

REFINITIV

## DELTA REPORT

### 10-Q

EOS ENERGY ENTERPRISES, I

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 1702

■ CHANGES	227
■ DELETIONS	781
■ ADDITIONS	694

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from **to**

Commission file number 001-39291

EOS ENERGY ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-4290188

(I.R.S. Employer Identification No.)

3920 Park Avenue

Edison

NJ

08820

(Address of Principal Executive Offices)

(Zip Code)

(732) 225-8400

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.0001 per share	EOSE	The Nasdaq Stock Market LLC
Warrants, each exercisable for one share of common stock	EOSEW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The registrant had outstanding **158,064,466** **208,127,550** shares of common stock as of **November 1, 2023** **May 8, 2024**.

## Table of Contents

	Page
<b>PART I - FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	4
Unaudited Condensed Consolidated Balance Sheets as of <b>September 30, 2023</b> <b>March 31, 2024</b> and <b>December 31, 2022</b> <b>2023</b>	4
Unaudited Condensed Consolidated Statements of Operations and Comprehensive <b>Income (Loss)</b> for the <b>Three</b> and <b>Nine</b> Months Ended <b>September 30, 2023</b> <b>March 31, 2024</b> and <b>2022</b> <b>2023</b>	6
Unaudited Condensed Consolidated Statements of Shareholders' <b>(Deficit) Equity</b> <b>Deficit</b> for the <b>Three</b> and <b>Nine</b> Months Ended <b>September 30, 2023</b> <b>March 31, 2024</b> and <b>2022</b> <b>2023</b>	7
Unaudited Condensed Consolidated Statements of Cash Flows for the <b>Nine</b> <b>Three</b> Months Ended <b>September 30, 2023</b> <b>March 31, 2024</b> and <b>2022</b> <b>2023</b>	98
Notes to the Unaudited Condensed Consolidated Financial Statements	1110
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	3329
Item 3. Quantitative and Qualitative Disclosures About Market Risk	4337
Item 4. Controls and Procedures	4437
<b>PART II - OTHER INFORMATION</b>	
Item 1. Legal Proceedings	4437
Item 1a. Risk Factors	4438
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	4438
Item 3. Defaults Upon Senior Securities	4438
Item 4. Mine Safety Disclosures	4538
Item 5. Other Information	4538
Item 6. Exhibits	4639
Signatures	4841

### FORWARD-LOOKING INFORMATION

All statements included in this Quarterly Report on Form 10-Q ("Quarterly Report"), other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements appear in a number of places in this Quarterly Report and include statements regarding the intent, belief or current expectations of Eos Energy Enterprises, Inc. Forward-looking statements are based on our management's beliefs, as well as assumptions made by and information currently available to, them. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to:

- changes adversely affecting the business in which we are engaged;
- our ability to forecast trends accurately;
- our ability to generate cash, service indebtedness and incur additional indebtedness;
- our ability to raise financing in the future;
- our customer's ability to secure project financing;
- the amount of final tax credits available to our customers or to Eos Energy Enterprises, Inc. pursuant to the Inflation Reduction Act;
- uncertainties around our ability to meet the applicable conditions precedent and secure final approval of a loan in a timely manner or at all from the Department of Energy, Loan Programs Office, or the timing of funding and the final size of any loan **if that is approved**;
- the possibility of a government shutdown while we **remain in work to meet the due diligence phase applicable conditions precedent and finalize loan documents** with the U.S. Department of Energy Loan Programs Office or while we await notice of a decision regarding the issuance of a loan from the Department of Energy Loan Programs Office;
- our ability to **continue** to develop efficient manufacturing processes to scale and to forecast related costs and efficiencies accurately;
- fluctuations in our revenue and operating results;
- competition from existing or new competitors;
- **the failure** our ability to convert firm order backlog and pipeline to revenue;
- risks associated with security breaches in our information technology systems;
- risks related to legal proceedings or claims;
- risks associated with evolving energy policies in the United States and other countries and the potential costs of regulatory compliance;

- risks associated with changes to the U.S. trade environment;
- risks resulting from the impact of global pandemics, including the novel coronavirus, Covid-19;
- our ability to maintain the listing of our shares of common stock on NASDAQ;
- our ability to grow our business and manage growth profitably, maintain relationships with customers and suppliers and retain our management and key employees;
- risks related to adverse changes in general economic conditions, including inflationary pressures and increased interest rates;
- risk from supply chain disruptions and other impacts of geopolitical conflict;
- changes in applicable laws or regulations; and
- other factors detailed under the section entitled "Risk Factors" herein.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements and, except as required by law, the Company assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. See also Part I, Item 1A, "Risk Factors" disclosures contained in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 for additional discussion of the risks and uncertainties that could cause the Company's actual results to differ materially from those expressed or implied in its forward-looking statements.

#### Part I - Financial Information

##### EOS ENERGY ENTERPRISES, INC.

##### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

		March 31, 2024		March 31, 2024	December 31, 2023
		September 30, 2023	December 31, 2022		
<b>ASSETS</b>					
<b>ASSETS</b>					
ASSETS	ASSETS				
Current assets:	Current assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 57,970	\$ 17,076		
Restricted cash	Restricted cash	3,439	2,725		
Accounts receivable, net	Accounts receivable, net	1,578	1,666		
Inventory, net	Inventory, net	20,568	23,260		
Vendor deposits	Vendor deposits	19,368	4,789		
Notes receivable, net		64	36		
Contract assets, current					
Contract assets, current					

Contract assets, current	Contract assets, current	2,401	1,859
Prepaid expenses	Prepaid expenses	815	2,289
Grant receivable			
Other receivables			
Other current assets	Other current assets	2,290	1,447
<b>Total current assets</b>	<b>Total current assets</b>	<b>108,493</b>	<b>55,147</b>
Property, plant and equipment, net	Property, plant and equipment, net	20,336	27,169
Property, plant and equipment, net			
Property, plant and equipment, net			
Intangible assets, net	Intangible assets, net	309	240
Goodwill	Goodwill	4,331	4,331
Notes receivable, long-term, net		799	827
Operating lease right-of-use asset, net			
Operating lease right-of-use asset, net			
Operating lease right-of-use asset, net	Operating lease right-of-use asset, net	3,942	4,316
Long-term restricted cash	Long-term restricted cash	11,652	11,422
Other assets		4,216	3,336
Other assets, net			
<b>Total assets</b>	<b>Total assets</b>	<b>\$ 154,078</b>	<b>\$ 106,788</b>
<b>LIABILITIES</b>	<b>LIABILITIES</b>		
	<b>LIABILITIES</b>		
	<b>LIABILITIES</b>		
Current liabilities:	Current liabilities:		
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$ 13,827	\$ 34,669

Accrued expenses	Accrued expenses	25,070	15,359
Operating lease liability, current	Operating lease liability, current	1,298	1,106
Long-term debt, current	Long-term debt, current	3,211	2,872
Convertible notes payable, current - related party		—	2,688
Contract liabilities, current			
Contract liabilities, current			
Contract liabilities, current	Contract liabilities, current	3,285	3,850
Other current liabilities	Other current liabilities	93	32
<b>Total current liabilities</b>	<b>Total current liabilities</b>	<b>46,784</b>	<b>60,576</b>
Long-term liabilities:	Long-term liabilities:		
Long-term liabilities:			
Operating lease liability			
Operating lease liability	Operating lease liability	3,471	4,130
Long-term debt	Long-term debt	87,793	87,321
Convertible notes payable - related party	Convertible notes payable - related party	116,260	82,950
Interest payable - related party	Interest payable - related party	2,706	—
Contract liabilities, long-term	Contract liabilities, long-term	956	956
Warrants liability - related party		22,954	78
Warrants liability			
Other liabilities	Other liabilities	1,485	3,488
<b>Total long-term liabilities</b>	<b>Total long-term liabilities</b>	<b>235,625</b>	<b>178,923</b>
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>282,409</b>	<b>239,499</b>

**COMMITMENTS AND  
CONTINGENCIES (NOTE  
15)**

**EOS ENERGY ENTERPRISES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

	March 31, 2024		March 31, 2024		December 31, 2023	
	September 30, 2023	December 31, 2022				
<b>COMMITMENTS AND CONTINGENCIES (NOTE 15)</b>						
<b>COMMITMENTS AND CONTINGENCIES (NOTE 15)</b>						
<b>COMMITMENTS AND CONTINGENCIES (NOTE 15)</b>						
<b>SHAREHOLDERS' DEFICIT</b>	<b>SHAREHOLDERS' DEFICIT</b>					
Common stock, \$0.0001 par value, 300,000,000 and 300,000,000 shares authorized, 156,378,778 and 82,653,781 shares outstanding on September 30, 2023 and December 31, 2022, respectively	16	9				
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, no shares outstanding on September 30, 2023 and December 31, 2022	—	—				
<b>SHAREHOLDERS' DEFICIT</b>	<b>SHAREHOLDERS' DEFICIT</b>					
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 206,779,447 and 199,133,827 shares outstanding on March 31, 2024 and December 31, 2023, respectively						
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 206,779,447 and 199,133,827 shares outstanding on March 31, 2024 and December 31, 2023, respectively						
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 206,779,447 and 199,133,827 shares outstanding on March 31, 2024 and December 31, 2023, respectively						

Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, no shares outstanding on March 31, 2024 and December 31, 2023	
Additional paid in capital	Additional paid in capital 706,288 513,614
Accumulated deficit	Accumulated deficit (834,638) (646,340)
Accumulated other comprehensive income	Accumulated other comprehensive income 3 6
<b>Total shareholders' deficit</b>	<b>Total shareholders' deficit (128,331) (132,711)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>Total liabilities and shareholders' deficit \$ 154,078 \$ 106,788</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. **Unaudited Condensed Consolidated Financial Statements.**

#### EOS ENERGY ENTERPRISES, INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) LOSS

(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
<b>Total revenue</b>	\$ 684	\$ 6,065	\$ 9,768	\$ 15,258
<b>Costs and expenses</b>				
Cost of goods sold	21,262	50,025	59,448	122,468
Research and development expenses	3,228	4,462	13,699	14,889
Selling, general and administrative expenses	13,076	14,651	40,169	48,045
Loss from write-down of property, plant and equipment	955	496	7,151	2,501
Grant expense, net	—	—	—	4
<b>Total costs and expenses</b>	<b>38,521</b>	<b>69,634</b>	<b>120,467</b>	<b>187,907</b>
<b>Operating loss</b>	<b>(37,837)</b>	<b>(63,569)</b>	<b>(110,699)</b>	<b>(172,649)</b>
<b>Other (expense) income</b>				
Interest expense, net	(4,994)	(2,766)	(14,709)	(3,388)
Interest expense - related party	(4,449)	(2,960)	(32,962)	(7,798)
Gain (loss) on change in fair value of derivatives - related party	61,804	(416)	(25,919)	12,094

Loss on debt extinguishment	—	(942)	(3,510)	(942)
Other income (expense)	421	41	(474)	(472)
<b>Income (loss) before income taxes</b>	<b>\$ 14,945</b>	<b>\$ (70,612)</b>	<b>\$ (188,273)</b>	<b>\$ (173,155)</b>
Income tax expense	13	110	25	45
<b>Net income (loss)</b>	<b>\$ 14,932</b>	<b>\$ (70,722)</b>	<b>\$ (188,298)</b>	<b>\$ (173,200)</b>
<b>Other comprehensive income</b>				
Foreign currency translation adjustment, net of tax	(6)	(1)	(3)	4
<b>Comprehensive income (loss)</b>	<b>\$ 14,926</b>	<b>\$ (70,723)</b>	<b>\$ (188,301)</b>	<b>\$ (173,196)</b>
<b>Basic and diluted income (loss) per share attributable to common shareholders</b>				
Basic	\$ 0.11	\$ (1.12)	\$ (1.65)	\$ (3.00)
Diluted	\$ (0.05)	\$ (1.12)	\$ (1.65)	\$ (3.00)
<b>Weighted average shares of common stock</b>				
Basic	138,005,222	63,065,884	114,209,090	57,705,811
Diluted	156,325,284	63,065,884	114,209,090	57,705,811
			<b>Three Months Ended March 31,</b>	
			<b>2024</b>	<b>2023</b>
<b>Revenue</b>				
<b>Total revenue</b>		<b>\$ 6,601</b>	<b>\$ 8,835</b>	
<b>Costs and expenses</b>				
Cost of goods sold		28,229	26,940	
Research and development expenses		5,200	5,445	
Selling, general and administrative expenses		14,242	13,955	
Loss from write-down of property, plant and equipment		65	760	
<b>Total costs and expenses</b>		<b>47,736</b>	<b>47,100</b>	
<b>Operating loss</b>		(41,135)	(38,265)	
<b>Other (expense) income</b>				
Interest expense, net		(4,267)	(4,829)	
Interest expense - related party		(4,851)	(13,755)	
Change in fair value of warrants		2,900	(156)	
Change in fair value of derivatives - related parties		534	(12,934)	
Loss on debt extinguishment		—	(1,634)	
Other income (expense)		136	(17)	
<b>Loss before income taxes</b>		<b>\$ (46,683)</b>	<b>\$ (71,590)</b>	
Income tax expense		25	10	
<b>Net loss</b>		<b>\$ (46,708)</b>	<b>\$ (71,600)</b>	
<b>Other comprehensive income</b>				
Foreign currency translation adjustment, net of tax		(5)	1	
<b>Comprehensive loss</b>		<b>\$ (46,713)</b>	<b>\$ (71,599)</b>	
<b>Basic and diluted loss per share attributable to common shareholders</b>				
Basic	\$ (0.23)	\$ (0.82)		
Diluted	\$ (0.23)	\$ (0.82)		
<b>Weighted average shares of common stock</b>				
Basic	201,306,905	86,797,669		
Diluted	201,306,905	86,797,669		

The accompanying notes are an integral part of these **unaudited condensed consolidated financial statements**.

**EOS ENERGY ENTERPRISES, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY**  
(In thousands, except share and per share amounts)

	Common Stock		Additional Paid in capital	Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount				
<b>Balances on June 30, 2022</b>	58,519,739	\$ 6	\$ 461,165	\$ 5	\$ (519,005)	\$ (57,829)
Stock-based compensation	—	—	3,616	—	—	3,616
Release of restricted stock units	139,846	—	—	—	—	—
Cancellation of shares used to settle payroll tax withholding	(38,534)	—	(77)	—	—	(77)
Issuance of common stock	15,461,238	2	36,672	—	—	36,674
Foreign currency translation adjustment	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	(70,722)	(70,722)
<b>Balances on September 30, 2022</b>	<b>74,082,289</b>	<b>\$ 8</b>	<b>\$ 501,376</b>	<b>\$ 4</b>	<b>\$ (589,727)</b>	<b>\$ (88,339)</b>
<b>Balances on June 30, 2023</b>	<b>127,309,960</b>	<b>\$ 14</b>	<b>\$ 620,006</b>	<b>\$ 9</b>	<b>\$ (849,570)</b>	<b>\$ (229,541)</b>
Stock-based compensation	—	—	4,456	—	—	4,456
Exercise of stock options	50,000	—	67	—	—	67
Release of restricted stock units	93,458	—	—	—	—	—
Cancellation of shares used to settle payroll tax withholding	(13,584)	—	(136)	—	—	(136)
Issuance of common stock	28,938,944	2	81,895	—	—	81,897
Foreign currency translation adjustment	—	—	—	(6)	—	(6)
Net income	—	—	—	—	14,932	14,932
<b>Balances on September 30, 2023</b>	<b>156,378,778</b>	<b>\$ 16</b>	<b>\$ 706,288</b>	<b>\$ 3</b>	<b>\$ (834,638)</b>	<b>\$ (128,331)</b>

Unaudited Condensed Consolidated Financial Statements.

[Table of Contents](#)

**EOS ENERGY ENTERPRISES, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITYDEFICIT**  
(In thousands, except share and per share amounts)

	Common Stock				Common Stock	Additional Paid in capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total	
	Common Stock		Additional Paid in capital	Accumulated Other Comprehensive Income (Loss)						
	Shares	Amount		Shares	Amount	Shares	Amount			
<b>Balances on December 31, 2022</b>										
<b>Balances on December 31, 2021</b>	53,786,632	\$ 5	\$ 448,969	\$ —	\$ (416,527)	\$ 32,447				
Stock-based compensation	—	—	10,993	—	—	10,993				

Exercise of warrants	600	—	7	—	—	7
Release of restricted stock units	567,453	—	—	—	—	—
Cancellation of shares used to settle payroll tax withholding	(166,690)	—	(929)	—	—	(929)
Issuance of common stock	19,429,177	3	41,275	—	—	41,278
Commitment fee for SEPA settled by common stock	465,117	—	1,061	—	—	1,061
Foreign currency translation adjustment	—	—	—	4	—	4
Net loss	—	—	—	—	(173,200)	(173,200)
<b>Balances on September 30, 2022</b>	<b>74,082,289</b>	<b>\$ 8</b>	<b>\$ 501,376</b>	<b>\$ 4</b>	<b>\$ (589,727)</b>	<b>\$ (88,339)</b>
<b>Balances on December 31, 2022</b>						
<b>Balances on December 31, 2022</b>	<b>82,653,781</b>	<b>\$ 9</b>	<b>\$ 513,614</b>	<b>\$ 6</b>	<b>\$ (646,340)</b>	<b>\$ (132,711)</b>
Stock-based compensation	Stock-based compensation	—	—	10,123	—	—
Exercise of stock options	Exercise of stock options	250,000	—	335	—	—
Release of restricted stock units	Release of restricted stock units	1,606,791	—	—	—	—
Cancellation of shares used to settle payroll tax withholding	Cancellation of shares used to settle payroll tax withholding	(303,655)	—	(587)	—	—
Issuance of common stock	Issuance of common stock	72,171,861	7	182,803	—	—
Foreign currency translation adjustment	Foreign currency translation adjustment	—	—	—	(3)	—
Net loss	Net loss	—	—	—	(188,298)	(188,298)
<b>Balances on September 30, 2023</b>	<b>156,378,778</b>	<b>\$ 16</b>	<b>\$ 706,288</b>	<b>\$ 3</b>	<b>\$ (834,638)</b>	<b>\$ (128,331)</b>
<b>Balances on March 31, 2023</b>						
<b>Balances on December 31, 2023</b>						
<b>Balances on December 31, 2023</b>						
<b>Balances on December 31, 2023</b>						

Stock-based compensation
Release of restricted stock units
Release of restricted stock units
Release of restricted stock units
Cancellation of shares used to settle payroll tax withholding
Issuance of common stock
Foreign currency translation adjustment
Foreign currency translation adjustment
Foreign currency translation adjustment
Net loss
<b>Balances on March 31, 2024</b>

The accompanying notes are an integral part of these **unaudited condensed consolidated financial statements**. **Unaudited Condensed Consolidated Financial Statements**.

#### EOS ENERGY ENTERPRISES, INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except share and per share amounts)

		Nine Months Ended September 30,		Three Months Ended March 31,	
				2024	2023
Cash flows from operating activities	Cash flows from operating activities	Cash flows from operating activities			
		2024	2023	2024	2023
Net loss	Net loss	\$(188,298)	\$(173,200)		
Adjustment to reconcile net loss to net cash used in operating activities	Adjustment to reconcile net loss to net cash used in operating activities				
Stock-based compensation					
Stock-based compensation					

Stock-based compensation	Stock-based compensation	10,123	10,993
Depreciation and amortization	Depreciation and amortization	7,316	3,847
Loss on debt extinguishment	Loss on debt extinguishment	3,510	942
Loss from write-down of property, plant and equipment	Loss from write-down of property, plant and equipment	7,151	2,501
Amortization of right-of-use assets	Amortization of right-of-use assets	737	635
Non-cash interest expense	Non-cash interest expense	3,820	704
Non-cash interest expense - related party	Non-cash interest expense - related party	25,324	3,121
Loss (gain) on change in fair value of derivatives - related party		25,919	(12,094)
Change in fair value of warrants			
Change in fair value of derivatives - related parties			
Commitment fee for SEPA agreement settled by common stock - related party	—	1,061	
Other		5,554	2,690
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Prepaid expenses			
Prepaid expenses			
Prepaid expenses	Prepaid expenses	1,474	1,677
Inventory	Inventory	2,692	(10,217)
Accounts receivable	Accounts receivable	96	(488)
Vendor deposits	Vendor deposits	(4,044)	3,960
Contract assets	Contract assets	(471)	(2,626)
Grant receivable			

Accounts payable	Accounts payable	(17,770)	22,047
Accrued expenses	Accrued expenses	12,258	5,949
Accounts payable and accrued expenses - related party		—	(1,200)
Interest payable - related party			
Interest payable - related party	Interest payable - related party	2,706	1,590
Operating lease liabilities	Operating lease liabilities	(830)	(528)
Contract liabilities	Contract liabilities	(565)	572
Note payable		—	(19,637)
Other			
Other	Other	(4,280)	(1,428)
<b>Net cash used in operating activities</b>	<b>Net cash used in operating activities</b>	(107,578)	(159,129)
<b>Cash flows from investing activities</b>	<b>Cash flows from investing activities</b>		
Investment in notes receivable		—	(261)
<b>Cash flows from investing activities</b>			
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment			
Purchases of property, plant and equipment			
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(21,186)	(18,778)
<b>Net cash used in investing activities</b>	<b>Net cash used in investing activities</b>	(21,186)	(19,039)
<b>Cash flows from financing activities</b>	<b>Cash flows from financing activities</b>		
<b>Cash flows from financing activities</b>			
Principal payments on finance lease obligations	Principal payments on finance lease obligations	(93)	(6)
Proceeds from exercise of options		442	—
Proceeds from exercise of public warrants		—	7

Principal payments on finance lease obligations			
Principal payments on finance lease obligations			
Proceeds from issuance of convertible notes - related party			
Proceeds from issuance of convertible notes - related party			
Proceeds from issuance of convertible notes - related party	Proceeds from issuance of convertible notes - related party	48,050	7,225
Payment of debt issuance costs - related party	Payment of debt issuance costs - related party	(1,116)	—
Proceeds received from the Term Loan, net of discount	—	92,783	
Repayment of equipment financing facility			
Repayment of equipment financing facility			
Repayment of equipment financing facility			
Proceeds from issuance of common stock			
Repurchase of shares from employees for income tax withholding purposes			
Repurchase of shares from employees for income tax withholding purposes			
Repurchase of shares from employees for income tax withholding purposes			
<b>Net cash provided by financing activities</b>			
Effect of exchange rate changes on cash, cash equivalents and restricted cash			
Effect of exchange rate changes on cash, cash equivalents and restricted cash			
Effect of exchange rate changes on cash, cash equivalents and restricted cash			

**EOS ENERGY ENTERPRISES, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands, except share and per share amounts)

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Payment of debt issuance costs	(3,046)	(12,703)
Proceeds from equipment financing facility	—	4,216
Repayment of equipment financing facility	(2,110)	(1,208)
Proceeds from issuance of common stock	81,897	29,139
Proceeds from issuance of common stock and warrants - related party	49,250	5,000
Payment of equity issuance costs - related party	(2,080)	—
Repurchase of shares from employees for income tax withholding purposes	(587)	(929)
<b>Net cash provided by financing activities</b>	<b>170,607</b>	<b>123,524</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(5)</b>	<b>(1)</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>41,838</b>	<b>(54,645)</b>
<b>Cash, cash equivalents and restricted cash, beginning of the period</b>	<b>31,223</b>	<b>105,692</b>
<b>Cash, cash equivalents and restricted cash, end of the period</b>	<b>\$ 73,061</b>	<b>\$ 51,047</b>
<b>Non-cash investing and financing activities</b>		
Accrued and unpaid capital expenditures	\$ —	\$ 1,492
Issuance of convertible notes for interest paid in kind	4,915	3,087
Fixed assets acquired with finance lease	125	—
Right-of-use operating lease assets in exchange for lease liabilities	363	2,112
Issuance of common stock upon settlement of Yorkville convertible notes	51,023	7,534
Accrued and unpaid debt issuance costs	—	5,231
Accrued and unpaid capitalized internal-use software	130	—
<b>Supplemental disclosures</b>		
Cash paid for interest	\$ 11,269	\$ 2,490

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(38,411)</b>	<b>(921)</b>
<b>Cash, cash equivalents and restricted cash, beginning of the period</b>	<b>84,667</b>	<b>31,223</b>
<b>Cash, cash equivalents and restricted cash, end of the period</b>	<b>\$ 46,256</b>	<b>\$ 30,302</b>
<b>Non-cash investing and financing activities</b>		
Accrued and unpaid capital expenditures	\$ 384	\$ 603
Issuance of common stock upon settlement of Yorkville convertible notes	—	24,422
Accrued and unpaid capitalized internal-use software	8	130
<b>Supplemental disclosures</b>		
Cash paid for interest	\$ 238	\$ 3,690

The accompanying notes are an integral part of these **unaudited condensed consolidated financial statements**; **Unaudited Condensed Consolidated Financial Statements**.

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

---

## 1. Overview

### **Nature of Operations**

Eos Energy Enterprises, Inc. (the "Company," "we," "us," "our," and "Eos") designs, develops, manufactures and markets innovative energy storage solutions for utility-scale, microgrid and commercial & industrial ("C&I") applications. Eos developed a broad range of intellectual property with multiple patents covering unique battery chemistry, mechanical product design, energy block configuration and a software operating system (Battery Management System). The Company has only one operating and reportable segment.

### **Liquidity and Going Concern**

As a growth company in the early commercialization stage of its lifecycle, Eos is subject to inherent risks and uncertainties associated with the development of an enterprise. In this regard, substantially all of the Company's efforts to date have been devoted to the development and manufacturing of battery energy storage systems and complimentary products and services, recruitment of management and technical staff, deployment of capital to expand the Company's operations to meet customer demand and raising capital to fund the Company's development. As a result of these efforts, the Company has incurred significant losses and negative cash flows from operations since its inception and expects to continue to incur such losses and negative cash flows for the foreseeable future until such time that the Company can reach a scale of profitability to sustain its operations.

In order to execute its development strategy, the Company has historically relied on outside capital through the issuance of equity, debt and borrowings under financing arrangements (collectively "outside capital") to fund its cost structure and expects to continue to rely on outside capital for the foreseeable future. While the Company believes it will eventually reach a scale of profitability to sustain its operations, there can be no assurance the Company will be able to achieve such profitability or do so in a manner that does not require its continued reliance on outside capital. Moreover, while the Company has historically been successful in raising outside capital, there can be no assurance the Company will be able to continue to obtain outside capital in the future or do so on terms that are acceptable to the Company.

As of the date the accompanying **unaudited condensed financial statements** **Unaudited Condensed Financial Statements** were issued (the "issuance date"), management evaluated the significance of the following negative financial conditions in accordance with Accounting Standard Codification 205-40, Going Concern:

- Since its inception, the Company has incurred significant losses and negative cash from operations in order to fund its development. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the Company incurred a net loss of **\$188,298**, **\$46,708**, incurred negative cash flows from operations of **\$107,578**, **\$40,474** and had an accumulated deficit of **\$834,638** **\$922,554** as of **September 30, 2023** **March 31, 2024**.
- As of **September 30, 2023** **March 31, 2024**, the Company had **\$57,970** **\$31,773** of unrestricted cash and cash equivalents available to fund the Company's operations **no additional borrowings available to fund its operations under pre-existing financing arrangements (see Note 12, Borrowings)** and working capital of **\$61,709**, **\$22,097**, inclusive of **\$3,211** **\$3,458** of outstanding debt that is currently scheduled to mature within the next twelve **months beyond** months. Additionally, the **issuance date**, **Company has no additional borrowings available under pre-existing financing arrangements to fund its operations (see Note 12, Borrowings)**.
- While the** **Company has available capacity under certain pre-existing arrangements** **its at-the-market ("ATM") offering program** to issue shares of the Company's common stock, **including the at-the-market ("ATM") offering program, (see also** Note 18, **Shareholders' Deficit**) to aid in funding the Company's **operations, operations.** **However,** the Company's ability to secure such funding is dependent upon certain conditions, such as investors' willingness to purchase the Company's common stock and at a price that is acceptable to the Company. Accordingly, as of the issuance date, there is no assurance the Company will be able to secure funding under these pre-existing arrangements or on terms that are acceptable to the Company.

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

---

## 1. Overview (cont.)

- Similarly, while the Company has historically been successful in raising additional outside capital to fund the Company's operations, as of the issuance date no assurance can be provided the Company will be successful in obtaining additional outside capital or on terms that are acceptable to the Company. In this regard, the Company continues to progress through the Department of Energy ("DOE") Loan Programs Office's ("LPO") process for its Title XVII loan. In August 2023, the DOE issued a **Conditional Commitment Letter** **conditional commitment letter** to the Company for a loan of an aggregate principal amount of up to \$398,600 through the DOE's Clean Energy Financing Program. Certain technical, legal and financial conditions must be met and due diligence to the satisfaction of the DOE must be completed before the DOE enters into definitive financing documents with the Company and funds the loan. There can be no assurance that the Company will be able to secure such a loan or on terms that are acceptable to the Company.
- The Company is required to remain in compliance with a quarterly minimum financial liquidity covenant under its Senior Secured Term Loan Credit Agreement ("Senior Secured Term Loan"). While the Company was in compliance with this covenant as of **September 30, 2023** **March 31, 2024**, **and expects to remain in compliance as of December 31, 2023, absent the Company's ability to secure additional outside capital,** the Company **expects it may be unable to remain in compliance with this covenant beginning on March 31, 2024** **June 30, 2024 and thereafter.** **thereafter absent the Company's ability to secure a waiver or raise additional outside capital.** In the event the Company is unable to remain in compliance with the minimum financial liquidity covenant and the other nonfinancial covenants required by the Senior Secured Term Loan and the Company is further unable to cure such noncompliance or secure a waiver, **the Lender - Atlas Credit Partners (ACP) Post Oak Credit I LLC ("Atlas")** may, at its discretion, exercise any and all of its existing rights and remedies, which may include, among other things, entering into a forbearance agreement with the Company and/or

asserting its rights in the Company's assets securing the loan. Moreover, the Company's other lenders may exercise similar rights and remedies under the cross-default provisions of their respective borrowing arrangements with the Company.

- Absent an ability to secure additional outside capital in the near term, the Company will be unable to meet its obligations as they become due over the next twelve months beyond the issuance date.
- In the event the Company's ongoing efforts to raise additional outside capital prove unsuccessful, management will be required to seek other strategic alternatives, which may include, among others, a significant curtailment in the Company's operations, a sale of certain of the Company's assets, a sale of the entire Company to strategic or financial investors and/or allowing the Company to become insolvent.

These uncertainties raise substantial doubt about the Company's ability to continue as a going concern. The accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates that the Company will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** do not include any adjustments that may result from the outcome of these uncertainties.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** include the accounts of the Company and its 100% owned, direct and indirect subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All intercompany transactions and balances have been eliminated in the preparation of the **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements**. These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto, included in our **2022** **2023** Annual Report on Form 10-K. These interim results are not necessarily indicative of results for the full year.

### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

## 2. Summary of Significant Accounting Policies (cont.)

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

### Government Grants

The Company records grants received or receivable from government agencies as an offset to the related costs for which the grants are intended to compensate the Company. The costs of satisfying the Company's obligations under the respective grant agreements are recognized as expense when incurred. The Company recognizes grant money once it is reasonably assured that the Company will comply with the conditions of the grant.

### Recent Accounting Pronouncements

There were no new accounting standards or updates during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** that would have a material impact on the Company's **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements**.

## 3. Revenue Recognition

The Company primarily earns revenue from sales of its energy storage systems and services including installation, commissioning and extended warranty services. Product revenues, which are generally recognized at a point in time, and service revenues, which are generally recognized over time, are as follows:

For the Three Months Ended September 30, 2023		For the Nine Months Ended September 30, 2023		For the Three Months Ended March 31, 2024	
2023	2022	2023	2022	2024	2023
For the Three Months Ended March 31, 2024				For the Three Months Ended March 31, 2023	
2024		2024		2023	

Product revenue	Product revenue	\$662	\$6,055	\$9,586	\$15,120
Service revenue	Service revenue	22	10	\$ 182	\$ 138
Total revenues	Total revenues	<u>\$684</u>	<u>\$6,065</u>	<u>\$9,768</u>	<u>\$15,258</u>

For the three months ended **September 30, 2023** **March 31, 2024**, the Company had **two customers** **one customer** that accounted for **51.4%** and **35.5%** **88.1%** of the total revenue and revenue; for the **nine** **three** months ended **September 30, 2023** **March 31, 2023**, we had one customer that accounted for **91.0%** **97.0%** of the total revenue, respectively.

For the three months ended **September 30, 2022**, the Company had two customers that accounted for **86.5%** and **13.4%** of the total revenue and for the nine months ended **September 30, 2022**, we had one customer who accounted for **78.4%** of the total revenue, respectively.

#### *Lessor revenue*

The Company leases battery energy storage systems to one customer through a sales-type lease with a 20-year term. No revenue was recognized from the sales-type lease for the three and nine months ended **September 30, 2023**. For **March 31, 2024** and **2023**.

#### *Contract assets and Contract liabilities*

The following table provides information about contract assets and contract liabilities from contracts with customers. Contract assets, current, Contract liabilities, current and Contract liabilities, long-term are included separately on the **three** **Unaudited Condensed Consolidated Balance Sheets** and **nine** **contract assets** expected to be recognized in greater than twelve months ended **September 30, 2022**, the Company recognized revenue of \$0 and \$1,166 from the sales-type lease, respectively, are included under Other assets, net.

	March 31, 2024	December 31, 2023
Contract assets	\$ 12,894	\$ 8,322
Contract liabilities	\$ 7,111	\$ 6,610

### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### **3. Revenue Recognition (cont.)**

#### *Contract assets and Contract liabilities*

The following table provides information about contract assets and contract liabilities from contracts with customers. Contract assets, current and contract liabilities, current and long-term are included separately on the unaudited condensed consolidated balance sheets and contract assets, long-term are included under other assets.

	September 30, 2023	December 31, 2022
Contract assets	\$ 2,471	\$ 2,000
Contract liabilities	\$ 4,241	\$ 4,806

The Company recognizes contract assets for certain contracts in which revenue recognition performance obligations have been satisfied but invoicing to the customer has not yet occurred. Contract liabilities primarily relate to consideration received from customers in advance of the Company's satisfying performance obligations under contractual arrangements. Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period.

Contract assets increased by **\$471** **\$4,572** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** due to recognition of revenues for which invoicing has not yet occurred. Contract liabilities decreased increased by **\$565** **\$501** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, reflecting **\$3,534** **\$798** of revenue recognized from customers partially and offset by **\$2,969** **\$1,299** in customer advance payments during the nine months ended **September 30, 2023** that was included in the contract liability balance at the beginning of the period, payments.

Contract liabilities of **\$3,285** **\$2,828** as of **September 30, 2023** **March 31, 2024** are expected to be recognized within the next twelve months and long-term contract liabilities of **\$956** **\$4,283** are expected to be recognized as revenue over approximately the next one to two years. in greater than twelve months. Contract assets of **\$2,401** **\$11,075** as of **September 30, 2023** **March 31, 2024** are expected to be recognized within the next twelve months. Long-term months and long-term contract assets of **\$70** **\$1,819** are expected to be recognized as accounts receivable over approximately in greater than twelve months.

#### *Remaining Performance Obligations*

Remaining performance obligations ("RPO") represent the next two years, allocated transaction price of unsatisfied or partially unsatisfied performance obligations. The Company expects to recognize revenue related to the RPOs as the performance obligations are satisfied in accordance with the Company's revenue recognition policy, which can be found in Note 2, *Summary of Significant Accounting Policies*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

#### **4. Cash, Cash Equivalents and Restricted Cash**

Restricted cash - current consists of escrow deposits related to U.S. Custom Bonds insurance and escrow deposits related to our credit card program agreements. Additionally, long-term

Long-term restricted cash relates to interest that is required to be held in escrow per the Senior Secured Term Loan agreement Agreement in an amount equal to the aggregate amount next four quarterly interest payments owed as of the four immediately following interest payments owed balance sheet date (see Note 12, Borrowings for further discussion).

The following table reconciles reported amounts from the unaudited condensed consolidated balance sheets Unaudited Condensed Consolidated Balance Sheets to cash, cash equivalents Cash, Cash Equivalents and restricted cash Restricted Cash reported within the unaudited condensed consolidated statements Unaudited Condensed Consolidated Statements of cash flows: Cash Flows:

	March 31, 2024	March 31, 2023
Cash and cash equivalents	\$ 31,773	\$ 16,127
Restricted cash - current	2,625	2,725
Long-term restricted cash	11,858	11,450
Total cash, cash equivalents and restricted cash	\$ 46,256	\$ 30,302

	September 30, 2023	September 30, 2022
Cash and cash equivalents	\$ 57,970	\$ 38,431
Restricted cash <sup>(1)</sup>	3,439	1,885
Long-term restricted cash	11,652	10,731
Total cash, cash equivalents, and restricted cash	\$ 73,061	\$ 51,047

<sup>(1)</sup> Restricted cash, current.

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

## 5. Inventory

The following table provides information about inventory balances:

	September December		March 31, 2024	December 31, 2023
	30, 2023	31, 2022		
Raw materials	Raw materials \$ 20,093	\$ 22,899		
Work-in-process	Work-in-process 475	361		
Finished goods	Finished goods —	—		
Total inventory, net	Total inventory, net \$ 20,568	\$ 23,260		

## 6. Property, Plant and Equipment, Net

The following table provides information about property, plant and equipment, net balances:

	Estimated Useful lives	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Equipment	Equipment 5 to 10 years	\$ 20,831	\$ 23,653		
Finance lease	Finance lease 5 years	504	379		
Furniture	Furniture 5 to 10 years	1,944	1,868		

		Lesser of useful life/ remaining lease			
Leasehold improvements	Leasehold improvements	7,285	6,303		
Tooling	Tooling	5,392	6,926		
Construction in progress ("CIP")					
Total	Total	35,956	39,129		
Less: Accumulated depreciation	Less: Accumulated depreciation	(15,620)	(11,960)		
Total property, plant and equipment, net	Total property, plant and equipment, net	\$ 20,336	\$ 27,169		

Depreciation expense related to property, plant and equipment was \$2,144 \$1,175 and \$1,571 \$2,667 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. For the three months ended March 31, 2024 and 2023, the Company recorded a loss from write-down of property, plant and equipment of \$65 and \$760, respectively, mainly due to replacement of equipment, outsourcing of certain production processes and \$7,255 the shift in production from the Gen 2.3 battery system to the Z3™ battery system.

Included in CIP assets are capitalized interest costs of \$850 and \$3,817 \$0 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Depreciation will commence after the assets under construction are placed in service.

## 7. Intangible Assets

Intangible assets include patents valued at \$400, which represents the cost to acquire the patents. These patents are determined to have useful lives and are amortized into the results of operations over ten years. The Company recorded amortization expense of \$10 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$30 for the nine months ended September 30, 2023 and 2022, respectively, 2023 related to patents.

During the nine months ended September 30, 2023, the Company capitalized \$130 \$146 of costs for internal-use software, including \$8 of costs capitalized during the three months ended March 31, 2024. The software has a useful life and is amortized into the results of operations over 3 years. The Company recorded amortization expense of \$11 \$12 and \$31 \$9 for the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively, related to software.

## EOS ENERGY ENTERPRISES, INC.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 8. Notes Receivable, Net and Variable Interest Entities ("VIEs") Consideration

Notes receivable, primarily consist of amounts due net, relates to financing the Company related to the financing offered to certain customers, a customer. The Company reports the notes receivable at the principal balance outstanding less an allowance for losses. The estimate of credit losses is based on historical trends, customers' the customer's financial condition and current economic trends. The Company charges interest at a fixed rate and calculates interest income by applying the effective rate to the outstanding principal balance.

## EOS ENERGY ENTERPRISES, INC.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 8. Notes Receivable, Net and Variable Interest Entities ("VIEs") Consideration (cont.)

The Company had notes receivable, net, of \$863 \$827 and \$863 outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. These amounts are included in Other assets, net and Other current assets in the accompanying Unaudited Condensed Consolidated Balance Sheets. As of September 30,

2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company recorded an allowance for expected credit loss from related to the notes receivable of \$2 amounted to \$36 and \$2, respectively.

The customers customer to whom the Company offers financing through notes receivables are VIEs, receivable is a VIE. However, the Company is not the primary beneficiary, because the Company does not have power to direct the activities of the VIEs VIE that most significantly impact the VIEs VIE's economic performance. Therefore, the VIEs are VIE is not consolidated into the Company's unaudited condensed consolidated financial statements. statements. The maximum loss exposure is limited to the carrying value of notes receivable as of the balances sheet dates.

## 9. Accrued Expenses

Accrued expenses were as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Accrued payroll	Accrued payroll	\$ 4,501	\$ 2,706		
Warranty reserve (1)	Warranty reserve (1)	4,895	3,836		
Accrued legal and professional expenses	Accrued legal and professional expenses	3,037	840		
Provision for contract losses	Provision for contract losses	4,797	2,561		
Insurance premium payable, current	Insurance premium payable, current	2,438	2,607		
Interest payable, current					
Other	Other	5,402	2,809		
Total accrued expenses	Total accrued expenses	\$ 25,070	\$ 15,359		

(1) Refer to the table below for the warranty reserve activity for the three and nine months ended September 30, 2023, March 31, 2024 and 2023.

The following table summarizes warranty reserve activity:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	2024	2023	2024	2023
Warranty reserve - beginning of period	Warranty reserve - beginning of period	\$ 4,421	\$ 3,636	\$ 3,836
Additions for current period deliveries	Additions for current period deliveries	58	962	455
				2,112
				2,463

Changes in the warranty reserve estimate	Changes in the warranty reserve estimate	416	—	1,124	1,321
Warranty costs incurred	Warranty costs incurred	—	(642)	(520)	(1,940)
Warranty reserve - end of period	Warranty reserve - end of period	<u>\$4,895</u>	<u>\$3,956</u>	<u>\$4,895</u>	<u>\$3,956</u>

## 10. Government Grants

### California Energy Commission

From time-to-time, the Company has entered into grant agreements with the California Energy Commission Inflation Reduction Act of 2022 ("CEC" IRA") for conducting studies to demonstrate the benefits of certain energy-saving technologies to utility companies and consumers in the State of California. Under such agreements, the Company is entitled to receive reimbursement of costs incurred by the Company covered by the grants.

For the three and nine months ended September 30, 2023, grant expense, net was \$0 for both periods. For the three and nine months ended September 30, 2022, grant (income) expense, net was \$0 and \$4, respectively.

As of September 30, 2023 and December 31, 2022, the Company had grant receivables related to the CEC in the amounts of \$245 and \$263, which were included in other current assets on the unaudited condensed consolidated balance sheets, respectively. There was no deferred grant income as of September 30, 2023 and December 31, 2022. Related expenses incurred by the Company are offset against grant income earned or received from the CEC.

## EOS ENERGY ENTERPRISES, INC.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

## 10. Government Grants (cont.)

### Inflation Reduction Act of 2022 ("IRA")

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 into law. The IRA has significant economic incentives for both energy storage customers and manufacturers for projects placed in service after December 31, 2022. Starting in 2023, there are Production Tax Credits under Internal Revenue Code 45X ("PTC"), that can be claimed on battery components manufactured in the U.S. and sold to U.S. or foreign customers. These The tax credits available to manufacturers include a credit for ten percent of the cost incurred to make electrode active materials in addition to credits of \$35 per kWh of capacity of battery cells and \$10 per kWh of capacity of battery modules. These credits are cumulative, meaning that companies will be able to claim each of the available tax credits based on the battery components produced and sold through 2029, after which the PTC will begin to gradually phase down through 2032. In June 2023, the IRS issued temporary and proposed regulations related to applicable tax credit transferability and direct pay provisions of the Inflation Reduction Act. The Company has reviewed these regulations and believes they do not have a material impact on the financial statements.

Since the PTC is a refundable credit (i.e., a credit with a direct-pay option available), the PTC is outside the scope of ASC 740. Therefore, the Company accounts for the PTC under a government grant model. GAAP does not address the accounting for government grants received by a business entity that are outside the scope of ASC 740. The Company's accounting policy is to analogize to IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, under IFRS Accounting Standards. Under IAS 20, once it is reasonably assured that the entity will comply with the conditions of the grant, the grant money should be is recognized on a systematic basis over the periods in which the entity recognizes the related expenses or losses for which the grant money is intended to compensate. The Company recognizes grants once it is probable that both of the following conditions will be met: (1) the Company is eligible to receive the grant and (2) the Company is able to comply with the relevant conditions of the grant.

The PTC is recorded as the applicable items are produced and sold and the conditions in the preceding paragraph are met. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recognized PTC of \$109 \$1,542 and \$953 \$798, respectively, as a reduction of cost of goods sold on the unaudited condensed consolidated statement Unaudited Condensed Statement of operations Operations and comprehensive income (loss), respectively, Comprehensive Loss. As of September 30, 2023 March 31, 2024 and December 31, 2023, grant receivable related to the PTC in the amount of \$953 \$4,798 and \$3,256, respectively, is recorded in other assets on the unaudited condensed consolidated balance sheets. Unaudited Condensed Consolidated Balance Sheets.

## 11. Related Party Transactions

### 2021 Convertible Notes Note Payable

In July 2021, the Company issued \$100,000 a convertible note in the aggregate principal amount of convertible notes \$100,000 to Spring Creek Capital, LLC, a wholly-owned, indirect subsidiary of Koch Industries, Inc. (the "2021 Convertible Notes" Note"). In connection with these the 2021 Convertible Notes, Note, the Company paid \$3,000 to B. Riley Securities, Inc., a related party, who acted as a placement agent. Refer to Note 12, *Borrowings*, for additional information.

AFG Convertible Notes

In January 2023, the Company issued and sold \$13,750 of 26.5% Convertible Senior PIK Notes due in 2026 ("AFG Convertible Notes") to Great American Insurance Company, Ardsley Partners Renewable Energy, LP, CCI SPV III, LP, Denman Street LLC, John B. Bending Irrevocable Children's Trust, John B. Berding and AE Convert, LLC, a Delaware limited liability company managed by Russell Stidolph, a related party as Mr. Stidolph is a director of the Company (together, the "Purchasers"). In connection with the issuance and sale of the AFG Convertible Notes, the Company entered into an investment agreement (the "Investment Agreement") with the Purchasers. Refer to Note 12, *Borrowings*, for additional information.

#### ***Warrants Liability***

The Company has issued private placement warrants to various counterparties since the initial public offering ("IPO"), some of which are exercisable and outstanding as of September 30, 2023 and December 31, 2022. Refer to Note 13, *Warrants Liability - Related Party*, for additional information.

#### **EOS ENERGY ENTERPRISES, INC.**

#### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

#### **11. Related Party Transactions (cont.)**

In April 2023 and May 2023, respectively, the Company issued common stock and private placement warrants (the "April 2023 Transaction" and "May 2023 Transaction", respectively). Refer to Note 18, *Shareholders' Equity* and Note 13, *Warrants Liability - Related Party* for additional information.

##### **Standby Equity Purchase Agreement**

On April 28, 2022, the Company entered into the [SEPA Standby Equity Purchase Agreement \("SEPA"\)](#). Pursuant to the SEPA, the Company had the right, but not the obligation, to sell to Yorkville shares of its common stock at the Company's request. On August 23, 2023, the Company and Yorkville terminated the SEPA, as amended, by mutual written consent. See Note 12, *Borrowings* for pre-advance loans in form of convertible promissory notes and Note 18, *Shareholders' Deficit* for additional information.

#### **EOS ENERGY ENTERPRISES, INC.**

#### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

#### **11. Related Party Transactions (cont.)**

##### **Warrants**

The Company issued private placement warrants to B. Riley Financial, Inc. in conjunction with its initial public offering 2020 ("IPO warrants"). As of March 31, 2024 and December 31, 2023, 274,400 IPO warrants were outstanding for both periods, with a fair value of \$49 and \$55, respectively.

#### **12. Borrowings**

The Company's debt obligations at carrying value consist of the following related and third-party borrowings:

	September 30, 2023			December 31, 2022			
	Maturity Date	Borrowing Outstanding	Carrying Value*	Borrowing Outstanding	Carrying Value*		
2021 Convertible Notes Payable	June 2026	\$ 112,442	\$ 90,169	\$ 109,167	\$ 82,950		
						March 31, 2024	March 31, 2024
							December 31, 2023
	Maturity Date			Maturity Date	Borrowing Outstanding	Carrying Value*	Borrowing Outstanding
2021 Convertible Note Payable	Senior Secured Term Loan	Term Loan	March 2026	100,000	84,537	100,000	81,616
AFG Convertible Notes	AFG Convertible Notes		June 2026	15,390	26,091	—	—

Equipment financing facility	Equipment financing facility	April 2026	6,467	6,467	8,577	8,577
Yorkville Convertible Promissory Note		June 2023	—	—	2,000	2,688
<b>Total borrowings</b>	<b>Total borrowings</b>		<b>234,299</b>	<b>207,264</b>	<b>219,744</b>	<b>175,831</b>
Current portion	Current portion		3,211	3,211	5,560	5,560
Total borrowings, non-current	Total borrowings, non-current		\$ 231,088	\$ 204,053	\$ 214,184	\$ 170,271

\*Carrying value includes unamortized deferred financing costs, unamortized discounts and fair value of embedded derivative liabilities.

#### 2021 Convertible Note Payable – Related Party

On July 6, 2021, the Company entered into an investment agreement with Spring Creek Capital, LLC, a wholly-owned, indirect subsidiary of Koch Industries, Inc. The investment agreement provides for the issuance and sale to Koch Industries of the 2021 Convertible Note in the aggregate principal amount of \$100,000.

The 2021 Convertible Note contains an embedded derivative feature, which is presented on the Unaudited Condensed Consolidated Balance Sheets as a component of Convertible notes payable - related party. See Note 14, *Fair Value Measurement* for the assumptions used to determine the fair value of the embedded derivative as of March 31, 2024 and December 31, 2023.

Interest expense recognized on the 2021 Convertible Note is as follows:

	Three Months Ended March 31,	
	2024	2023
Contractual interest expense	\$ 1,737	\$ 1,637
Amortization of debt discount	1,531	1,207
Amortization of debt issuance costs	148	117
<b>Total</b>	<b>\$ 3,416</b>	<b>\$ 2,961</b>

The balances for the 2021 Convertible Note are as follows:

	March 31, 2024	December 31, 2023
	\$ 115,815	\$ 115,815
Principal	\$ (18,081)	\$ (19,612)
Unamortized debt discount	(1,747)	(1,895)
Unamortized debt issuance costs	46	78
Embedded conversion feature	\$ 96,033	\$ 94,386
<b>Aggregate carrying value</b>		

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

The Company is obligated to repay all contractual interest attributable to the 2021 Convertible Note in-kind on a semi-annual basis, in accordance with the terms under the Senior Secured Term Loan. Therefore, as of March 31, 2024 and December 31, 2023, interest payable attributable to the 2021 Convertible Note was \$1,737 and \$0, respectively.

#### AFG Convertible Notes - Related Party

On January 18, 2023, the Company entered into the Investment Agreement with the Purchasers relating to the issuance and sale to the Purchasers of \$13,750 in aggregate principal amount of the Company's AFG Convertible Notes. The AFG Convertible Notes bear interest at a rate of 26.5% per annum, which is entirely paid-in-kind ("PIK Interest") semi-annually in arrears on June 30 and December 30. It is expected that the Notes will mature on June 30, 2026, subject to earlier conversion, redemption or repurchase. The AFG Convertible Notes are convertible into shares of the Company's common stock, par value \$0.0001 per share, based on an initial conversion price of approximately \$1.67 per share subject to customary anti-dilution and other adjustments. The Company has the right to settle conversions in shares of common stock, cash, or any combination thereof.

The Conversion Option includes an exercise contingency, which requires the Company to obtain shareholder approval for conversions subject to the Exchange Cap. If shareholder approval is not obtained, following commercially reasonable efforts, the Company will be required to settle the conversion in excess of the Exchange Cap in cash. Since settlement in cash may be required in absence of shareholder approval, the embedded conversion feature fails the equity classification guidance in ASC 815 and is thus precluded from being classified in equity. Therefore, the embedded conversion feature is required to be bifurcated from the AFG Convertible Notes and accounted for at fair value at each reporting date,

with changes in fair value recognized on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. The embedded derivative is presented on the Unaudited Condensed Consolidated Balance Sheets as a component of Convertible notes payable - related party. The fair value of the embedded derivative was \$3,843 and \$4,345 as of March 31, 2024 and December 31, 2023, respectively.

The fair value of the AFG Convertible Notes at issuance was \$16,623, which was greater than the proceeds received. The Company recorded the difference of \$2,873 as interest expense for the three months ended March 31, 2023 on the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss.

Interest expense recognized on the AFG Convertible Notes is as follows:

	Three Months Ended March 31,	
	2024	2023
Contractual interest expense	\$ 1,155	\$ 779
Amortization of debt discount	218	148
Amortization of debt issuance costs	62	42
<b>Total</b>	<b>\$ 1,435</b>	<b>\$ 969</b>

The balances for the AFG Convertible Notes are as follows:

	March 31, 2024	December 31, 2023
Principal	\$ 17,429	\$ 17,429
Unamortized debt discount	(2,617)	(2,835)
Unamortized debt issuance costs	(738)	(800)
Embedded conversion feature	3,843	4,345
<b>Aggregate carrying value</b>	<b>\$ 17,917</b>	<b>\$ 18,139</b>

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

The Company is obligated to repay all contractual interest attributable to the AFG Convertible Notes in-kind on a semi-annual basis, in accordance with the terms of the Investment Agreement. Therefore, as of March 31, 2024 and December 31, 2023, interest payable attributable to the AFG Convertible Notes was \$1,155 and \$0, respectively.

##### Senior Secured Term Loan

On July 29, 2022, the Company entered into a \$100,000 Senior Secured Term Loan Credit Agreement with Atlas Credit Partners (ACP) Post Oak Credit I LLC, as administrative agent for the lenders and collateral agent for the secured parties. The Senior Secured Term Loan is scheduled to mature on the earlier of (i) July 29, 2026 and (ii) 91 days prior to the current maturity date of the 2021 Convertible Note of June 30, 2026. The Company has the right at any time to prepay any Borrowing in whole or in part in an amount of not less than \$500.

The outstanding principal balance of the Senior Secured Term Loan bears interest, at the applicable margin plus, at the Company's election, either (i) the benchmark secured overnight financing rate ("SOFR"), which is a per annum rate equal to (y) the Adjusted Term SOFR plus 0.2616%, or (ii) the alternate base rate ("ABR"), which is a per annum rate equal to the greatest of (x) the Prime Lending Rate, (y) the NYFRB Rate (as defined in the agreement) plus 0.5% and (z) the SOFR. The applicable margin under the Credit Agreement is 8.5% per annum with respect to SOFR loans and 7.5% per annum with respect to ABR loans. Interest on the Senior Secured Term Loan accrues at a variable interest rate and interest payments are due quarterly. The Company may elect to convert SOFR Loans to ABR and ABR Loans to SOFR. As of March 31, 2024, the interest rate in effect for the Senior Secured Term Loan interest payment was 14.11%.

Any repayment of principal prior to the second anniversary of the issuance date is subject to a call premium. The call premium is equal to the present value of all interest payments due through June 30, 2024, calculated using a discount rate equal to the applicable treasury rate as of the repayment date plus 50 basis points. The Company deemed that the fair value of the embedded derivative features which qualify for bifurcation was de minimis.

Additionally, interest is required to be escrowed based on the principle outstanding. This amount was \$11,858 at March 31, 2024 and \$11,755 at December 31, 2023. This escrowed and restricted cash is presented on a separate line item on the Unaudited Condensed Consolidated Balance Sheets as Long-term restricted cash.

The agreements also contain customary affirmative and negative covenants. They limit the Company's and its subsidiaries' ability to incur indebtedness, make restricted payments, including cash dividends on its common stock, make certain investments, loans and advances, enter into mergers and acquisitions, sell, assign, transfer or otherwise dispose of its assets, enter into transactions with its affiliates and engage in sale and leaseback transactions, among other restrictions. Furthermore, the limitation on the Company's ability to incur indebtedness also requires payment of principal and interest in kind on the 2021 Convertible Note. While the Company was in compliance with this covenant as of March 31, 2024, absent the Company's ability to secure a waiver or raise additional outside capital, the Company expects it may be unable to remain in compliance with this covenant beginning on June 30, 2024 and thereafter (see Note 1, Overview for further discussion).

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

**12. Borrowings (cont.)**

The following table summarizes interest expense recognized:

	Three Months Ended March 31,	
	2024	2023
Contractual interest expense	\$ 3,684	\$ 3,373
Amortization of debt discount	115	93
Amortization of debt issuance costs	1,017	822
<b>Total</b>	<b>\$ 4,816</b>	<b>\$ 4,288</b>

The Senior Secured Term Loan balance is as follows:

	March 31, 2024	December 31, 2023
	\$ 100,000	\$ 100,000
Principal	\$ (1,344)	\$ (1,459)
Unamortized debt discount	(11,900)	(12,917)
<b>Aggregate carrying value</b>	<b>\$ 86,756</b>	<b>\$ 85,624</b>

*Equipment Financing facility*

The Company entered into an agreement on September 30, 2021 with Trinity Capital Inc. ("Trinity") for a \$25,000 equipment financing facility, the proceeds of which will be used to acquire certain manufacturing equipment, subject to Trinity's approval. Each draw is executed under a separate payment schedule (a "Schedule") that constitutes a separate financial instrument. The financing fees included in each Schedule are established through monthly payment factors determined by Trinity. Such monthly payment factors are based on the Prime Rate reported in The Wall Street Journal in effect on the first day of the month in which a Schedule is executed. The Company has drawn a portion of the facility as follows:

Date of Draw	Gross Amount of Initial Draw	Coupon Interest Rate	Debt Issuance Costs
September 2021	\$ 7,000	14.3%	\$ 175
September 2022	4,216	16.2%	96
<b>Total Equipment Financing loans</b>	<b>\$ 11,216</b>		<b>\$ 271</b>

As of March 31, 2024 and December 31, 2023, total equipment financing carrying value was \$4,924 and \$5,710, respectively of which \$3,458 and \$3,332 are recorded as a current liability on the Unaudited Condensed Consolidated Balance Sheets, respectively. The Company recognized \$208 and \$317 for the three months ended March 31, 2024 and 2023 as interest expense attributable to the equipment financing agreement, respectively.

*Yorkville AFG Convertible Promissory Notes - Related Party*

On December 29, 2022 January 18, 2023, the Company issued entered into the Investment Agreement with the Purchasers relating to the issuance and sold a convertible promissory note (the "December 2022 Promissory Note") with an sale to the Purchasers of \$13,750 in aggregate principal amount of \$2,000 the Company's AFG Convertible Notes. The AFG Convertible Notes bear interest at a rate of 26.5% per annum, which is entirely paid-in-kind ("PIK Interest") semi-annually in a private placement arrears on June 30 and December 30. It is expected that the Notes will mature on June 30, 2026, subject to Yorkville under a second supplemental agreement earlier conversion, redemption or repurchase. The AFG Convertible Notes are convertible into shares of the Company's common stock, par value \$0.0001 per share, based on an initial conversion price of approximately \$1.67 per share subject to customary anti-dilution and other adjustments. The Company has the SEPA (the "Second Supplemental Agreement"). In January 2023, Yorkville delivered Investor Notices requiring the Company right to issue and sell an aggregate of 1,953,612 settle conversions in shares of common stock, to Yorkville to offset all outstanding amounts owed to Yorkville under the December 2022 Promissory Note. cash, or any combination thereof.

On February 1, 2023, The Conversion Option includes an exercise contingency, which requires the Company issued to obtain shareholder approval for conversions subject to the Exchange Cap. If shareholder approval is not obtained, following commercially reasonable efforts, the Company will be required to settle the conversion in excess of the Exchange Cap in cash. Since settlement in cash may be required in absence of shareholder approval, the embedded conversion feature fails the equity classification guidance in ASC 815 and is thus precluded from being classified in equity. Therefore, the embedded conversion feature is required to be bifurcated from the AFG Convertible Notes and accounted for at fair value at each reporting date, with changes in fair value recognized on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. The embedded derivative is presented on the Unaudited Condensed Consolidated Balance Sheets as a convertible promissory note (the "February 2023 Promissory Note") with an aggregate principal amount component of \$5,000 in a private placement to Yorkville under the Second Supplemental Agreement. Convertible notes payable - related party. The fair value of the February 2023 Promissory Note embedded derivative was \$3,843 and \$4,345 as of March 31, 2024 and December 31, 2023, respectively.

The fair value of the AFG Convertible Notes at issuance was \$5,887, \$16,623, which was greater than the proceeds received. As such, the The Company recorded the excess difference of fair value of the February 2023 Promissory Note over the proceeds received \$2,873 as interest expense in for the amount three months ended March 31, 2023 on the Unaudited Condensed Consolidated Statement of \$987, which Operations and Comprehensive Loss.

Interest expense recognized on the AFG Convertible Notes is reflected as follows:

	Three Months Ended March 31,	
	2024	2023
Contractual interest expense	\$ 1,155	\$ 779
Amortization of debt discount	218	148
Amortization of debt issuance costs	62	42
<b>Total</b>	<b>\$ 1,435</b>	<b>\$ 969</b>

The balances for the unaudited condensed consolidated statements of operations and comprehensive income (loss), AFG Convertible Notes are as follows:

	March 31, 2024	December 31, 2023
Principal	\$ 17,429	\$ 17,429
Unamortized debt discount	(2,617)	(2,835)
Unamortized debt issuance costs	(738)	(800)
Embedded conversion feature	3,843	4,345
<b>Aggregate carrying value</b>	<b>\$ 17,917</b>	<b>\$ 18,139</b>

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

In February 2023, Yorkville delivered Investor Notices requiring The Company is obligated to repay all contractual interest attributable to the Company AFG Convertible Notes in-kind on a semi-annual basis, in accordance with the terms of the Investment Agreement. Therefore, as of March 31, 2024 and December 31, 2023, interest payable attributable to issue the AFG Convertible Notes was \$1,155 and sell an aggregate of 3,879,706 shares of common stock to Yorkville, in order to offset all outstanding amounts owed to Yorkville under the February 2023 Promissory Note, \$0, respectively.

##### Senior Secured Term Loan

On March 17, 2023 July 29, 2022, the Company issued entered into a convertible promissory note (the "March 2023 Promissory Note") \$100,000 Senior Secured Term Loan Credit Agreement with Atlas Credit Partners (ACP) Post Oak Credit I LLC, as administrative agent for the lenders and collateral agent for the secured parties. The Senior Secured Term Loan is scheduled to mature on the earlier of (i) July 29, 2026 and (ii) 91 days prior to the current maturity date of the 2021 Convertible Note of June 30, 2026. The Company has the right at any time to prepay any Borrowing in whole or in part in an aggregate principal amount of \$15,000 in not less than \$500.

The outstanding principal balance of the Senior Secured Term Loan bears interest, at the applicable margin plus, at the Company's election, either (i) the benchmark secured overnight financing rate ("SOFR"), which is a private placement per annum rate equal to Yorkville under (y) the Adjusted Term SOFR plus 0.2616%, or (ii) the alternate base rate ("ABR"), which is a third supplemental agreement per annum rate equal to the SEPA, greatest of (x) the Prime Lending Rate, (y) the NYFRB Rate (as defined in the agreement) plus 0.5% and (z) the SOFR. The applicable margin under the Credit Agreement is 8.5% per annum with respect to SOFR loans and 7.5% per annum with respect to ABR loans. Interest on the Senior Secured Term Loan accrues at a variable interest rate and interest payments are due quarterly. The Company may elect to convert SOFR Loans to ABR and ABR Loans to SOFR. As of March 31, 2024, the interest rate in effect for the Senior Secured Term Loan interest payment was 14.11%.

Any repayment of principal prior to the second anniversary of the issuance date is subject to a call premium. The call premium is equal to the present value of all interest payments due through June 30, 2024, calculated using a discount rate equal to the applicable treasury rate as of the repayment date plus 50 basis points. The Company deemed that the fair value of the March 2023 Promissory Note embedded derivative features which qualify for bifurcation was de minimis.

Additionally, interest is required to be escrowed based on the principle outstanding. This amount was \$11,858 at issuance was \$20,665, which was greater than March 31, 2024 and \$11,755 at December 31, 2023. This escrowed and restricted cash is presented on a separate line item on the proceeds received. As such, Unaudited Condensed Consolidated Balance Sheets as Long-term restricted cash.

The agreements also contain customary affirmative and negative covenants. They limit the Company's and its subsidiaries' ability to incur indebtedness, make restricted payments, including cash dividends on its common stock, make certain investments, loans and advances, enter into mergers and acquisitions, sell, assign, transfer or otherwise dispose of its assets, enter into transactions with its affiliates and engage in sale and leaseback transactions, among other restrictions. Furthermore, the limitation on the Company's ability to incur indebtedness also requires payment of principal and interest in kind on the 2021 Convertible Note. While the Company recorded was in compliance with this covenant as of March 31, 2024, absent the excess of fair value of the March 2023 Promissory Note over the proceeds received as interest expense in the amount of \$5,965, which is reflected in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

In March and April 2023, Yorkville delivered Investor Notices requiring Company's ability to secure a waiver or raise additional outside capital, the Company expects it may be unable to issue remain in compliance with this covenant beginning on June 30, 2024 and sell an aggregate of 8,641,918 shares of common stock to Yorkville, in order to offset all outstanding amounts owed to Yorkville under the March 2023 Promissory Note.

On April 10, 2023, the Company issued a convertible promissory note (the "April 2023 Promissory Note") with an aggregate principal amount of \$15,000 in a private placement to Yorkville under a fourth supplemental agreement to the SEPA. The fair value of the April 2023 Promissory thereafter (see Note at issuance was \$25,319, which was greater than the

proceeds received. As such, the Company recorded the excess of fair value of the April 2023 Promissory Note over the proceeds received as interest expense in the amount of \$10,619, which is reflected in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

During the second quarter of 2023, Yorkville delivered Investor Notices requiring the Company to issue and sell an aggregate of 8,471,793 shares of common stock to Yorkville, in order to offset all outstanding amounts owed to Yorkville under the April 2023 Promissory Note.

The Company recognized a loss on debt extinguishment from the issuance of common stock from the Yorkville Convertible Promissory Notes of \$3,510 1, Overview for the nine months ended September 30, 2023, which is reflected in the unaudited condensed consolidated statements of operations and comprehensive income (loss) further discussion.

On August 23, 2023, the Company and Yorkville terminated the SEPA, as amended, by mutual written consent. At the time of termination, there were no outstanding borrowings, advance notices or shares of Common Stock to be issued under the SEPA. In addition, there were no fees due by the Company or Yorkville in connection with the termination of the SEPA.

#### *Embedded derivatives- Yorkville Convertible Promissory Notes - Related party*

The conversion feature for each of the Yorkville Convertible Promissory Notes discussed above did not qualify for the scope exception to derivative accounting, therefore bifurcation was required for each issuance. Upon extinguishment of each Yorkville Promissory Note, the embedded derivatives were adjusted to fair value. This remeasurement resulted in net gains of \$6,922 for the nine months ended September 30, 2023, which is included in (loss) gain on change in fair value of derivatives - related party on the unaudited condensed consolidated statements of operations and comprehensive income (loss).

At September 30, 2023, there were no outstanding Yorkville Convertible Notes.

### **EOS ENERGY ENTERPRISES, INC.**

#### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

#### **12. Borrowings (cont.)**

**2021 Convertible Notes Payable – Related Party** The following table summarizes interest expense recognized:

On July 6, 2021, the

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Contractual interest expense	\$ 3,684	\$ 3,373
Amortization of debt discount	115	93
Amortization of debt issuance costs	1,017	822
<b>Total</b>	<b>\$ 4,816</b>	<b>\$ 4,288</b>

The Senior Secured Term Loan balance is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Principal	\$ 100,000	\$ 100,000
Unamortized debt discount	(1,344)	(1,459)
Unamortized debt issuance costs	(11,900)	(12,917)
<b>Aggregate carrying value</b>	<b>\$ 86,756</b>	<b>\$ 85,624</b>

#### *Equipment Financing facility*

The Company entered into an investment agreement on September 30, 2021 with Spring Creek Trinity Capital LLC, Inc. ("Trinity") for a wholly-owned, indirect subsidiary \$25,000 equipment financing facility, the proceeds of Koch Industries, Inc. which will be used to acquire certain manufacturing equipment, subject to Trinity's approval. Each draw is executed under a separate payment schedule (a "Schedule") that constitutes a separate financial instrument. The investment agreement provides for financing fees included in each Schedule are established through monthly payment factors determined by Trinity. Such monthly payment factors are based on the issuance and sale to Koch Industries Prime Rate reported in The Wall Street Journal in effect on the first day of the 2021 Convertible Notes month in the aggregate principal amount of \$100,000, which a Schedule is executed. The maturity date Company has drawn a portion of the 2021 Convertible Notes is June 30, 2026, subject to earlier conversion, redemption, or repurchase. facility as follows:

See Note 14, *Fair Value Measurement* for the assumptions used to determine the fair value of the embedded derivative as of September 30, 2023 and as of December 31, 2022.

<b>Date of Draw</b>	<b>Gross Amount of Initial Draw</b>	<b>Coupon Interest Rate</b>	<b>Debt Issuance Costs</b>
September 2021	\$ 7,000	14.3%	\$ 175
September 2022	4,216	16.2%	96
<b>Total Equipment Financing loans</b>	<b>\$ 11,216</b>		<b>\$ 271</b>

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, total equipment financing carrying value was \$4,924 and \$5,710, respectively of which \$3,458 and \$3,332 are recorded as a current liability on the fair value of the embedded conversion feature was \$786 and \$918. Unaudited Condensed Consolidated Balance Sheets, respectively. The gain (loss) from the change in fair value of the embedded derivative conversion feature Company recognized \$208 and \$317 for the three months ended **September 30, 2023** **March 31, 2024** and **2022** amounted to \$3,190 and \$(369) and for the nine months ended **September 30, 2023** and **2022** amounted to \$248 and \$11,304, respectively.

Interest 2023 as interest expense recognized on the 2021 Convertible Notes is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Contractual interest expense	\$ 1,686	\$ 1,590	\$ 4,960	\$ 4,677
Amortization of debt discount	1,365	1,065	3,822	2,532
Amortization of debt issuance costs	132	104	371	281
<b>Total</b>	<b>\$ 3,183</b>	<b>\$ 2,759</b>	<b>\$ 9,153</b>	<b>\$ 7,490</b>

The balances for the 2021 Convertible Notes are as follows:

	September 30, 2023	December 31, 2022
Principal	\$ 112,442	\$ 109,167
Unamortized debt discount	(21,027)	(24,733)
Unamortized debt issuance costs	(2,032)	(2,402)
Embedded conversion feature	786	918
<b>Aggregate carrying value</b>	<b>\$ 90,169</b>	<b>\$ 82,950</b>

The Company is obligated to repay all contractual interest attributable to the 2021 Convertible Notes in-kind on a semi-annual basis, in accordance with the terms under the Senior Secured Term Loan. Therefore, as of September 30, 2023, and December 31, 2022, interest payable attributable to the 2021 Convertible Notes was \$1,686 and \$0, equipment financing agreement, respectively.

#### AFG Convertible Notes - Related Party

On January 18, 2023, the Company entered into the Investment Agreement with the Purchasers relating to the issuance and sale to the Purchasers of \$13,750 in aggregate principal amount of the Company's AFG Convertible Notes.

**Contractual Interest Rates** - The AFG Convertible Notes bear interest at a rate of 26.5% per annum, which is entirely paid-in-kind. All interest payments are made through an increase in the principal amount of the outstanding AFG Convertible Notes or through the issuance of additional notes (such interest is referred to herein as "PIK paid-in-kind" ("PIK Interest"). Interest on the AFG Convertible Notes is payable semi-annually in arrears on June 30 and December 30, commencing on June 30, 2023, 30. It is expected that the Notes will mature on June 30, 2026, subject to earlier conversion, redemption or repurchase.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

**Conversion Rights** - The AFG Convertible Notes are convertible at the option of the holder (the "Conversion Option") at any time until the business day prior to the maturity date, including in connection with a redemption by the Company. The AFG Convertible Notes are convertible into shares of the Company's common stock, par value \$0.0001 per share, based on an initial conversion price of approximately \$1.67 per share subject to customary anti-dilution and other adjustments. The Company has the right to settle conversions in shares of common stock, cash, or any combination thereof.

**Optional Redemption** - On or after June 30, 2024, provided that the Company has obtained stockholder approval, the AFG Convertible Notes are redeemable by the Company in the event that the closing sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides the redemption notice. The redemption price will be equal to the then current principal amount of the AFG Convertible Notes (inclusive of all PIK Interest), plus the aggregate amount of all interest payments on the AFG Convertible Notes that the holders of the AFG Convertible Notes to be redeemed would have been entitled to receive had the AFG Convertible Notes remained outstanding to the maturity date.

**Contingent Redemption** - With certain exceptions, upon the occurrence of certain events and fundamental changes described in the AFG Convertible Notes Agreement, the holders of the AFG Convertible Notes may require that the Company repurchase all or part of the principal amount of the AFG Convertible Notes at a purchase price of 100% of the principal amount of the AFG Convertible Notes, plus accrued and unpaid interest.

**Embedded Derivative** - The Conversion Option includes an exercise contingency, which requires the Company to obtain shareholder approval for conversions subject to the Exchange Cap. If shareholder approval is not obtained, following commercially reasonable efforts, the Company will be required to settle the conversion in excess of the Exchange Cap in cash. Since settlement in cash may be required in absence of shareholder approval, the embedded conversion feature fails the equity classification guidance in ASC 815 and is thus precluded from being classified in equity. Therefore, the embedded conversion feature is required to be bifurcated from the AFG Convertible Notes and accounted for at fair value at each reporting date, with changes in fair value recognized on the **unaudited condensed consolidated statements** **Unaudited Condensed Consolidated Statements of operations** **Operations and comprehensive income (loss)**.

**Comprehensive Loss.** The embedded derivative is presented on the **unaudited condensed consolidated balance sheet** **Unaudited Condensed Consolidated Balance Sheets** as a component of Convertible notes payable - related party. The fair value of the embedded derivative was \$14,583 at September 30, 2023. The gain (loss) from the change in fair value of the embedded derivative for the three **\$3,843** and nine months ended September 30, 2023 amounted to \$24,208 and \$(8,132), respectively. See Note 14, *Fair Value Measurement* for the assumptions used to determine the fair value of the embedded derivative **\$4,345** as of **September 30, 2023** **March 31, 2024** and as of the date of issuance **December 31, 2023**, respectively.

The fair value of the AFG Convertible Notes at issuance was \$16,623, which was greater than the proceeds received. The Company recorded the difference of \$2,873 as interest expense for the three months ended March 31, 2023 on the **unaudited condensed consolidated statement** **Unaudited Condensed Consolidated Statement of operations** **Operations and comprehensive income (loss)**, **Comprehensive Loss**.

Interest expense recognized on the AFG Convertible Notes is as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Contractual interest expense	\$ 1,155	\$ 779
Amortization of debt discount	218	148
Amortization of debt issuance costs	62	42
<b>Total</b>	<b>\$ 1,435</b>	<b>\$ 969</b>

The balances for the AFG Convertible Notes are as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Principal	\$ 17,429	\$ 17,429
Unamortized debt discount	(2,617)	(2,835)
Unamortized debt issuance costs	(738)	(800)
Embedded conversion feature	3,843	4,345
<b>Aggregate carrying value</b>	<b>\$ 17,917</b>	<b>\$ 18,139</b>

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

**12. Borrowings (cont.)**

Interest expense recognized on the AFG Convertible Notes is as follows:

	<b>Three Months Ended</b>	<b>Nine Months Ended</b>
	<b>September 30, 2023</b>	
Contractual interest expense	\$ 1,020	\$ 2,659
Amortization of debt discount	192	550
Amortization of debt issuance costs	54	155
<b>Total</b>	<b>\$ 1,266</b>	<b>\$ 3,364</b>

The balance for the AFG Convertible Notes is as follows:

	September 30, 2023
Principal	\$ 15,390
Unamortized debt discount	(3,028)
Unamortized debt issuance costs	(854)
Embedded conversion feature	14,583
Aggregate carrying value	\$ 26,091

The Company is obligated to repay all contractual interest attributable to the AFG Convertible Notes in-kind on a semi-annual basis, in accordance with the terms of the Investment Agreement. Therefore, as of September 30, 2023 March 31, 2024 and December 31, 2023, interest payable attributable to the AFG Convertible Notes was \$1,020, \$1,155 and \$0, respectively.

#### Senior Secured Term Loan

On July 29, 2022, the Company entered into a \$100,000 Senior Secured Term Loan Credit Agreement with Atlas Credit Partners (ACP) Post Oak Credit I LLC, LLC, as administrative agent for the lenders and collateral agent for the secured parties. As of September 30, 2023, the Company had total borrowings of \$100,000 under the Senior Secured Term Loan.

The Senior Secured Term Loan is scheduled to mature on the earlier of (i) July 29, 2026, and (ii) 91 days prior to the current maturity date of the 2021 Convertible Notes Note of June 30, 2026. The Company has the right at any time to prepay any Borrowing in whole or in part in an amount of not less than \$500.

The outstanding principal balance of the Senior Secured Term Loan bears interest, at the applicable margin plus, at the Company's election, either (i) the benchmark secured overnight financing rate ("SOFR"), which is a per annum rate equal to (y) the Adjusted Term SOFR (as defined in the agreement) plus 0.2616%, or (ii) the alternate base rate ("ABR"), which is a per annum rate equal to the greatest of (x) the Prime Lending Rate, (as defined in the agreement), (y) the NYFRB Rate (as defined in the agreement) plus 0.5% and (z) the SOFR. The applicable margin under the Credit Agreement is 8.5% per annum with respect to SOFR loans and 7.5% per annum with respect to ABR loans. Interest on the Senior Secured Term Loan accrues at a variable interest rate and interest payments are due quarterly. The Company may elect to convert SOFR Loans to ABR (and and ABR Loans to SOFR). As of September 30, 2023 March 31, 2024, the interest rate in effect for the Senior Secured Term Loan for the third quarter of 2023 interest payment was 14.00% 14.11%.

Any repayment of principal prior to the second anniversary of the issuance date is subject to a call premium. The call premium is equal to the present value of all interest payments due through June 30, 2024, calculated using a discount rate equal to the applicable treasury rate as of the repayment date plus 50 basis points. The Company deemed that the fair value of the embedded derivative features which qualify for bifurcation was de minimis.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

Concurrently, the Company entered into a Guarantee and Collateral Agreement which secures and guarantees the Senior Secured Term Loan with substantially all the assets of the Company and its subsidiaries, other than the Company's equity interests in Hi-Power and assets of Hi-Power. Additionally, interest is required to be escrowed in an amount equal to the aggregate amount of the four immediately following interest payments owed based on the Loans which principle outstanding. This amount was \$11,652 \$11,858 at September 30, 2023 March 31, 2024 and \$11,755 at December 31, 2023. This escrowed and restricted cash is presented on a separate line item on the unaudited condensed consolidated balance sheets Unaudited Condensed Consolidated Balance Sheets as long-term Long-term restricted cash.

The agreements also contain customary affirmative and negative covenants. They limit the Company's and its subsidiaries' ability to incur indebtedness, make restricted payments, including cash dividends on its common stock, make certain investments, loans and advances, enter into mergers and acquisitions, sell, assign, transfer or otherwise dispose of its assets, enter into transactions with its affiliates and engage in sale and leaseback transactions, among other restrictions. Furthermore, the limitation on the Company's ability to incur indebtedness also requires payment of principal and interest in kind on the 2021 Convertible Notes Note. While the Company was in compliance with this covenant as of September 30, 2023 and currently expects to remain in compliance as of December 31, 2023 March 31, 2024, absent the Company's ability to secure a waiver or raise additional outside capital, the Company expects it may be unable to remain in compliance with this covenant beginning on March 31, 2024 June 30, 2024 and thereafter (see Note 1, Overview for further discussion).

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 12. Borrowings (cont.)

The following table summarizes interest expense recognized:

Three Months	Nine Months
Ended	Ended
September 30,	September 30,

	2023	2022	2023	2022	
	Three Months Ended March 31,				
	2024		2024		2023
Contractual interest expense	Contractual interest expense	\$3,540	\$1,861	\$10,366	\$1,861
Amortization of debt discount	Amortization of debt discount	105	53	297	53
Amortization of debt issuance costs	Amortization of debt issuance costs	929	495	2,624	495
Total	Total	\$4,574	\$2,409	\$13,287	\$2,409

The Senior Secured Term Loan balance is as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Principal	Principal	\$ 100,000	\$ 100,000		
Unamortized debt discount	Unamortized debt discount	(1,569)	(1,866)		
Unamortized debt issuance costs	Unamortized debt issuance costs	(13,894)	(16,518)		
Aggregate carrying value	Aggregate carrying value	\$ 84,537	\$ 81,616		

#### Equipment Financing facility

The Company entered into an agreement on September 30, 2021 with Trinity Capital Inc. ("Trinity") for a \$25,000 equipment financing facility, the proceeds of which will be used to acquire certain manufacturing equipment, subject to Trinity's approval. Each draw is executed under a separate payment schedule (a "Schedule") that constitutes a separate financial instrument. The financing fees included in each Schedule are established through monthly payment factors determined by Trinity. Such monthly payment factors are based on the Prime Rate reported in The Wall Street Journal in effect on the first day of the month in which a Schedule is executed. The Company has drawn a portion of the facility as follows:

Date of Draw	Gross Amount of Initial Draw	Coupon Interest Rate	Debt Issuance Costs
September 2021	\$ 7,000	14.3%	\$ 175
September 2022	4,216	16.2%	96
Total Equipment Financing loans	\$ 11,216		\$ 271

As of March 31, 2024 and December 31, 2023, total equipment financing carrying value was \$4,924 and \$5,710, respectively of which \$3,458 and \$3,332 are recorded as a current liability on the Unaudited Condensed Consolidated Balance Sheets, respectively. The Company recognized \$208 and \$317 for the three months ended March 31, 2024 and 2023 as interest expense attributable to the equipment financing agreement, respectively.

#### Yorkville Convertible Promissory Notes - Related Party

In December 2022, February 2023, and March of 2023, the Company issued additional convertible promissory notes with an aggregate principal amount of \$22,000 in a private placement to Yorkville under the second and third supplemental agreements to the SEPA, respectively. The fair values of the January 2023 and February 2023 Promissory Notes at issuance were greater than the proceeds received. Accordingly, the Company recorded the excess of fair value of these Promissory Notes over the proceeds received as Interest expense - related party in the amount of \$6,952, for the three months ended March 31, 2023, which is reflected in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

## 12. Borrowings (cont.)

On September 30, 2022, During the equipment facility's unused commitment first quarter of \$13,784 expired.

As 2023, Yorkville delivered Investor Notices requiring the Company to issue and sell an aggregate of September 30, 2023 and December 31, 2022, total equipment financing debt 11,216,492 shares of common stock to Yorkville to offset all outstanding was \$6,467 and \$8,577, respectively of which \$3,211 and \$2,872 are recorded as a current liability on amounts owed to Yorkville under the unaudited condensed consolidated balance sheets, respectively, outstanding Promissory Notes. The Company recognized \$265 a loss on debt extinguishment from the issuance of common stock from the December 2022, January 2023, and \$190 February 2023 Promissory Notes of \$1,634 for the three months ended September 30, 2023 March 31, 2023, which is reflected in the Condensed Consolidated Statements of Operations and 2022, and \$874 and \$615 Comprehensive Loss.

The conversion feature for each of the Promissory Notes discussed above did not qualify for the nine scope exception to derivative accounting, therefore bifurcation was required for each issuance. Upon extinguishment of each Promissory Note, the embedded derivatives were adjusted to their fair value. This remeasurement resulted in net gains of \$55 for the three months ended September 30, 2023 March 31, 2023, which is included in change in fair value of derivatives - related parties on the Condensed Consolidated Statements of Operations and 2022 as interest expense attributable to Comprehensive Loss.

As of December 31, 2023, there were no outstanding amounts under the equipment financing agreement, respectively, Yorkville Promissory Notes.

## 13. Warrants Liability - Related Party

The Company issued private placement warrants to purchase shares of common stock to the sponsor of B. Riley Principal Merger Corp. II ("BMRG") in conjunction with its initial public offering in 2020 (the "IPO warrants"). As of September 30, 2023 and December 31, 2022, BMRG had 274,400 and 325,000 IPO warrants outstanding, respectively, with fair values of \$114 and \$78, respectively.

In April 2023, the Company issued 16,000,000 shares of common stock and 16,000,000 private placement warrants to purchase shares of common stock, and in stock. In May 2023, the Company issued another 3,601,980 shares of common stock and 3,601,980 private placement warrants to purchase shares of common stock. The proceeds from the April 2023 and May 2023 Transactions were \$40,000, and \$8,000, respectively. The fair value of the warrants and common stock for the April 2023 and May 2023 Transactions at issuance was \$66,366 and \$13,267, respectively, which was greater than the proceeds. As such, the Company recorded the excess as losses in the amounts of \$26,366 and \$5,267, respectively, as a component of (loss) gain on change in fair value of derivatives - related party in the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss).

The warrants issued as part of the April 2023 Transaction and May 2023 Transaction ("April (the "April 2023 warrants" and "May 2023 warrants", respectively) are classified as Level 3 financial instruments.

In December 2023, the Company issued in a combined public offering 34,482,759 shares of common stock and 34,482,759 accompanying common warrants to purchase shares of common stock (the "December 2023 warrants").

The amount of warrants outstanding and fair value hierarchy (refer to Note 15, Fair Value Measurement). As for all warrants as of September 30, 2023, the April 2023 March 31, 2024 and May 2023 December 31, 2023 are as follows:

	March 31, 2024		December 31, 2023	
	Warrants Outstanding	Fair Value	Warrants Outstanding	Fair Value
IPO warrants	274,400	\$ 49	274,400	\$ 55
April 2023 warrants	16,000,000	5,494	16,000,000	6,276
May 2023 warrants	3,601,980	1,357	3,601,980	1,544
December 2023 warrants	34,482,759	17,661	34,482,759	19,586
Total	54,359,139	\$ 24,561	54,359,139	\$ 27,461

All warrants were outstanding with are measured at fair values of \$18,415 and \$4,425, respectively.

value at each reporting period. For all warrants in aggregate, the change in fair value for the three and nine months ended September 30, 2023 amounted to decreases in the liability of \$34,406 March 31, 2024 and \$6,677, respectively. The change in fair value for the three and nine months ended September 30, 2022 amounted to \$(47) and \$790, respectively. These changes have 2023 has been recognized in (loss) gain on change in fair value of derivatives - related party in warrants on the Company's unaudited condensed consolidated statements Condensed Consolidated Statements of operations Operations and comprehensive income (loss) Comprehensive Loss. The fair value for the warrants is included in Warrants liability on the Condensed Consolidated Balance Sheets. See Note 14, Fair Value Measurements for further information.

## 14. Fair Value Measurement

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, contract assets, accounts payable, warrants, convertible notes payable — related party, contract liabilities and long-term debt.

Accounting standards establish a hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

EOS ENERGY ENTERPRISES, INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

### 14. Fair Value Measurement (cont.)

Accounting standards require financial assets and liabilities to be classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and the exercise of this judgment may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, contract assets, contract liabilities and accounts payable are considered to be representative of their fair value due to the short maturity of these instruments.

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

**14. Fair Value Measurement (cont.)**

The table below summarizes the fair values of certain liabilities that are included within the Company's accompanying **unaudited condensed consolidated balance sheets**, **Unaudited Condensed Consolidated Balance Sheets** and their designations among the three fair value measurement categories:

	September 30, 2023			December 31, 2022			March 31, 2024			March 31, 2024			December 31, 2023		
	Level 1		Level 2	Level 1		Level 2	Level 3	Level 1		Level 2	Level 3	Level 1		Level 3	
	1	2	Level 3	1	2	Level 3	1	2	Level 3	1	2	Level 3	1	2	
<b>Liabilities</b>	<b>Liabilities</b>														
Warrants	Warrants	\$ —	\$114	\$22,840	\$ —	\$ 78	\$ —								
Warrants															
Warrants															
Embedded derivatives	Embedded derivatives	\$ —	\$ —	\$15,369	\$ —	\$ —	\$ —	\$1,945							

*Warrants Liabilities*

The IPO warrants are classified as Level 2 financial instruments in the table above. They are valued on the basis of the quoted price of the Company's public warrants, adjusted for insignificant difference between the public warrants and the private placement warrants.

The April 2023 warrants, **May 2023 warrants** and **May 2023** 2023 warrants are classified as Level 3 financial instruments in the table above. The Company estimated the fair value of **the April 2023 warrants and May 2023** these warrants using the Black-Scholes model at inception and on subsequent valuation dates. This model incorporates inputs such as the stock price of the Company, risk-free interest rate, volatility and time to expiration. The volatility involves unobservable inputs classified as Level 3 of the fair value hierarchy.

**EOS ENERGY ENTERPRISES, INC.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands, except share and per share amounts)

**14. Fair Value Measurement (cont.)**

The **assumptions** inputs used to determine the fair value of the April 2023 warrants, **May 2023 warrants** and **May the December 2023 warrants** are as follows:

April 2023	April 2023	September 30, 2023	April 12, 2023	April 2023 warrants	March 31, 2024	December 31, 2023
Time to expiration	Time to expiration	5.04 years	5.51 years	Time to expiration	4.54 years	4.79 years
Common stock price	Common stock price	\$ 2.15	\$ 2.61			
Risk-free interest rate	Risk-free interest rate	4.6 %	3.4 %	Risk-free interest rate	4.2 %	3.8 %
Volatility	Volatility	70.0 %	70.0 %	Volatility	70.0 %	70.0 %

May 2023	May 2023 warrants	September 30, 2023	May 15, 2023			
May 2023 warrants				March 31, 2024	December 31, 2023	
Time to expiration	Time to expiration	4.79 years	5.17 years	Time to expiration	4.29 years	4.54 years
Common stock price	Common stock price	\$ 2.15	\$ 2.31			
Risk-free interest rate	Risk-free interest rate	4.6 %	3.4 %	Risk-free interest rate	4.2 %	3.8 %
Volatility	Volatility	70.0 %	70.0 %	Volatility	70.0 %	70.0 %

December 2023 warrants	March 31, 2024	December 31, 2023
Time to expiration	Time to expiration	4.71 years
Common stock price		4.96 years
Risk-free interest rate	Risk-free interest rate	4.2 %
Volatility	Volatility	70.0 %

#### Embedded derivatives

The Company estimated the fair value of the embedded conversion features in the 2021 Convertible Note and the AFG Convertible Notes using a binomial lattice model at inception and on subsequent valuation dates. This model incorporates inputs such as the stock price of the Company, dividend yield, risk-free interest rate, the effective debt yield and expected volatility. The effective debt yield and volatility involve unobservable inputs classified as Level 3 of the fair value hierarchy.

The assumptions used to determine the fair value of the embedded derivative liabilities are as follows:

2021 Convertible Note Payable		March 31, 2024	December 31, 2023
Term		2.25 years	2.5 years
Dividend yield		— %	— %
Risk-free interest rate		4.5 %	4.1 %
Volatility		70.0 %	70.0 %
Effective debt yield		40.0 %	40.0 %

  

AFG Convertible Notes Payable		March 31, 2024	December 31, 2023
Term		2.25 years	2.5 years
Dividend yield		— %	— %
Risk-free interest rate		4.5 %	4.1 %
Volatility		70.0 %	70.0 %
Effective debt yield		40.0 %	40.0 %

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 14. Fair Value Measurement (cont.)

	September 30, 2023	December 31, 2022
<b>2021 Convertible Notes Payable</b>		
Term	2.75 years	3.5 years
Dividend yield	— %	— %
Risk-free interest rate	4.8 %	4.1 %
Volatility	70.0 %	80.0 %
Effective debt yield	40.0 %	25.0 %
<b>AFG Convertible Notes Payable</b>		
Term	2.75 years	3.5 years
Dividend yield	— %	— %
Risk-free interest rate	4.8 %	3.6 %
Volatility	70.0 %	70.0 %
Effective debt yield	40.0 %	40.0 %

#### Level 3 Liabilities

Level 3 liabilities are measured at fair value on a recurring basis using significant unobservable inputs. The following table summarizes the changes in the fair value of liabilities that are included within the Company's accompanying **unaudited condensed consolidated balance sheets** **Unaudited Condensed Consolidated Balance Sheets** and are designated as Level 3:

Level 3	Three Months Ended		Nine Months Ended		2024	Three Months Ended March 31, 2023		
	September 30,		September 30,					
	Three Months Ended	March 31,	2023	2022				
<b>Embedded derivatives</b>								
Balance at beginning of the period	\$42,767	\$ 707	\$ 1,945	\$ 12,359				
Balance at beginning of the period								
Additions	Additions	—	—	42,191	21			
Loss (gain) on change in fair value of derivatives - related party		(27,398)	369	(28,767)	(11,304)			
Change in fair value of derivatives - related parties <sup>1</sup>								
Change in fair value of derivatives - related parties <sup>1</sup>								
Change in fair value of derivatives - related parties <sup>1</sup>								
Balance at end of the period	\$15,369	\$ 1,076	\$ 15,369	\$ 1,076				
<b>Warrants</b>								
<b>Warrants</b>								
<b>Warrants</b>								

Balance at beginning of the period	Balance at beginning of the period	\$56,905	\$ —	\$ —	\$ —
Additions	Additions	—	—	29,553	—
Gain on change in fair value of derivatives - related party		(34,065)	—	(6,713)	—
Change in fair value of warrants					
Balance at end of the period	Balance at end of the period	\$22,840	\$ —	\$22,840	\$ —

<sup>1</sup>Includes loss on debt extinguishment from Yorkville Promissory Note Conversions for the three months ended March 31, 2023.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 14. Fair Value Measurement (cont.)

The estimated fair value of financial instruments not carried at fair value in the **unaudited condensed consolidated balance sheets** **Unaudited Condensed Consolidated Balance Sheets** was as follows:

		Level in Fair Value Hierarchy		September 30, 2023		December 31, 2022		Level in Fair Value Hierarchy	March 31, 2024		December 31, 2023	
		Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value		Carrying Value	Fair Value	Carrying Value	Fair Value
		Hierarchy										
Level in Fair Value Hierarchy												
Notes	Notes receivable	3	\$ 863	\$ 703	\$ 863	\$ 677						
2021 Convertible Notes*		3	90,169	53,997	82,950	62,421						
2021 Convertible Note*												
Senior Secured Term Loan	Senior Secured Term Loan	3	84,537	54,256	81,616	77,576						
AFG Convertible Notes*	AFG Convertible Notes*	3	26,091	27,451	—	—						
Equipment financing facility	Equipment financing facility	3	6,467	2,877	8,577	6,282						
Yorkville Convertible Notes*	Yorkville Convertible Notes*	3	—	—	2,688	2,908						
Total	Total		\$ 208,127	\$ 139,284	\$ 176,694	\$ 149,864						

<sup>1</sup>Includes the embedded derivative liabilities.

#### 15. Commitments and Contingencies

#### Lease Commitments

The Company has lease commitments under lease agreements. As of **September 30, 2023** **March 31, 2024**, future lease payments amounted to **\$5,736**, **\$5,568**.

#### Minimum Volume Commitment

In June 2022, the Company entered into a long-term supply agreement with a minimum volume commitment with a third party **which** that provides services to process certain raw materials. Any purchase order issued under this supply agreement will be non-cancellable. **To the extent** **If** the Company fails to order the guaranteed minimum volume defined in the contract at the end of the term, the Company **is will be** required to pay the counterparty an amount equal to the shortfall, if any, multiplied by a fee. **As of September 30, 2023, the Company had open purchase commitments of \$148 under this agreement.** The Company believes it will meet the minimum volume commitment and no shortfall penalty has been accrued as of **as of September 30, 2023** **March 31, 2024**.

#### Legal Proceedings

##### Delaware Section 205 Petition

On November 12, 2020, BMRG, the predecessor to the Company, held a special meeting of stockholders (the "BMRG Special Meeting") to approve certain matters relating to the business combination between BMRG and Eos Energy Storage LLC.

One of these matters was a proposal to amend and restate BMRG's certificate of incorporation in order to, among other things, increase the number of authorized shares of common stock from 125,000,000 shares of common stock, consisting of 100,000,000 shares of Class A common stock and 25,000,000 shares of Class B common stock, to 200,000,000 shares of common stock, and to reclassify all Class A common stock and Class B common stock as a single class of common stock (the "Charter Amendment Proposal"). The Charter Amendment Proposal was approved by a majority of the outstanding shares of Class A common stock and Class B common stock of BMRG as of the record date for the BMRG Special Meeting, voting together as a single class, although voting records indicate that a majority of each of the shares of Class A common stock and Class B common stock also approved the Charter Amendment Proposal. After the BMRG Special Meeting, BMRG and Eos Energy Storage LLC closed the business combination and the Company's certificate of incorporation, as amended to give effect to the Charter Amendment Proposal, became effective.

#### **EOS ENERGY ENTERPRISES, INC.**

#### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

#### **15. Commitments and Contingencies (cont.)**

*A recent ruling by the Delaware Court of Chancery introduced uncertainty as to whether Section 242(b)(2) of the Delaware General Corporation Law (the "DGCL") would have required the Charter Amendment Proposal to be approved by separate votes of the majority of BMRG's then-outstanding shares of Class A common stock and Class B common stock. To resolve potential uncertainty with respect to the Company's capital structure, the Company filed a petition in the Delaware Court of Chancery under Section 205 of the DGCL to seek validation of the Charter Amendment Proposal. Section 205 of the DGCL permits the Court of Chancery, in its discretion, to ratify and validate potentially defective corporate acts.*

On February 27, 2023, the Court of Chancery approved the Company's request for relief and entered an order under Section 205 of the Delaware General Corporation Law (1) declaring the Company's Third Amended and Restated Certificate of Incorporation (the "Charter"), including the filing and effectiveness thereof, as validated and effective retroactive to the date of its filing with the Office of the Secretary of State of the State of Delaware on November 16, 2020, and all amendments effected thereby and (2) ordering that the Company's securities (and the issuance of the securities) described in the Petition and any other securities issued in reliance on the validity of the Charter are validated and declared effective, each as of the original issuance dates. **Legal Proceedings**

#### Class Action Complaints

On March 8, 2023, Plaintiff Richard Delman filed a class action **complaint** (the "March Complaint") **lawsuit was filed** in the Court of Chancery of the State of Delaware. The March Complaint names Delaware by plaintiff Richard Delman against certain of defendants including the Company's former directors as defendants. (the "Delman Defendants"). Neither the Company nor Eos Energy Storage LLC was were named as a defendant in the March Complaint, but each was identified in the Complaint as a relevant non-party and the Company owes certain has indemnification obligations relating to the lawsuit. On February 1, 2024, the parties agreed to a binding Settlement Term Sheet (the "Settlement") whereby plaintiff agreed to resolve the lawsuit in exchange for a settlement payment of \$8,500, consisting of cash payments previously made by the Company of approximately \$1,000 and an additional cash payment of approximately \$7,500 funded by the Company's Directors and Officers ("D&O") liability insurance policies. The definitive settlement agreement is currently being negotiated between the parties. Once finalized, the settlement agreement will be submitted to the Company's former directors. Although the Company is unable to predict the Court of Chancery for final outcome or estimate a potential range of loss at this stage of the proceedings, the Company accrued \$722 for the probable loss included in accrued expenses on the condensed consolidated balance sheets as of September 30, 2023, approval.

On August 1, 2023, a class action **complaint** **lawsuit was filed** against the Company, its Chief Executive Officer, its Chief Financial Officer, and its former Chief Financial Officer (the "August Complaint") in the United States District Court District of New Jersey, Jersey by plaintiff William Houck against the Company, the Company's Chief Executive Officer, its former Chief Financial Officer and its current Chief Financial Officer (with the Company, the "Houck Defendants"). The August Complaint asserts violations of alleges that the defendants violated federal securities laws in connection with by making knowingly false or misleading statements and alleged omissions relating to about the Company's business, prospects contractual relationship with a customer and reported about the size of the Company's order backlog, and commercial pipeline. Defendants deny the allegations and, on February 13, 2024, moved to dismiss the Complaint. On March 5, 2024, plaintiff filed an amended complaint that dropped the Company's former Chief Financial Officer as a defendant. On April 4, 2024, defendants filed a renewed motion to dismiss the lawsuit. The Company believes the August Complaint is without merit and intends to continue to vigorously defend against this action.

#### **16. Stock-Based Compensation**

Our stock-based compensation expense is associated with restricted stock units ("RSU's) and stock options. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period of the award, which is generally the award vesting term. Stock options generally have a term of five to ten years and vest over periods ranging

from three months to five years. RSUs generally vest over periods from three to four years. For awards with performance conditions, stock-based compensation expense is recognized on a straight-line basis based on management's estimation of achievement of performance conditions. The estimated performance conditions primarily relate to achievement of sales and financing targets. In June 2023, the Company modified 550,000 performance-based stock options that were issued in June 2022 and December 2022 by extending the period to meet certain performance conditions. During the three months ended September 30, 2023, all performance conditions were met for these 550,000 options, therefore accelerating the vesting and respective expense.

Stock-based compensation expense included in the unaudited condensed consolidated statements Unaudited Condensed Consolidated Statements of operations Operations and comprehensive income (loss) Comprehensive Loss was as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Stock options	\$ 1,048	\$ 1,357	\$ 2,027	\$ 2,778
Restricted stock units	3,408	2,259	8,096	8,215
<b>Total</b>	<b>\$ 4,456</b>	<b>\$ 3,616</b>	<b>\$ 10,123</b>	<b>\$ 10,993</b>

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 16. Stock-Based Compensation (cont.)

	Three Months Ended March 31,	
	2024	2023
Stock options	\$ 174	\$ 740
Restricted stock units	2,767	2,623
<b>Total</b>	<b>\$ 2,941</b>	<b>\$ 3,363</b>

The stock compensation expense has been recorded in cost of goods sold, research and development expenses and selling, general and administrative expenses.

As of September 30, 2023 March 31, 2024, total unrecognized compensation expense was \$18,489 \$12,448 of which \$17,860 \$12,358 was attributable to unvested RSUs restricted stock units ("RSU") and \$629 \$90 was attributable to unvested stock options. Compensation expense for these unvested awards is expected to be recognized over a weighted-average remaining vesting period of 0.4 2.1 years for RSUs and 0.1 years for stock options and 2.2 years for RSUs options.

#### 17. Income Taxes

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, income tax expense was \$13 \$25 and \$25, \$10, respectively, related to state margin taxes and taxable earnings from the Company's foreign operations. For the three and nine months ended September 30, 2022, income tax expense was \$110 and \$45, respectively. The income tax expense differs from the amount computed by applying the statutory U.S. federal income tax rate of 21% to the loss before income taxes. This is due to non-taxable income, foreign operations and pre-tax losses for which no tax benefit can be recognized for U.S. income tax purposes.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 17. Income Taxes (cont.)

The Company estimates and applies the annual effective tax rate to its ordinary earnings each interim period. Any significant unusual or infrequent items if any, are not included in the estimation of the annual effective tax rate. Rather, rate; instead, these items and their related income tax expense are separately stated in the interim period in which they occur. The quarterly estimate of the annual effective tax rate and related tax expense is subject to variation due to a multitude of factors. Factors may include, factors, including, but are not limited to, the inability to accurately predict the Company's pre-tax and taxable income and loss.

At each balance sheet date, management assesses the likelihood that the Company will be able to realize its deferred tax assets. Management considered all available positive and negative evidence in assessing the need for a valuation allowance. The realization of deferred tax assets depends on the generation of sufficient taxable income of the appropriate character and in the appropriate taxing jurisdiction during the future periods in which the related temporary differences become deductible. Management has determined that it is unlikely that the Company will be able to utilize its U.S. deferred tax assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 due to cumulative losses. Therefore, the Company has a valuation allowance against its net U.S. deferred tax assets.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company has unrecognized tax benefits associated with uncertain tax positions that, if recognized, would not affect the effective tax rate on income from continuing operations. The Company is not currently under examination by any taxing jurisdiction and none of the uncertain tax positions are expected to reverse within the next 12 months.

The Company files income tax returns in U.S. federal and various state jurisdictions, as well as in Italy and India. The open tax years for federal returns are 2019 2020 and forward and open tax years for state returns are generally 2018 2019 and forward. In addition, net operating losses generated in closed years and utilized in open years are subject to adjustment by the tax authorities.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 into law. There are two major corporate tax provisions included in the Act. In general, the IRA creates a 15% corporate alternative minimum tax ("CAMT") on any corporation that has (or has had) average annual "adjusted financial statement income" for a three-year period preceding the tax year that exceeds \$1 billion. The CAMT is effective for tax years beginning after December 31, 2022. The IRA also imposes on publicly traded U.S. corporations a 1% excise tax on certain repurchases of their stock. The excise tax is effective for stock repurchases after December 31, 2022. The Company does not expect the aforementioned provisions in the IRA to have any material impact on the Company's unaudited condensed consolidated financial statements.

In addition to the CAMT discussed above, the IRA has production tax credits that are discussed in Note 10, *Government Grants*.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 18. Shareholders' Deficit

##### Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company's Board of Directors. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no shares of preferred stock issued or outstanding.

##### Common Stock

The Company is authorized to issue 300,000,000 shares of common stock at \$0.0001 par value. value as of March 31, 2024. The holders of the Company's common stock are entitled to one vote for each share held. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 156,378,778 206,779,447 and 82,653,781 199,133,827 shares of common stock issued and outstanding.

##### April 2023 Transaction and May 2023 Transactions

As discussed in Note 13, *Warrants Liability - Related Party*, the April 2023 Transaction consisted of issuance of 16,000,000 shares of common stock at a price of \$2.50 per share. The Company also issued 16,000,000 private placement warrants to purchase 16,000,000 shares of common stock. The warrants have an exercise price of \$3.14 per share, became exercisable in October 2023 and expire five and one-half years from the date of issuance.

The May 2023 Transaction consisted of issuance of 3,601,980 shares of common stock at a price of \$2.221 per share. The Company also issued 3,601,980 private placement warrants to purchase 3,601,980 shares of common stock. The warrants have an exercise price of \$2.50 per share, and became exercisable in July 2023. The warrants expire five years from the date they were initially exercisable.

##### Treasury Stock

The Company recorded treasury stock of \$136 \$308 and \$77 \$345 for the three months ended September 30, 2023 March 31, 2024 and 2022 and \$587 and \$929 for the nine months ended September 30, 2023 and 2022 2023 for shares withheld from employees to cover the payroll tax liability of RSUs vested, respectively. The treasury stock was immediately retired.

##### Warrants Liability

The Company has outstanding private warrants from the IPO warrants, the April 2023 warrants, the May 2023 warrants and the December 2023 warrants. Warrants liability is included separately on the Unaudited Condensed Consolidated Balance Sheets. See Note 13, *Warrants Liability* for further discussion.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 18. Shareholders' Deficit (cont.)

##### Public Warrants

The Company sold warrants to purchase 9,075,000 shares of the Company's common stock in a public offering on May 22, 2020 (the "Public Warrants"). Each Public Warrant entitles the holder to purchase a share of common stock at a price of \$11.50 per share. There were no Public Warrants exercised during the three and nine months ended

September 30, 2023. There were 600 Public Warrants exercised during the three March 31, 2024 and nine months ended September 30, 2022, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 7,052,254 and 7,001,654 public warrants outstanding respectively, for both periods.

#### Standby Equity Purchase Agreement

On April 28, 2022, the Company entered into the SEPA with Yorkville. Pursuant to the SEPA, as amended, the Company has the right, but not the obligation, to sell to Yorkville up to \$75,000 of shares of its common stock at the Company's request at any time during the commitment period, which commenced on April 28, 2022 and will end on the earlier of (i) May 1, 2024, or (ii) the date on which Yorkville shall have made payment of advances requested by the Company totaling up to the commitment amount of \$75,000. Each sale the Company requests under the SEPA (an "Advance") may be for a number of shares of common stock with an aggregate value of up to \$20,000. The SEPA provides for shares to be sold to Yorkville at 97.0% of market price. Pursuant to the terms and conditions set forth in the SEPA, 465,117 shares were issued to Yorkville in April 2022 as consideration for its irrevocable commitment to purchase shares of common stock. The fair value of these shares of \$1,061 was recorded as other expense in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

During the nine months ended September 30, 2023 March 31, 2024, total funds raised under the SEPA, inclusive of proceeds received from the Yorkville Convertible Promissory Notes, were \$35,550 \$20,850. During the nine months ended September 30, 2023 March 31, 2024, total shares issued under the SEPA were 23,630,937.

#### EOS ENERGY ENTERPRISES, INC.

#### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

#### 18. Shareholders' Deficit (cont.)

During the nine months ended September 30, 2022, total funds raised under the SEPA, inclusive of proceeds received from the Yorkville Convertible Promissory Notes, were \$12,350. During the nine months ended September 30, 2022, total shares issued under the SEPA were 7,826,719. 11,900,400.

On August 23, 2023, the Company and Yorkville terminated the SEPA, as amended, by mutual written consent. At the time of termination, there were no outstanding borrowings, advance notices or shares of Common Stock to be issued under the SEPA. In addition, there were no fees due by the Company or Yorkville in connection with the termination of the SEPA.

#### At-the-Market Offering Program

On August 5, 2022, the The Company entered into the Sales Agreement has a sales agreement with Cowen and Company, LLC ("Cowen"), with respect to an ATM at-the-market offering ("ATM") program under which the Company may offer and sell, from time to time at its sole discretion, shares of its common stock, par value \$0.0001 per share, having an aggregate offering price of up to \$100,000 (the "Placement Shares") \$200,000 through Cowen as its sales agent and/or principal. On August 23, 2023, Amendment No. 1 to the ATM increased the maximum aggregate offering price from \$100,000 to \$200,000.

The Company will pay Cowen a commission equal to 3.0% of the gross sales proceeds of any Placement Shares sold. The Company will also reimburse Cowen for certain expenses incurred in connection with the Sales Agreement. The Sales Agreement will terminate upon the earlier of (i) the sale of all Placement Shares subject to the Sales Agreement or (ii) termination of the Sales Agreement in accordance with the terms and conditions set forth therein.

During the three and nine months ended September 30, 2023 March 31, 2024, the Company sold 28,938,944 7,239,982 shares raising proceeds of \$81,897, \$7,206, net of fees paid to Cowen, at an average selling price of \$2.74 \$1.03 per share.

#### 19. Earnings Per Share

The following table provides There were no shares issued under the numerators and denominators used in computing basic and diluted net income (loss) per share ATM offering program for the three months ended September 30, 2023 and 2022: March 31, 2023.

	For the Three Months Ended September 30,	
	2023	2022
<b>Net income (loss) for basic earnings per share</b>	\$ 14,932	\$ (70,722)
<i>Effect of potentially dilutive shares:</i>		
Adjustment for interest on Convertible Notes	4,449	—
Adjustment for fair value gains on embedded derivatives for Convertible Notes	(27,398)	—
<b>Net loss for diluted earnings per share</b>	\$ (8,017)	\$ (70,722)
<b>Weighted-average basic common shares outstanding</b>	138,005,222	63,065,884
Dilutive effect of Convertible Notes	14,836,450	—
Dilutive effect of April and May Warrants	1,344,677	—
Dilutive effect of Restricted Stock Units	1,142,184	—
Dilutive effect of Stock Options	996,751	—
<b>Weighted-average dilutive common shares outstanding</b>	156,325,284	63,065,884
<b>Earnings per share:</b>		
Basic	\$ 0.11	\$ (1.12)

Diluted	\$	(0.05)	\$	(1.12)
---------	----	--------	----	--------

**EOS ENERGY ENTERPRISES, INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

**19. Earnings Per Share (cont.)**

Basic net earnings per share ("EPS") is calculated by dividing net earnings attributable to common stockholders by the weighted average number of shares of common stock outstanding for the applicable period. Diluted EPS is computed using the treasury stock method for warrants, stock options, and restricted stock units. Other potentially dilutive common shares and the if-converted method for convertible notes.

For the three months ended September 30, 2023, the following potentially dilutive shares were excluded from the calculation of related impact to earnings as they would have been anti-dilutive.

	Three Months Ended September 30, 2023
Public and private placement warrants	7,326,654
Stock options	1,585,056

Since the Company incurred a net loss for the three months ended September 30, 2022, as well as the nine months ended September 30, 2023 March 31, 2024 and 2022, the potential dilutive shares from stock options, restricted stock units, warrants and Convertible Notes were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented. Therefore, basic and diluted EPS are computed using the same number of weighted-average shares for the three months ended September 30, 2022, as well as the nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

The following potentially dilutive shares were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the three months ended September 30, 2022, as well as the nine months ended September 30, 2023 and 2022: periods presented:

	Nine Months Ended September 30, 2023	Three and Nine Months Ended September 30, 2022
Stock options and restricted stock units	9,239,612	7,934,865
Public and private placement warrants	26,928,634	7,326,654
Convertible Notes (if converted)	14,836,450	5,298,396

	Three Months Ended March 31,	
	2024	2023
Stock options and restricted stock units	9,048,602	6,987,945
Warrants	61,411,393	7,326,654
Convertible Notes	16,226,124	16,950,606

**20.**

[Table of Contents](#)

**EOS ENERGY ENTERPRISES, INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

**19. Subsequent Events**

On April 22, 2024, the Company closed an agreement with Banyan Software, Inc. to accelerate its 2023 Production Tax Credit monetization. The Company has evaluated subsequent events through received \$2,303 in cash. This amount relates to a portion of the issuance date PTC grant receivable as of these financial statements. No material subsequent events were identified that require disclosure.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** and the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, including the financial statements and notes thereto.

### Overview

The Company offers an innovative Znyth™ aqueous zinc technology battery energy storage system ("BESS") designed to provide the operating flexibility to manage increased grid complexity **deriving** and **price volatility** **resulting** from an overall increase in renewable energy generation and a congested grid coming from an increase in electricity demand growth. The Company's battery energy storage system BESS is based on a **validated** chemistry with accessible non-precious earth components in a durable **safe**, **scalable** and **sustainable** design that **delivers** is intended to deliver results in a wide variety of even the most extreme **temperatures** and **conditions**. **Manufactured** The system is designed to be **safe**, **flexible**, **scalable**, **sustainable** and **manufactured** in the United States using raw materials primarily sourced in the United States. We believe the Company's Z3™ battery **energy storage system** module is the core of its innovative systems. The Z3 battery module is the **Company's innovative systems** only US designed and manufactured battery module that today provide utilities, independent power producers, renewables developers and C&I customers with a **reliable energy storage** an alternative to lithium-ion and lead-acid monopolar batteries for critical 3- to 12-hour discharge **durations**. The Company's innovative spirit extends **duration** applications. We believe the Z3 battery will transform how utility, industrial and commercial customers store power.

In addition to its **manufacturing strategy**, which includes proprietary equipment and processes that allow **BESS**, the Company currently offers: (a) a BMS which provides a remote asset monitoring capability and service to **scale** **quickly** **track** the **performance** and **health** of the Company's BESS and to proactively identify future system performance issues through predictive analytics; (b) project management services to ensure the process of implementing the Company's BESS are coordinated in conjunction with a **lower capital intensity** than other similar technologies. The Company believes its technology will continue the customer's overall project plans; (c) commissioning services that ensure the customer's installation of the BESS meets the performance expected by the customer; and (d) long-term maintenance plans to **reduce cost** and **improve** **maintain** optimal operating performance of the **operating efficiency** and **competitiveness** of its battery energy storage systems. Company's systems.

The Company's growth strategy contemplates increasing sales of battery energy storage systems and related software and services through a direct sales team and sales channel partners. The Company's current and target customers include utilities, project developers, independent power producers and commercial and industrial companies.

In addition to battery energy storage systems, the Company currently offers: (a) a Battery Management System, a remote asset monitoring capability and service to track the performance and health of the Company's battery energy storage system and to proactively identify future system performance issues through predictive analytics; (b) project management services to ensure the process of implementing the Company's battery energy storage systems are coordinated in conjunction with the customer's overall project plans; (c) commissioning services that ensure the customer's installation of the battery energy storage system meets the performance expected by the customer; and (d) operations and maintenance plans to maintain optimal operating performance of the Company's systems.

### Strategy

The Company continues to invest in the **design**, **development**, **refinement** and production of its **next generation** product, the **Eos Z3™ Z3** battery, which builds off the same electrochemistry that has not fundamentally changed for the better part of a decade. The **next generation** **Eos Z3** battery is designed to reduce cost and weight while improving manufacturability and system performance. The **Eos Z3** battery is more cost-effective and has a simpler tub design with 50% fewer cells and 98% fewer welds per battery module **compared to** **than** the **Gen 2.3**. The Company currently expects that the **Eos Z3 BESS** **battery** will give customers the benefit of two times the energy density per square foot with the same safety and **reliability** as the previous generation battery, **reliability**. The **Eos Z3** transition is fully underway and the first semi-automated battery manufacturing line is installed and has started commercial production. **Eos** The **Z3** batteries utilize the same chemistry, which has over 3 million cycles, and **incorporates** **incorporate** a new mechanical design aimed at improving performance, lowering cost and increasing manufacturability.

The Company **delivered** **started** **delivery** of its **first** **customer** **orders** from this **line** **Z3** **battery** **modules** in the **third** **quarter**. **Eos**'s **progression** to the **Eos** **quarter** of **2023**. The **Z3** **battery** **incorporates** **valuable** **lessons** **learned** from the **past** **15** **years** **into** a **new** **system** **design** which the Company expects to result in efficiencies as it develops its new state-of-the-art manufacturing line.

The Company believes the simplicity, flexibility and safety of our products are what the market desires. In addition, we **understand** **believe** that the Inflation Reduction Act gives us a competitive advantage **with** **by** **virtue** of production tax credits ("PTC") that can be claimed on battery components manufactured domestically, **in** **addition** **to** **a** **and** **tax** **credit** **credits** for customers for projects that satisfy domestic content requirements.

Additionally, the **See Regulatory Landscape** section. The Company **plans** **intends** to **participate** **in** **engage** **with** a **consortium** of **community** **leaders**, **universities** and **supply** **chain** **partners** in **anticipation** of **pursuing** **grants** **made** **available** **under** the **Bipartisan** **Infrastructure** **Law** of **2021**.

### Regulatory Landscape

U.S. Department of Energy ("DOE")

In August 2023, the DOE issued a Conditional Commitment Letter to the Company for a loan of an aggregate principal amount of up to \$398.6 million through the DOE's Clean Energy Financing Program. The Conditional Commitment Letter follows an extensive technical, financial and commercial due diligence process by the DOE. If finalized, the loan is expected to fund 80% of eligible costs of the Company's planned manufacturing expansion in Turtle Creek, Pennsylvania.

Eligible costs include capital expenditures and other costs associated with ramping up the manufacturing lines and facility, for example start-up and shakedown costs, as well as certain material and labor costs before efficiencies are met. The Company is working to finalize the loan documents with the DOE and to fulfill certain conditions precedent. Eos is spending eligible costs now that would be reimbursable at first funding.

#### Inflation Reduction Act of 2022 ("IRA")

The IRA features significant economic incentives for both energy storage customers and manufacturers for projects placed in service after December 31, 2022. One of the most important features of the IRA is that it offers a 10-year term tax credit, whereas historically similar industrial credits have been shorter in duration. Customers placing new energy storage facilities in service will be allowed to claim at least a thirty percent investment tax credit ("ITC") under certain conditions. The IRA also offers an extra ten percent credit if the project is in an "energy community" and another ten percent credit if the project satisfies domestic content requirements, which will be set forth when the implementing regulations are finalized. The ten percent bonus for domestic content could represent a strategic advantage for the Company resulting from the Company's near-sourcing and Made in America strategy, and we currently anticipate that projects utilizing Eos batteries will qualify for the bonus.

As discussed in Note 10, *Government Grants* to our **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** included elsewhere in this Quarterly Report, starting in 2023, there are Production Tax Credits under Internal Revenue Code 45X ("PTC"), that can be claimed on battery components manufactured in the U.S. and sold to U.S. or foreign customers. These tax credits available to manufacturers include a credit for ten percent of the cost incurred to make electrode active materials in addition to credits of \$35 per kWh of capacity of battery cells and \$10 per kWh of capacity of battery modules. These credits are cumulative, meaning that companies will be able to claim each of the available tax credits based on the battery components produced and sold through 2029, after which the PTC will begin to gradually phase down through 2032. These credits are expected to be a new source of cash flow for Eos in the future.

#### Company Highlights

- In January 2023, several investors, including Clear Creek Investments, LLC, Ardsley Advisory Partners LP, and AltEnergy, LLC, made a \$13.75 million investment in 2024, the Company by purchasing entered into a supply agreement with TETRA Technologies, Inc ("TETRA") that further expanded this partnership. TETRA is a leading global energy services and solutions company. This supply agreement designates TETRA as the preferred strategic supplier of electrolyte products for the Company's 26.5% Convertible Senior PIK Notes due 2026, the proceeds of which supported the Company's strategic growth initiatives. See Note 12, **Eos Z3<sup>Borrowings</sup> to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for further discussion.** long duration energy storage cube.
- In February 2023, the Company announced an initial 47 MWh renewables plus storage project entered into a multiyear pricing agreement with SHPP US LLC, a Saudi Basic Industries Corporation ("SABIC") affiliate, to supply conductive composite thermoplastic for the Eos Z3<sup>TM</sup> battery module. The Company and SABIC have worked collaboratively to develop a solution using one of SABIC's new resin materials to replace the largest operators of energy storage titanium used in the U.S., along with a separate long-term agreement that contributes 4GWh to the Company's pipeline, prior Eos battery iterations.
- In February 2023, the Company issued and sold a convertible promissory note (the "February 2023 Promissory Note") with an aggregate principal amount of \$5.0 million in a private placement to Yorkville under the second supplemental agreement (the "Second Supplemental Agreement") to the Standby Equity Purchase Agreement (the "SEPA"). See Note 12, *Borrowings* to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for further discussion.
- In February 2023, the Company completed the first Eos Cube<sup>TM</sup> powered by the next-generation Eos Z3<sup>TM</sup> battery.
- In February 2023, the Company achieved UL 9540A for "Power On" status of all motion systems on its first state-of-the-art manufacturing line. Reaching this milestone is a significant step in achieving the next generation Eos Z3 battery.
- In March 2023, the Company issued state-of-the-art manufacturing line being installed and sold a convertible promissory note (the "March 2023 Promissory Note" and, together with the February 2023 Promissory Note and a convertible promissory note issued and sold to Yorkville commissioned in December 2022, the "Yorkville Convertible Promissory Notes") with an aggregate principal amount of \$15.0 million in a private placement to Yorkville under the third supplemental agreement (the "Third Supplemental Agreement") to the SEPA. See Note 12, *Borrowings* to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for further discussion.
- In April 2023, the Company issued and sold a convertible promissory note (the "April 2023 Promissory Note") with an aggregate principal amount of \$15.0 million in a private placement to Yorkville under the SEPA.
- In April 2023, the Company issued 16,000,000 shares of the Company's common stock at a purchase price of \$2.50 per share in a registered direct offering. The Company issued in a concurrent private placement unregistered warrants to purchase up to an aggregate of 16,000,000 shares of common stock. The gross proceeds to the Company from the offering were \$40.0 million, before deducting advisory fees and other offering expenses payable by the Company.
- In May 2023, the Company issued 3,601,980 shares of the Company's common stock at a purchase price of \$2.221 per share in a registered direct offering. The Company issued in a concurrent private placement unregistered warrants to purchase up to an aggregate of 3,601,980 shares of common stock. The gross proceeds to the Company from the offering were \$8.0 million, before deducting advisory fees and other offering expenses payable by the Company. Turtle Creek facility.
- For the **nine** three months ended **September 30, 2023** **March 31, 2024**, the Company recognized **\$1.0 million** **\$1.5 million** of grant income related to the IRA PTC.
- On August 23, 2023, the Company and Yorkville terminated the SEPA, as amended, by mutual written consent. At the time of termination, there were no outstanding borrowings, advance notices or shares of Common Stock to be issued under the SEPA. In addition, there were no fees due by the Company or Yorkville in connection with the termination of the SEPA.
- In August 2023, the Company selected ACRO Automation Systems to partner in the design, development, and implementation of its state-of-the-art high output manufacturing lines. ACRO is a recognized leader in high-speed, custom designed, automated manufacturing systems.

## Results of Operations

### Revenue

For the Three		For the Nine												
Months	Ended	Months	Ended	September	30,	September	30,	September	30,	September	30,	September	30,	
For the Three		For the Nine												
Months Ended		Months Ended												
March 31,														
(\$ in thousands)		(\$ in thousands)												
(\$ in thousands)		(\$ in thousands)												
(\$ thousands)	2023	2022	\$	%	(\$ thousands)	2023	2022	\$	%	2024	2023	\$ Change	% Change	
Revenue	Revenue	\$684	\$6,065	(5,381)	(89) %	Revenue	\$9,768	\$15,258	(5,490)	(36) %				
Revenue						Revenue					\$ 6,601	\$ 8,835	(2,234)	(25) %

The Company generates revenues from the delivery of its battery energy storage systems ("BESS") and service-related solutions. The Company expects revenues to increase as it scales production to meet customer demand.

Revenue decreased by \$5.4 million \$2.2 million, or 89% 25% from \$6.1 million \$8.8 million for the three months ended September 30, 2022 March 31, 2023 to \$0.7 million \$6.6 million for the three months ended September 30, 2023. Revenue decreased by \$5.5 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2023 March 31, 2024. The reduction in revenues for the three and nine months ended September 30, 2023 March 31, 2024 was due to reduced production and deliveries from view of the Company's shift to next generation Eos Z3™ technology.

### Cost of goods sold

For the Three		For the Nine														
Months	Ended	Months	Ended	September	30,	September	30,	September	30,	September	30,	September	30,	September	30,	
For the Three		For the Nine														
Months Ended		Months Ended														
March 31,																
(\$ in thousands)		(\$ in thousands)														
(\$ in thousands)		(\$ in thousands)														
(\$ thousands)	2023	2022	\$	%	(\$ thousands)	2023	2022	\$	%	2024	2023	\$ Change	% Change			
Cost of goods sold	Cost of goods sold	\$21,262	\$50,025	(28,763)	(57) %	Cost of goods sold	\$59,448	\$122,468	(63,020)	(51) %						
Cost of goods sold						Cost of goods sold					\$ 28,229	\$ 26,940	1,289	5 %		

Cost of goods sold primarily consists of direct costs relating to direct labor, direct material and overhead that is directly tied to product manufacturing, engineering, procurement and construction ("EPC"), project delivery, commissioning and start-up test procedures. Other indirect costs included in cost of goods sold are manufacturing overhead such as manufacturing engineering, equipment maintenance, environmental health and safety, quality and production control procurement, transportation, logistics, depreciation and facility-related costs. As a nascent technology and with a new manufacturing process that is early in its product lifecycle, the Company still faces significant costs associated with production start-up, commissioning of various components, modules and subsystems and other related costs. The Company expects its cost of goods sold to exceed revenues in the near term as it continues to scale production and prepares battery energy storage systems delivered to customers to go-live.

Cost of goods sold decreased increased by \$28.8 million \$1.3 million, or 57% 5% from \$50.0 million \$26.9 million for the three months ended September 30, 2022 March 31, 2023 to \$21.3 million \$28.2 million for the three months ended September 30, 2023 March 31, 2024. The increase was primarily due to higher volume of goods sold decreased by \$63.0 million, or 51% from \$122.5 million \$59.4 million for the nine three months ended September 30, 2022 March 31, 2024 compared to \$59.4 million for the nine three months ended September 30, 2023 March 31, 2023. Cost of goods sold decreased for the three and nine months ended September 30, 2023 mainly due to lower BESS shipments in 2023, partially offset by increases in commissioning cost and idle factory costs.

### Research and development expenses

For the Three		For the Nine													
Months	Ended	Months	Ended	September	30,										
For the Three		For the Nine													
Months Ended		Months Ended													
March 31,															
For the Three Months		For the Nine Months													
Ended March 31,		Ended September 30,													

(\$ in thousands)	(\$ in thousands)							2024	2023	\$ Change	% Change
		(\$ in thousands)	(\$ in thousands)	\$ Change	% Change	(\$ in thousands)	(\$ in thousands)				
R&D expenses	R&D expenses	\$3,228	\$4,462	(1,234)	(28) %	\$13,699	\$14,889	(1,190)	(8.0) %		
R&D expenses	R&D expenses									\$ 5,200	\$ 5,445
R&D expenses	R&D expenses									(245)	(4) %

Research and development expenses consist primarily of salaries and other personnel-related costs, materials, third-party services, depreciation and amortization of intangible assets. Eos Z3™ battery test results show improved performance at a projected lower system cost than the Company's current product configuration.

Research and development costs decreased by **\$1.2 million** **\$0.2 million** or **28% 4%** from **\$4.5 million** **\$5.4 million** for the three months ended **September 30, 2022** **March 31, 2023** to **\$3.2 million** **\$5.2 million** for the three months ended **September 30, 2023** **March 31, 2024**. The decrease in research and development costs was primarily driven by a decrease of **\$1.7 million** for lower spending on materials and supplies, partially offset by increases of **\$0.4 million** in stock compensation costs and **\$0.2 million** in payroll and personnel costs.

Research and development costs decreased by **\$1.2 million** or **8.0%** from **\$14.9 million** for the nine months ended **September 30, 2022**, to **\$13.7 million** for the nine months ended **September 30, 2023**. The decrease in research and development costs was primarily driven by decreases of **\$2.0 million** for outside professional services, partially offset by increases of **\$0.3 million** for materials and supplies, **\$0.2 million** an increase in payroll and personnel costs and **\$0.2 million** of facility stock compensation costs.

#### Selling, general and administrative expenses

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				2024	2023	\$ Change	% Change	
	2023	2022	Change	% Change	2023	2022	Change	% Change					
SG&A expenses	SG&A expenses	\$13,076	\$14,651	(1,575)	(11) %	\$40,169	\$48,045	(7,876)	(16) %				
SG&A expenses	SG&A expenses									\$ 14,242	\$ 13,955	287	2 %
SG&A expenses	SG&A expenses												

Selling, general and administrative expenses primarily consist of payroll and personnel-related, outside professional services, facilities, depreciation, travel, marketing and public company costs.

Selling, general and administrative expenses **decreased increased** by **\$1.6 million** **\$0.3 million** or **11% 2%** from **\$14.7 million** **\$14.0 million** for the three months ended **September 30, 2022** **March 31, 2023** to **\$13.1 million** **\$14.2 million** for the three months ended **September 30, 2023** **March 31, 2024**. The **decrease slight increase** was primarily driven by decreases in outside consulting expenses of **\$2.3 million** and payroll, and personnel costs of **\$0.4 million**, and facility costs, partially offset by increases in facility costs of **\$0.5 million** and legal and professional costs of **\$0.5 million**.

Selling, general and administrative expenses decreased by **\$7.9 million** or **16%** from **\$48.0 million** for the nine months ended **September 30, 2022** to **\$40.2 million** for the nine months ended **September 30, 2023**. The decrease was primarily driven by decreases in outside consulting expenses of **\$6.8 million**, legal and professional costs of **\$0.6 million**, lower stock compensation costs of **\$0.7 million** and duties and fees of **\$0.7 million**, partially offset by increases in facility costs of **\$0.7 million** and payroll and personnel costs of **\$0.4 million**, costs.

#### Loss from write-down of property, plant and equipment

	For the Three Months Ended September 30,	For the Nine Months Ended September 30,

For the Three Months Ended March 31,					For the Three Months Ended March 31,		
(\$ in thousands)	2023	2022	2023	2022	(\$ in thousands)	2024	2023
Loss from write-down of property, plant and equipment	\$955	\$496	\$7,151	\$2,501			
Loss from write-down of property, plant and equipment							
Loss from write-down of property, plant and equipment							

The Company incurred a loss of \$1.0 million \$0.1 million and \$0.5 million \$0.8 million from write-down of property, plant and equipment for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and a loss of \$7.2 million and \$2.5 million for the nine months ended September 30, 2023 and 2022, 2023, respectively, due to higher write-offs in 2023 for disposal of equipment and tooling that was used for manufacturing of to manufacture the Gen 2.3 BESS, but cannot be repurposed for the next generation Eos Z3 battery production. battery.

#### Interest expense, net

For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
For the Three Months Ended March 31,				For the Nine Months Ended March 31,			
(\$ in thousands)	2023	2022	2023	2022	(\$ in thousands)	2024	2023
Interest expense, net	\$ (4,994)	\$ (2,766)	\$ (14,709)	\$ (3,388)			
Interest expense, net							
Interest expense, net							

Interest expense, net includes expenses for accrued interest, and the amortization of debt issuance costs and the debt discount, partially offset by capitalized interest costs on CIP assets (see Note 6, *Property, Plant and Equipment* for further discussion). Interest expense, net increased decreased slightly by \$2.2 million and \$11.3 million \$0.6 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively. These increases are a result of primarily due to the capitalized interest on CIP assets recognized on in 2024, offset by increased interest expense recognized from the Senior Secured Term Loan and the equipment financing facility. Loan.

#### Interest expense - related party

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest expense, related party	\$ (4,449)	\$ (2,960)	\$ (32,962)	\$ (7,798)

Interest expense, related party includes accrued interest and the amortization of debt issuance cost and debt discount. Interest expense - related party increased by \$1.5 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, and increased by \$25.2 million for the nine months ended September 30, 2023, compared to the nine months September 30, 2022.

The increase for the three months ended September 30, 2023 was primarily due to interest on the AFG Convertible Notes, as they were issued in 2023.

For the nine months ended September 30, 2023, in addition to the interest expense from the 2021 Convertible Notes and the AFG Convertible Notes, the Company recognized losses from the issuance of Yorkville Convertible Promissory Notes and the AFG Convertible Notes whose fair value exceeded proceeds at issuance.

The day 1 losses recognized in interest expense, related party for the nine months ended September 30, 2023 were due to:

- The Yorkville Convertible Promissory Notes in the amount of \$17.6 million.

- The AFG Convertible Notes in the amount of \$2.9 million.

(\$ in thousands)	For the Three Months Ended March 31,	
	2024	2023
2021 Convertible Note Payable interest and amortization	\$ (3,416)	\$ (2,961)
AFG Convertible Note interest and amortization	(1,435)	(969)
AFG Convertible Note Day 1 loss	—	(2,873)
Yorkville Promissory Notes Day 1 losses	—	(6,952)
Interest expense, related party	\$ (4,851)	\$ (13,755)

See Note 12, *Borrowings* to our *unaudited condensed consolidated financial statements* *Unaudited Condensed Consolidated Financial Statements* included elsewhere in this Quarterly Report for further discussion.

**Gain (loss) on**

#### *Change in fair value of warrants*

The change in fair value of warrants is composed of the following:

	For the Three Months Ended March 31,	
	2024	2023
IPO warrants	\$ 6	\$ (156)
April 2023 warrants	782	—
May 2023 warrants	186	—
December 2023 warrants	1926	—
Change in fair value of warrants	\$ 2,900	\$ (156)

#### *Change in fair value of derivatives - related party*

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Change in fair value, embedded derivative - related party	\$ 27,398	\$ (369)	\$ (962)	\$ 11,304
Change in fair value, warrants liability - related party	34,406	(47)	(24,957)	790
Gain (loss) on change in fair value of derivatives - related party	\$ 61,804	\$ (416)	\$ (25,919)	\$ 12,094

(\$ in thousands)	For the Three Months Ended March 31,	
	2024	2023
Change in fair value of derivatives - related parties	\$ 534	\$ (12,934)

As discussed in Note 14, *Fair Value Measurement*, the embedded derivatives for the 2021 Convertible Notes, Yorkville Convertible Notes, the AFG Convertible Notes, as well as all warrants liabilities, are remeasured at fair value on each balance sheet date.

The change in the fair value *embedded of* derivatives - related party, parties, is due to changes in fair value of the embedded derivatives in our convertible debt (See Note 12, *Borrowings*) for the three and nine months ended *September 30, 2023* *March 31, 2024*, compared to the three and nine months ended *September 30, 2022* *March 31, 2023*. The change was largely a result of the change in the Company's stock price.

The change in fair value, warrants liability- related party for the three months ended September 30, 2023 is mainly due to the gain on change in fair value for the April 2023 Warrants and the May 2023 Warrants (See Note 13, *Warrants Liability- Related Party* to our *unaudited condensed consolidated financial statements* included elsewhere in this Quarterly Report for further discussion).

The change in fair value, warrants liability- related party for the nine months ended September 30, 2023 is mainly due to:

- The day 1 loss for the April 2023 Transaction and the May 2023 Transaction in the amounts of \$26.4 million and \$5.3 million, respectively, partially offset by:
- A gain on change in fair value for the April 2023 Warrants and the May 2023 Warrants in the amounts of \$6.1 million and \$0.5 million, respectively. (See Note 13, *Warrants Liability- Related Party* to our *unaudited condensed consolidated financial statements* included elsewhere in this Quarterly Report for further discussion).

*Loss on debt extinguishment*

For the Three Months Ended September 30, For the Nine Months Ended September 30,							
For the Three Months Ended March 31,				For the Three Months Ended March 31,			
(\$ thousands)	in (\$ thousands)	2023	2022	2023	2022	(\$ in thousands)	2024
Loss on debt extinguishment	Loss on debt extinguishment	\$ —	\$ (942)	\$ (3,510)	\$ (942)		
Loss on debt extinguishment							
Loss on debt extinguishment							

The Company recognized a loss on debt extinguishment of — million and \$3.5 million \$1.6 million for the three and nine months ended September 30, 2023 March 31, 2023 from the issuance of common stock from the Yorkville upon Yorkville's redemption of their Convertible Promissory Notes, respectively. See Note 12, Borrowings to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for further discussion. Notes.

*Other income (expense)*

For the Three Months Ended September 30, For the Nine Months Ended September 30,							
For the Three Months Ended March 31,				For the Three Months Ended March 31,			
(\$ thousands)	in (\$ thousands)	2023	2022	2023	2022	(\$ in thousands)	2024
Other income (expense)	Other income (expense)	\$ 421	\$ 41	\$ (474)	\$ (472)		
Other income (expense)							
Other income (expense)							

Other income (expense) slightly increased by \$0.4 million \$0.2 million for the three months ended September 30, 2023 March 31, 2024, compared to the three months ended September 30, 2022. Other income (expense) remained flat for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022 March 31, 2023.

*Income tax expense*

For the Three Months Ended September 30, For the Nine Months Ended September 30,							
For the Three Months Ended March 31,				For the Three Months Ended March 31,			
(\$ thousands)	in (\$ thousands)	2023	2022	2023	2022	(\$ in thousands)	2024
Income tax expense	Income tax expense	\$ 13	\$ 110	\$ 25	\$ 45		
Income tax expense							
Income tax expense							

The Company incurred income tax expense for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** in relation to the pre-tax income from the Company's international subsidiaries.

## Liquidity and Capital Resources

### Liquidity and Going Concern

As a growth company in the early commercialization stage of its lifecycle, Eos is subject to inherent risks and uncertainties associated with the development of an enterprise. In this regard, substantially all of the Company's efforts to date have been devoted to the development and manufacturing of battery energy storage systems and complimentary products and services, recruitment of management and technical staff, deployment of capital to expand the Company's operations to meet customer demand and raising capital to fund the Company's development. As a result of these efforts, the Company has incurred significant losses and negative cash flows from operations since its inception and expects to continue to incur such losses and negative cash flows for the foreseeable future until such time that the Company can reach a scale of profitability to sustain its operations.

In order to execute its development strategy, the Company has historically relied on outside capital through the issuance of equity, debt and borrowings under financing arrangements (collectively "outside capital") to fund its cost structure and expects to continue to rely on outside capital for the foreseeable future. While the Company believes it will eventually reach a scale of profitability to sustain its operations, there can be no assurance the Company will be able to achieve such profitability or do so in a manner that does not require its continued reliance on outside capital. Moreover, while the Company has historically been successful in raising outside capital, there can be no assurance the Company will be able to continue to obtain outside capital in the future or do so on terms that are acceptable to the Company.

As of the date the accompanying **unaudited condensed consolidated financial statements** **Condensed Consolidated Financial Statements** were issued (the "issuance date"), management evaluated the significance of the following negative financial conditions in accordance with Accounting Standard Codification 205-40, Going Concern:

- Since its inception, the Company has incurred significant losses and negative cash from operations in order to fund its development. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the Company incurred a net loss of **\$188.3 million** **\$46.7 million**, incurred negative cash flows from operations of **\$107.6 million**, **\$40.5 million** and had an accumulated deficit of **\$834.6 million** **\$922.6 million** as of **September 30, 2023** **March 31, 2024**.
- As of **September 30, 2023** **March 31, 2024**, the Company had **\$58.0 million** **\$31.8 million** of unrestricted cash and cash equivalents available to fund the Company's operations **no additional borrowings available to fund its operations under pre-existing financing arrangements** (see Note 12, *Borrowings to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report*) and working capital of **\$61.7 million** **\$22.1 million**, inclusive of **\$3.2 million** **\$3.5 million** of outstanding debt that is currently scheduled to mature within the next twelve **months beyond** **months**. Additionally, the **issuance date** **Company has no additional borrowings available under pre-existing financing arrangements to fund its operations** (see Note 12, *Borrowings*).
- While the **The Company has available capacity under certain pre-existing arrangements** **its ATM offering program** to issue shares of the Company's common stock, **including the at-the-market ("ATM") offering program**, (see also Note 18, *Shareholders' Deficit*) to aid in funding the Company's **operations**, **operations**. However, the Company's ability to secure such funding is dependent upon certain conditions, such as investors' willingness to purchase the Company's common stock and at a price that is acceptable to the Company. Accordingly, as of the issuance date, there is no assurance the Company will be able to secure funding under these pre-existing arrangements or on terms that are acceptable to the Company.
- Similarly, while the Company has historically been successful in raising additional outside capital to fund the Company's operations, as of the issuance date no assurance can be provided the Company will be successful in obtaining additional outside capital or on terms that are acceptable to the Company. In this regard, the Company continues to progress through the Department of Energy ("DOE") Loan Programs Office's ("LPO") process for its Title XVII loan. In August 2023, the DOE issued a **Conditional Commitment Letter** **conditional commitment letter** to the Company for a loan of an aggregate principal amount of up to \$398.6 million through the DOE's Clean Energy Financing Program. Certain technical, legal and financial conditions must be met and due diligence to the satisfaction of the DOE must be completed before the DOE enters into definitive financing documents with the Company and funds the loan. There can be no assurance that the Company will be able to secure such a loan or on terms that are acceptable to the Company.
- The Company is required to remain in compliance with a quarterly minimum financial liquidity covenant under its Senior Secured Term Loan Credit Agreement ("Senior Secured Term Loan"). While the Company was in compliance with this covenant as of **September 30, 2023** **March 31, 2024**, and expects to remain in compliance as of **December 31, 2023**, **absent the Company's ability to secure additional outside capital**, the Company expects it may be unable to remain in compliance with this covenant beginning on **March 31, 2024** **June 30, 2024** and thereafter. **thereafter absent the Company's ability to secure a waiver or raise additional outside capital**. In the event the Company is unable to remain in compliance with the minimum financial liquidity covenant and the other nonfinancial covenants required by the Senior Secured Term Loan and the Company is further unable to cure such noncompliance or secure a waiver, **Lender - Atlas Credit Partners (ACP) Post Oak Credit I LLC ("Atlas")** may, at its discretion, exercise any and all of its existing rights and remedies, which may include, among other things, entering into a forbearance agreement with the Company and/or asserting its rights in the Company's assets securing the loan. Moreover, the Company's other lenders may exercise similar rights and remedies under the cross-default provisions of their respective borrowing arrangements with the Company.

- Absent an ability to secure additional outside capital in the near term, the Company will be unable to meet its obligations as they become due over the next twelve months beyond the issuance date.
- In the event the Company's ongoing efforts to raise additional outside capital prove unsuccessful, management will be required to seek other strategic alternatives, which may include, among others, a significant curtailment in the Company's operations, a sale of certain of the Company's assets, a sale of the entire Company to strategic or financial investors and/or allowing the Company to become insolvent.

These uncertainties raise substantial doubt about the Company's ability to continue as a going concern. The accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates that the Company will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** do not include any adjustments that may result from the outcome of these uncertainties.

#### Financing Arrangements

The Company has historically relied on outside capital to fund its cost structure and expects this reliance to continue for the foreseeable future until the Company reaches profitability through its planned revenue generating activities. During the **nine three** months ended **September 30, 2023** **March 31, 2024**, the Company closed on the following capital transactions:

- On January 18, 2023, the Company raised \$13.8 million from the issuance of the AFG Convertible Notes, which mature in June 2026. See Note 12, *Borrowings to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report* for further discussion.
- In April 2023, the Company issued 16,000,000 shares of the Company's common stock at a purchase price of \$2.50 per share in a registered direct offering. The Company also issued in a concurrent private placement unregistered warrants to purchase up to an aggregate of 16,000,000 shares of common stock. The gross proceeds to the Company from the offering were \$40.0 million, before deducting advisory fees and other offering expenses payable by the Company.
- In May 2023, the Company issued 3,601,980 shares of the Company's common stock at a purchase price of \$2.221 per share in a registered direct offering. The Company also issued in a concurrent private placement unregistered warrants to purchase up to an aggregate of 3,601,980 shares of common stock. The gross proceeds to the Company from the offering were \$8.0 million, before deducting advisory fees and other offering expenses payable by the Company.
- For the nine months ended September 30, 2023, total funds raised under the SEPA, inclusive of net proceeds received from the Yorkville Convertible Promissory Notes, were \$35.6 million. See Note 18, *Shareholders' Deficit* to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for further discussion.
- Under the ATM offering program, for the **nine three** months ended **September 30, 2023** **March 31, 2024**, the Company sold **28,938,944** **7,239,982** shares raising proceeds of **\$81.9 million** **\$7.2 million**, net of fees paid to Cowen, at an average selling price of **\$2.74** **\$1.03** per share, included in the **condensed consolidated statement** **Condensed Consolidated Statement of shareholders' equity** **Shareholders' Deficit**.

#### Capital Expenditures

The Company expects capital expenditures and working capital requirements to increase as it **seeks to execute** **executes** its growth strategy. Total capital expenditures for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023** were **\$21.2 million** **\$4.0 million** and **\$18.8 million** **\$2.9 million**, respectively. We anticipate the remainder of 2023 spending to be used primarily for additional equipment, automation, and other infrastructure to expand the Company's capacity to meet customer demand. The increase in capital expenditures in 2024 was primarily driven by **investment costs** incurred for development and construction of a fully automated manufacturing line that will be used for the Z3™ battery in the Eos Z3™ state of the art manufacturing line. The Company's capital expenditure 2024 and working capital requirements years thereafter. These costs are classified as **Construction** in the foreseeable future may change depending on many factors, including but not limited to: equipment requirements to support the next generation(s) of products, growth in customer backlog, the Company's operating results **Progress** (see Note 6, *Property, Plant and its ability to secure funding, and any adjustments to the Company's operating plan necessary to respond to industry conditions, competition or unexpected events* **Equipment** for further discussion).

#### Discussion and Analysis of Cash Flows

The Company relies heavily on private placement of convertible notes, term loans, equipment financing and issuance of common **stock**, **stock and warrants**. Our short-term working capital needs are primarily related to funding of debt interest payments, repayment of debt principal, product manufacturing, research and development and general corporate expenses. The Company's long-term working capital needs are primarily related to repayment of long-term debt obligations and capital expenses for capacity expansion and maintenance, equipment upgrades and repair of equipment. We have taken steps to conserve working capital and reduce expenses to better manage cash outflows.

The following table summarizes the Company's cash flows from operating, investing and financing activities for the periods presented.

Nine Months Ended September 30,						
(\$ in thousands)						
(\$ in thousands)						
(\$ in thousands)	(\$ in thousands)	\$	Change	2024	2023	\$ Change
2023	2022					

Net cash used in operating activities	Net cash used in operating activities	\$ (107,578)	\$ (159,129)	\$ 51,551
Net cash used in investing activities	Net cash used in investing activities	\$ (21,186)	\$ (19,039)	\$ (2,147)
Net cash provided by financing activities	Net cash provided by financing activities	\$ 170,607	\$ 123,524	\$ 47,083

#### Cash flows from operating activities:

Cash flows used in operating activities primarily comprise of costs related to research and development, manufacturing of products, project commissioning and other general and administrative activities.

Net cash used in operating activities of **\$107.6 million** **\$40.5 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was primarily driven by a net loss of **\$188.3 million** **\$46.7 million**, adjusted for non-cash items of **\$89.5 million** **\$3.5 million**, primarily related to write-down of property, plant and equipment, stock compensation expense, depreciation and amortization, non-cash interest expense and changes in fair value of warrants and derivatives. The net cash outflows inflows from changes in operating assets and liabilities was **\$8.7 million** **\$2.7 million**, primarily driven by increase in accrued expenses of \$6.2 million, increase in interest payable of \$2.9 million, decrease in inventory of \$2.7 million, partially offset by increase in contract assets of \$4.6 million, decrease in accounts payable of **\$17.8 million** **\$2.6 million** and increase in vendor deposits grant receivable of \$4.0 million, partially offset by an increase in accrued expenses of \$12.3 million **\$1.5 million**.

Net cash used in operating activities was **\$159.1 million** **\$30.5 million** for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, was primarily driven by a net loss of **\$173.2 million** **\$71.6 million**, adjusted for non-cash items of **\$14.4 million** **\$34.0 million**, primarily related to stock compensation expense, depreciation and amortization, and non-cash interest expense, changes in fair value of derivatives, warrants and derivatives and loss from the write-down of property, plant and equipment. The net cash outflows inflows from changes in operating assets and liabilities was **\$0.3 million** **\$7.1 million**, primarily driven by a decrease in notes payable of \$19.6 million and increase in inventory of **\$10.2 million** **\$9.2 million**, partially offset by increases in accounts payable of \$22.0 million and accrued expenses of \$5.9 million **\$4.8 million** and increase in interest payable of \$2.4 million, and a offset by decrease in vendor deposits contract liabilities of \$4.0 million **\$3.5 million**, increase in accounts receivable of \$2.0 million and increase in contract assets of \$1.9 million.

#### Cash flows from investing activities:

Net cash flows used in investing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** were composed of payments made for purchases of property, plant and equipment of **\$21.2 million** **\$4.0 million**.

Net cash flows used in investing activities for the **nine** **three** months ended **September 30, 2022** **March 31, 2023** were primarily composed of payments made for purchases of property, plant and equipment of **\$18.8 million** and notes receivable advanced to customers of **\$0.3 million** **\$2.9 million**.

#### Cash flows from financing activities:

Net cash provided by financing activities was **\$170.6 million** **\$6.1 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, primarily due to the issuance of common stock of \$7.2 million. The proceeds were partially offset by payments on the equipment financing facility of \$0.8 million and share repurchases from employees for tax withholding purposes of \$0.3 million.

Net cash provided by financing activities was \$32.5 million for the three months ended March 31, 2023, primarily due to the net proceeds received from the Yorkville Convertible Promissory Notes and AFG Convertible Notes of **\$48.1 million** **\$33.4 million** and from the issuance of common stock and warrants of \$131.1 million. The proceeds were partially offset by equity issuance costs of \$2.1 million, debt issuance costs related to the Yorkville Convertible Promissory Notes, AFG Convertible Notes and Senior Secured Term Loan of \$4.2 million, payments on the equipment financing facility of \$2.1 million and \$0.6 million for share repurchases from employees for tax withholding purposes.

Net cash provided by financing activities was \$123.5 million for the nine months ended September 30, 2022, primarily due to the net proceeds from the following transactions: Senior Secured Term Loan of \$92.8 million, issuance of common stock of \$34.1 million, issuance of convertible notes of \$7.2 million, and an increase in the equipment financing facility of \$4.2 million **\$1.3 million**. The proceeds were partially offset by debt issuance costs related to the Yorkville Convertible Promissory Notes and AFG Convertible Notes of **\$12.7 million** **\$1.1 million**, payments on the equipment financing facility of **\$1.2 million** **\$0.7 million** and payment for share repurchases from employees for tax withholding purposes of \$0.9 million **\$0.3 million**.

#### Contractual Obligations

The Company has certain obligations and commitments to make future payments under contracts. As of **September 30, 2023** **March 31, 2024**, this is **composed** of the following:

- Open purchase obligations of \$0.1 million, related to a supply purchase agreement with a minimum volume commitment. See Note 15, *Commitments and Contingencies* to our **unaudited condensed consolidated financial statements** included elsewhere in this Quarterly Report.
- Future lease payments, including interest, under non-cancellable operating and financing leases of **\$5.7 million** **\$5.6 million**. The leases expire at various dates prior to 2028. See Note 15, *Commitments and Contingencies* to our **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** included elsewhere in this Quarterly Report.
- Principal and interest payments related to the following debt obligations (see Note 12, *Borrowings* to our **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** included elsewhere in this Quarterly Report):

	Future Debt Payments
2021 Convertible <b>Notes</b> Note Payable - due June 2026 <sup>(1)</sup>	\$ 134,261
AFG Convertible Notes - due June 2026 <sup>(1)</sup>	32,468
Senior Secured Term Loan - due March 2026	135,000 128,300
Equipment financing facility - due April 2025 and April 2026	7,574 5,583
<b>Total</b>	<b>\$ 309,303 300,612</b>

<sup>(1)</sup> As of **September 30, 2023** **March 31, 2024**, the Company is obligated to repay future contractual interest payments for the 2021 Convertible **Notes** and AFG Convertible Notes in-kind.

#### Critical Accounting Estimates

The Company's **unaudited condensed consolidated financial statements** **Unaudited Condensed Consolidated Financial Statements** are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). In preparing the Company's **unaudited condensed consolidated financial statements**, **Unaudited Condensed Consolidated Financial Statements**, management makes assumptions, judgments and estimates on historical experience and various other factors that management believes to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. Management regularly reevaluates assumptions, judgments and estimates. The Company's significant accounting policies are described in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

**Critical accounting estimates** are those estimates that involve a significant level of estimation uncertainty and could **There** have **a been no** material impact on our financial condition or results of operations. We have changes to the Company's critical accounting estimates for the three months ended March 31, 2024, as compared to those discussed in its Annual Report on Form 10-K for the areas of warranty liability and financial instruments that are classified as level 3 in the fair value hierarchy, as discussed further below.

#### Warranty Liability

The Company generally provides a standard warranty for a period of two years. We also provide extended warranties and performance guarantees, which are identified as separate performance obligations in the Company's contracts with customers. We accrue warranty reserves at the time of recording the sale. Warranty reserves include management's best estimate of the projected costs to repair or to replace any items under warranty, which is based on various factors including actual claim data to date, results of lab testing, factory quality data, and field monitoring. Due to limited claim experience since commercialization of our product, and the potential for variability in these underlying factors, the difference between our estimated costs and our actual costs could be material to our consolidated financial statements. If actual product failure rates or the frequency or severity of reported claims differ from our estimates, we may be required to revise our estimated warranty liability. We will also update actual warranty experience to determine warranty reserves as such experience becomes available. We review our reserves at least quarterly, seeking to ensure that our accruals are adequate in meeting expected future warranty obligations, and we will adjust our estimates as needed. Initial warranty data can be limited at the early stage in the commercialization of our products and, the adjustments that we record may be material. Thus, it is likely that as we sell additional BESS, we will acquire additional information on the projected costs to repair or replace items under warranty and may need to make additional adjustments. See Note 9, *Accrued Expenses* to our **unaudited condensed consolidated financial statements** included elsewhere in this Quarterly Report.

#### Warrants Liability

The Company estimated the fair value of the April 2023 warrants and May 2023 warrants using the Black-Scholes model at inception and on subsequent valuation dates. This model incorporates inputs such as the stock price of the Company, risk-free interest rate, volatility, and time to expiration. The volatility involves unobservable inputs classified as Level 3 of the fair value hierarchy. See Note 14, *Fair Value Measurements* to our **unaudited condensed consolidated financial statements** included elsewhere in this Quarterly Report for further discussion. The sensitivity of the fair value calculation to this assumption could create materially different results under different conditions or using different assumptions.

#### Convertible Notes and Embedded Derivatives

The Company estimated the fair value of the embedded conversion features in the 2021 Convertible Notes and the AFG Convertible Notes using a binomial lattice model at inception and on subsequent valuation dates. This model incorporates inputs such as the stock price of the Company, dividend yield, risk-free interest rate, the effective debt yield and expected volatility. The effective debt yield and volatility involve unobservable inputs classified as Level 3 of the fair value hierarchy. See Note 14, *Fair Value Measurements* to our **unaudited condensed consolidated financial statements** included elsewhere in this Quarterly Report for further discussion. The sensitivity of the fair value calculation to these methods, assumptions, and estimates included could create materially different results under different conditions or using different assumptions.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Company's market risk exposures for the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024, as compared to those discussed in its Annual Report on Form 10-K for the year ended ~~December 31, 2022~~ December 31, 2023.

### Item 4. Controls and Procedures

#### *Evaluation of Disclosure Controls and Procedures*

The Company's management, under the supervision of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation and consistent with the evaluations previously reported in prior periods, the CEO and CFO have concluded that the Company's disclosure controls and procedures were not effective as of ~~September 30, 2023~~ March 31, 2024 because of material weaknesses resulting from lack of a formalized internal control framework in accordance with ~~COSO, the Committee of Sponsoring Organizations (COSO) Framework~~, inadequate segregation of duties in the financial reporting process, lack of review and approval of journal entries and a lack of management review controls.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including its CEO and its CFO, to allow timely decisions regarding required disclosure.

In light of these material weaknesses, management performed additional analyses, reconciliations and other post-closing procedures to determine that the Company's ~~unaudited condensed consolidated financial statements~~ ~~Unaudited Condensed Consolidated Financial Statements~~ are prepared in accordance with U.S. GAAP. Based on this review, management concluded that the ~~unaudited condensed consolidated financial statements~~ ~~Unaudited Condensed Consolidated Financial Statements~~ included in this report fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented.

#### *Management's Remediation Plan*

In response to the material weaknesses, management, with oversight from the Audit Committee has identified and begun to implement steps to remediate the material weaknesses. These remediation efforts are detailed in Item 9A, "Controls and Procedures" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

#### *Changes in Internal Control Over Financial Reporting*

~~There were no changes~~ Other than the actions taken as described in Management's Remediation Plan above to improve the Company's internal control over financial reporting, ~~(as defined there have been no changes in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934)~~ our internal control over financial reporting during the most recent quarter ended March 31, 2024 that ~~have~~ materially affected, or ~~which~~ are reasonably likely to materially affect, ~~the Company's~~ our internal control over financial reporting.

## Part II - Other information

### Item 1. Legal Proceedings

From time to time, the Company may be involved in litigation relating to claims arising out of the Company's operations. While the outcomes of these types of claims are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

As the following is also disclosed in Note 15, *Commitments and Contingencies* to our ~~unaudited condensed consolidated financial statements included elsewhere~~ ~~Unaudited Condensed Consolidated Financial Statements~~:

#### Class Action Complaints

On March 8, 2023, a class action lawsuit was filed in ~~this Quarterly Report~~, on the Court of Chancery of the State of Delaware by plaintiff Richard Delman against certain defendants including the Company's former directors (the "Delman Defendants"). Neither the Company nor Eos Energy Storage LLC were named as a defendant but each was identified in the Complaint as a relevant non-party and the Company has indemnification obligations relating to the lawsuit. On February 1, 2024, the parties agreed to a binding Settlement Term Sheet (the "Settlement") whereby plaintiff agreed to resolve the lawsuit in exchange for a settlement payment of \$8,500, consisting of cash payments previously made by the Company of approximately \$1,000 and an additional cash payment of approximately \$7,500 funded by the Company's Directors and Officers ("D&O") liability insurance policies. The definitive settlement agreement is currently being negotiated between the parties. Once finalized, the settlement agreement will be submitted to the Court of Chancery for final approval.

On August 1, 2023, a class action ~~complaint~~ lawsuit was filed ~~against the Company, its Chief Executive Officer, its Chief Financial Officer, and its former Chief Financial Officer (the "August Complaint")~~ in the United States District Court District of New Jersey Jersey by plaintiff William Houck against the Company, the Company's Chief Executive Officer, its former Chief Financial Officer and its current Chief Financial Officer (with the Company, the "Houck Defendants"). The August Complaint asserts violations of alleges that the defendants violated federal securities laws ~~in connection with~~ by making knowingly false or misleading statements and alleged omissions relating to ~~about~~ the Company's business, prospects contractual relationship with a customer and ~~reported~~ about the size of the Company's order backlog, and commercial pipeline. Defendants deny the allegations and, on February 13, 2024, moved to dismiss the Complaint. On March 5, 2024, plaintiff filed an amended complaint that dropped the Company's former Chief Financial Officer as a defendant. On April 4, 2024, defendants filed a renewed motion to dismiss the lawsuit. The Company believes the August Complaint is without merit and intends to continue to vigorously defend against this action.

### Item 1A. Risk Factors

As of the date of this Quarterly Report on Form 10-Q, there have been no additional material changes to the risk factors disclosed in our annual report on Form 10-K for the fiscal year ended December 31, 2022 and our quarterly report on Form 10-Q for the period ended June 30, 2023 December 31, 2023. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

None

**Item 5. Other Information**

None

*(a) Exhibits*

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
3.1	<a href="#">Third Amended and Restated Certificate of Incorporation of the Company, as amended</a>	Form 10-K	File No. 001-39291	3.1	February 28, 2023
3.2	<a href="#">Second Amended and Restated Bylaws of the Company</a>	Form 8-K	File No. 001-39291	3.1	May 19, 2022
10.1	<a href="#">Amendment No. 1 to Common Stock Sales Agreement, dated August 23, 2023, by and between Eos Energy Enterprises, Inc. and Cowen and Company, LLC</a>	Form 8-K	File No. 001-39291	10.1	August 23, 2023
10.2	<a href="#">Master Supply Agreement, dated August 23, 2023, by and between HI-POWER, LLC and ACRO Automation Systems, Inc.</a>	Form 8-K	File No. 001-39291	10.2	August 23, 2023
10.3	<a href="#">Employment Agreement, dated August 27, 2023, by and between the Company and Sumeet Puri</a>	Form 8-K	File No. 001-39291	10.1	August 28, 2023
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32*	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
3.1	<a href="#">Third Amended and Restated Certificate of Incorporation of the Company, as amended</a>	Form 10-K	File No. 001-39291	3.1	February 28, 2023
3.2*	<a href="#">Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company, as amended</a>				
3.3	<a href="#">Second Amended and Restated Bylaws of the Company</a>	Form 8-K	File No. 001-39291	3.1	May 19, 2022
10.1	<a href="#">Eos Energy Enterprises, Inc. 2020 Incentive Plan</a>	Form 8-K	File No. 001-39291	10.10	November 20, 2020
10.2†	<a href="#">Amended and Restated Manufacturing Purchase and Supply Agreement dated January 8, 2024, by and between HI-POWER, LLC and TETRA Technologies, Inc.</a>	Form 8-K	File No. 001-39291	10.1	January 9, 2024
10.3†	<a href="#">Pricing Agreement dated January 31, 2024, by and between HI-POWER, LLC and SHP US LLC</a>	Form 8-K	File No. 001-39291	10.1	February 1, 2024
10.4	<a href="#">First Amendment to the Amended and Restated 2020 Incentive Plan</a>	Form S-8	File No. 001-39291	99.2	June 17, 2022
10.5	<a href="#">Second Amendment to the Amended and Restated 2020 Incentive Plan</a>	Form S-8	File No. 001-39291	99.3	June 23, 2023
10.6*	<a href="#">Third Amendment to the Amended and Restated 2020 Incentive Plan</a>				
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32*	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				

**Incorporated by Reference**

Exhibit Number	Description of Document	Schedule/Form	File Number	Exhibits	Filing Date
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

† Certain of the exhibits and schedules to this **Exhibit** exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5), and certain confidential portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. These redacted terms have been marked in this exhibit at the appropriate place with three asterisks. The Registrant agrees to furnish an unredacted copy and a copy of all omitted exhibits and schedules to the SEC upon its request.

\* Filed herewith.

(b) **Financial Statements.** The financial statements filed as part of this registration statement are listed in the index to the financial statements immediately preceding such financial statements, which index to the financial statements is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**EOS ENERGY ENTERPRISES, INC.**

Date: November 6, 2023 May 14, 2024

By: /s/ Joseph Mastrangelo

Name: Joseph Mastrangelo

Title: Chief Executive Officer and Director  
(Principal Executive Officer)

Date: November 6, 2023 May 14, 2024

By: /s/ Nathan Kroeker

Name: Nathan Kroeker

Title: Chief Financial Officer  
(Principal Financial Officer)

4841



slide1

EOS ENERGY ENTERPRISES, INC. Second Certificate of Amendment to The Third Amended and Restated Certificate of Incorporation FIRST: The present name of the corporation is Eos Energy Enterprises, Inc., a Delaware corporation (the "Corporation"). The original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 3, 2019. An Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on February 4, 2020. A Second Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 19, 2020. A Third Amended and Restated Certificate of Incorporation (the "Third Amended and Restated Certificate") was filed with the Secretary of State of the State of Delaware on November 16, 2020. A certificate of amendment to the Third Amended and Restated Certificate was filed with the Secretary of State of the State of Delaware on June 28, 2022. SECOND: Section 4.1(b) of Article IV of the Company's Third Amended and Restated Certificate is hereby amended to read in its entirety as set forth below. (b) The total number of shares of all classes of capital stock, each with a par value of \$0.0001 per share, which the Corporation is authorized to issue is 601,000,000 shares, consisting of (a) 600,000,000 shares of common stock (the "Common Stock") and (b) 1,000,000 shares of preferred stock (the "Preferred Stock"). THIRD: The foregoing amendment has been duly proposed and declared advisable by the Corporation's Board of Directors and adopted by the Corporation's stockholders in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. FOURTH: This Second Certificate of Amendment shall become effective as of upon the filing of this Second Certificate of Amendment with the Secretary of State of the State of Delaware. \*\*\*\*\*IN WITNESS WHEREOF, the Corporation has caused this Second Certificate of Amendment to be signed by an authorized officer of the Corporation this 8th day of May, 2024. Eos Energy Enterprises, Inc. By: /s/Michael W. Silberman Michael Silberman General Counsel and Corporate Secretary



Third Amendment to the Eos Energy Enterprises, Inc. Amended and Restated 2020 Incentive Plan. This Third Amendment (this "Amendment") to the Eos Energy Enterprises, Inc. Amended and Restated 2020 Incentive Plan (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the "Plan") is approved and adopted to be effective as of May 1, 2024 (the "Effective Date"). **Background A.** The Plan was previously amended pursuant to the First Amendment to the Plan, dated as of May 17, 2022, and the Second Amendment to the Plan, dated as of May 16, 2023. **B.** On the Effective Date, the stockholders of Eos Energy Enterprises, Inc., a Delaware corporation (the "Company") approved this Amendment. **C.** The Company now desires to amend the Plan in accordance with the terms and conditions of this Amendment. Terms and Conditions NOW THEREFORE, effective as of the Effective Date, the terms and conditions of the Plan are amended as follows: **1.** Sections 5(b) of the Plan is hereby deleted in its entirety and replaced with the following: **5. Grant of Awards; Shares Subject to the Plan; Limitations.** **(b)** Subject to Section 12 of the Plan and this Section 5, Awards granted under the Plan shall be subject to the following limitations: (i) the Committee is authorized to deliver under the Plan an aggregate of 23,935,317 Common Stock, provided, that the maximum number of Common Stock that may be granted under the Plan during any single fiscal year to any Participant who is a non-employee director, when taken together with any cash fees paid to such nonemployee director during such year in respect of his service as a non-employee director (including service as a member or chair of any committee of the Board), shall not exceed \$500,000 in total value (calculating the value of any such Awards based on the Fair Market Value on the Date of Grant of such Awards for financial reporting purposes); provided that the non-employee directors who are considered independent (under the rules of The Nasdaq Capital Market or other securities exchange on which the Common Stock is traded) may make exceptions to this limit for a non-executive chair of the Board, if any, in which case the non-employee director receiving such additional compensation may not participate in the decision to award such compensation.

slide2

7(a) of the Plan is hereby deleted in its entirety and replaced with the following: 7. Options. (a) Generally. Each Option granted under the Plan shall be evidenced by an Award Agreement (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)). Each Option so granted shall be subject to the conditions set forth in this Section 7 and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Subject to Section 12, the maximum aggregate number of Common Stock that may be issued through the exercise of Incentive Stock Options granted under the Plan is 23,935,317 Common Stock. Incentive Stock Options shall be granted only to Eligible Persons who are employees of the Company and its Affiliates, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholder of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code; provided that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan. 3. Incorporation. This Amendment shall be deemed as amending and incorporated into the Plan. All of the terms, conditions, and provisions of the Plan shall continue unchanged and remain in full force and effect except as expressly amended by this Amendment. IN WITNESS WHEREOF, the Company hereby executes this Amendment as of the Effective Date, Eos Energy Enterprises, Inc. By: /s/ Michael W. Silberman Michael Silberman General Counsel and Corporate Secretary

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph Mastrangelo, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Eos Energy Enterprises, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: **November 6, 2023** May 14, 2024

By: */s/ Joseph Mastrangelo*  
Joseph Mastrangelo  
Chief Executive Officer  
(*Principal Executive Officer*)

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Nathan Kroeker, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Eos Energy Enterprises, Inc. (the Registrant');
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: **November 6, 2023** May 14, 2024

By: */s/ Nathan Kroeker*  
Nathan Kroeker  
Chief Financial Officer  
(*Principal Financial Officer*)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Eos Energy Enterprises, Inc. (the "Registrant"), for the quarterly period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Mastrangelo, hereby certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: **November 6, 2023** **May 14, 2024**

By: /s/ Joseph Mastrangelo  
 Joseph Mastrangelo  
 Chief Executive Officer  
*(Principal Executive Officer)*

In connection with the Quarterly Report on Form 10-Q of Eos Energy Enterprises, Inc. (the "Registrant"), for the quarterly period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nathan Kroeker, hereby certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: **November 6, 2023** **May 14, 2024**

By: /s/ Nathan Kroeker  
 Nathan Kroeker  
 Chief Financial Officer  
*(Principal Financial Officer)*

#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.