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Honeywell

Catalyzing
a Clean Future.
Every Day.

Honeywell Strategic Relationship

September 25, 2023



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ESS & **Honeywell**: A Category-Defining Relationship

Broad ranging strategic relationship to redefine the Long-Duration Energy Storage (LDES) category

Accelerates technology innovation and value creation through the energy transition

Validates ESS's proprietary iron flow technology as market-leading LDES technology



LDES is Key to Energy Transition

COP 26: Major global report by McKinsey & Co. found that LDES is key to energy transition

- LDES sits between lithium batteries and hydrogen
- LDES defined as two categories: 8-24h and >24h storage
- Lithium will continue to play a role for <6h but not appropriate for longer durations

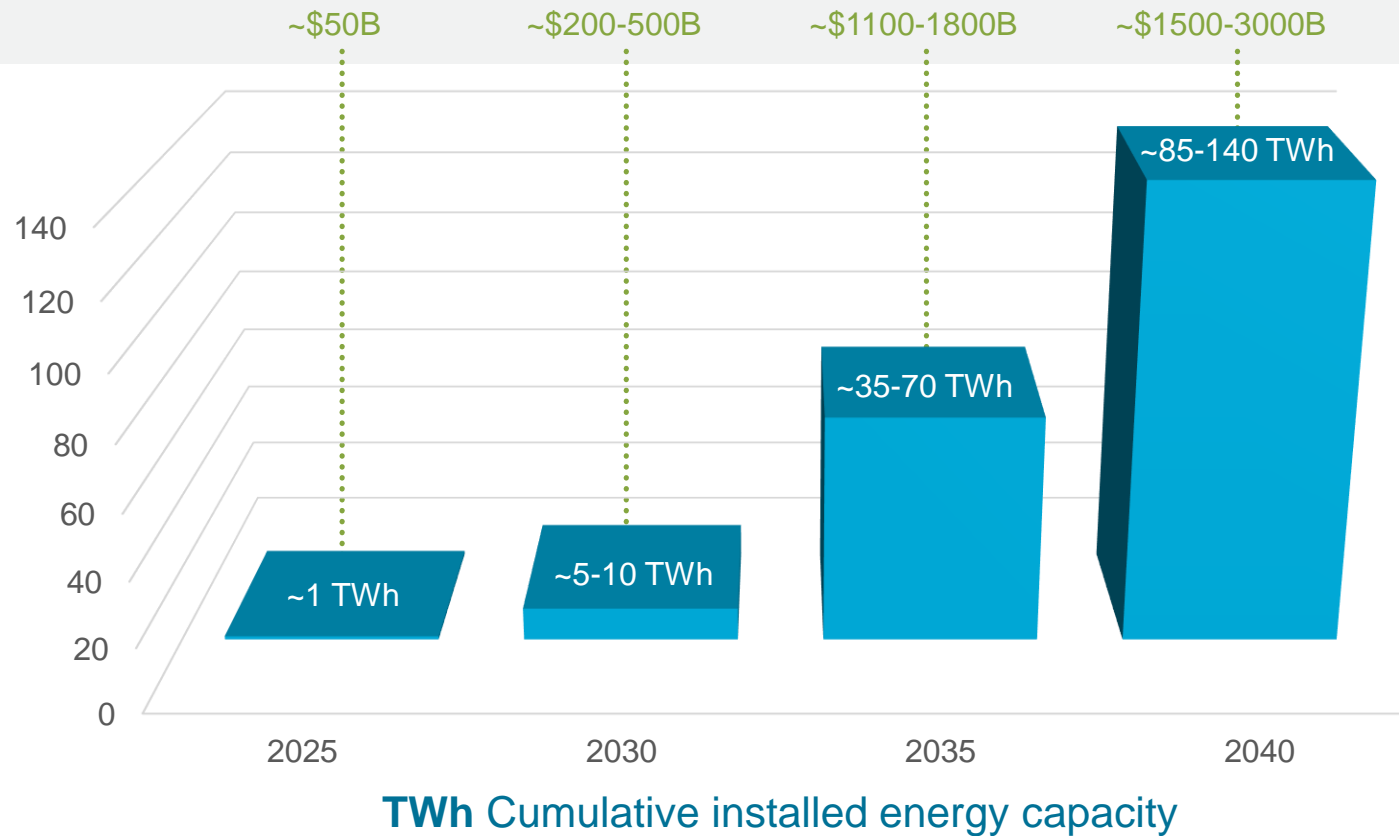


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More information: www.ldescouncil.com

LDES Expected to Receive up to \$3T in Cumulative Investment by 2040



USD bn est. cumulative capex investment

\$3 Trillion investment in energy storage required by 2040

With LDES, total energy system costs can go down

Renewable power with LDES can be cost effective

TWh Cumulative installed energy capacity

1 TWh = 1 million MWhs



Investment and Global Collaboration to Drive Growth

Investment

Strategic Investment

Honeywell has invested \$27.5M into ESS common stock at premium to current price

Market and Product Collaboration

Go-To-Market

Honeywell purchase target of up to \$300M of ESS products, \$15M prepaid

Combined Intellectual Property

ESS receives exclusive license of Honeywell IP related to flow batteries

Joint Innovation

ESS and Honeywell will collaborate on further technology advancement



Investment Details

- 1 Honeywell has purchased 16.5M shares for \$27.5M at \$1.67 per share
- 2 Honeywell received a warrant to purchase an additional 10.6M shares for \$20M at \$1.89 per share
- 3 ESS has received \$15M pre-payment for Honeywell product purchases



Global Collaboration

Go-To-Market

Honeywell to integrate ESS technology into global go-to-market offering

\$300M targeted purchases in first phase of agreement

Global reach to Honeywell's customers

Intellectual Property

ESS license to Honeywell's flow battery intellectual property

Joint Innovation

Companies invest in joint development for continual technology advancement, cost reduction and packaging of IFB systems



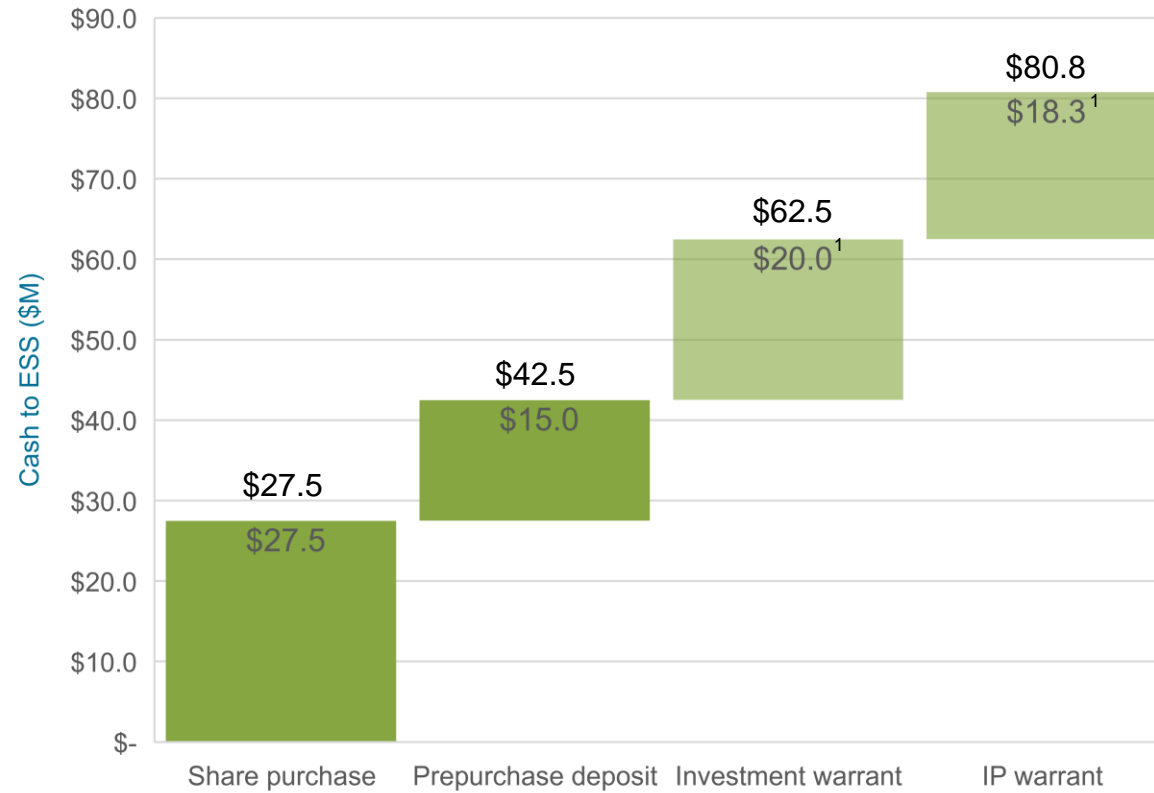
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Cash Infusion Strengthens ESS Balance Sheet

\$42.5 million added to balance sheet today; additional investment possible

Investment Cash Flow



1. Subject to cash exercise (net exercise only permitted under limited conditions).



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	Initial investment	Investment warrants	IP warrants	Initial performance warrants ²
Shares	16.5M	10.6M	6.3M	775.6K
Price	\$1.67	\$1.89	\$2.90	\$1.45
Total	\$27.5M	\$20.0M	\$18.2M	\$1.1M
Timing	Today	5-year term	5-year term	5-year term

2. Performance Warrants: Honeywell eligible for additional annual performance warrants beginning in 2026 equal to 5% of purchase value, priced based on then-current GWH pricing at year end, up to \$15M in total value.

An Industry-Defining Collaboration



Honeywell



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A man with curly hair and glasses, wearing a dark long-sleeved shirt with a logo, is leaning over a blue pallet in a factory or warehouse. The pallet is loaded with stacks of white boxes. The background shows industrial equipment and a yellow sign. The entire image has a blue tint, and there is a yellow vertical bar on the left side.

Q&A

With:

Eric Dresselhuys, CEO

Tony Rabb, CFO