FINANCIALS

Q1 2025 Revenue: $10.5 million

- 58% YoY, 44% QoQ growth
- Highest quarterly revenue to date
- Driven by increased customer deliveries and record output across manufacturing processes

COGS: $35 million

- Gross loss: $24.5 million
- COGS increase due to higher shipment volumes and inefficiencies in manual subassembly
- 42% YoY decrease in per unit product costs

Gross Margin:

- Underlying gross margin improved 93 pp YoY, 89 pp QoQ due to improved labor and overhead costs and scaling
- Expect further improvement as subassembly automation impacts results

Operating Expenses (OpEx): $28.4 million

- YoY increase driven by:
  - 48% ($4.3M): non-cash (SBC, PP&E write-downs, depreciation)
  - 52%: strategic headcount growth across key business areas

Net Income: $15.1 million

- Positively impacted by $74.6 million in non-cash gains (fair value remeasurement of warrants/derivatives from stock price moves)

Adjusted EBITDA Loss: $43.2 million

- Margin improvement of 145 pp

Cash: $111+ million EoQ

- Includes $40.5 million final term loan funding from Cerberus, plus $7 million from warrant exercises
- Operational cash generation improving

Cerberus Term Loan:

- $210.5 million drawn, with 15/16 milestones met; final milestone (cash receipts) extended to 7/31/25
- Max equity ownership possible for Cerberus now 34% (down from 49%), pending milestone

Contract Liabilities: Up 80% YoY

- Reflects increased customer deposits due to confidence in Eos' financial position

- **Inventory Payables:** Up in line with inventory, reflecting ability to negotiate better supplier terms

GUIDANCE

Full-Year 2025 Revenue: Reiterated at $150–190 million (10x YoY)

- Q1 sets strong foundation; manufacturing output in April (following Q1) already at record pace

Output/Production:

- Q1 2025 deliveries up 51% vs. Q4 2024
- YTD 2025 shipments exceed full year 2024
- Automation ramp in subassembly expected to drive quarter-over-quarter improvement
- Containerization process automation scheduled for 2H 2025

Costs:

- Elevated CapEx in short term due to automation/containerization, but lower relative to future scale capacity investments
- Direct materials and COGS targeted to further decrease with scale and supplier relationships

Gross Margin Trajectory:

- No specific margin guidance, but margin expected to improve with scale (each 2GWh line gets to "scale" benefits), automated subassembly, and expanding output

- Reductions in inventory reserves expected as per-unit economics improve

Capacity Expansion:

- Current: Scaling towards 2GWh annual capacity at Turtle Creek
- Additional (Line 2) capacity expected end 2025/beginning 2026
- Actively evaluating a second U.S. site (geography and suppliers under negotiation)
- Localized international manufacturing considered only if enough sustained local demand (not for one-off projects)

PRODUCTS

Eos Z3 Energy System:

- Long-duration (multi-hour) battery storage technology
- Designed for flexible operations (multi/partial daily cycles), supporting wide customer use cases (esp. data centers—peak shaving, arbitrage, ancillary services)
- Lower auxiliary power draw (1–2%), minimal degradation, competitive CapEx and 50% lower lifetime OpEx than alternatives

Manufacturing Automation:

- Subassembly: Fully automating terminal/cell production (first of eight lines live, remainder ramping through Q3–Q4 2025)
- Containerization: Automation targeted for 2H2025 to improve labor efficiency and output
- Automation already decreasing labor intensity, increasing yield, driving scale

U.S. Manufacturing: 100% U.S. manufactured with high domestic content (91%), offers compliance for sensitive customers (military, schools, regulated utilities) and tariff-resistant supply for commercial prospects

SUPPLY CHAIN

Suppliers

Cost Reductions / Terms:

- Improved supplier terms (less prepay/short pay cycles), more leverage with scale/financing position
- Price reductions negotiated across core product components

Tariffs:

- Eos sees tariffs as a tailwind since U.S. manufacturing base (91% domestic content) makes them a prime replacement for higher-cost imports

Portability:

- Supply chain architecture can be duplicated in new geographies if demand merits

Customers

Commercial Pipeline:

- Q1 pipeline: $15.6 billion, up 17% YoY, 10% QoQ (60 GWh storage)
- Lead generation: $13.5 billion in Q1 (+32% QoQ), with $5.4B added and $2.1B converted to opportunities

Backlog:

- 3/31/25: $681 million (2.6 GWh), +13% YoY, flat QoQ (due to revenue conversion and bookings)
- Includes military base project (San Diego Navy, fully funded), school district microgrid in Florida (repeat customer), and additional projects with utilities

MOUs / International Expansion:

- 5.4 GWh of MOUs in new geographies (UK, Puerto Rico)
  - **Frontier Power MOU (UK):** 5GWh for Ofgem's new long duration energy storage program (guaranteed floor price, min 8h duration)
  - **Trip Ventures (Puerto Rico):** 400MWh project, progressing pending NEPA/government sign-off
- Prospects of local manufacturing in UK/EU if significant sustained volume materializes

Key Segments:

- **Data Centers:** Major focus, tailored for multi-cycle daily ops, lower total cost, flexibility, and environmental targets
- **Military/Schools:** Safety and security as primary product differentiation
- **Utilities/Regulated Entities:** Strong pipeline and repeat orders (i.e., Florida school district)

Project Internationalization:

- Factories outside U.S. only considered if local demand is sustainable (avoid stranded assets)

LEADERSHIP

Team Strengthening:

- Over half of extended leadership team joined within last 12 months, expanded depth in middle management to support scalable growth
- CEO (Joe Mastrangelo), CFO (Eric Javidi—joined 60 days ago), CCO (Nathan Kroeker—new role)

CATALYSTS

- Continued ramping/automation of subassembly line (next 60–90 days); all 8 lines online by Q3/Q4 2025
- Automation of containerization in 2H 2025
- Potential award of large UK projects under Ofgem storage program (late 2025)
- DOE loan tranches—ongoing draw/reimbursements; last Cerberus milestone due 7/31/25
- Repeat orders from key utilities (esp. as fielded pilots convert to production)
- Sustained tailwind from tariff-driven RFPs as imports become less competitive

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Risks and Headwinds Discussed: - Macro/tariff/ITC/incentive uncertainty slowing some orders (customers re-running financial models) - Project timing variability (permitting/site readiness, project-specific delays) - Pricing variability in revenue recognition due to mix of legacy/early reference projects (lower-priced) and newer deals (higher-priced/current market)

Key Summary:
Eos posted strong Q1 growth, raised significant cash, materially improved margins, and is ramping manufacturing automation. The domestic supply chain, product competitive differentiation, and commercial pipeline momentum offset tariff and macro risks. Management reiterates guidance for 2025 as output ramps and margin improves. Major catalysts include full automation, further capacity expansion, and potential large project awards in the UK and elsewhere.