Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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 001-39982

ENERGY VAULT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**85-3230987**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4360 Park Terrace Drive, Suite 100 **Westlake Village, California**	**91361**
(Address of Principal Executive Offices)	(Zip Code)

(805) 852-0000

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	NRGV	New York Stock Exchange

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

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 152,119,628, shares of common stock, par value $0.0001 per share, outstanding as of November 7, 2024.

TABLE OF CONTENTS

	Page
Cautionary Note Regarding Forward-Looking Statements	3
Part I - Financial Information	
Item 1. Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3. Quantitative and Qualitative Disclosures About Market Risk	40
Item 4. Controls and Procedures	41
Part II - Other Information	42
Item 1. Legal Proceedings	42
Item 1A. Risk Factors	42
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3. Defaults Upon Senior Securities	42
Item 4. Mine Safety Disclosures	43
Item 5. Other Information	43
Item 6. Exhibits	44
Signatures	45

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that are in some cases beyond our control and may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- changes in our strategy, expansion plans, customer opportunities, future operations, future financial position, estimated revenues and losses, projected costs, prospects and plans;
- the implementation, market acceptance and success of our business model and growth strategy;
- our ability to develop and maintain our brand and reputation;
- developments and projections relating to our business, our competitors, and industry;
- the impact of health epidemics on our business and the actions we may take in response thereto;
- our expectations regarding our ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- expectations regarding the time during which we will be an emerging growth company under the JOBS Act;
- our future capital requirements and sources and uses of cash;
- the international nature of our operations and the impact of war or other hostilities on our business and global markets;
- our ability to obtain funding for our operations and future growth; and
- our business, expansion plans and opportunities.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" in our 2023 Annual Report on Form 10-K and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. Additionally, our discussions of environmental, social, and governance ("ESG") assessments, goals and relevant issues herein or in other locations, including our corporate website, are informed by various ESG standards and frameworks (including standards for the measurement of underlying data), and the interests of various stakeholders. References to "materiality" in the context of such discussions and any related assessment of ESG "materiality" may differ from the definition of "materiality" under the federal securities laws for SEC reporting purposes. Furthermore, much of this information is subject to assumptions, estimates or third-party information that is still evolving and subject to change. For example, we note that standards and expectations regarding greenhouse gas ("GHG") accounting and the process for measuring and counting GHG emissions and GHG emissions reductions are evolving, and it is possible that our approaches both to measuring our emissions and any reductions may be at some point, either currently or in the future, considered not in keeping with best practices. In addition, our disclosures based on any standards may change due to revisions in framework requirements, availability or quality of information, changes in our business or applicable government policies, or other factors, some of which may be beyond our control.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant

information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. Any forward-looking statements only speak as of the date of this document, and we undertake no obligation to update any forward-looking information or statements, whether written or oral, to reflect any change, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Part I-Financial Information
Item 1. Financial Statements

ENERGY VAULT HOLDINGS, INC.

Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands except par value)

	September 30, 2024	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 51,124	$ 109,923
Restricted cash	26,560	35,632
Accounts receivable, net of allowance for credit losses of $371 and $69 as of September 30, 2024 and December 31, 2023, respectively	2,309	27,189
Contract assets, net of allowance for credit losses of $2,405 and $1,113 as of September 30, 2024 and December 31, 2023, respectively	26,445	84,873
Inventory	107	415
Customer financing receivable, current portion, net of allowance for credit losses of $258 and $375 as of September 30, 2024 and December 31, 2023, respectively	1,242	2,625
Advances to suppliers	19,021	8,294
Prepaid expenses and other current assets	4,860	4,520
Assets held for sale	—	6,111
Total current assets	131,668	279,582
Property and equipment, net	90,289	31,043
Intangible assets, net	3,824	1,786
Operating lease right-of-use assets	1,249	1,700
Customer financing receivable, long-term portion, net of allowance for credit losses of $1,438 and $957 as of September 30, 2024 and December 31, 2023, respectively	6,918	6,698
Investments	17,528	17,295
Other assets	1,382	2,649
Total Assets	**$ 252,858**	**$ 340,753**
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 38,789	$ 21,165
Accrued expenses	20,869	85,042
Contract liabilities, current portion	10,405	4,923
Lease liabilities, current portion	391	724
Total current liabilities	70,454	111,854
Deferred pension obligation	1,937	1,491
Contract liabilities, long-term portion	—	1,500
Other long-term liabilities	1,361	2,115
Total liabilities	73,752	116,960
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.0001 par value; 5,000 shares authorized, none issued	—	—
Common stock, $0.0001 par value; 500,000 shares authorized, 151,542 and 146,577 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	15	15
Additional paid-in capital	502,707	473,271
Accumulated deficit	(321,992)	(248,072)
Accumulated other comprehensive loss	(1,590)	(1,421)
Non-controlling interest	(34)	—
Total stockholders' equity	179,106	223,793
Total Liabilities and Stockholders' Equity	**$ 252,858**	**$ 340,753**

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

ENERGY VAULT HOLDINGS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 1,199	$ 172,205	$ 12,728	$ 223,307
Cost of revenue	716	165,057	9,128	209,793
Gross profit	483	7,148	3,600	13,514
Operating expenses:				
Sales and marketing	4,347	4,183	13,378	13,609
Research and development	5,704	8,156	19,621	29,552
General and administrative	17,270	15,810	48,812	52,222
Depreciation and amortization	251	235	825	670
Asset impairment and loss on sale of assets	(14)	—	551	—
Total operating expenses	27,558	28,384	83,187	96,053
Loss from operations	(27,075)	(21,236)	(79,587)	(82,539)
Other income (expense):				
Interest expense	(43)	(18)	(89)	(19)
Interest income	1,439	1,919	5,011	6,149
Other income (expense), net	(937)	(8)	711	(259)
Loss before income taxes	(26,616)	(19,343)	(73,954)	(76,668)
Provision for income taxes	—	(401)	—	(397)
Net loss	(26,616)	(18,942)	(73,954)	(76,271)
Net loss attributable to non-controlling interest	(23)	—	(34)	—
Net loss attributable to Energy Vault Holdings, Inc.	$ (26,593)	$ (18,942)	$ (73,920)	$ (76,271)
Net loss per share attributable to Energy Vault Holdings, Inc. — basic and diluted	$ (0.18)	$ (0.13)	$ (0.50)	$ (0.54)
Weighted average shares outstanding — basic and diluted	150,812	143,867	148,998	142,052
Other comprehensive income (loss) — net of tax				
Actuarial loss on pension	$ (187)	$ (130)	$ (415)	$ (184)
Foreign currency translation gain	109	42	246	208
Total other comprehensive (loss) income attributable to Energy Vault Holdings, Inc.	(78)	(88)	(169)	24
Total comprehensive loss attributable to Energy Vault Holdings, Inc.	$ (26,671)	$ (19,030)	$ (74,089)	$ (76,247)

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

ENERGY VAULT HOLDINGS, INC.

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

Three Months Ended September 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2024	150,136	$ 15	$ 492,459	$ (295,399)	$ (1,512)	$ (11)	$ 195,552
Stock based compensation	—	—	10,248	—	—	—	10,248
Vesting of restricted stock units ("RSUs"), net of shares withheld for payroll taxes	1,406	—	—	—	—	—	—
Net loss	—	—	—	(26,593)	—	(23)	(26,616)
Actuarial loss on pension	—	—	—	—	(187)	—	(187)
Foreign currency translation gain	—	—	—	—	109	—	109
Balance at September 30, 2024	151,542	$ 15	$ 502,707	$ (321,992)	$ (1,590)	$ (34)	$ 179,106

Three Months Ended September 30, 2023

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2023	142,703	$ 14	$ 455,283	$ (206,958)	$ (776)	$ —	$ 247,563
Exercise of stock options	136	—	110	—	—	—	110
Stock based compensation	—	—	10,714	—	—	—	10,714
Vesting of RSUs, net of shares withheld for payroll taxes	602	—	(1,069)	—	—	—	(1,069)
Net loss	—	—	—	(18,942)	—	—	(18,942)
Actuarial loss on pension	—	—	—	—	(130)	—	(130)
Foreign currency translation gain	—	—	—	—	42	—	42
Balance at September 30, 2023	143,441	$ 14	$ 465,038	$ (225,900)	$ (864)	$ —	$ 238,288

ENERGY VAULT HOLDINGS, INC.

Condensed Consolidated Statements of Stockholders' Equity (Continued)
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2024						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2023	146,577	$ 15	$ 473,271	$ (248,072)	$ (1,421)	$ —	$ 223,793
Stock based compensation	—	—	29,436	—	—	—	29,436
Vesting of RSUs, net of shares withheld for payroll taxes	4,965	—	—	—	—	—	—
Net loss	—	—	—	(73,920)	—	(34)	(73,954)
Actuarial loss on pension	—	—	—	—	(415)	—	(415)
Foreign currency translation gain	—	—	—	—	246	—	246
Balance at September 30, 2024	151,542	$ 15	$ 502,707	$ (321,992)	$ (1,590)	$ (34)	$ 179,106

	Nine Months Ended September 30, 2023						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2022	138,530	$ 14	$ 435,852	$ (147,265)	$ (888)	$ —	$ 287,713
Adoption of ASU 2016-13	—	—	—	(2,364)	—	—	(2,364)
Exercise of stock options	277	—	223	—	—	—	223
Stock based compensation	—	—	34,523	—	—	—	34,523
Vesting of RSUs, net of shares withheld for payroll taxes	4,634	—	(5,560)	—	—	—	(5,560)
Net loss	—	—	—	(76,271)	—	—	(76,271)
Actuarial loss on pension	—	—	—	—	(184)	—	(184)
Foreign currency translation gain	—	—	—	—	208	—	208
Balance at September 30, 2023	143,441	$ 14	$ 465,038	$ (225,900)	$ (864)	$ —	$ 238,288

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

ENERGY VAULT HOLDINGS, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash Flows From Operating Activities		
Net loss	$ (73,954)	$ (76,271)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	825	670
Non-cash interest income	(1,159)	(1,039)
Stock based compensation	29,436	34,523
Asset impairment and loss on sale of assets	551	—
Change in derivative asset	820	—
Provision for credit losses	2,214	234
Foreign exchange losses	301	308
Change in operating assets	73,013	(2,938)
Change in operating liabilities	(53,087)	(71,537)
Net cash used in operating activities	(21,040)	(116,050)
Cash Flows From Investing Activities		
Proceeds from sale of property and equipment	221	—
Purchase of property and equipment	(48,306)	(27,182)
Purchase of equity securities	—	(6,000)
Net cash used in investing activities	(48,085)	(33,182)
Cash Flows From Financing Activities		
Proceeds from exercise of stock options	—	223
Proceeds from insurance premium financings	2,745	1,250
Repayment of insurance premium financings	(1,567)	(394)
Payment of taxes related to net settlement of equity awards	(408)	(5,703)
Payment of finance lease obligations	(205)	(31)
Net cash provided by (used in) financing activities	565	(4,655)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	689	(73)
Net decrease in cash, cash equivalents, and restricted cash	(67,871)	(153,960)
Cash, cash equivalents, and restricted cash – beginning of the period	145,555	286,182
Cash, cash equivalents, and restricted cash – end of the period	77,684	132,222
Less: restricted cash at end of period	26,560	57,986
Cash and cash equivalents - end of period	$ 51,124	$ 74,236
Supplemental Disclosures of Cash Flow Information:		
Income taxes paid	$ 51	$ 46
Cash paid for interest	89	19
Supplemental Disclosures of Non-Cash Investing and Financing Information:		
Actuarial loss on pension	(415)	(184)
Property and equipment financed through accounts payable and accrued expenses	7,946	3,595
Assets acquired on finance lease	120	—

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

ENERGY VAULT HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Energy Vault Holdings, Inc., which together with its subsidiaries is referred to herein as "Energy Vault" or the "Company", develops and deploys utility-scale energy storage solutions designed to aid in the global transition to a clean energy future. The Company's mission is to provide energy storage solutions to accelerate the global transition to renewable energy.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared on an accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023. The condensed consolidated balance sheet as of December 31, 2023, included herein, was derived from the consolidated financial statements of the Company as of that date.

These unaudited interim condensed consolidated financial statements, in the opinion of management, reflect all adjustments necessary to present fairly the Company's financial position as of September 30, 2024, results of operations, comprehensive loss, and stockholders' equity activities for the three and nine months ended September 30, 2024 and 2023, and the Company's cash flows for the nine months ended September 30, 2024 and 2023. The results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any interim period or for any other future year.

Principles of Consolidation

These unaudited interim condensed consolidated financial statements include Energy Vault Holdings, Inc., its wholly owned subsidiaries, and a majority owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

Non-controlling interest

In May 2024, the Company's consolidated subsidiary, Cetus Energy, Inc. ("Cetus"), issued a share-based payment award to an employee of Cetus, representing a non-controlling interest. A non-controlling interest in a subsidiary is considered an ownership interest in a majority-owned subsidiary that is not attributable to the parent. The Company includes non-controlling interest as a component of stockholders' equity on the Company's condensed consolidated balance sheets.

Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised, and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

This may make comparison of the Company's consolidated financial statement with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the condensed consolidated financial statements, in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited interim condensed consolidated financial

statements and accompanying notes. The Company evaluates its assumptions on an ongoing basis. The Company's management believes that the estimates, judgment, and assumptions used are reasonable based upon information available at the time they are made. Significant estimates made by management include, among others, revenue recognition, warranty accruals, and stock-based compensation. Due to the inherent uncertainty involved in making assumptions and estimates, changes in circumstances could result in actual results differing from those estimates, and such differences could be material to the Company's consolidated financial condition and results of operations.

Segment Reporting

The Company reports its operating results and financial information in one operating and reportable segment. Our chief operating decision maker, which is our chief executive officer, reviews our operating results on a consolidated basis and uses that consolidated financial information to make operating decisions, assess financial performance, and allocate resources.

Concentration of Credit and Other Risks

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, accounts receivable, and customer financings receivable.

Risks associated with cash and cash equivalents and restricted cash are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts.

As of September 30, 2024, two customers accounted for 55% and 43% of accounts receivable. As of December 31, 2023, one customer accounted for 92% of accounts receivable.

As of September 30, 2024 and December 31, 2023, one customer accounted for 100% of the customer financing receivable.

Revenue from two customers accounted for 51% and 35% of total revenue for the three months ended September 30, 2024 and revenue from two customers accounted for 67% and 18% of total revenue for the nine months ended September 30, 2024. Revenue from two customers accounted for 59% and 38% of total revenue for the three months ended September 30, 2023 and revenue from three customers accounted for 47%, 33%, and 20% of total revenue for the nine months ended September 30, 2023.

Summary of Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 2 of the notes to the consolidated financial statements included in the Company's 2023 Annual Report on Form 10-K filed with the SEC on March 13, 2024. There have not been any significant changes to these policies during the nine months ended September 30, 2024.

NOTE 3. REVENUE RECOGNITION

The Company recognized revenue for the product and service categories as follows for the three and nine months ended September 30, 2024 and 2023 (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sale of energy storage products [1]	$ 811	$ 172,139	$ 11,494	$ 222,943
Operation and maintenance services	273	—	818	—
Software licensing	115	—	301	—
Intellectual property licensing	—	—	115	—
Other	—	66	—	364
Total revenue	$ 1,199	$ 172,205	$ 12,728	$ 223,307

[1] Includes revenue from the build and transfer of energy storage systems and from the sale of spare parts for energy storage systems. Revenue from the sale of spare parts was included within "Other" in prior periods. $0.3 million in revenue from the sale of spare parts reported within the "Other" line for the three months ended March 31, 2024 has been included within "Sale of energy storage products" for the nine months ended September 30, 2024.

$0.2 million in revenue from the sale of spare parts for the three and nine months ended September 30, 2023 has been reclassified from "Other" to "Sale of energy storage projects."

Remaining Performance Obligations

Remaining performance obligations represent the amount of unearned transaction prices under contracts for which work is wholly or partially unperformed. As of September 30, 2024, the amount of the Company's remaining performance obligations was $47.0 million. The Company generally expects to recognize approximately 93% of the remaining performance obligations as revenue over the next 12 months and the remainder more than 12 months from September 30, 2024.

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers (amounts in thousands):

	September 30, 2024	December 31, 2023
Refundable contribution	$ 25,000	$ 25,000
Unbilled receivables	3,700	55,241
Retainage	150	5,745
Less allowance for credit losses	(2,405)	(1,113)
Contract assets, net of allowance for credit losses	$ 26,445	$ 84,873
Contract liabilities, current portion	$ 10,405	$ 4,923
Contract liabilities, long-term portion	—	1,500
Total contract liabilities	$ 10,405	$ 6,423

Contract assets consist of a refundable contribution, unbilled receivables, and retainage.

Refundable contribution represents the contribution the Company made to a customer to be used during the construction of its first gravity energy storage system ("GESS"). The refundable contribution was to be refunded to the Company upon the customer's first GESS obtaining substantial completion, subject to adjustment for potential liquidated damages if certain performance metrics were not met. During the second quarter of 2024, the Company signed a contract amendment with the customer removing the substantial completion condition for repayment. The Company expects to collect the $25.0 million refundable contribution in the fourth quarter of 2024.

Unbilled receivables represent the estimated value of unbilled work for projects with performance obligations recognized over time.

Retainage represents a portion of the contract amount that has been billed, but for which the contract allows the customer to retain a portion of the billed amount until final contract settlement. Retainage is not considered to be a significant financing component because the intent is to protect the customer.

Contract liabilities consist of deferred revenue. Under certain contracts, the Company may be entitled to invoice the customer and receive payments in advance of performing the related contract work. In those instances, the Company recognizes a liability for advance billings in excess of revenue recognized, which is referred to as deferred revenue. Deferred revenue is not considered to be a significant financing component because it is generally used to meet working capital demands that can be higher in the early stages of a contract. For the three and nine months ended September 30, 2024, the Company recognized revenue of $40 thousand and $1.1 million, respectively, related to amounts that were included in deferred revenue as of December 31, 2023. For the three and nine months ended September 30, 2023, the Company recognized revenue of $28.3 million and $45.9 million respectively, related to amounts that were included in deferred revenue as of December 31, 2022.

NOTE 4. ALLOWANCE FOR CREDIT LOSSES

Activity in the allowance for credit losses was as follows for the nine months ended September 30, 2024 and 2023 (amounts in thousands):

	Nine Months Ended September 30, 2024			
	Accounts Receivable	Contract Assets	Customer Financing Receivable	Total
Allowance for credit losses, beginning of period	$ 69	$ 1,113	$ 1,332	$ 2,514
Provision for credit losses	302	1,548	364	2,214
Write-offs	—	(256)	—	(256)
Allowance for credit losses, end of period	$ 371	$ 2,405	$ 1,696	$ 4,472

	Nine Months Ended September 30, 2023			
	Accounts Receivable	Contract Assets	Customer Financing Receivable	Total
Allowance for credit losses, beginning of period	$ —	$ —	$ —	$ —
Addition due to adoption of ASU 2016-13	81	1,063	1,220	2,364
Provision (benefit) for credit losses	(22)	174	82	234
Allowance for credit losses, end of period	$ 59	$ 1,237	$ 1,302	$ 2,598

The Company utilizes a probability-of-default ("PD") and loss-given-default ("LGD") methodology to calculate the allowance for expected credit losses for each customer by type of financial asset. Due to the Company's limited operating history and lack of loss history, the Company derived its PD and LGD rates using average historical rates for corporate bonds as published by Moody's. The Company uses PD and LGD rates that correspond to the customer's credit rating and period of time in which the financial asset is expected to remain outstanding.

The Company evaluates its customer financing receivable on a periodic basis by monitoring the credit quality and financial condition of the guarantor for the customer. The amortized cost basis for the Company's customer financing receivable was $9.9 million and $10.7 million as of September 30, 2024 and December 31, 2023, respectively.

NOTE 5. FAIR VALUE MEASUREMENTS

Carrying amounts of certain financial instruments, including cash, accounts payable, and accrued expenses approximate their fair value due to their relatively short maturities and market interest rates, if applicable.

The Company categorizes assets and liabilities recorded or disclosed at fair value on the consolidated balance sheet based upon the level of judgment associated with inputs used to measure their fair value. The categories are as follows:

- *Level 1*—Inputs which included quoted prices in active markets for identical assets and liabilities.
- *Level 2*—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3*—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

ENERGY VAULT HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows as of September 30, 2024 and December 31, 2023 (amounts in thousands):

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets (Liabilities):				
Derivative asset — conversion option [1]	$ —	$ —	$ 205	$ 205
Warrant liabilities [2]	—	—	(2)	(2)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets (Liabilities):				
Derivative asset — conversion option [1]	$ —	$ —	$ 1,025	$ 1,025
Warrant liabilities [2]	—	—	(2)	(2)

[1] Refer to Note 7 - *Investments* for further information. The Company determined the fair value of the derivative instrument as the difference between the expected settlement value upon conversion of the convertible note and the principal amount of the convertible note, adjusted for the probability of the Company choosing to exercise its conversion option..
[2] The warrants are not publicly traded and the Company uses a Black-Scholes model to determine the fair value of the warrants.

NOTE 6. RELATED PARTY TRANSACTIONS

In May 2019, the Company received a $1.5 million deposit for a gravity-based system from a customer that was owned by one of its primary shareholders. The deposit and order were received before the owner of the customer became one of the Company's primary shareholders and the deposit was recognized in the line item, contract liabilities, long-term portion, in the condensed consolidated balance sheet as of December 31, 2023. During the nine months ended September 30, 2024, the Company concluded it was no longer obligated to provide a gravity-based system to the customer and that the deposit was nonrefundable. As a result, the Company derecognized the $1.5 million liability and recognized it as a gain within the line item, other income (expense), net, in the condensed consolidated statements of operations during the nine months ended September 30, 2024.

During the three and nine months ended September 30, 2024, the Company paid $0.2 million and $0.8 million, respectively, in marketing and sales costs to a company owned by an immediate family member of an officer of the Company. During the three and nine months ended September 30, 2023, the Company paid $0.4 million and $1.2 million, respectively.

In May 2023, the Company signed a technology license option agreement with a company affiliated with a member of Energy Vault's Board of Directors ("Board"). The agreement permitted the customer to exercise options to enter into licensing agreements in certain territories to use the Company's gravity storage technology in exchange for a fee of $0.5 million. The customer exercised its option for one territory on June 30, 2023 and paid a licensing fee of $0.5 million. The customer's options to exercise additional territories expired on June 30, 2024. Immediately prior to the expiration of the option agreement, the Company had $0.3 million in deferred revenue related to the agreement. The Company agreed to refund the customer $0.3 million of the option fee upon expiration of the option agreement in exchange for software that supports gravity storage efforts. As of June 30, 2024, the Company did not have any deferred revenue related to the option agreement. The Company terminated the license agreement for the territory that was exercised by the customer effective June 30, 2024, and the Company will not collect any additional licensing fees from this customer.

NOTE 7. INVESTMENTS

The following table provides a reconciliation of investments to the Company's condensed consolidated balance sheets (amounts in thousands):

	September 30, 2024	December 31, 2023
Investment in equity securities	$ 15,000	$ 15,000
Convertible note receivable	2,528	2,295
	$ 17,528	$ 17,295

Investment in Equity Securities

In November 2022, the Company purchased $9.0 million of equity securities in KORE Power, Inc. ("KORE"), a U.S. manufacturer of battery cells and modules. In February 2023, the Company purchased an additional $6.0 million of equity securities, increasing the Company's total investment in KORE to $15.0 million.

These equity securities do not have a readily determinable fair value and are recorded at cost, less any impairment, plus or minus adjustments related to observable transactions for the same or similar securities, with unrealized gains and losses included in earnings. As of September 30, 2024 and December 31, 2023, the carrying value of these equity securities was equal to its cost basis.

Convertible Note Receivable

In October 2021, the Company entered into a convertible promissory note purchase agreement with DG Fuels, LLC ("DG Fuels") and purchased a promissory note with a principal balance of $1.0 million ("DG Fuels Tranche 1 Note"). In April 2022, the Company purchased an additional promissory note from DG Fuels with a principal balance of $2.0 million. ("DG Fuels Tranche 2 Note") (collectively, the "DG Fuels Note").

The maturity date of the DG Fuels Note is the earlier of (i) 30 days after a demand for payment is made by the Company at any time after the two year anniversary of the date of issuance of the note; (ii) the four year anniversary of the date of issuance of the note; (iii) five days following a Financial Close ("Financial Close" means a project finance style closing by DG Fuels or its subsidiary of debt and equity capital to finance the construction of that certain biofuel facility currently under development by DG Fuels), or (iv) upon an event of default determined at the discretion of the Company. The DG Fuels Note has an annual interest rate of 10.0%. Per the conversion terms, the Company could convert the principal balance and unpaid accrued interest into equity securities of DG Fuels at a 20% discount.

The discounted conversion rate in the DG Fuels Note is considered a redemption feature that is an embedded derivative, which requires bifurcation and separate accounting at its estimated fair value under ASC 815 – *Derivative and Hedging*. The embedded derivative upon the purchase of the DG Fuels Tranche 1 Note was an asset of $0.4 million and the embedded derivative upon the purchase of the DG Fuels Tranche 2 note was an asset of $0.7 million. The estimated fair value of the derivative instruments was recognized as a derivative asset on the condensed consolidated balance sheets, with an offsetting discount to the DG Fuels Note. The Company amortizes the discount on the Note into interest income using the effective interest method. The Company recognized interest income from the DG Fuels Note of $0.2 million and $0.5 million for the three and nine months ended September 30, 2024, respectively, and $0.1 million and $0.4 million for the three and nine months ended September 30, 2023, respectively. Interest income related to the amortization of the debt discount was $0.1 million and $0.2 million for the three and nine months ended September 30, 2024, respectively, and $0.1 million and $0.2 million for the three and nine months ended September 30, 2023, respectively.

The derivative financial instrument is recorded in other assets in the condensed consolidated balance sheets. At each reporting period, the Company remeasures this derivative financial instrument to its estimated fair value. The change in the estimated fair value is recorded in other income (expense), net in the consolidated statement of operations and comprehensive loss. For the three and nine months ended September 30, 2024 and 2023, there was no change in the fair value of the embedded derivative.

A reconciliation of the beginning and ending asset balance for the embedded derivative in the DG Fuels Note is as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning of period	$ 1,025	$ 1,025	$ 1,025	$ 1,025
Change in fair value	(820)	—	(820)	—
End of period	$ 205	$ 1,025	$ 205	$ 1,025

NOTE 8. PROPERTY AND EQUIPMENT, NET

As of September 30, 2024 and December 31, 2023, property and equipment, net consisted of the following (amounts in thousands):

	September 30, 2024	December 31, 2023
Land	$ 302	$ 226
Buildings	774	774
Machinery and equipment	11,733	9,330
Finance lease right-of-use assets – vehicles	198	187
Furniture and IT equipment	1,348	1,474
Leasehold improvements	289	702
Construction in progress	78,963	20,095
Total property and equipment	93,607	32,788
Less: accumulated depreciation and amortization	(3,318)	(1,745)
Property and equipment, net	$ 90,289	$ 31,043

For the three and nine months ended September 30, 2024, depreciation and amortization related to property and equipment was $0.2 million and $0.6 million, respectively, and for the three and nine months ended September 30, 2023, depreciation and amortization related to property and equipment was $0.2 million and $0.7 million, respectively.

For the three months ended September 30, 2024, asset impairment and loss on sale of assets was nominal and for the nine months ended September 30, 2024 was a $0.6 million. For the nine months ended September 30, 2024, asset impairment and loss on sale of assets was comprised of $0.5 million in asset impairments and $0.1 million in loss on sale of assets. Asset impairment relates to the write-off of leasehold improvements in the Company's Westlake Village office due to the Company relocating its corporate office. The loss on sale of assets relates to the sale of a cement plant at the Company's R&D site in Switzerland. The Company did not recognize any impairments or loss on sale of assets during the three and nine months ended September 30, 2023.

The increases in machinery and equipment and construction in progress primarily relate to a commercial demonstration unit being constructed in Snyder, Texas ("Snyder CDU"), a battery energy storage system ("BESS") being constructed in Snyder Texas ("Cross Trails BESS"), and a hybrid energy storage system being constructed in Calistoga, California.

In December 2023, the Company paid $6.3 million to acquire the land that the Snyder CDU will be located on and other related assets. At the time of the purchase, the Company intended to resell the land that would not be used for the Snyder CDU and all of the other related assets. As such, the Company recorded $6.1 million of the purchase price as assets held for sale in the condensed consolidated balance sheet as of December 31, 2023. In the second quarter of 2024, the Company decided it would keep the assets that were initially classified as held for sale and instead develop the Cross Trails BESS, a 56.9 MW/113.8 MWh BESS. As such, the Company reclassified the property and equipment from assets held for sale to construction in progress in June 2024.

NOTE 9. INTANGIBLE ASSETS, NET

Intangible assets are stated at amortized cost and consist of the following (amounts in thousands):

	September 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software to be sold	$ 4,088	$ (264)	$ 3,824	$ 1,786	$ —	$ 1,786

Once a software application is available for general release and is placed in service, the Company amortizes the capitalized costs on a product basis by the greater of the straight-line method over the estimated economic life of the product, or the ratio that current gross revenues for a product bear to the total current and anticipated future gross revenues for that product. The useful life for our external-use software development costs is five years. Amortization expense for the three and nine months ended September 30, 2024 was $0.1 million and $0.3 million, respectively. There was no amortization expense for the three and nine months ended September 30, 2023.

Future amortization expense for intangible assets is estimated as follows (amounts in thousands):

	Amount
Remainder of 2024	$ 99
2025	396
2026	396
2027	396
2028	396
Thereafter	34
Subtotal	1,717
Software projects in process	2,107
Total	$ 3,824

NOTE 10. DEBT

In July 2023, the Company entered into a financing agreement related to premiums under certain insurance policies. The Company was obligated to repay the lender an aggregate sum of $1.1 million through nine equal monthly payments, at an annual interest rate of 7.0%, commencing on July 15, 2023. This financing was fully repaid during the first quarter of 2024.

In September 2023, the Company entered into a financing agreement related to premiums under certain insurance policies. The Company was obligated to repay the lender an aggregate sum of $0.2 million through four equal monthly payments, at an annual interest rate of 7.0%, commencing on September 15, 2023. This financing was fully repaid during the first quarter of 2024.

In April 2024, the Company entered into two financing agreements related to premiums under certain insurance policies. For the first financing, the Company is obligated to repay the lender an aggregate sum of $1.4 million through ten equal monthly payments commencing on April 10, 2024. For the second financing, the Company is obligated to repay the lender an aggregate sum of $0.4 million through nine equal monthly payments commencing on May 10, 2024. Both financings have an annual interest rate of 7.4%.

In June 2024, the Company entered into a financing agreement related to premiums under certain insurance policies. The Company is obligated to repay the lender an aggregate sum of AUD 0.3 million (or $0.2 million) through twelve equal

monthly payments of AUD 22 thousand (or $15 thousand), at an annual interest rate of 4.4%, commencing on June 25, 2024.

In July 2024, the Company entered into a financing agreement related to premiums under certain insurance policies. The Company is obligated to repay the lender an aggregate sum of $1.1 million through nine equal monthly payments, at an annual interest rate of 7.5%, commencing on August 15, 2024.

As of September 30, 2024 and December 31, 2023, the carrying value of the Company's insurance premium financings was $1.7 million and $0.4 million, respectively, and is included in the line item, accrued expenses, in the condensed consolidated balance sheets.

ENERGY VAULT HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 11. SUPPLEMENTAL BALANCE SHEETS DETAIL

(amounts in thousands)	September 30, 2024	December 31, 2023
Prepaid and other current assets:		
Prepaid expenses	$ 4,231	$ 3,131
Tax refund receivable	108	1,359
Other	521	30
Total	$ 4,860	$ 4,520
Other assets:		
Interest receivable	$ 775	$ 550
Derivative asset — conversion option	205	1,025
Other	402	1,074
Total	$ 1,382	$ 2,649
Accrued expenses:		
Accrued purchases	$ 6,865	$ 71,932
Professional fees	6,687	4,522
Employee costs	3,270	5,985
Warranty liabilities	2,348	894
Insurance premium financings	1,655	358
Taxes payable	44	733
Accrued project loss	—	591
Other	—	27
Total	$ 20,869	$ 85,042
Lease liabilities, current portion:		
Operating leases	$ 351	$ 697
Finance leases	40	27
Total	$ 391	$ 724
Other long-term liabilities:		
Operating leases	$ 935	$ 1,044
Warranty liabilities	221	924
Asset retirement obligation	105	52
Finance leases	98	93
Warrant liabilities	2	2
Total	$ 1,361	$ 2,115

NOTE 12. STOCK-BASED COMPENSATION

2017 Stock Incentive Plan

In 2017, the Company adopted its 2017 Stock Incentive Plan (the "2017 Plan") which provided for the granting of stock options, restricted stock, and RSUs to employees, directors, and consultants of the Company. Options granted under the 2017 Plan were either Incentive Stock Options ("ISOs") or Nonqualified Stock Options ("NSOs"). Awards under the 2017 Plan were granted for periods of up to ten years. Under the terms of the 2017 Plan, awards were granted at an exercise price not less than the estimated fair value of the shares on the date of grant, as determined by the Company's Board of Directors. For employees holding more than 10% of the voting rights of all classes of stock, the exercise price of ISOs and NSOs was not less than 110% of the estimated fair value of the shares on the date of grant, as determined by the board of directors. Awards generally vested over one to four years.

2020 Stock Incentive Plan

In 2020, the Company adopted its 2020 Stock Incentive Plan (the "2020 Plan"). The 2020 Plan provided for the granting of stock options, restricted stock, and RSUs to employees, directors, and consultants of the Company. Options granted under the 2020 Plan were either ISOs or NSOs. Awards under the 2020 Plan were granted for periods of up to ten years. Under the terms of the 2020 Plan, awards were granted at an exercise price not less than the estimated fair value of the shares on the date of grant, as determined by the Company's Board of Directors. For employees holding more than 10% of the voting rights of all classes of stock, the exercise price of ISOs and NSOs was not less than 110% of the estimated fair value of the shares on the date of grant, as determined by the board of directors. Awards generally vested over one to four years.

2022 Equity Incentive Plan

In 2022, the Company adopted its 2022 Equity Incentive Plan (the "2022 Incentive Plan"). The 2022 Incentive Plan provides for the granting of stock options, stock appreciation rights ("SARs"), restricted stock, and RSUs to employees, non-employee directors, and consultants of the Company. Shares of common stock underlying awards that expire or are forfeited or canceled will again be available for issuance under the 2022 Incentive Plan.

The initial number of shares of the Company's common stock reserved for issuance under the 2022 Incentive Plan was approximately 15.5 million, plus up to approximately 8.3 million shares subject to awards granted under the 2017 and 2020 Plans. Beginning on March 1, 2022 and ending on (and including) March 31, 2031, the number of shares of the Company's common stock that may be issued under the 2022 Incentive Plan increases by a number of shares equal to the lesser of (i) 4.0% of the outstanding shares on the last day of the immediately preceding month or (ii) such lesser number of shares (including zero) that the Company's Board determines for the purposes of the annual increase for that fiscal year.

2022 Inducement Plan

In 2022, the Company adopted its 2022 Inducement Plan, which provides for the granting of stock options, SARs, restricted stock, and RSUs to individuals who were not previously employees of Energy Vault, or following a bona fide period of non-employment, as inducement material to such individuals entering into employment with Energy Vault. Shares of common stock underlying awards that expire or are forfeited or canceled will again be available for issuance under the 2022 Inducement Plan. 8.0 million shares of the Company's common stock are reserved for issuance under the 2022 Inducement Plan.

Stock Option Activity

Stock option activity for the nine months ended September 30, 2024 was as follows (amounts in thousands, except per share data):

	Options Outstanding			
	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance as of December 31, 2023	5,807	$ 1.71	6.37	$ 3,605
Stock options granted	1,050	1.12	—	—
Stock options exercised	—	—	—	—
Stock options forfeited, canceled, or expired	(34)	0.80	—	—
Balance as of September 30, 2024	6,823	1.62	6.27	215
Options exercisable as of September 30, 2024	2,359	1.52	5.67	211
Options vested and expected to vest as of September 30, 2024	6,823	$ 1.62	6.27	215

As of September 30, 2024, total unrecognized stock-based compensation expense related to unvested awards that are expected to vest was $4.7 million. The weighted-average period over which such stock-based compensation expense will be recognized is approximately 1.95 years.

The aggregate intrinsic values of options outstanding, exercisable, vested and expected to vest were calculated as the difference between the exercise price of the options and the closing stock price of the Company's common stock on the NYSE as of September 30, 2024.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. The following table summarizes the assumptions used for estimating the fair value of stock options granted during the nine months ended September 30, 2024.

Expected term (in years)	6.25
Expected volatility	95% to 99%
Risk-free interest rate	3.54% to 4.40%
Expected dividend yield	—

The expected term is the period of time that granted options are expected to be outstanding. The Company uses SEC Staff Accounting Bulletin No. 107 simplified method for "plain vanilla" options with the following characteristics: (i) the share options are granted at market price on the grant date; (ii) exercisability is conditional on performing service through the vesting date; (iii) if an employee terminates service prior to vesting, the employee would forfeit the share options, (iv) if an employee terminates service after vesting, the employee would have 90 days to exercise the share options; and (v) the share options are nontransferable and non-hedgeable. The volatility assumption is based on the historical volatility of the Company and peer companies' common stock. The risk-free interest rate is based on U.S. treasury rates with an equivalent remaining expected term.

Restricted Stock Units

RSU activity for the nine months ended September 30, 2024 was as follows (amounts in thousands, except per share data):

	Number of RSUs	Weighted Average Grant Date Fair Value per Share
Nonvested balance as of December 31, 2023	19,029	$ 4.55
RSUs granted	10,768	1.50
RSUs forfeited	(1,359)	3.68
RSUs vested	(5,130)	4.98
Nonvested balance as of September 30, 2024	23,308	$ 3.10

As of September 30, 2024, unrecognized stock-based compensation expense related to these RSUs was $55.4 million which is expected to be recognized over the remaining weighted-average vesting period of approximately 1.72 years.

The Company issues market-based RSUs that vest upon the Company's stock reaching certain price targets. For these RSUs, the Company determines fair value by using a Monte Carlo simulation, which involves random iterations that take different future price paths over the RSU's contractual life based on appropriate probability distributions (which are based on commonly applied Black-Scholes inputs). The fair value of each market-based RSU is determined by taking the average grant date fair value under each Monte Carlo simulation trial. Compensation expense is recognized on a straight-line basis over the derived service period and there is no ongoing adjustment or reversal based on actual achievement during the vesting period. The following table summarizes the assumptions used for estimating the fair value of market-based RSUs granted during the nine months ended September 30, 2024.

Expected term (in years)	4.00
Expected volatility	90% to 95%
Risk-free interest rate	3.40% to 4.49%
Expected dividend yield	—

Stock-Based Compensation Expense

Total stock-based compensation expense for the three and nine months ended September 30, 2024 and 2023 is as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales and marketing	$ 1,794	$ 1,801	$ 5,291	$ 5,477
Research and development	2,241	2,898	6,527	8,832
General and administrative	6,213	6,015	17,618	20,214
Total stock-based compensation expense	$ 10,248	$ 10,714	$ 29,436	$ 34,523

NOTE 13. REORGANIZATION EXPENSES

In June 2024, the Company implemented a series of cost savings measures and recognized reorganization costs of $1.7 million for the nine months ended September 30, 2024. Reorganization expenses consist of personnel reduction costs related to these cost saving measures. The Company does not expect to incur additional charges related to these cost reduction measures and recognized a benefit to reorganization expenses of $23 thousand for the three months ended

September 30, 2024. The Company did not recognize any reorganization expenses for the three and nine months ended September 30, 2023.

Total reorganization expenses for the three and nine months ended September 30, 2024 and 2023 is as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales and marketing	$ —	$ —	$ 288	$ —
Research and development	—	—	503	—
General and administrative	(23)	—	895	—
Total reorganization expenses	$ (23)	$ —	$ 1,686	$ —

A reconciliation of the beginning and ending liability balances for reorganization expenses included in the line item, accrued expenses, on the condensed consolidated balance sheets is as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning of period	$ 1,709	$ —	$ —	$ —
Costs charged to expense	(23)	—	1,686	—
Costs paid or settled	(1,190)	—	(1,190)	—
Foreign currency translation adjustments	18		18	
End of period	$ 514	$ —	$ 514	$ —

NOTE 14. INCOME TAXES

The Company did not recognize any tax provision for the three and nine months ended September 30, 2024 and recognized a tax provision of $0.4 million for the three and nine months ended September 30, 2023. The Company has recorded a valuation allowance against substantially all of the Company's net deferred tax assets. The Company provides for a valuation allowance when it is more likely than not that some portion of, or all of the Company's deferred tax assets will not be realized. Due to the Company's history of losses, the Company determined that it is not more likely than not to realize its deferred tax assets.

NOTE 15. NET LOSS PER SHARE OF COMMON STOCK

Basic and diluted net loss per share attributable to common stockholders are calculated as follows (amounts in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss attributable to Energy Vault Holdings, Inc.	$ (26,593)	$ (18,942)	$ (73,920)	$ (76,271)
Weighted-average shares outstanding – basic and diluted	150,812	143,867	148,998	142,052
Net loss per share – basic and diluted attributable to Energy Vault Holdings, Inc.	$ (0.18)	$ (0.13)	$ (0.50)	$ (0.54)

There were no common share equivalents that were dilutive for the three and nine months ended September 30, 2024 and 2023. Due to net losses during those periods, basic and diluted net loss per common share were the same, as the effect of potentially dilutive securities would have been anti-dilutive.

The following outstanding balances of common share equivalent securities have been excluded from the calculation of diluted weighted-average common shares outstanding because the effect is anti-dilutive for the three and nine months ended September 30, 2024 and 2023 (amounts in thousands):

	Three and Nine Months Ended September 30,	
	2024	2023
Private warrants	5,167	5,167
Stock options	6,823	5,983
RSUs	23,308	22,722
Total	35,298	33,872

In connection with the reverse recapitalization in 2022, eligible Energy Vault stockholders immediately prior to the closing of the transaction obtained a contingent right to receive 9.0 million shares of the Company's common stock ("Earn-Out Shares") upon the Company's common stock quoted on the NYSE equaling or exceeding certain specified prices for any 20 trading days within a 30 consecutive day trading period ("Earn-Out Triggering Event"). 9.0 million of common stock equivalents subject to the Earn-Out Shares are excluded from the anti-dilutive table above as of September 30, 2024, as the underlying shares remain contingently issuable as the Earn-Out Triggering Events have not been satisfied.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Our principal commitments as of September 30, 2024 consisted primarily of obligations under operating leases, finance leases, a deferred pension, warranty liabilities, and issued purchase orders. Our non-cancelable purchase obligations as of September 30, 2024 totaled approximately $2.0 million.

Loss Contingencies:

In the ordinary course of business, the Company is regularly subject to various legal proceedings. The Company has identified certain legal matters where the Company believes an unfavorable outcome is not probable and, therefore, no reserve has been established. Although the Company currently believes that resolving claims against the Company, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the Company's business, financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and the Company's view of these matters may change in the future.

Warranty Liabilities:

The Company provides a limited warranty to its BESS customers assuring that the BESSs are free from defects. The Company's limited warranties are generally for a period of two years after the substantial completion date of a project. These warranties are considered assurance-type warranties which provide a guarantee of quality of the products. For assurance-type warranties, the Company records an estimate of future warranty costs over the period of construction. Warranty costs are recorded as a component of cost of revenue in the Company's consolidated statements of operations.

As of September 30, 2024 and 2023, the Company accrued the below estimated warranty liabilities, respectively (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Warranty liabilities, balance at beginning of period	$ 2,784	$ —	$ 1,817	$ —
Accruals for warranties issued	—	130	—	130
Change in estimates	—	—	1,532	—
Costs paid or settled	(215)	—	(780)	—
Warranty liabilities, balance at end of period	$ 2,569	$ 130	$ 2,569	$ 130

The key inputs and assumptions used in calculating the estimated warranty liability are reviewed by management each reporting period. The Company may make additional adjustments to the estimated warranty liability based on a comparison

of actual warranty results to expected results for significant differences or based on performance trends or other qualitative factors. If actual failure rates or replacement costs differ from our estimates in future periods, changes to these estimates may be required, resulting in increases or decreases in the estimated warranty liability, which may be material.

Letters of Credit:

In the ordinary course of business and under certain contracts, the Company is required to post letters of credit for its customers, insurance carriers, and surety bond providers for project performance, and for its vendors for payment guarantees. Such letters of credit are generally issued by a bank or a similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit under certain conditions. As of September 30, 2024, there was $31.0 million of letters of credit issued through the Company's credit relationships. The Company is not aware of any material claims relating to its outstanding letters of credit. The Company's restricted cash balance of $26.6 million as of September 30, 2024 primarily consists of cash held by banks as collateral for the Company's letters of credit.

Performance and Payment Bonds:

In the ordinary course of business, Energy Vault is required by certain customers to provide performance and payment bonds for contractual commitments related to its projects. These bonds provide a guarantee that the Company will perform under the terms of a contract and that the Company will pay its subcontractors and vendors. If the Company fails to perform under a contract or to pay its subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company must reimburse the surety for expenses or outlays it incurs. As of September 30, 2024, there were $43.7 million outstanding performance and payment bonds.

Other Bonds:

In the ordinary course of business, Energy Vault is required to obtain other bonds, such as for insurance and government payments. These bonds provide a guarantee that the Company will post the necessary reserves as required by banks and tax or licensing authorities. Additionally, bonds are issued to banks as support for letters of credit provided by those banks. As of September 30, 2024, there were $13.8 million of outstanding other bonds.

NOTE 17. SUBSEQUENT EVENTS

On October 9, 2024, the Company loaned AUD 0.5 million (or $0.3 million) to a potential Australian customer to assist them in purchasing a bond for a potential project with the Company. The loan has a stated interest rate of 8.0%. Principal and accrued interest are due on October 8, 2025, unless the potential project is cancelled, at which time principal and interest would immediately become due.

On September 13, 2024, the Company was notified by the NYSE that it was not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of the Company's Common Stock was less than $1.00 over a consecutive 30 trading-day period. The notice did not result in the immediate delisting of the Company's Common Stock from the NYSE. On November 1, 2024, the Company received written notice from the NYSE informing the Company that it had regained compliance with the bid price rule as of October 31, 2024.

On November 12, 2024, the Company entered into an open market sales agreement (the "Sales Agreement") with Jefferies LLC, as sales agent (the "sales agent"), pursuant to which the Company may, from time to time, sell shares of its common stock, having an aggregate offering price of up to $50.0 million through the sales agent. The Company is not obligated to, and cannot provide any assurances that it will, make any sales of its shares under the Sales Agreement.

Upon delivery of a placement notice and subject to the terms and conditions of the Sales Agreement, the sales agent may sell the shares by methods deemed to be an "at-the-market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Subject to the terms and conditions of the Sales Agreement, the sales agent will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon the Company's instructions. The Sales Agreement contains customary representations, warranties and agreements, indemnification rights and obligations of the parties. The Company will pay the sales agent a commission for its services as sales agent of up to 3% of the gross sales price of the shares of the Company's common stock sold through the sales agent pursuant to the Sales Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provide information which Energy Vault's management believes is relevant to an assessment and understanding of Energy Vault's condensed consolidated results of operations and financial condition. The discussion should be read together with our unaudited interim condensed consolidated financial statements, the respective notes thereto, and other financial information included elsewhere in this Quarterly Report. The discussion and analysis should also be read together with the audited consolidated financial statements, the respective notes thereto, and other financial information included elsewhere in the Annual Report for the year ended December 31, 2023 filed by us with the SEC on March 13, 2024. This discussion may contain forward-looking statements based upon Energy Vault's current expectations that involve risks, uncertainties, and assumptions. Energy Vault's actual results may differ materially from those anticipated in these forward-looking statements. You should review the section titled "Cautionary Note Regarding Forward-Looking Statements" for a discussion of forward-looking statements and the section titled "Risk Factors," for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis and elsewhere in this Quarterly Report. Energy Vault's historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless the context otherwise requires, all references in this Quarterly Report to "we," "our," "us," "the Company," or "Energy Vault" refer to Energy Vault Holdings, Inc., a Delaware corporation, and its subsidiaries both prior to the consummation of and following the Merger (as defined below).

Our Business

Energy Vault develops and deploys utility-scale energy storage solutions designed to aid in the global transition to a clean energy future.

Our Company's comprehensive offerings include proprietary gravity, battery, and green hydrogen energy storage solutions, supported by our technology-agnostic energy management software solutions. We incorporate a customer-centric, solutions-based approach toward helping utilities, independent power producers, and large industrial energy users reduce their energy costs while maintaining power reliability. As the world transitions to an economy powered by increasingly intermittent renewable energy such as solar and wind, the ability to provide clean and affordable electricity to a growing global population will depend heavily on the ability to store and distribute energy at appropriate times. We are striving to create a world powered by renewable resources so that everyone will have access to clean, sustainable, and affordable energy.

Our solutions are designed to address the intermittency issues inherent in the predominant sources of renewable energy production by storing energy produced when renewable energy production is active. Once energy is stored in our solutions, it can be discharged to the grid in a controlled and reliable manner at any time, regardless of the then current ability of the renewable sources to generate power. Our energy storage solutions are designed to accommodate a wide variety of renewable power sources and to achieve an attractive levelized cost of energy relative to fossil fuels. Collectively, these abilities greatly broaden the use cases and time duration scenarios that can be addressed by certain sources of renewable power.

Key Factors and Trends Affecting our Business

We believe that our performance and future success depend upon several factors that present significant opportunities for us, but also pose risks and challenges including those discussed below and in Part I, Item 1A. "Risk Factors" of our 2023 Annual Report on Form 10-K filed with the SEC on March 13, 2024.

Product Development and Deployment Plan

We leverage our sustainable and differentiated technologies to provide our customers with economical solutions to meet their short, long, and extended-duration renewable energy storage needs. Our energy storage solutions are designed to accommodate a wide variety of renewable power sources and to achieve an attractive levelized cost of energy relative to fossil fuels.

We anticipate that our market will be characterized by high growth and rapidly evolving use cases and requirements. We believe that the majority of our competitors are primarily focused on the development and marketing of vertically siloed solutions based on a singular energy storage technology. Alternatively, we have strategically chosen to design an agile and agnostic software platform that can orchestrate the management of not just one energy storage technology, but rather one or more of our diverse storage mediums and the underlying power generation assets to harmonize asset operation and drive competitive operational performance. We expect that this will broaden the use cases and time duration scenarios that can be

addressed by certain sources of renewable power, and thereby drive a faster transition to more widespread utilization of renewable power.

Our range of energy storage solutions assures our customers have what they need today, as well as what they will need in the future, thereby protecting their investments in our products within this high-growth market and its rapidly evolving use cases and requirements. For these reasons, we believe we are well positioned to compete successfully in the evolving market for energy storage solutions.

We primarily rely on two models for project delivery, which are (i) engineering, procurement, and construction ("EPC") delivery and (ii) engineered equipment ("EEQ") delivery. Under the EPC model, we generally rely on third-party EPC firms to construct our storage systems, under our supervision with dedicated teams tasked with project management. Under the EEQ model, we are responsible for the delivery and installation of the equipment we provide, as well as resolving issues within our scope of supply.

Our cost projections are heavily dependent upon raw materials (such as steel), equipment (such as motors, batteries, inverters, and power electronic devices) and technical and construction service providers (such as engineering, procurement, construction firms). The global supply chain, on which Energy Vault relies, has been significantly impacted by (i) economic uncertainties, including the war in Ukraine and the conflict in the Middle East, and (ii) high inflation pressure on project budgeting resulting in potential significant delays and cost fluctuations, particularly with respect to lithium, transformers, inverters, motors, microchips and many other raw materials that are within the motor and power electronic supply chains. These future timing and financial developments may impact Energy Vault's performance from both a deployment and cost perspective.

Energy Storage Industry

We believe climate change poses a monumental risk to humanity and decreasing human generated GHG emissions is currently among the world's most pressing challenges. Carbon dioxide is the primary GHG emitted through human activities and, according to the International Energy Agency, the energy sector is estimated to account for more than 75% of global human generated GHG emissions. Burning fossil fuels contributes to climate change by releasing carbon dioxide and nitrous oxide into the atmosphere.

Renewable energy sources present environmental advantages over fossil fuels in terms of finite natural resource usage and GHG emission profile. A major obstacle to transitioning to renewable sources of energy such as wind and solar is the intermittent availability of these types of energy sources. Energy storage solutions are needed to balance the production intermittency of variable renewable energy to support a clean-energy future and a balanced electrical grid infrastructure.

The growth of the energy storage market that we address is primarily driven by the decreasing cost of energy storage technologies and renewable power generation sources, government mandates, financial incentives to reduce GHG emissions, and increasing geopolitical pressures driving energy independence goals. These dynamics are driving demand for additional renewable power generation and increased capacity and storage duration in energy storage solutions.

According to the 2H 2023 Energy Storage Market Outlook published by BloombergNEF in October 2023, the energy storage market is expected to grow at a "27% compound annual growth rate through 2030, with annual additions reaching 110 GW/372 GWh, or 2.6 times expected 2023 gigawatt installations." Both government mandates and companies focused on reducing energy use, cost, and emissions are expected to propel the shift to renewable sources of power.

Our business depends on the acceptance of our energy storage products in the marketplace. Even if renewable energy and energy storage become more widely adopted than they have been to date, potential customers may choose energy storage products from our competitors.

Increasing Deployment of Renewable Energy

Deployment of renewable energy resources has accelerated over the last decade, and solar and wind have become low cost energy sources. Energy storage is critical to reducing the intermittency and volatility of renewable energy generation. However, there is no guarantee that the deployment of renewable energy will occur at the rate that is expected. Inflationary pressures, supply chain disruptions, geopolitical stresses, and other factors could result in fluctuations in demand for and deployment of renewable energy resources, adversely affecting our revenue and ability to generate profits in the future.

Competition

The market for our products is competitive, and we may face increased competition as new and existing competitors introduce energy storage solutions and components. Furthermore, as we expand our services and digital applications in the future, we may face other competitors including software providers and hardware manufacturers that offer software solutions. If our market share declines due to increased competition or if we are not able to compete as we expect, our revenue and ability to generate profits in the future may be adversely affected.

Inflation

In the markets in which we operate, there have been higher rates of inflation in recent years. If inflation continues to increase in our markets, it may increase our expenses that we may not be able to pass through to customers. It may also increase the costs of our products that could negatively impact their competitiveness.

Government Regulation and Compliance

Governments in countries throughout the world have announced and implemented various policies, regulations, and legislation to support the transition from fossil fuels to low-carbon form of energy, including through the use of energy storage solutions. For example, in August 2022, the United States Congress passed the Inflation Reduction Act ("IRA"). The IRA provides incentives for the domestic manufacturing of key components of energy storage solutions as well as the construction of standalone energy storage projects. The resulting improved economics are expected to reduce the cost to implement storage within the domestic market and may amplify and accelerate the adoption of energy storage systems for short, long, and extended duration use cases, like those offered by Energy Vault. Such government policies and programs are becoming increasingly instrumental in stimulating adoption of energy storage solutions across different markets through a variety of methods, including by providing financial support, facilitating grid integration, and supporting research and development.

Although we are not regulated as a utility, federal, state, and local government statutes and regulations concerning electricity heavily influence the market for our products and services. These statutes and regulations often relate to electricity pricing, net metering, incentives, taxation, competition with utilities and the interconnection of customer-owned electricity generation. In the United States, governments continuously modify these statutes and regulations. Governments, often acting through state utility or public service commissions, change and adopt different rates for commercial customers on a regular basis. These changes could affect our ability to deliver cost savings to our current and future customers for the purchase of electricity. We believe we are well positioned to capture incentives contained in the IRA and that its enactment is favorable to our business and future operations. However, as this legislation was recently adopted and applicable U.S. Department of Treasury and Internal Revenue Service guidelines were published in the third quarter of 2023, we have not yet seen the impact these IRA incentives may have on our business, operations, and financial performance in the future and cannot guarantee that we will realize the anticipated benefits from the incentives in the IRA.

Recent Developments

In June 2024, the Company executed an engineer, procure, and construct contract with a customer to build a 200 MW/400 MWh BESS in Australia. Additionally, the Company signed a maintenance agreement with this customer to provide maintenance services on the BESS after construction is completed.

In June 2024, the Company implemented a series of cost savings measures, expected to result in realized cost savings of $6.0 million to $8.0 million annually. During the nine months ended September 30, 2024, the Company recognized reorganization costs of $1.7 million, consisting of personnel reduction costs, related to these cost saving measures.

On September 13, 2024, the Company was notified by the NYSE that it was not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of the Company's Common Stock was less than $1.00 over a consecutive 30 trading-day period. The notice did not result in the immediate delisting of the Company's Common Stock from the NYSE. On November 1, 2024, the Company received written notice from the NYSE informing the Company that it had regained compliance with the bid price rule as of October 31, 2024.

In October 2024 the Company executed an equipment supply contract with a customer and in November 2024 the Company executed an offtake agreement for the Cross Trails BESS with another customer. The equipment supply contract is for a fixed price and the offtake agreement includes both fixed and variable price components. The aggregate expected future revenue from these contracts, including variable fees that the Company believes is probable, is $90.7 million. The variable revenues are forecasted by an independent third-party firm using simulation software that factors in current and projected energy market dynamics, historical and forecasted volatility, and location specific data. The Company considers the low-end simulation results to be probable.

On November 12, 2024, the Company entered into an open market sales agreement (the "Sales Agreement") with Jefferies LLC, as sales agent (the "sales agent"), pursuant to which the Company may, from time to time, sell shares of its common stock, having an aggregate offering price of up to $50.0 million through the sales agent. The Company is not obligated to, and cannot provide any assurances that it will, make any sales of its shares under the Sales Agreement.

Upon delivery of a placement notice and subject to the terms and conditions of the Sales Agreement, the sales agent may sell the shares by methods deemed to be an "at-the-market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Subject to the terms and conditions of the Sales Agreement, the sales agent will use commercially

reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon the Company's instructions. The Sales Agreement contains customary representations, warranties and agreements, indemnification rights and obligations of the parties. The Company will pay the sales agent a commission for its services as sales agent of up to 3% of the gross sales price of the shares of the Company's common stock sold through the sales agent pursuant to the Sales Agreement.

Key Operating Metrics

The following tables present our key operating metrics for the periods presented (amounts in thousands unless otherwise noted):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
New bookings [1]	$ —	$ 137,385	$ 182,830	$ 170,478
Cancellations	—	—	(182,238)	—
Net bookings	$ —	$ 137,385	$ 592	$ 170,478
New bookings (in MWh)	—	400	400	400
Cancellations (in MWh)	—	—	(400)	—
Net bookings (in MWh)	—	400	—	400

	September 30, 2024	December 31, 2023	September 30, 2023
Developed Pipeline [2]	$ 2,728,700		
Developed Pipeline (in GWh) [2]	10.7		
Backlog [1][3]	$ 264,390	$ 275,376	$ 314,876
Backlog (in MWh) [3]	693	713	713

[1] In October 2024 the Company executed an equipment supply contract and in November 2024 the Company executed an offtake contract with two different customers with aggregate expected future revenue of $90.7 million/314 MWh. Prior to executing the equipment supply agreement, the Company and the customer were operating under a limited notice to proceed with a price of $3.0 million, which has already been included in bookings for the nine months ended September 30, 2024 and in backlog as of September 30, 2024.
[2] Developed pipeline is a new key operating metric that the Company began tracking during the second quarter of 2024, therefore prior period comparable figures have not been included.
[3] The Company changed its definition of backlog during the second quarter of 2024, therefore the Company has presented the comparable amounts as of December 31, 2023 and September 30, 2023 per the new definition.

Bookings

Bookings represent the total aggregate contract value and total MWhs to be delivered from customer contracts signed during the period, net of the total aggregate value and total MWhs of contracts that were cancelled during the period. The aggregate contract value includes any potential future variable payments from tolling and offtake arrangements that the Company believes is probable of being realized. Probable future variable payments are forecasted by an independent third-party firm using simulation software that factors in current and projected energy market dynamics, historical and forecasted volatility, and location specific data. The Company considers the low-end simulation results to be probable. Potential future intellectual property ("IP") royalties are not included in bookings. Due to the long-term nature of our contracts, bookings are a key metric that allows us to understand and evaluate the growth of our Company and our estimated future revenue related to our customer contracts.

Developed Pipeline

Developed pipeline represents uncontracted, potential revenue, from projects in which potential prospective customers have either awarded a project to the Company, or have put the Company on a shortlist to be awarded a project. Developed pipeline is an internal management metric that we construct using information from our global sales team and is monitored by management to understand the potential anticipated growth of our Company and to estimate potential future revenue. Developed pipeline is influenced by the prevailing foreign exchange rates and equipment prices and may vary from period to period if these inputs change.

Developed pipeline may not generate margins equal to our historical operating results. We have only recently begun to track our developed pipeline on a consistent basis as a performance measure, and as a result, we do not have significant

experience in determining the level of realization that we may achieve on these potential contracts. Our customers may experience project delays or cancel orders as a result of external market factors and economic or other factors beyond our control.

Backlog

Backlog represents contracted but unrecognized revenue from projects and services yet to be completed, unrecognized revenue or other income from IP licensing agreements, and unrecognized revenue from tolling arrangements. Backlog includes any potential future variable payments from tolling and offtake arrangements that the Company believes is probable of being realized. Probable future variable payments are forecasted by an independent third-party firm using simulation software that factors in current and projected energy market dynamics, historical and forecasted volatility, and location specific data. The Company considers the low-end simulation results to be probable. Potential future intellectual property ("IP") royalties are not included in backlog. Backlog is a common measurement used in our industry. Our methodology for determining backlog may not, however, be comparable to the methodologies used by others. Effective in the second quarter of 2024, we updated our methodology for computing backlog. Under our previous methodology, our backlog was equivalent to our remaining performance obligations under GAAP. We believe our new methodology for computing backlog allows us to better evaluate the growth of our Company and estimate future revenue.

We cannot guarantee that our backlog will result in actual revenue in the originally anticipated period, or at all. Our customers may experience project delays or cancel orders as a result of external market factors and economic or other factors beyond our control. If our backlog fails to result in revenue as anticipated or in a timely manner, we could experience a reduction in revenue, profitability, and liquidity.

Key Components of Results of Operations

Revenue

The Company generates revenue from the sale of our energy storage solutions, the licensing of the Company's software solutions and intellectual property, and from long-term service agreements to maintain customer owned energy systems. To date, the Company has primarily generated revenue from the sale of our BESSs and from licensing our EVx technology. In addition to these sources of revenue, in the future we expect to generate revenue from the sale of our GESSs and through tolling arrangements in connection with energy storage systems that we intend to own and operate.

When the Company sells a BESS, the Company recognizes revenue over time as we transfer control of our product to the customer. When the Company licenses its intellectual property, revenue is recognized at the point in time at which the customer obtains control of the licensed technology. When the Company licenses its software solutions or provides maintenance services, the transaction price for each contract is recognized as revenue on a straight-line basis over the term of the contract.

Our revenue is affected by changes in the price, volume, and mix of products and services purchased by our customers, which is driven by the demand of our products, geographic mix of our customers, strength of competitor's product offerings, and the availability of government incentives to the end-users of our products.

Our revenue growth is dependent on continued growth in the number of energy storage systems constructed each year and our ability to increase our share of demand in the geographic regions where we currently compete and plan to compete in the future. Additionally, our revenue growth is dependent on our ability to continue to develop and commercialize new and innovative products to meet our customers' energy storage needs.

Cost of Revenue

Cost of revenue primarily consists of product costs, including purchased materials and supplies, as well as costs related to subcontractors, direct labor, and product warranties.

Our cost of revenue is affected by underlying costs of materials such as batteries, inverters, enclosures, transformers, and cables, as well as the cost of subcontractors to provide construction services. We do not currently hedge against changes in the price of raw materials as we do not purchase raw materials. We purchase energy storage system components from our suppliers.

Gross Profit and Gross Profit Margin

Gross profit and gross profit margin may vary from period to period due to the timing of transferring control of significant uninstalled materials to customers under contracts to sell energy storage systems. When control of significant uninstalled materials is transferred to customers, the Company recognizes revenue in an amount equal to the cost of those materials. The profit margin inherent in these materials is deferred until the Company fulfills its obligation to install the materials

during construction of the energy storage systems. As a result, gross profit and gross profit margin will vary from period to period depending on the timing of revenue recognition related to uninstalled materials.

Additionally, gross profit and gross profit margin may vary from period to period due to our sales volume, product prices, product costs, product mix, geographical mix, along with the timing of when we perform installation and construction services.

Sales and Marketing ("S&M") Expenses

S&M expenses consist primarily of internal personnel-related costs for marketing, sales, and related support teams, as well as external costs such as professional service fees, trade shows, marketing and sales-related promotional materials, public relations expenses, website operating and maintenance costs. Personnel-related expenses include salaries, benefits, and stock-based compensation expenses.

Research and Development ("R&D") Expenses

R&D expenses consist primarily of internal and external expenses incurred in connection with our research activities and development programs that include materials costs directly related to product development, testing and evaluation costs, construction costs including labor and transportation of material, overhead related costs and other direct expenses consisting of personnel-related expenses and consulting expenses relating to study of product safety, reliability and development. Personnel-related expenses consist of salaries, benefits, and stock-based compensation expense.

General and Administrative ("G&A") Expenses

G&A expenses consist of information technology expenses, legal and professional fees, travel costs, and personnel-related expenses for our corporate, executive, finance, and other administrative functions, including expenses for professional and contract services. Personnel-related expenses consist of salaries, benefits, and stock-based compensation expense. To a lesser extent, general and administrative expenses include investor relations costs, insurance costs, rent, office expenses, maintenance costs, and the provision for credit losses.

Depreciation and Amortization Expense

Depreciation and amortization expense consists of costs associated with property and equipment, and amortization of intangibles. We expect to invest in additional property, equipment, and other assets as we construct and own energy storage systems, which will result in additional depreciation expense in the future.

Asset Impairment and Loss on Sale of Assets

Asset impairment and loss on sale of assets consists of losses associated with the write-down or sale of property and equipment.

Interest Income

Interest income consists of interest income from our money market funds, interest-bearing savings accounts, customer financing receivable, and convertible note receivable.

Results of operations

Consolidated Comparison of Three and Nine Months Ended September 30, 2024 to September 30, 2023

The following table sets forth our results of operations for the periods indicated (amounts in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	$ Change	2024	2023	$ Change
Revenue	$ 1,199	$ 172,205	$ (171,006)	$ 12,728	$ 223,307	$ (210,579)
Cost of revenue	716	165,057	(164,341)	9,128	209,793	(200,665)
Gross profit	483	7,148	(6,665)	3,600	13,514	(9,914)
Operating Expenses:						
Sales and marketing	4,347	4,183	164	13,378	13,609	(231)
Research and development	5,704	8,156	(2,452)	19,621	29,552	(9,931)
General and administrative	17,270	15,810	1,460	48,812	52,222	(3,410)
Depreciation and amortization	251	235	16	825	670	155
Asset impairment and loss on sale of assets	(14)	—	(14)	551	—	551
Total operating expenses	27,558	28,384	(826)	83,187	96,053	(12,866)
Loss from operations	(27,075)	(21,236)	(5,839)	(79,587)	(82,539)	2,952
Other income (expense):						
Interest expense	(43)	(18)	(25)	(89)	(19)	(70)
Interest income	1,439	1,919	(480)	5,011	6,149	(1,138)
Other income (expense), net	(937)	(8)	(929)	711	(259)	970
Loss before income taxes	$ (26,616)	$ (19,343)	$ (7,273)	$ (73,954)	$ (76,668)	$ 2,714

Revenue

The Company recognized revenue for the product and service categories as follows for the three and nine months ended September 30, 2024 and 2023 (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sale of energy storage products [1]	$ 811	$ 172,139	$ 11,494	$ 222,943
Operation and maintenance services	273	—	818	—
Software licensing	115	—	301	—
Intellectual property licensing	—	—	115	—
Other	—	66	—	364
Total revenue	$ 1,199	$ 172,205	$ 12,728	$ 223,307

[1] Includes revenue from the build and transfer of energy storage systems and from the sale of spare parts for energy storage systems. Revenue from the sale of spare parts was included within "Other" in prior periods. $0.3 million in revenue from the sale of spare parts reported within the "Other" line for the three months ended March 31, 2024 has been included within "Sale of energy storage products" for the nine months ended September 30, 2024.

Revenue for the three months ended September 30, 2024 decreased by $171.0 million to $1.2 million compared to $172.2 million for the three months ended September 30, 2023 and revenue for the nine months ended September 30, 2024 decreased by $210.6 million to $12.7 million compared to $223.3 million for the nine months ended September 30, 2023.

The decrease in revenue for the three and nine months ended September 30, 2024 was primarily attributable to a decrease in revenue from the sale of energy storage products due to a reduction in revenue from the build and transfer of BESS projects. Partially offsetting the decrease in revenue from the sale of energy storage products was revenue from operation and maintenance services, software licensing, and intellectual property licensing. The revenue from providing operation and maintenance services and software licensing are new revenue streams for the Company in 2024, and are from customers that previously purchased BESSs. The Company began providing these services to the customers upon substantial completion of their BESSs.

Revenue from two customers accounted for 51% and 35% of total revenue for the three months ended September 30, 2024 and revenue from two customers accounted for 67% and 18% of total revenue for the nine months ended September 30,

2024. Revenue from two customers accounted for 59% and 38% of total revenue for the three months ended September 30, 2023 and revenue from three customers accounted for 47%, 33%, and 20% of total revenue for the nine months ended September 30, 2023.

Cost of Revenue

Cost of revenue for the three months ended September 30, 2024 decreased by $164.3 million to $0.7 million compared to $165.1 million for the three months ended September 30, 2023 and cost of revenue for the nine months ended September 30, 2024 decreased by $200.7 million to $9.1 million compared to $209.8 million for the nine months ended September 30, 2023.

Cost of revenue decreased due to the Company's BESS projects in progress during the three and nine months ended September 30, 2024 being in their later stages, compared to the projects being in earlier stages during the three and nine months ended September 30, 2023.

Gross Profit and Gross Profit Margin

For the three and nine months ended September 30, 2024, gross profit was $0.5 million and $3.6 million, respectively and gross profit margin was 40.3% and 28.3%, respectively. For the three and nine months ended September 30, 2023, gross profit was $7.1 million and $13.5 million, respectively, and gross profit margin was 4.2% and 6.1%, respectively.

The decrease in gross profit for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023 was primarily due to a decrease in revenue from the sale of energy storage projects due to the Company's BESS projects being in their later stages in 2024. Additionally, gross profit for the nine months ended September 30, 2024 was negatively impacted by a $1.4 million increase in warranty expenses compared to the nine months ended September 30, 2023.

The increase in gross profit margin for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023 was primarily due to higher margins from the sale of energy storage products, and the introduction of higher margin operation and maintenance services and software licensing in 2024. The higher margins from the sale of energy storage products in 2024 was due to the Company's BESS projects being in their later stages when higher margin construction activities occur, compared to 2023 when the BESS projects were in their earlier stages when lower margin equipment deliveries occur.

Sales and Marketing Expenses

Sales and marketing expenses increased by $0.2 million to $4.3 million for the three months ended September 30, 2024, compared to $4.2 million for the three months ended September 30, 2023. The increase was primarily attributable to a $0.1 million increase in personnel-related expenses and a $0.2 million increase in consulting costs. These increases were partially offset by a $0.1 million decrease in marketing and public relations costs.

Sales and marketing expenses decreased by $0.2 million to $13.4 million for the nine months ended September 30, 2024, compared to $13.6 million for the nine months ended September 30, 2023. The decrease was primarily attributable to a $0.3 million decrease in personnel-related expenses and a $0.2 million decrease in marketing and public relations costs. These decreases were partially offset by a $0.2 million increase in consulting costs.

Research and Development Expenses

Research and development expenses decreased by $2.5 million to $5.7 million for the three months ended September 30, 2024, compared to $8.2 million for the three months ended September 30, 2023. The decrease was primarily attributable to a $1.4 million decrease in personnel-related expenses, a $0.8 million decrease in software expenses, and a $0.5 million decrease in engineering costs. These cost decreases were primarily attributable to a focus on cost controls and a reduction in headcount. These cost decreases were partially offset by a $0.1 million increase in consulting costs.

Research and development expenses decreased by $9.9 million to $19.6 million for the nine months ended September 30, 2024, compared to $29.6 million for the nine months ended September 30, 2023. The decrease was primarily attributable to a $5.1 million decrease in personnel-related expenses, a $3.1 million decrease in engineering costs, and a $1.8 million decrease in software expenses. The cost decreases were primarily attributable to a focus on cost controls and a reduction in headcount.

General and Administrative Expenses

General and administrative expenses increased by $1.5 million to $17.3 million for the three months ended September 30, 2024 compared to $15.8 million for the three months ended September 30, 2023. The increase was primarily attributable to a $1.9 million increase in the provision for credit losses and a $0.4 million increase in legal and professional fees. These

increases were partially offset by a $0.3 million decrease in personnel-related expenses, a $0.3 million decrease in consulting costs, and a $0.3 million decrease in software expenses.

General and administrative expenses decreased by $3.4 million to $48.8 million for the nine months ended September 30, 2024 compared to $52.2 million for the nine months ended September 30, 2023. The decrease was primarily attributable to a $4.5 million decrease in personnel-related expenses, a $0.9 million decrease in software expenses, and a $0.4 million decrease in consulting costs. The cost decreases were primarily attributable to a focus on cost controls and a reduction in headcount. These cost decreases were partially offset by a $2.0 million increase in the provision for credit losses and a $0.3 million increase in legal and professional fees.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $16 thousand to $0.3 million for the three months ended September 30, 2024, compared to $0.2 million for the three months ended September 30, 2023. The increase is primarily due to $0.1 million in amortization costs related to the Company's capitalized software. Certain capitalized software products were placed into service effective January 1, 2024, resulting in $0.1 million in amortization expense during the three months ended September 30, 2024. There was no comparable expense for the three months ended September 30, 2023.

Depreciation and amortization expense increased by $0.2 million to $0.8 million for the nine months ended September 30, 2024, compared to $0.7 million for the nine months ended September 30, 2023. The increase is primarily due to $0.3 million in amortization costs related to the Company's capitalized software. Certain capitalized software products were placed into service effective January 1, 2024, resulting in $0.3 million in amortization expense during the nine months ended September 30, 2024. There was no comparable expense for the nine months ended September 30, 2023.

Asset Impairment and Loss on Sale of Assets

For the three months ended September 30, 2024, asset impairments and loss on sale of assets was nominal. For the nine months ended September 30, 2024, asset impairment and loss on sale of assets totaled $0.6 million, comprised of $0.5 million in asset impairments and $0.1 million in loss on sale of assets. Asset impairment relates to the write-off of leasehold improvements in the Company's Westlake Village office due to the Company relocating its corporate office. The loss on sale of assets relates to the sale of a cement plant at the Company's R&D site in Switzerland. The Company did not recognize any impairments or loss on sale of assets during the three and nine months ended September 30, 2023.

Interest Income

Interest income decreased by $0.5 million to $1.4 million for the three months ended September 30, 2024 compared to $1.9 million for the three months ended September 30, 2023 and interest income decreased by $1.1 million to $5.0 million compared to $6.1 million for the nine months ended September 30, 2024. The decrease in interest income is primarily due to a decrease in interest income from our money market funds.

Other Income (Expense), Net

Other expense, net increased by $0.9 million to $0.9 million for the three months ended September 30, 2024 compared to $8 thousand for the three months ended September 30, 2023. The increase in other expense, net is primarily due to a $0.8 million loss due to the change in the fair value of the Company's derivative asset - conversion option due to a decrease in the probability of the Company exercising its conversion option in DG Fuels, LLC ("DG Fuels").

Other income (expense), net improved by $1.0 million to other income, net of $0.7 million for the nine months ended September 30, 2024 compared to other expense, net of $0.3 million for the nine months ended September 30, 2023. The improvement in other income (expense), net is primarily due to a $1.5 million gain resulting from the derecognition of a contract liability with a related party during the nine months ended September 30, 2024. In 2019, the Company received a $1.5 million deposit for a gravity-based system from a customer that was owned by one of its primary shareholders. During the nine months ended September 30, 2024, the Company concluded it was no longer obligated to provide a gravity-based system to the customer and that the deposit was nonrefundable. As a result, the Company derecognized the $1.5 million liability and recognized it as a gain during the nine months ended September 30, 2024. There was no such comparable gain during the nine months ended September 30, 2023. Partially offsetting this gain was a $0.8 million loss due to the change in the fair value of the Company's derivative asset - conversion option due to a decrease in the probability of the Company exercising its conversion option in DG Fuels.

Liquidity and Capital Resources

Sources of Liquidity

Since inception, we have financed our net cash used in operating and investing activities primarily through the issuance and sale of equity, and with the proceeds from the reverse recapitalization and private investment in public equity that occurred in 2022.

Energy Vault has incurred negative operating cash flows and operating losses in the past and we may incur operating losses in the future. We may seek additional capital through equity and/or debt financings depending on market conditions. If we are required to raise additional funds by issuing equity securities, dilution to stockholders would result. Any equity securities issued may also provide for rights, preferences or privileges senior to those of holders of our common stock. If we raise funds by issuing debt securities, these debt securities would have rights, preferences and privileges senior to those of holders of common stock. The terms of debt securities or borrowings could impose significant restrictions on our operations. The credit market and financial services industry have in the past, and may in the future, experience periods of uncertainty that could impact the availability and cost of equity and debt financing.

Management believes that its cash, cash equivalents, and restricted cash on hand as of the filing date of this Quarterly Report will be sufficient to fund our operating activities for at least the next twelve months without regard to any cash proceeds we may receive in the future upon the exercise of our private warrants.

The exercise price for our private warrants is $11.50 per warrant, subject to certain specified adjustments. To the extent that the price of our common stock exceeds $11.50 per share, it is more likely that our private warrant holders will exercise their warrants. To the extent that the price of our common stock declines, including a decline below $11.50 per share, it is less likely that our private warrant holders will exercise their warrants.

On November 12, we entered into a open market sales agreement with Jefferies LLC, as sales agent (the "sales agent"), pursuant to which we may, from time to time, sell shares of our common stock, having an aggregate offering price of up to $50.0 million through the sales agent under an "at-the-market" equity offering program. Any offer and sale of shares of our common stock under the Sales Agreement will be made pursuant to our shelf registration statement on Form S-3 (No. 333-273089), which was declared effective by the SEC on July 20, 2023, and the related prospectus supplement dated November 12, 2024 and accompanying prospectus that form a part of the registration statement.

The following table summarizes our cash, cash equivalents, and restricted cash balances as of September 30, 2024 and December 31, 2023 (amounts in thousands):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	$ 51,124	$ 109,923
Restricted cash	26,560	35,632
Total cash, cash equivalents, and restricted cash	$ 77,684	$ 145,555

Our cash equivalents are highly liquid investments purchased with an original or remaining maturities of three months or less. Substantially all of our restricted cash balance is held by banks as collateral for the Company's letters of credit.

Licensing Agreements with Extended Payment Terms

The Company has licensed its gravity storage technology and certain of these agreements contain extended payment terms. There is uncertainty as to the collectability of the license payments in certain licensing agreements, and the Company has not yet recognized any revenue related to those license agreements where collectability is uncertain.

Anticipated cash inflows from licensing agreements with extended payment terms as of September 30, 2024 were as follows (amounts in thousands):

	Amount
Remainder of 2024	$ 4,000
2025	6,750
2026	5,750
2027	5,750
2028	6,250
Thereafter	19,000
Total	$ 47,500

Contractual Obligations

Our principal commitments as of September 30, 2024 consisted primarily of obligations under operating leases, finance leases, a deferred pension, warranty liabilities, and issued purchase orders. Our non-cancellable purchase obligations as of September 30, 2024 totaled approximately $2.0 million.

Cash Flows

The following table summarizes cash flows from operating, investing, and financing activities for the periods indicated (amounts in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	$ (21,040)	$ (116,050)
Net cash used in investing activities	(48,085)	(33,182)
Net cash provided by (used in) financing activities	565	(4,655)
Effects of exchange rate changes on cash	689	(73)
Net decrease in cash	$ (67,871)	$ (153,960)

Operating Activities

During the nine months ended September 30, 2024 and 2023, cash used in operating activities totaled $21.0 million and $116.1 million, respectively.

During the nine months ended September 30, 2024, operating cash flows were negatively impacted by a net loss of $74.0 million and a decrease in operating liabilities of $53.1 million. The decrease in operating liabilities was primarily attributable to a $55.5 million decrease in accounts payable and accrued expenses and a $1.0 million decrease in other long-term liabilities, partially offset by a $3.5 million increase in deferred revenue. Operating cash flows were positively impacted by a $73.0 million decrease in operating assets and non-cash charges of $33.0 million. The decrease in operating assets was primarily attributable to a $56.9 million decrease in contract assets, a $24.6 million decrease in accounts receivable, and a $1.5 million decrease in customer financing receivable. The decrease in contract assets and accounts receivable was due to the Company's BESS projects being in their final stages and the Company having collected most of the remaining balances due. The non-cash charges were primarily composed of $29.4 million in stock-based compensation expense, a $2.2 million provision for credit losses, $0.8 million in depreciation and amortization expense, $0.8 million in change in fair value of derivative asset - conversion option, $0.6 million in asset impairments and loss on sale of assets, and $0.3 million in foreign exchange losses, partially offset by $1.2 million in non-cash interest income.

During the nine months ended September 30, 2023, cash used in operating activities of $116.1 million was negatively impacted by a net loss of $76.3 million, an increase in operating assets of $2.9 million, and a decrease in operating liabilities of $71.5 million. The increase in operating assets was primarily due to a $36.8 million increase in contract assets, partially offset by a $21.7 million decrease in advances to suppliers and a $10.6 million decrease in accounts receivable. The increase in contract assets was primarily due to an increase in unbilled receivables on the Company's BESS projects. Advances to suppliers decreased during the period as the Company received the BESS equipment that related to the deposits, and accounts receivable decreased due to the timing of billings and cash collections. The decrease in operating liabilities was primarily due to a $44.8 million decrease in deferred revenue and a $25.8 million decrease in accounts payable and accrued expenses. The decrease in deferred revenue primarily resulted from the recognition of revenue associated with the beginning deferred revenue balance on the Company's BESS projects. Operating cash flows were

positively impacted by non-cash charges of $34.7 million, which was primarily due to $34.5 million in stock-based compensation expense.

Investing Activities

During the nine months ended September 30, 2024 and 2023, cash used in investing activities totaled $48.1 million and $33.2 million, respectively.

Cash used in investing activities for the nine months ended September 30, 2024 consisted of $48.3 million for the purchase of property and equipment, primarily related to the construction of the Snyder CDU, Cross Trails BESS, and the hybrid energy storage system being constructed in Calistoga, California, partially offset by $0.2 million in proceeds from the sale of a cement plant at the Company's R&D site in Switzerland.

Cash used in investing activities for the nine months ended September 30, 2023 consisted of $27.2 million for the purchase of property and equipment, primarily related to the construction of the Snyder CDU and the hybrid energy storage system being constructed in Calistoga, California. Additionally, the Company purchased $6.0 million of equity securities in KORE.

Financing Activities

During the nine months ended September 30, 2024, cash provided by financing activities totaled $0.6 million, compared to cash used in financing activities of $4.7 million for the nine months ended September 30, 2023.

For the nine months ended September 30, 2024, cash provided by financing activities was attributable to $2.7 million in proceeds from insurance premium financings, partially offset by $1.6 million in insurance premium financing repayments, $0.4 million in tax payments related to the net settlement of equity awards, and $0.2 million in payments for finance lease obligations.

During the nine months ended September 30, 2023, cash used in financing activities was primarily attributable to $5.7 million in tax payments related to the net settlement of equity awards and $0.4 million in insurance premium financing repayments. Partially offsetting these uses of cash was $1.3 million in proceeds from insurance premium financings and $0.2 million in cash proceeds from the exercise of stock options.

Non-GAAP Financial Measures

To complement our condensed consolidated statements of operations, we use non-GAAP financial measures of adjusted S&M expenses, adjusted R&D expenses, adjusted G&A expenses, adjusted operating expenses, and adjusted EBITDA. Management believes that these non-GAAP financial measures complement our GAAP amounts and such measures are useful to securities analysts and investors to evaluate our ongoing results of operations when considered alongside our GAAP measures. The presentation of these non-GAAP measures is not meant to be considered in isolation or as an alternative to other measures of financial performance calculated in accordance with GAAP. These non-GAAP measures and their reconciliation to GAAP financial measures are shown below.

Effective September 30, 2024, the Company has included provision (benefit) for credit losses as a non-GAAP adjustment because management does not consider this item in assessing our ongoing performance. Prior periods have been adjusted to include provision (benefit) for credit losses as a non-GAAP adjustment.

The following table provides a reconciliation from GAAP S&M expenses to non-GAAP adjusted S&M expenses (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
S&M expenses (GAAP)	$ 4,347	$ 4,183	$ 13,378	$ 13,609
Non-GAAP adjustments:				
Stock-based compensation expense	1,794	1,801	5,291	5,477
Reorganization expenses	—	—	288	—
Adjusted S&M expenses (non-GAAP)	$ 2,553	$ 2,382	$ 7,799	$ 8,132

The following table provides a reconciliation from GAAP R&D expenses to non-GAAP adjusted R&D expenses (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
R&D expenses (GAAP)	$ 5,704	$ 8,156	$ 19,621	$ 29,552
Non-GAAP adjustments:				
Stock-based compensation expense	2,241	2,898	6,527	8,832
Reorganization expenses	—	—	503	—
Adjusted R&D expenses (non-GAAP)	$ 3,463	$ 5,258	$ 12,591	$ 20,720

The following table provides a reconciliation from GAAP G&A expenses to non-GAAP adjusted G&A expenses (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
G&A expenses (GAAP)	$ 17,270	$ 15,810	$ 48,812	$ 52,222
Non-GAAP adjustments:				
Stock-based compensation expense	6,213	6,015	17,618	20,214
Reorganization expenses	(23)	—	895	—
Provision (benefit) for credit losses	1,861	(5)	2,214	236
Adjusted G&A expenses (non-GAAP)	$ 9,219	$ 9,800	$ 28,085	$ 31,772

The following table provides a reconciliation from GAAP operating expenses to non-GAAP operating expenses (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating expenses (GAAP)	$ 27,558	$ 28,384	$ 83,187	$ 96,053
Non-GAAP adjustments:				
Stock-based compensation expense	10,248	10,714	29,436	34,523
Depreciation and amortization	251	235	825	670
Asset impairment and loss on sale of assets	(14)	—	551	—
Reorganization expenses	(23)	—	1,686	—
Provision (benefit) for credit losses	1,861	(5)	2,214	236
Adjusted operating expenses (non-GAAP)	$ 15,235	$ 17,440	$ 48,475	$ 60,624

The following table provides a reconciliation from net loss to non-GAAP adjusted EBITDA, with net loss being the most directly comparable GAAP measure (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss attributable to Energy Vault Holdings, Inc. (GAAP)	$ (26,593)	$ (18,942)	$ (73,920)	$ (76,271)
Non-GAAP adjustments:				
Interest income, net	(1,395)	(1,902)	(4,921)	(6,131)
Provision for income taxes	—	(401)	—	(397)
Depreciation and amortization	251	235	825	670
Stock-based compensation expense	10,248	10,714	29,436	34,523
Reorganization expenses	(23)	—	1,686	—
Gain on derecognition of contract liability	—	—	(1,500)	—
Asset impairment and loss on sale of assets	(14)	—	551	—
Change in fair value of derivative asset — conversion option	820	—	820	—
Provision (benefit) for credit losses	1,861	(5)	2,214	236
Foreign exchange losses	194	50	301	308
Adjusted EBITDA (non-GAAP)	$ (14,651)	$ (10,251)	$ (44,508)	$ (47,062)

We present adjusted EBITDA, which is net loss attributable to Energy Vault Holdings, Inc. excluding adjustments that are outlined in the quantitative reconciliation provided above, as a supplemental measure of our performance and because we believe this measure is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. The adjusted EBITDA measure excludes the financial impact of items management does not consider in assessing our ongoing operating performance, and thereby facilitates review of our operating performance on a period-to-period basis.

In evaluating adjusted EBITDA, one should be aware that in the future we may incur expenses similar to the adjustments noted above. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these types of adjustments. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net loss, operating loss, or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Our adjusted EBITDA measure has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures, future requirements for capital expenditures, or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect stock-based compensation, which is an ongoing expense;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our adjusted EBITDA measure does not reflect any cash requirements for such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our condensed consolidated statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to use to meet our obligations. You

should compensate for these limitations by relying primarily on our GAAP results and using adjusted EBITDA only supplementally.

Critical Accounting Estimates

The preparation of these 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 amounts of expenses during the reporting period. Actual results could differ from those estimates.

There have not been any changes to our critical accounting policies and estimates as compared to those disclosed under the caption *Critical Accounting Policies and Use of Estimates* in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2023 Annual Report on Form 10-K filed with the SEC on March 13, 2024.

Emerging Growth Company Accounting Election

We are an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and have irrevocably elected to take advantage of the benefits of this extended transition period for new or revised financial accounting standards. We are expected to remain an emerging growth company through the end of 2026 and expect to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

Recently Adopted and Issued Accounting Pronouncements

Recently issued and adopted/unadopted accounting pronouncements are described in Note 2 of the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position because of adverse changes in financial market prices and rates.

Foreign Currency Risk

The majority of our contracts with customers are denominated in U.S. dollars, and certain of our definitive agreements could be denominated in currencies other than the U.S. dollar, including the Euro, the Swiss franc, the Australian dollar, the South African rand, the Brazilian real, and the Saudi riyal. A strengthening of the U.S. dollar could increase the cost of our solutions to our international customers, which could adversely affect our business and results of operations.

In addition, a portion of our revenue is earned and a portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, such as the Euro, the Swiss franc, and the Australian dollar, and are subject to fluctuations due to changes in foreign currency exchange rates. If we increase our exposure to foreign currencies and are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected.

Inflation Risk

Our operations could be adversely impacted by inflation, primarily from higher material, labor, and construction costs. While it is difficult to measure the impact of inflation for such estimates accurately, we believe, if our costs are affected due to significant inflationary pressures, we may not be able to fully offset higher costs through price increases or other corrective measures, which may adversely affect our business, financial condition, and results of operations.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a loss to us. Our customers include the counterparties for the sale of our energy storage products and solutions and the licensees of our intellectual property. The loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment could harm our business and negatively impact revenue, results of operations, and cash flows. Credit policies have been approved and implemented to assess our existing and potential customers with the objective of mitigating credit losses. These policies establish guidelines, controls, and credit limits to manage credit risk within approved tolerances by mandating an appropriate evaluation of the financial condition of existing and potential customers, monitoring agency credit ratings, and by implementing credit practices that limit exposure according to the risk profiles of

the counterparties. In addition, customers are required to make milestone payments based on their project's progress. We may also, at times, require letters of credit, parent guarantees, or cash collateral when deemed necessary.

Our overall exposure may be affected positively or negatively by macroeconomic or regulatory changes that may impact our counterparties. Currently, management does not anticipate a material adverse effect in our financial position or results of operations from the non-performance of a customer. We continuously monitor the creditworthiness of all our customers.

Commodity Price Risk

We are subject to risk from fluctuating market prices of certain commodity raw materials, including cement, steel, aluminum, and lithium, which are used in the components that we purchase from our suppliers and then as inputs to our products. Prices of these raw materials may be affected by supply restrictions or other logistic costs market factors from time to time. As we are not the direct buyer of these raw materials, we do not enter into hedging arrangements to mitigate commodity risk. Significant price changes for these raw materials could reduce our operating margins if suppliers increase component prices and we are unable to recover such increases from our customers and could harm our business, financial condition, and results of operations.

Item 4. Controls and Procedures

Limitations on the Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation of our disclosure controls and procedures as of September 30, 2024, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures as of such date are effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II-Other Information

Item 1. Legal Proceedings

Energy Vault has been and continues to be involved in legal proceedings that arise in the ordinary course of business, the outcome of which, if determined adversely to Energy Vault, would not individually or in the aggregate have a material adverse effect on Energy Vault's business, financial condition, and results of operations. From time to time, Energy Vault may become involved in additional legal proceedings arising in the ordinary course of its business.

Item 1A. Risk Factors

Except as set forth below, as of the date of this report, there are no material changes to our risk factors as previously disclosed in Part I, Item 1A of our 2023 Annual Report on Form 10-K filed with the SEC on March 13, 2024. You should carefully consider the risks set forth in Part 1, Item 1A, Risk Factors, of the Company's 2023 Annual Report, and all other information included in this Quarterly Report before making an investment decision. Our business, financial condition, and results of operations could be materially and adversely affected by any of these risks or uncertainties.

Government control of currency conversion and expatriation of funds may affect our liquidity.

We have customers and subsidiaries located in jurisdictions that impose or may impose controls on the convertibility of the local currency into foreign currencies and, in certain cases, the remittance of currency out of the jurisdiction. Therefore, we may experience delays, restrictions or limitations in completing the administrative procedures necessary to obtain and remit foreign currency to the Company, which could have a material effect on our liquidity and our business. Shortages in the availability of foreign currency in countries in which we transact, or the impossibility or difficulties in complying with the requirements and approvals of local authorities may delays, restrict or limit the ability of our customer to covert the amount owed to us to U.S. dollars and remit such amount to us, thus materially affecting our liquidity and business.

Our total backlog, bookings and developed pipeline may not be indicative of our future revenue, which could have a material adverse impact on our business, financial condition, and results of operations.

Our backlog represents contracted but unrecognized revenue from projects and services yet to be completed, unrecognized revenue or other income from IP licensing agreements, and unrecognized revenue from tolling arrangements. Backlog excludes any potential future variable payments or IP royalties. As of September 30, 2024, backlog totaled $264.4 million. Our bookings represent the total aggregate contract value (excluding any potential future variable payments or intellectual property royalties) and total MWhs to be delivered from customer contracts signed during the period, net of the total aggregate value and total MWhs of contracts that were cancelled during the period. For the three months ended September 30, 2024 bookings totaled $— million. Our developed pipeline represents uncontracted, potential revenue, from projects in which potential prospective customers have either awarded a project to the Company, or have put the Company on a shortlist to be awarded a project. As of September 30, 2024, developed pipeline totaled $2.7 billion.

There can be no assurance that our backlog, bookings and developed pipeline will result in actual revenue in the future in any particular period, or at all. This is because the actual receipt, timing, and amount of revenue under contracts included under backlog, bookings and developed contracts are subject to various contingencies, many of which are beyond our control. Our failure to realize revenue from contracts included in the total amounts estimated under backlog, bookings and developed pipeline could have a material adverse impact on our business, financial condition and results of operations.

In addition, our contracts with customers are subject to delays and cancellations. Generally, a customer can cancel an order prior to installation, and, notwithstanding the fact that a customer's termination for convenience may obligate the customer to pay us certain fees, we may be unable to recover some of our costs in connection with design, permitting, installation, and site preparations incurred prior to cancellation. Cancellation rates in our industry could increase in any given period, due to factors outside of our control including an inability to install an energy storage system at the customer's chosen location because of permitting or other regulatory issues, unanticipated changes in the cost or availability of alternative sources of electricity available to the customer, or other reasons unique to each customer. Our operating expenses are based on anticipated sales levels, and certain of our expenses are fixed. If we are unsuccessful in closing sales after expending significant resources or if we experience delays or cancellations, our business could be materially and adversely affected.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

On November 12, 2024, the Company entered into an open market sales agreement (the "Sales Agreement") with Jefferies LLC., as sales agent (the "sales agent"), pursuant to which the Company may, from time to time, sell shares of our common stock, having an aggregate offering price of up to $50.0 million through the sales agent. The Company is not obligated to, and cannot provide any assurances that it will, make any sales of our shares under the Sales Agreement.

Upon delivery of a placement notice and subject to the terms and conditions of the Sales Agreement, the sales agent may sell the shares by methods deemed to be an "at-the-market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Subject to the terms and conditions of the Sales Agreement, the sales agent will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon our instructions. The Sales Agreement contains customary representations, warranties and agreements, indemnification rights and obligations of the parties. The Company will pay the sales agent a commission for its services as sales agent of up to 3% of the gross sales price of the shares of our common stock sold through the sales agent pursuant to the Sales Agreement.

Any offer and sale of shares of the Company's common stock under the Sales Agreement will be made pursuant to our shelf registration statement on Form S-3 (No. 333-273089), which was declared effective by the SEC on July 20, 2023, and the related prospectus supplement dated November 12, 2024 and accompanying prospectus that form a part of the registration statement.

A copy of the Sales Agreement is filed as Exhibit 1.1 to this Quarterly Report on Form 10-Q. A copy of the opinion of the Company's counsel relating to the validity of the shares to be issued pursuant to the Sales Agreement is filed as Exhibit 5.1 to this Quarterly Report on Form 10-Q.

(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors.

None.

(c) Insider trading arrangements and policies.

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibit Number	Filing Date
1.1**	Open Market Sales Agreement, dated November 12, 2024, among Jeffries LLC, as sales agent and/or principal, and Energy Vault Holdings, Inc.				
3.1	Amended and Restated Bylaws of Energy Vault Holdings, Inc.	8-K	001-39982	3.1	February 14, 2022
3.2	Amended and Restated Certificate of Incorporation of Energy Vault Holdings, Inc.	8-K	001-39982	3.2	February 14, 2022
5.1**	Opinion of Latham & Watkins, LLP				
23.1**	Consent of Latham & Watkins, LLP (included in Exhibit 5.1 hereto)				
31.1**	Certification of Principal Executive Officer required under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended				
31.2**	Certification of Chief Financial Officer required under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended				
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS**	XBRL Instance Document				
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document				
101.SCH**	XBRL Taxonomy Extension Schema Document				
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB**	XBRL Taxonomy Extension Labels 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)				

** Filed herewith

^ The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filings of Energy Vault Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Energy Vault Holdings, Inc.

Date: November 12, 2024

By: /s/ Robert Piconi
Name: Robert Piconi
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 12, 2024

By: /s/ Michael Beer
Name: Michael Beer
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)