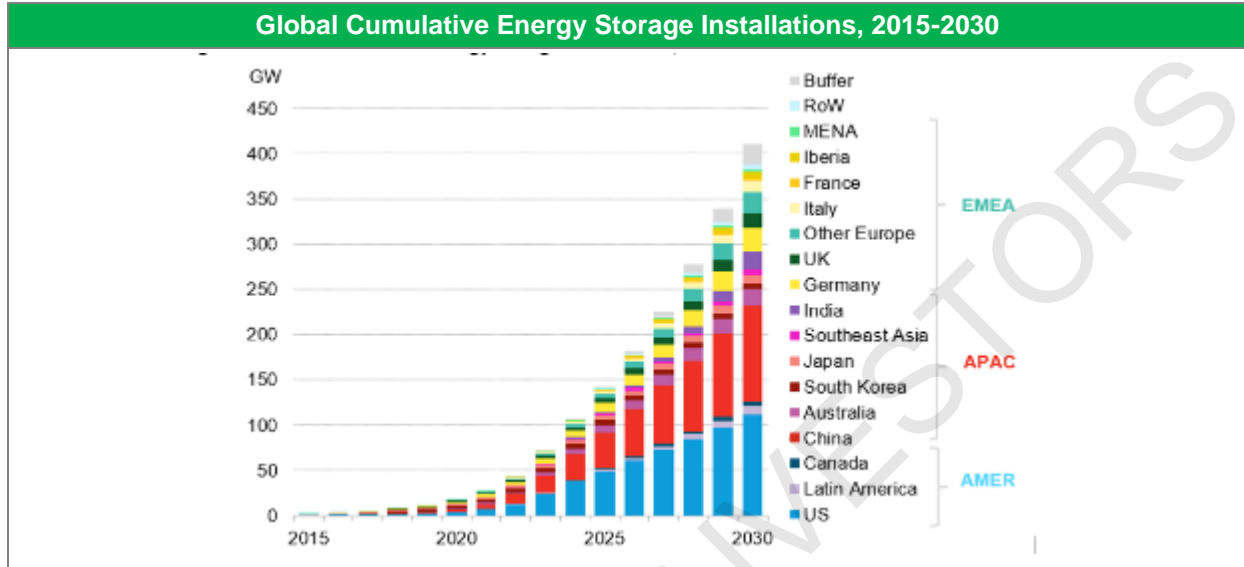
b) Energy Storage Market Size and Growth

The energy storage industry is in the early innings of what will be a long-term growth opportunity. BNEF predicts that energy storage installations around the world are projected to reach a cumulative 411 gigawatts by the end of 2030. That is 15 times the 26 gigawatts of storage that was online at the end of 2021. This is largely driven by the broader transition towards sustainability and renewables, which is key to the underwrite of EOS. Conviction in the tailwinds associated sustainability and a carbon-neutral future are necessary in order to have conviction in this investment. Notable new policies are also key drivers in this expected growth. New legislation includes:

- The US Inflation Reduction Act, a landmark piece of legislation providing more than \$369 billion in funding for clean technologies.
 - The anticipated acceleration of the US market follows the passage of the Inflation Reduction Act in August 2022, with large volumes of funds allocated to wind, solar and storage tax credits. The law will drive roughly 30GW/111GWh of energy storage build from 2022 to 2030, according to BNEF.
- The European Union's REPowerEU plan, which sets ambitious targets to reduce reliance on gas from Russia.
 - Russia's invasion of Ukraine has had a clear impact on energy storage deployments in Europe. Record electricity prices are forcing consumers to consider new forms of energy supply, driving the residential storage market in the near term. The significant utility-scale storage additions expected from 2025 onwards align with the very ambitious renewable targets outlined in the REPowerEU plan and a renewed focus on energy security in the UK. BNEF has more than double energy storage deployments from 2025 to 2030 across Europe from previous forecasts.

Importantly, BNEF's forecast suggests that the majority of energy storage build by 2030, equivalent to 61% of megawatts, will be to provide energy shifting – in other words, advancing or delaying the time of electricity dispatch, the key use case for EOS's systems. The Company

believes the storage opportunity is large (the projected Total Addressable Market = 115 GWh), and the numbers are big (every 1% share = \$250M). EOS is well positioned in a market subsegment that is growing at a record pace. Should EOS even become a secondary or tertiary player in the energy shifting storage market, the Company will far exceed its base case target price.

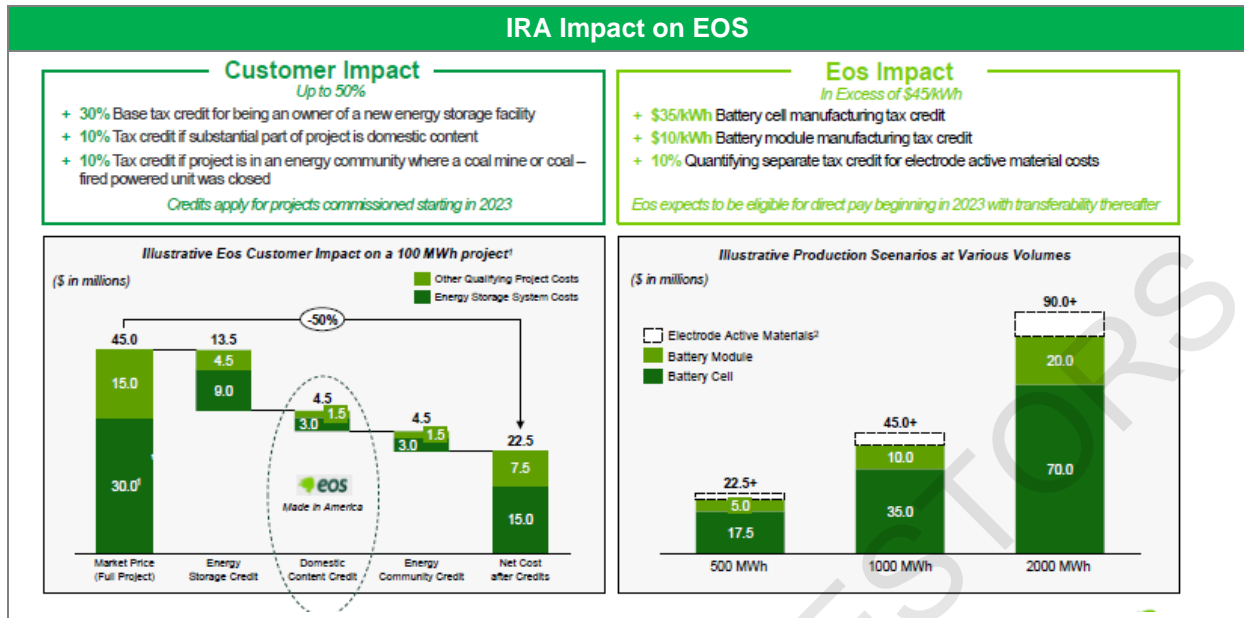


Source: BNEF

c) Inflation Reduction Act and Potential Benefits

As stated above, the Inflation Reduction Act (“IRA”) provides more than \$369B in funding for clean technologies. This 10-year program creates significant long-term opportunities for energy storage as an industry as solar and wind firmly take their place in the United States’ global energy mix. The IRA provides both EOS and its customers an opportunity to gain investment tax credits, which will improve domestic battery storage economics for the next decade. Additionally, the IRA is focused on made-in-America technology, which is aligned to EOS’s current manufacturing and supply chain approach.

Please see below for additional detail on the expected effects of the IRA on EOS and its customers.



Source: EOS Energy

d) Competition / Differentiation

As the transition towards renewables accelerates, new solutions and technologies are needed in order to provide safe and reliable power through our existing energy grid. Currently, most batteries and energy storage solutions have been geared towards short duration use cases (typically 0 – 4 hours), a larger and more mature market. EOS attempts to provide a solution to renewables-related intermittency issues in the grid via a longer duration energy storage system. It is important to understand that multiple different types of technologies will be required to meet the evolving storage needs of the market. A common concern when investing within energy storage is that the emergence of lithium-ion batteries will disrupt existing energy storage solutions. As depicted in Section 3b, lithium-ion will likely have dominance within a market segment, however, lithium-ion's strength and core use case are short duration demands. See below for additional detail on EOS's solutions relative to lithium-ion. EOS plays in a segment of the market relatively untouched by other market participants between short duration and long duration batteries.

EOS Technology vs. Lithium-ion		
Eos		Lithium Ion
Safe Reducing risks to power hot, dense places.	+ No fire suppression systems needed—non-flammable and free of thermal runaway risk	- Ancillary fire suppression system required
	+ Free of health hazards—non-toxic batteries can ship, store, and install without a charge	- Uses toxic materials and must always maintain a charge (hazmat classified)
Scalable Simplifying production to meet growing demand.	+ Stable, localized supply chain—uses “off-the-shelf” components with no precious or conflict materials	- Dependent on limited supply of internationally-sourced lithium and cobalt
	+ Simple six-step manufacturing process enables deployment of gigawatt factory in 6-9 months	- Up to 2 years to deploy a gigawatt factory—requires clean rooms and dehumidification systems
Sustainable Greening systems to run longer, then return to nature.	+ 98.2% of capacity retained annually at full depth of discharge over a 20+ year lifespan	- Expected lifespan of 12 years with annual degradation rate of 2.5%
	+ No toxic materials and all components fully recyclable in standard facilities; residual value covers all end-of-life costs	- Toxic and hard-to-recycle components require specialized processes resulting in disposal costs of up to \$8/kWh
Efficient Streamlining components to outperform, anywhere.	+ Operates across wide temperature range with low parasitic load and flexible charge and discharge rates	- High parasitic loss from HVAC required to maintain tight temperature range, with lifespan degradation outside fixed charge and discharge rates
	+ Requires no additional upsizing—designed for 100% depth of discharge	- Limited to 80% depth of discharge

Source: EOS Energy

5) Financials

a) Historical Financials

Below, we have provided EOS’s historic financial performance along with relevant commentary on select line items. This is a Company with limited historic Revenue or cash flow, and we believe analyzing the last four quarters of financial performance (versus multiple past years) is most helpful in understanding the Company’s financial performance to date.

Historical Financials

Income Statement Consolidated (\$MM)						
	Q4 2021	2021A	Q1 2022	Q2 2022	Q3 2022	
Revenue	3.1	4.6	3.3	5.9	6.1	①
(-) COGS	(21.1)	(46.5)	(35.6)	(36.9)	(50.0)	
Gross Profit	(\$18.0)	(\$41.9)	(\$32.3)	(\$31.0)	(\$43.9)	②
<i>Gross Margin (%)</i>						
(-) R&D expense	(5.4)	(19.2)	(5.0)	(5.5)	(4.5)	
(-) G&A expense	(14.0)	(43.0)	(14.3)	(19.1)	(14.7)	
(-) Other	(0.2)	(30.5)	(0.2)	(1.8)	(0.5)	
EBIT	(\$37.6)	(\$134.6)	(\$51.8)	(\$57.4)	(\$63.6)	③
<i>EBIT Margin (%)</i>						
Interest Expense	(1.2)	(5.2)	(2.5)	(2.9)	(5.7)	
Other		15.6	8.4	3.6	(1.3)	
Net Income	(\$38.8)	(\$124.2)	(\$45.9)	(\$56.7)	(\$70.6)	④
Shares Outstanding - Diluted (000s)	54,101		53,962	56,021	63,066	
Cash Flow Detail (\$MM)						
Previous Quarter Cash	144.0		105.0	55.0	16.0	
(+) Cash Inflow	2.0		4.0	17.0	90.0	⑤
(-) Debt Payment	0.0		0.0	(5.0)		
<i>Cash Outflow</i>						
COGS / Manufacturing	(22.0)		(34.0)	(30.0)	(42.0)	
SG&A	(8.0)		(8.0)	(10.0)	(11.0)	
R&D	(4.0)		(3.0)	(3.0)	(3.0)	
Cap Ex	(4.0)		(5.0)	(6.0)	(7.0)	
Financing Activities	(1.0)		(1.0)	(1.0)	(3.0)	
One-time Items	(2.0)		(3.0)	(1.0)	(2.0)	
Total Other Cash Outflow	(\$41.0)		(\$54.0)	(\$51.0)	(\$68.0)	⑥
Ending Cash Balance	105.0		55.0	16.0	38.0	

Key Commentary

1	<ul style="list-style-type: none"> - There has been very limited Revenue to date. That said, the 2022E performance is in line with guidance from management. 2023 will be the real test for the Company as EOS attempts to convert \$450MM of booked orders to Revenue - Note that multiple 2022 customers have shifted the delivery of EOS solutions to 2023 to utilize IRA benefits, decreasing 2022E revenue - More notable than Revenue is the Company's pipeline, which has expanded from \$3.4B to \$6.4B over the last four quarters
2	<ul style="list-style-type: none"> - Historical COGS to date are not 1-to-1 with the top-line revenue figure. The historical gross profit is not reflective of the run-rate gross margin profile of the Company. This COGS figure includes many of the costs associated with scaling manufacturing capabilities and reducing unit economics for the Gen 2.3 battery.
3	<ul style="list-style-type: none"> - We believe there will be meaningful operating leverage as the Company scales - EOS will continue to invest in R&D and its personnel into 2023 and beyond. That said, we believe operating expenses as a percentage of revenue will remain constant or decrease throughout the projection period
4	<ul style="list-style-type: none"> - Over the last four quarters, the Company has used equity to fund its quarterly cash outflows. This has resulted in meaningful dilution for existing equity holders. - The expected Q4 2022 shares outstanding are 74.1MM

5	- EOS has raised capital via equipment financing, ATM offerings in the market, and debt financings. As the health of EOS's balance sheet deteriorates, the Company's cost of capital will unambiguously increase
6	- EOS's historical cash outflows represent one of the most significant areas of concern for the Company going forward. The Company has funded this constant capital need via a combination of equity and debt, but this cash burn rate is not sustainable in the medium-term

i) Balance Sheet and Liquidity Needs

One of the most significant risks for EOS is meaningful dilution to existing equity holders. EOS has had average cash outflows of ~\$54MM across the last four quarters, an aggressive cash burn rate at a time in which cheap capital is hard to come by. Over the last four quarters, the Company's cash balance has dwindled from \$144MM to \$38MM net of \$113MM of cash inflows (combination of asset financing, holdco debt financing, and equity issuances). Put simply, the Company needs to find a way to survive until the Company is cash flowing consistently.

EOS does have numerous potential funding sources, many of which are already in place. That said, the Company's cost of capital will unambiguously increase as EOS's balance sheet health continues to deteriorate. A breakdown of EOS's potential funding sources are provided below.

Funding Sources			
Liquidity Option	Description	Amount	Type
SEPA (Standby Equity Purchase Agreement)	Standby equity purchase agreement with Yorkville Advisors allows EOS to sell common equity at the time of EOS's choosing during the two-year agreement	\$200MM	Equity
S-3 Registration Capacity	Effective S-3 shelf registration filed with the SEC for up to \$300MM of common stock, preferred stock and debt securities, \$200MM of which was used for the SEPA	\$100MM	Equity
Senior Secured Loan Facility	Four-year, non-amortizing senior secured term loan with Atlas Credit Partners – fully funded	\$100MM	Debt
DOE Loan	Project finance for manufacturing capacity expansion with future additional loans possible. Part II application submitted in Q2. Decision likely in Q1 2023. Funding anticipated 60-90 days after approval	TBD	Debt
Federal R&D Grant	R&D grant available through Bipartisan Infrastructure Law, with \$6B in total grants available in \$50 - \$100M increments. Grant would be used to pay for advanced components of future generations of EOS batteries	TBD	Grant

ii) DoE Loan

EOS is in the final stages of the DOE's Title XVII Innovative Clean Energy Loan Guarantee Program. Eligible projects for the Title XVII program must (1) utilize a new or significantly improved technology; (2) avoid, reduce or sequester greenhouse gases; (3) be located in the United States; and (4) have a reasonable prospect of repayment. The goal of the organization is to provide a bridge to bankability for high-impact energy technologies to cross the final milestones to commercialization.

Since Q2 2022, EOS has been working with the LPO to negotiate terms and conditions of a loan as the office works toward a commitment. While management is unable to provide ongoing guidance regarding the status of the application, we believe the Company is on track and well positioned to receive a loan given EOS’s contracted pipeline and US-based operations. During the Q3 2022 earnings call, Randall Gonzales, CFO said *“we’re in the formal due diligence process with the DOE, active engagement. And So, I mean, timing to be determined, but we’re confident in where we’re at with the engagement that we have with the DOE.”*

We believe we will have the decision from the DoE by Q1 – Q2 2023. The quantum of capital could range from \$25 - \$150MM and would be a meaningful source of liquidity for the Company, ensuring minimal dilution as the Company advances toward profitability. We believe the confirmation of a DoE Loan would be a strong catalyst for a run-up in the stock.

b) Key Model Drivers

The EOS model hinges on the Company’s ability to continue to grow its pipeline, convert its existing pipeline to backlog, and deliver on its guidance regarding unit economics and profitability. Below, we have provided additional detail on the key modeling assumption that are ultimately driving our financial projections

Key Commentary	
Pipeline Growth	<ul style="list-style-type: none"> - As demonstrated in the financial projections below, the Company has been very successful in growing its pipeline over the last 12 months - The growth of the pipeline is heavily tied to the growth of the overall energy storage market and the intraday energy storage subsegment. Currently EOS is the leading player within its niche, and we believe EOS has the potential to meaningfully expand its pipeline and market share if they successfully deliver on their contracted backlog - Based on recent industry studies, the global energy storage market will grow at an estimated 30% compound annual growth rate between 2022 and 2030
Pipeline Conversion	<ul style="list-style-type: none"> - Historically, LOI / Firm commitments have represented ~15% of the Company’s total pipeline. We have confidence that this trend will continue as the Company continues to expand its pipeline. - Historically, EOS has converted ~10% of its LOI / firm commitments to booked orders every quarter. It is likely that this rate will increase once the Company releases the more efficient Z3 battery and further develops its brand name in the market
Timing of Z3 Battery Launch	<ul style="list-style-type: none"> - The timing of the Z3 battery launch is core to the underwrite. Currently the Company is burning \$54MM of cash a quarter, which is due to both the scale up of the Company’s manufacturing capabilities, as well as the sale of the Gen 2.3 battery which is being sold at a loss. - The release and scale of production of the Z3 battery, which is expected to operate at a ~40% gross margin, is key to the Company becoming cash flow positive
Unit Economics	<ul style="list-style-type: none"> - Historically, EOS has sold their energy storage solutions at \$250/kWh. Management believes there are upside pricing opportunities beyond this once the Z3 battery is released, which is more efficient and provides increased energy per unit. Regardless of whether an upside opportunity exists, the issue to date has been on the direct cost side - We estimate that the Gen 2.3 battery on a run-rate basis costs EOS \$300/kWh to produce. Conversely, the Z3 battery is expected to deliver a more energy dense solution at a cost of \$150/kWh. Inclusive of the IRA benefits and once scaled, we think the Z3 battery could be produced at a cost of \$100kWh (60% gross margin, excluding servicing-related revenues)

Funding Sources Until Profitable	<ul style="list-style-type: none"> - EOS is unlikely to be cash flow positive for another 3 – 4 quarters. Historically, the Company has bridged cash outflows via a combination of debt and equity. The funding source mix going forward will impact returns given dilution considerations
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c) Financial Projections

Please find a summary of the base case financial projections below. Note that these forecasts are high-level, and should help inform what ‘you need to believe’ in order for EOS to be successful. If the Company delivers on its guidance regarding the Company’s future growth and run-rate unit economics, EOS is well positioned to outperform the forecasts below.

Financial Projections														
Operational Metrics	Actuals						Projections							
	Q4 2021	2021A	Q1 2022	Q2 2022	Q3 2022	Q4 2022E	2022E	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E	2023E	2024E	2025E
Current Pipeline (\$MM)														
Technical Proposal	\$1,100	\$1,600	\$1,800	\$1,300	\$1,696	\$1,696	\$1,798	\$1,906	\$2,020	\$2,141	\$2,141	\$2,141	\$2,548	\$3,032
Non-binding Quote	\$2,300	\$4,200	\$4,300	\$5,100	\$5,088	\$5,088	\$5,393	\$5,717	\$6,060	\$6,423	\$6,423	\$6,423	\$7,644	\$9,096
Total in Current Pipeline	\$3,400	\$5,800	\$6,100	\$6,400	\$6,784	\$6,784	\$7,191	\$7,623	\$8,080	\$8,565	\$8,565	\$8,565	\$10,192	\$12,128
Current Pipeline (MWh)														
Technical Proposal	4,490	6,400	7,200	5,200	6,784	6,784	7,191	7,623	8,080	8,565	8,565	8,565	10,192	12,128
Non-binding Quote	9,389	16,800	17,200	20,400	20,352	20,352	21,573	22,868	24,240	25,694	25,694	25,694	30,576	36,385
Total in Current Pipeline	13,879	23,200	24,400	25,600	27,136	27,136	28,764	30,490	32,319	34,259	34,259	34,259	40,768	48,514
Growth in Current Pipeline (%)														
LOI / Firm Commitments (\$MM)	\$700	\$400	\$900	\$900	\$1,018	\$1,018	\$1,079	\$1,143	\$1,212	\$1,285	\$1,285	\$1,285	\$1,529	\$1,819
LOI / Firm Commitments (MWh)	2,857	1,600	3,600	3,600	4,070	4,070	4,315	4,574	4,848	5,139	5,139	5,139	6,115	7,277
% of Pipeline	21%	7%	15%	14%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Backlog (\$MM)														
Beginning Backlog	\$151.8	\$147.5	\$212.4	\$457.3										
(+) Booked Orders	\$0.4	\$66.7	\$250.5	\$0.1										
(-) Customer Shipments	(\$4.7)	(\$1.8)	(\$5.6)	(\$5.2)										
Backlog (\$MM)	\$147.5	\$212.4	\$457.3	\$452.2										
Backlog (MWh)														
Beginning Backlog	620	590	850	1,829	1,809	602	2,180	2,546	2,901	3,212	3,533	3,533	4,719	5,646
(+) Booked Orders	2	267	1,002	0	407	1,676	431	457	485	514	1,887	1,887	2,246	2,673
Booked Orders as a % of LOI / Firm Commitment	0%	17%	28%	0%	10%	41%	10%	10%	10%	10%	37%	37%	37%	37%
(-) Customer Shipments	19	7	22	21	36	87	65	102	174	193	534	534	1,060	1,746
Customer Shipments as % of Beginning Backlog	3%	1%	3%	1%	2%	14%	3%	4%	6%	6%	24%	24%	30%	37%
Backlog (MWh)	602	850	1,829	1,809	2,180	2,180	2,546	2,901	3,212	3,533	3,533	4,719	5,646	
Sales Volume (MW) as % of Beginning Backlog	2%	2%	3%	1%	2%	15%	3%	7%	9%	10%	38%	37%	38%	
Key Operational Drivers														
Sales Volume (MWh)	12.7	13.2	23.6	24.4	30.0	91.2	75	175	250	325	825	825	1,300	1,800
Selling Price (\$000s / MWh)	245	250	250	250	250	250	250	250	250	250	250	250	250	250
COGS (\$000s / MWh)	1,668	2,687	1,564	2,049	1,750	850	850	400	150	150	145	145	140	
Z3 Ramp Up			Development				Full Delivery							
Income Statement Consolidated (\$MM)														
Revenue	3.1	4.6	3.3	5.9	6.1	7.5	22.8	18.8	43.8	62.5	81.3	206.3	325.0	450.0
(-) COGS	(21.1)	(46.5)	(35.6)	(36.9)	(50.0)	(52.5)	(175.0)	(63.8)	(70.0)	(37.5)	(48.8)	(220.0)	(188.5)	(252.0)
Gross Profit	(\$18.0)	(\$41.9)	(\$32.3)	(\$31.0)	(\$43.9)	(\$45.0)	(\$152.2)	(\$45.0)	(\$26.3)	\$25.0	\$32.5	(\$13.8)	\$136.5	\$198.0
Gross Margin (%)										40%	40%		42%	44%
(-) R&D expense	(5.4)	(19.2)	(5.0)	(5.5)	(4.5)	(4.5)	(19.5)	(5.0)	(5.0)	(5.0)	(5.0)	(20.0)	(21.0)	(22.1)
(-) G&A expense	(14.0)	(43.0)	(14.3)	(19.1)	(14.7)	(15.0)	(63.1)	(15.0)	(15.0)	(15.0)	(15.0)	(60.0)	(63.0)	(66.2)
(-) Other	(0.2)	(30.5)	(0.2)	(1.8)	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	(\$37.6)	(\$134.6)	(\$51.8)	(\$57.4)	(\$63.6)	(\$64.5)	(\$234.8)	(\$65.0)	(\$46.3)	\$5.0	\$12.5	(\$93.8)	\$52.5	\$109.8
EBIT Margin (%)										8%	15%		16%	24%
Interest Expense	(1.2)	(5.2)	(2.5)	(2.9)	(5.7)	(7.5)	(18.7)	(7.5)	(10.0)	(10.0)	(10.0)	(37.5)	(37.5)	(37.5)
Other	15.6	8.4	3.6	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	(\$38.8)	(\$124.2)	(\$45.9)	(\$56.7)	(\$70.6)	(\$72.0)	(\$253.5)	(\$72.5)	(\$56.3)	(\$5.0)	\$2.5	(\$131.3)	\$15.0	\$72.3
Shares Outstanding - Diluted (000s)	54,101	53,962	56,021	63,066	74,100		83,559	83,559	83,559	83,559	83,559	83,559	83,559	83,559
EPS											0.03	(1.57)	0.18	0.87
EBITDA - Adjusted		(\$111.8)					(\$242.2)					(\$103.8)	\$42.5	\$114.8

Key Commentary	
1	<ul style="list-style-type: none"> - Growth of EOS’s pipeline highly tied to demand for intraday storage solutions which, in turn, is tied to the growth of renewables and alternative sources of energy. This is a broader macro trend you must be comfortable investing behind in order to have conviction in EOS - Pipeline growth informed by both industry growth rates and EOS’s historical performance
2	<ul style="list-style-type: none"> - LOI / Firm commitment and booked order conversion kept in-line with historical performance

	- Reasonable upside case exists in pipeline growth and conversion rates should EOS successfully deliver on contracted backlog and continue to build reputation. EOS is currently a first mover in this growing nascent market
3	- Sales volume projected to grow in line with pipeline and contracted backlog. Over time, sales as a % of backlog expected to increase as EOS scales manufacturing capabilities and can deliver storage solutions shortly after booked orders
4	- Again, reasonable upside case exists should EOS prove ability to deliver high-quality solutions to customers
5	- Gross profit projected to expand throughout the projection period as Z3 battery is launched and delivered. Z3 battery expected to be fully launched by Q3 2023E - Services margins are included in the buildup of COGS. That said, services-related revenues are expected to make up less than 10% of revenues during the projection period, and should be thought of as very secondary to the sale of storage solutions
6	- Operating leverage exists as the Company scales. Reasonable to assume expanding operating margins throughout the projection period

6) Valuation

Entry valuation was a focus area for our team during the underwrite. That said, we recognize that EOS's implied valuation is less relevant for a Company of this size and maturity. EOS will generate less than \$25MM of Revenue in 2022E and is expected to be cash flow negative over the next three quarters. EOS continues to trade at a meaningful discount to its implied value due to the Company's poor balance sheet and lack of liquidity. Put simply, there is a risk of meaningful dilution if the Company fails to secure additional funding, deliver the Z3 battery on time, and deliver the battery at attractive unit economics. That said, we believe current trading levels are overweighting the possibility of a liquidity crunch, and do not properly reflect the Company's strong contracted pipeline, market position, and visibility to profitability. The below analysis is largely illustrative and provides an overview of how we arrived at a valuation for the Company today.

a) Entry Valuation

Given the Company's lack of meaningful historical financials and its high-growth profile, we believe a forward multiple is most appropriate in assessing the value of EOS. We use an EV / 2024E Sales multiple to ultimately drive the Company's implied share price (via EV to equity value walk). Sales were chosen over EBITDA due to the company's strong contracted backlog and pipeline, which provide high visibility into future top-line performance. Below we include commentary on the walk from Enterprise Value to implied entry share price.

- Enterprise Value: We arrived at a midpoint Enterprise Value of \$650MM using an EV/2024E Sales multiple range of 1.75x – 2.25x, which is informed by the comp group described in the section below
- Implied Equity Value: The equity value is inclusive of net debt (inclusive of convertible notes with Koch Industries)
- Adjusted Equity Value: Conservatively takes into account the estimated equity need required (net of current cash balance) in order for the Company to become cash flow positive. We estimate that the Company will be cash flow positive in Q4 2023E (and onwards). We have assumed that all of the cash needed from now until Q4 2023E is funded via equity. Should EOS win the DOE loan or structure another debt-like item to bridge this funding gap, this would reduce further dilution to existing equity holders and increase potential returns.

Note that EOSE still trades at a meaningful discount to its implied value assuming all bridge funding to profitability is funded via equity over the next 3 quarters.

Entry Valuation Walk						
	Methodology	Multiple Range (x)	Metric (\$MM)	Valuation Range		
				Low	Mid	High
EOS Energy Enterprise Value	EV/Revenue (YE 2024)	1.75 - 2.25x	\$325.0	\$568.8	\$650.0	\$731.3
Less: Net Debt				(122.3)	(122.3)	(122.3)
Implied Equity Value				\$446.5	\$527.7	\$609.0
Less: Equity spend to become cash flow positive				(175.0)	(175.0)	(175.0)
Adjusted Equity Value (\$MM)				\$271.5	\$352.7	\$434.0
Fully Diluted Shares Outstanding (MMs)				74.1	74.1	74.1
Share Price				\$3.66	\$4.76	\$5.86

b) Comparable Companies Analysis

The 1.75x – 2.25x EV/Sales multiple range used to arrive at an entry EV is informed by two different dynamics which are described below.

- Energy Storage Comparable Company Set: We recognize that there are no perfect public comparable companies for EOS given the Company's early stage, lack of historical financials, and unique positioning within intraday storage. That said, we believe the comp set below are representative of how EOS would trade once the Company's maturity and liquidity concerns are de-risked. The comp set below all provide energy storage solutions that are tied or adjacent to the growth of renewables and other sustainable energy. On a run-rate basis, we believe EOS will have a similar operating margin as the comp set described below.
- EOS Deserves to be Discounted: As described earlier, EOS is an early-stage company that has risks (liquidity need, execution risk, path to profitability) that the rest of the comp set do not. To account for this, we have discounted the median EV / 2024E Sales multiple of the comp set.

Public Comparables										
Trading Metrics										
(\$ in Millions, Except Per Share Data)										
	Share Price	% of 52 Week High	Enterprise Value	EV / Revenue			EV / EBITDA			
				2023E	2024E	2025E	2023E	2024E	2025E	
Enphase Energy, Inc.	\$228.44	67.2%	\$30,943	9.9x	7.8x	6.4x	32.2x	24.4x	19.3x	
Fluence Energy, Inc.	\$24.91	99.9%	\$2,615	1.6x	1.0x	0.8x	NM	43.6x	11.7x	
SolarEdge Technologies, Inc.	\$309.18	82.3%	\$16,443	4.1x	3.4x	2.9x	22.2x	16.9x	13.7x	
Generac Holdings Inc.	\$116.05	35.2%	\$8,700	2.0x	1.8x	1.7x	11.4x	9.7x	8.3x	
Average		71.1%		4.4x	3.5x	2.9x	22.0x	23.7x	13.3x	
Median		74.7%		3.1x	2.6x	2.3x	22.2x	20.7x	12.7x	
EOS Energy	\$1.50	30.2%	\$248	0.8x	1.3x	1.8x	NM	5.8x	2.2x	
Operating Metrics										
(\$ in Millions)										
	Revenue			EBITDA			EBITDA Margin		Revenue CAGRs	
	2023E	2024E	2025E	2023E	2024E	2025E	2024E	2025E	'21 - '23	'23 - '25
Enphase Energy, Inc.	\$3,141	\$3,982	\$4,863	\$961	\$1,266	\$1,601	31.8%	32.9%	50.8%	24.4%
Fluence Energy, Inc.	\$1,673	\$2,675	\$3,354	(\$101)	\$60	\$223	2.2%	6.7%	50.4%	41.6%
SolarEdge Technologies, Inc.	\$4,005	\$4,871	\$5,743	\$740	\$971	\$1,199	19.9%	20.9%	42.8%	19.8%
Generac Holdings Inc.	\$4,294	\$4,725	\$5,027	\$760	\$895	\$1,050	18.9%	20.9%	7.2%	8.2%
Average							17.2%	21.4%	144.2%	28.3%
Median							18.9%	20.9%	50.4%	24.4%
EOS Energy	\$206	\$325	\$450	(104)	\$43	\$115	13.1%	25.5%	569.8%	47.7%

7) Target Return and Commentary

We view EOS as a long-term investment given the Company's unique positioning within intraday storage, low technology risk, near-term path to profitability, and the broader trends across renewables and sustainability. That said, we think there are multiple near-term catalysts that would significantly de-risk EOS and provide meaningful uplift to the stock price. These near-term catalysts include the win of a DoE Loan (Q1 – Q2 2023), the release of the Z3 battery on time (Q2 – Q3 2023), and a quarter of positive cash flow (Q4 2023). Regardless of what happens across the rest of the market, we believe the stock could easily 2x by this time next year if the Company meets the milestones listed above.

We recognize that EOS represents a risk-on investment and believe we are being appropriately paid for the risk we are taking. In the next 12 months, we are underwriting this investment with a price target of \$3.00/share (2x MoM), with a long-term (24+ months) price target of \$6.00/share (4x MoM). Finally, we believe there is an achievable upside scenario north of 10x+ should the Company become a leading player within this growing market subsegment.

TIDY ISLAND INVESTORS