

# Zacks Small-Cap Research

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## Expion360 Inc

(XPON-NASDAQ)

### XPON: Get The “Lead” Out!

We use a 3x multiple of 2023 revenues earnings coupled with the company’s strong balance sheet (adding \$0.50/share) to generate our \$4.25 target price.

Current Price (01/27/23) \$1.89  
Valuation \$4.25

### OUTLOOK

Expion360 is one of the few pure plays focusing on the transition from centuries old lead acid battery technology to modern energy storage chemistry.

This transition is in the very early stages and we do not believe it will be a “winner takes all” scenario. We believe there will be opportunities for several companies to be successful as the industry matures.

We believe LiFePO4 batteries will prove to offer a significantly better ownership experience and ROI for consumers. Expion360 should benefit from this transition to modern energy storage technology.

### SUMMARY DATA

52-Week High \$11.29  
52-Week Low \$0.90  
One-Year Return (%) N/A  
Beta N/A  
Average Daily Volume (sh) 1,642,088

Shares Outstanding (mil) 7  
Market Capitalization (\$mil) \$13  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 9.4%  
Insider Ownership (%) 22.7%

Annual Cash Dividend \$0.00  
Dividend Yield (%) 0.00

#### 5-Yr. Historical Growth Rates

Sales (%) N/A  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS N/A

P/E using 2023 Estimate N/A

P/E using 2024 Estimate N/A

Zacks Rank N/A

Risk Level High  
Type of Stock Small-Value  
Industry N/A

### ZACKS ESTIMATES

#### Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	1 A	1 A	1 A	1 A	5 A
2022	2.2 A	2.2 A	1.4 A	1.4 E	7.1 E
2023	1.9 E	2.1 E	2.3 E	2.3 E	8.6 E
2024	2.7 E	3.0 E	3.2 E	3.0 E	11.9 E

#### Price/Sales Ratio (Industry = 2.5x)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021					-\$1.63 A
2022	-\$0.16 A	-\$0.62 A	-\$0.19 A	-0.16 E	-1.16 E
2023	-\$0.14 E	-\$0.15 E	-\$0.16 E	-0.16 E	-0.60 E
2024	-\$0.14 E	-\$0.13 E	-\$0.13 E	-0.15 E	-0.54 E

Zacks Projected EPS Growth Rate - Next 5 Years % N/A

\*Quarterly estimates may not sum to annual EPS due to rounding.

## KEY POINTS

We are initiating coverage of Expion360 (NASDAQ: XPON) with a valuation of \$4.25 per share. Expion360's e360 line of lithium iron phosphate deep cycle batteries have gained a foothold in the recreational vehicle (RV) market in part due to the company's distribution partnership with Camping World (NYSE: CWH), the largest RV retailer in the United States, and we anticipate the company will leverage this initial success to establish itself in new markets.

Lithium Iron Phosphate batteries (also referred to as LiFePO<sub>4</sub> or LFP batteries) are one of the latest innovations in the energy storage market. LFP batteries are particularly well-suited for the RV sector when compared to existing lead acid battery options (either flooded wet cell or absorbed glass mat) because of the long lifespan of LiFePO<sub>4</sub> batteries, the greater depth of discharge of LFP batteries which means the amount of power available is nearly doubled, and the fact that LFP batteries weigh roughly half that of comparable lead acid batteries. While the technology behind Expion360's LiFePO<sub>4</sub> batteries is not necessarily proprietary, the company has designed their batteries with a particularly small footprint and additional safety features that has made them popular with RV users and off-road enthusiasts.

Demand for LFP batteries has been driven in part by greater market understanding of the technological advantages of LFP batteries versus traditional lead acid batteries coupled with unprecedented growth in RV demand in the US over the past few years. Several demographic trends have converged to push RV demand to record levels – principally an increased number of active retirees and the popularity among young people to seek out their own adventures off the beaten path. These trends were pushed into overdrive with the advent of the COVID pandemic when a whole new segment of the market – second home buyers, remote workers and people relocating to areas with greater opportunities to explore nature – emerged. These new buyers helped push RV sales to record levels in the US in 2021.

While the RV market has been instrumental in helping Expion360 establish its business, we believe that much of the existing deep cycle lead acid battery market can be targeted by companies assembling LiFePO<sub>4</sub> batteries. Additional applications for deep cycle LFP batteries include:

- marine (trolling motors and energy storage to support onboard living)
- small vehicles (golf carts)
- industrial (forklifts/pallet jacks/lift gates)
- residential energy storage

We view the lead acid battery market as sharing some characteristics with the incandescent light bulb market roughly 20 years ago. Incandescent bulbs were cheap but not nearly as efficient as the compact fluorescent (CFL) bulbs that had recently come onto the market. CFLs, however, came with their own issues around disposal and risks related breakage, so incandescent bulbs remained a popular option with consumers. However, the introduction of affordable LED lights in the last decade has allowed LED bulbs to go from having less than a 5% market share to over a 60% market share as consumers came to appreciate the reliability and cost savings associated with LEDs. We believe that LFP batteries are in a similar position today, poised to replace deep cycle lead acid batteries in many applications. Consumers who are using LFP batteries rave about their reliability, the ability to monitor discharge rates and their weight relative to lead acid batteries. We believe that the transition in the marketplace from lead acid to LFP batteries will create ample growth opportunities for Expion360 and their peers.

### Key reasons to own Expion360 shares:

- There is a large and growing demand for modern energy storage solutions like those offered by Expion360. In the deep cycle storage market existing lead acid technology should lose market share over time to advanced batteries.
- Expion360 has a strong distribution relationship with Camping World, the largest RV retailer in the US.

➤ Expansion opportunities exist into new markets

- o Marine – long-term storage and propulsion.
- o Industrial – Forklifts, pallet jacks and truck lift gates.
- o Residential – both off-grid and back-up systems
- o Small vehicles – Golf carts or similar small vehicles.
- o Special purpose vehicles – overland trailers

➤ Expion360 is one of the few pure plays in the energy storage market that investors can own.

In this report we provide a review of the LiFePO<sub>4</sub> battery market and the opportunity that exists for Expion360 to gain share from the existing lead acid storage market. We follow with an in-depth description of the market, the company's products and additional opportunities to expand their product lines. The report reviews the principal competitors in the LiFePO<sub>4</sub> market and discusses key management figures. Our closing sections offer a summary of the most recent financial performance and we wrap up the report with our valuation. We discuss our assumptions for revenue and margins. Based on these assumptions and comparable valuations we have established a valuation of \$4.25 per share.

- Expion360 Inc. (NASDAQ: XPON) is an emerging energy storage company based in Redmond, Oregon with a market capitalization of roughly \$13 million.
- The company has quickly established itself in the market for Lithium Iron Phosphate (LiFePo<sub>4</sub>) batteries through its distribution agreement with the leading RV retailer in the US.
- The company's growth will be driven by expansion into new markets where lead acid batteries can be replaced with LiFePo<sub>4</sub> batteries which offer significantly longer useful lives and lower total cost of ownership. We see significant growth opportunities in the residential market, small vehicles, marine applications and industrial equipment uses.
- The company's products are largely competing with existing lead acid battery technology, which is more difficult to maintain, has a shorter useful life, is significantly heavier and cannot be discharged to the same degree as LiFePo<sub>4</sub> batteries. The sole advantage of lead acid batteries seems to be upfront costs but that advantage may decline over time.
- Educating the market on the advantages of LiFePo<sub>4</sub> batteries will be a challenge and overcoming the sticker shock associated with the upfront cost of the batteries remains a hurdle. We believe the company will continue to target OEMs and distribution partners to increase market penetration.
- The company is led by an experienced management team with years of expertise selling into the recreational vehicle market which has given them a good understanding of consumer and OEM needs.
- As of 9/30/22, the company had \$8.1 million in cash and another \$5.0 million in inventory which offers investors a measure of protection as the company works toward becoming cash flow positive.
- There remains some uncertainty surrounding the growth prospects in the company's core RV related business in 2023 as the Covid-related sales spike in that industry wanes.
- The company's investments in automating the assembly of battery packs in the US should give them the ability to respond quickly to changes in the market and demand

## OVERVIEW



Source: Expion360.com

Expion360 Inc. (NASDAQ: XPON) is an emerging battery producer principally serving the recreational vehicle market today. The company was founded in 2016 as Yozamp Products by the company's CEO John Yozamp. Mr. Yozamp elected to enter the energy storage/battery market after successfully running a solar panel company (Zamp Solar) that also primarily served the RV industry. The company rebranded itself as Expion360 and went public in April 2022 raising \$15.7 million in net proceeds.

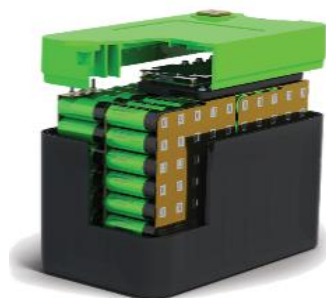
Today Expion360 designs, assembles and distributes lithium iron phosphate (LiFePO<sub>4</sub>) batteries and accessories. The company anticipates further expansion into the small vehicle, marine, residential, special purpose vehicle and off-grid markets in the coming years.

To date, most of the company's staff has been engaged in sales and marketing, however, throughout 2022 the company has been investing in production, research and development staffing. The company has a strong distribution partnership with Camping World, the leading RV retailer in the US.

While the company's management team has limited experience in operating a public company, they do have deep experience in selling and partnering with major OEMs and retailers in the RV space. Zamp Solar (founded by John Yozamp) was a solar panel, accessories and service company founded in 2010 which grew to \$14 million in annual sales before being acquired in 2020 by Dometic (Stockholm DOM.ST), a company with sales north of \$1.8 billion serving the mobile living market.

With over \$8.1 million in cash on the balance sheet at 9/30/22 (roughly \$0.95/ fully diluted share) and another \$5.0 million in strategically sourced inventory (\$0.59/share), we believe that the company has sufficient operating capital to fund their near-term growth plans and expansion into additional markets.

Figure 1: Expanded view of an Expion360 battery



Source: Expion360

## OVERVIEW OF THE BATTERY MARKET

When consumers think of batteries, they generally think of the brands like Diehard, Duracell, Duralast, AC Delco or Interstate which have historically dominated the market for lead acid starting batteries in automobiles. Lead acid technology has existed since the mid-1800's and very little has changed from a technological standpoint in the last 40 years.

Recently, Absorbent Glass Mat (AGM batteries) have become increasingly popular as starting and deep cycle batteries because they are sealed so there is no loss of electrolytes, meaning they require less maintenance and provide a longer average useful life than the flooded cell lead acid alternatives. In addition, AGM batteries can be discharged below 50% of capacity which makes them a better solution for energy storage from solar systems than flooded cell lead acid batteries (though discharging below 50% is not recommended by most manufacturers).

Finally, we get to the world of Expion360 and lithium batteries. Lithium batteries obviously call to mind the electric vehicle (EV) market and rightly so, as explosive demand for EVs is expected to result in a 300-400% increase in the lithium battery sales by the end of the decade, however not all lithium batteries are the same. Within the market for lithium batteries there are several competing technologies based on different chemical makeups that each have their strengths and ideal use cases.

- *Lithium Cobalt Oxide Batteries* – Principally used for small electronics (cell phones or laptops) due to their ability deliver power over long periods of time. However, these batteries have a relatively low number of charging cycles before they begin to deteriorate (1,000 or fewer) which explains why your laptop stops holding a charge after a few years.
- *Lithium Nickel Cobalt Aluminum Oxide Batteries* – a very popular offering in the EV market as they have high charging cycles and can deliver a sustained amount of current for long periods of time.
- *Lithium Iron Phosphate (LiFePo<sub>4</sub> or LFP)* – LiFePo<sub>4</sub> batteries offer a high number of charging cycles, can discharge more of its stored energy without damaging the battery and are well-suited for situations with very high power demands. Principally, used in high power needs like RVs, Marine, and off-grid energy storage where they are the only source of power. Some companies like China's BYD (OTC: BYDDF) are starting to deploy LiFePo<sub>4</sub> batteries in EVs as well but that is not the primary use of these batteries.

### Deep Cycle Lead Acid Batteries

The global market for batteries includes everything from disposable batteries that you place in a flashlight to the lithium batteries powering a new electric vehicle. A segment of the overall battery market is the deep cycle battery market. These batteries are used to store energy to be used later when a connection to a grid is not possible.

As it stands today, lead acid batteries, both AGM and flooded cell, still dominate this market given their low price point and ubiquitous distribution but as consumers become more educated on the long-term costs of ownership of a lead acid battery versus LiFePo<sub>4</sub> batteries we believe that there could be a meaningful shift from centuries old lead acid technology to more advanced batteries like those sold by Expion360 and others.

In order to estimate the total addressable market for next generation LFP batteries we must look at the end markets for deep cycle batteries today and make some assumptions about growth rates in these markets and the penetration of LFP batteries versus traditional lead acid (AGM or flooded wet cell).

**Recreational vehicles:** This market consists of both the new and used vehicles and includes both tow behind RVs and vehicles that can be driven. Given an expected slowdown in the economy in 2023 and the demand that has been pulled forward in the US in recent years, projected RV shipments are expected to be roughly 420,000 units in 2023. These units will not all require large battery systems but on average they

would use 2-6 lead acid batteries (1-3 LiFePO<sub>4</sub> batteries). Using the low end of these estimates we can assume that the market for batteries for new RVs is roughly 1 million lead acid units.

In addition to new units shipped there are roughly 11 million existing RV units in the US. Some percentage of those units will be considering new battery systems given the short life expectancy of lead acid batteries. We are conservatively assuming that roughly 1 million of these RV owners will be in the market for new batteries every year. Again assuming 2-6 lead acid batteries per RV this is another 2 million lead acid batteries.

With a total addressable market for deep cycle batteries in RVs at 3 million lead acid batteries, the addressable market in terms of units would roughly half of that number or 1.5 million LFP batteries since the depth of discharge for LFP batteries is so much greater.

**Marine:** The marine market is very hard to estimate because most industry data simply states the number of vessels sold and not all boats utilize deep cycle batteries. The live-onboard market is very similar to the RV market in that they require a large battery bank but obviously, this is a much smaller market than the RV market in the US. The second marine market of note is fisherman who use trolling motors. This is a small market but the consumers are passionate and well-informed so they tend to make excellent early adopters and advocates for new technology.

**Small Vehicle:** This is principally the electric golf cart market that has expanded in recent years beyond the golf course to include communities where golf carts replace a traditional automobile. We estimate the new golf cart market to be roughly 150,000 units annually. There is an installed base of roughly 2 million golf carts in the US with about a 5 year replacement cycle for their batteries. In theory, this presents an opportunity for another 550,000 units for LFP companies though likely at a lower price point.

**Off-grid:** Like the marine market it is very hard to judge the potential off-grid residential market in the US as it is just emerging. There are estimates that up to 250,000 people choose to live off-grid in the US but we expect that number to increase substantially as solar and battery storage systems enable people to live off-grid but remain connected to their electronic devices.

With our very rough estimates we believe the market for LiFePO<sub>4</sub> batteries could conceivably be north of 2 million units annually. With an average selling price of roughly \$1,000, this translates to at least a \$2 billion market opportunity. Again, we want to reiterate that these are *very conservative estimates* for unit sales in the industry. We believe that over time as the market matures, we will be able to get a more accurate view of the market opportunity and it may lead to us to increase our estimates for the total market size.



## PRODUCT PORTFOLIO

RV owners were early adopters of solar arrays which, when combined with battery storage, allowed RV owners to travel to more remote locations away from electric grid connections. Solar and battery energy storage is also a much quieter way of electrifying the outdoor experience than older alternatives like using a gas powered generator. Early solar systems were used to charge lead acid batteries which have significant limitations and add substantial weight to a vehicle. These heavy battery banks impact everything from gas mileage to wear on RV parts and required significant user understanding to manage the battery banks, so adoption was relatively slow. However, the introduction of Lithium Iron Phosphate batteries such as the ones designed and assembled by Expion360 and associated battery management systems has improved the consumer experience and increased adoption rates.

**Figure 2. e360 Extreme Density 120 Ah Lithium Battery**



Source: Expion360 Website

The company has a strong network of more than 210 customers – dealers, wholesalers and OEMs – who sell their batteries, chargers, battery management system and other accessories. Recently, the company expanded their relationship with the largest RV dealer in the US, Camping World Holdings (NYSE: CWH), to offer a complete lithium power bundle – solar panels, battery and an inverter that can be installed at select Camping World locations. The ability to offer a complete, installed solution to new RV users who may be novices when it comes to powering their RVs is a point of differentiation for Expion360 versus their competitors.

**Figure 3. Reseller Network**



Source: Expion360

We anticipate that this model of selling a complete energy generation and storage system through retailers or via partnerships with RV manufacturers will be a key driver of revenue growth for Expion360 in the RV market.

**Figure 4. Expion360 Family of Products**

<b>Product</b>	<b>Weight (lbs)</b>	<b>Full Retail Price</b>
e360 60AH Lithium battery	19.2	\$879
e360 80AH Lithium battery	24.0	\$989
e360 95AH Lithium battery	25.2	\$1,319
e360 100AH Lithium battery	29.3	\$1,099
e360 120AH Lithium battery	30.8	\$1,539
e360 360AH Lithium battery	100.4	\$4,729
Mounting kits	N/A	\$62 -\$293
Battery Monitor Kit	N/A	\$263
Thermal Jackets	N/A	\$200
Chargers	N/A	\$275-\$618

Source: Expion360 website and Zacks Small Cap Research

It is worth noting that these are mostly MSRPs from the company's website and we believe the actual retail prices are slightly lower in the market.

## STRATEGY & BUSINESS MODEL

Expion360 is likely to leverage their relationship with partners like Camping World. Selling a complete energy storage solution at the time of purchase clearly has been an effective way for Expion360 to penetrate the market without having to incur significant marketing costs. Sales in the aftermarket to individual users are more difficult to close because customers have different priorities and wide a variety of LFP battery options (we will discuss competition below).

We believe the key to driving continued growth in the RV segment for Expion360 will be the ability to secure additional distribution deals with large RV retail chains, RV OEMs, marine retailers, or other OEMs.

The domestic RV market has experienced incredible growth over the past decade as a result of:

- **Demographic shifts** - Baby Boomers have entered retirement age and have added RVs to their households in place of second homes.



- **Increased popularity of the RV experience** - RVs have seen their popularity soar with young people who are looking for unique experiences and who appreciate improved styling of many new RV models. A recent study indicated that 84% of 18 -34 year-old's plan to buy an RV in the next 5 years and while that seems optimistic, there clearly is a great deal of interest in RV ownership among young people.
- **Covid-related spending** – RV industry sales spiked 33.8% to 576,000 units in 2021. This was a record high number of units sold in the US surpassing the previous record (2017) by over 14%. Higher gas prices and the realization that some demand was clearly pulled forward has dampened enthusiasm around the industry, but the growth of the installed base of RVs in the US creates additional opportunities for Expion360.

As the company expands into Marine, Small Vehicle, Industrial and Off-Grid Residential storage, we believe that they will follow a similar sales and distribution model as the one they implemented in the RV market. Partnering with a leading marine retailer or golf cart manufacturer would be a way to fast track expansion into these markets. We will discuss some of the opportunities in these markets below.

## ADDITIONAL MARKET OPPORTUNITIES

### Marine

The marine market is divided into two distinct customer bases – live onboard users in need of a stable power supply when on the water or away from typical onshore grid hook-ups and recreational fisherman who utilize battery banks to power trolling motors. There are many factors that influence the decision to choose a LiFePO4 system versus a lead acid-based battery system but for marine applications weight, safety and the energy availability of LFP batteries are the primary factors.

A 100 Ah Expion360 battery weighs just 29 pounds compared to up to 63 pounds for a comparable lead acid battery. Obviously, the savings in weight continue to grow as you add more and more batteries to the bank. It would not be uncommon for a serious fisherman to have two, three or even four lead acid deep cycle batteries onboard to power their trolling motor. It is possible that a fisherman could replace 120 pounds of lead acid batteries with one 30 pound LFP battery.

For recreational fisherman, the ideal initial customers would be serious fisherman who likely competes in tournaments because technology breakthroughs that are adopted by these users are often adopted over time by more casual fishermen. One of Expion360's competitors, Dakota Lithium, is already making inroads in this market and ReLiON was acquired by one of the largest boat manufacturers in the world but we will watch for additional market developments.

Currently, Expion360 does not have a comparable relationship with a major marine dealer as it does with Camping World on the RV side of the business but there are a number of large marine dealers in the US that would make ideal partners.

### Off-Grid Market

A burgeoning market that Expion360 has announced plans to enter in 2023 is the off-grid home energy storage market. This has historically been a very small market as the total number of homes in the US with solar panels installed is only 2.7 million and just 6% of these homes (roughly 160,000 homes) have battery storage (the majority of residential solar is grid-connected).

However, trends in second home demand driven in part by the COVID-related boom that pushed many to relocate to rural areas of the US have continued even as the pandemic has waned. This new off-grid demand is coming from a different type of off-grid solar and energy storage consumer who tends to have more financial flexibility to invest in electrifying their home which will create additional potential customers for Expion360.

It is possible that initiatives to strengthen domestic solar production over the next decade could involve incentives for additional residential solar panel installations. As battery storage options from companies like Expion360 continue to mature we expect a greater percentage of future installations will include a battery storage option.

Since this market does not have large retailers or OEMs, the company may have to adjust their marketing to establish themselves in this market.

### **Small Vehicle Market**

The company has recently discussed designing lithium ion batteries with a smaller form factor and more charging cycles that would be ideal for the small vehicle market (think golf carts). We believe that this a natural market for the company to expand into in 2023 given the rapid growth of the off-course golf cart market in the US. The market is dominated by a handful of large manufacturers (Yamaha, Club Car and Polaris for example) and offering consumers a smaller, user-friendly, lighter battery with real-time battery status information, that can be discharged over 90% vs 50% for the traditional lead acid alternative would make sense.

Price will likely be an issue in this market as LiFePo4 batteries would represent a much larger percentage of the total purchase price but over time the cost savings and ease of maintenance should help win over consumers.

### **Industrial Market**

We do not believe investors fully appreciate the opportunity that exists in the industrial market that includes everything from pallet jacks to forklifts and even delivery truck liftgates. Lead acid batteries in this market often lack proper maintenance so LiFePo4 batteries provide an attractive alternative as they offer longer useful life and lower maintenance requirements. We believe that this may be a 2024 opportunity for Expion360.

### **Overland RV market**

This is a small niche of the traditional RV market but given recent press releases from the company it is worth discussing. Overland trailers are built with significantly more rugged frames, higher wheel clearance and are meant to allow owners to take their adventures off-road. Recently, Expion360 has announced an exclusive agreement to provide batteries to an unnamed trailer manufacturer (we will discuss this release and the market's reaction to the release later in the recent news section) and a similar agreement with Imperial Outdoors. We believe that this is a relatively small market opportunity but the confidence that overland trailer OEMs are demonstrating in Expion360 speaks to the quality of the batteries they are producing.

## FINANCIAL REVIEW

For the fiscal year ending 12/31/21, the company generated \$4.52 million in revenues which was an increase of approximately 187% over the prior year as the company benefitted from the substantial increase in RV sales in the US in 2021 and new battery launches in November 2020. Gross margins were 36.4% for the year compared to 19.3% in 2020 as efficiencies emerged when sales expanded.

Despite the significant increase in sales and gross profit, the company's loss from operations still grew in 2021 to \$1.26 million as operating expenses increased significantly. The biggest factor pushing costs up were added staff to support expansion and costs related to the company's IPO.

For the third quarter of 2022, the company reported revenues of \$1.38 million compared to revenues of \$1.33 million in the third quarter of 2021. The slowdown in year over year revenue increases matched the overall slowdown in the RV industry. Additionally, the Company's largest distribution partner Camping World indicated that their sales mix shifted toward used RV sales in the third quarter versus new RV sales. Used RVs are less likely to be equipped with a complete energy storage system like that offered by Expion360.

Gross margins decreased to 29.1% in the third quarter compared to 40.1% in the prior year period due to continued investments in ramping up operations and higher input costs. The company reported an operating loss of \$1.26 million compared to an operating loss of just \$191 thousand in the third quarter of 2021.

Cash on the balance sheet as of the end of the 3rd quarter stood at \$8.1 million and the company strategically added to their inventory levels when materials became available to avoid future supply chain disruptions.

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## MANAGEMENT

John Yozamp, Founder/CEO, has served as the company's CEO since inception in June 2016. Mr. Yozamp has over 30 years of sales and marketing experience as well as two decades plus of work developing products and refining manufacturing processes. Prior to launching Expion360, Mr. Yozamp was founder, owner, and operator of Zamp Solar, the largest solar manufacturing company in the US focusing on the RV and off grid markets.

Paul Shoun, COO, has served as Expion360's COO since March 2020. Mr. Shoun has over 30 years of engineering experience with particular focus on scaling manufacturing by increasing automation.

Brian Schaffner, CFO, joined the company prior to their IPO as its Chief Financial Officer in March 2021. Mr. Schaffner has held a number of senior executive positions including CEO, CFO, CIO and Controller in retail and senior living/assisted living facilities.

Greg Aydelott, Chief Accounting Officer, has served as the company's CAO since May 2022. Mr. Aydelott brings more than two decades of experience in financial management and operations to the role.

## INSIDER OWNERSHIP

Currently, Mr. John Yozamp, the CEO of the company, beneficially owns 1.55 million shares of common stock, which currently represents approximately 22.7% of the voting power of the current issued outstanding stock (excluding options and warrants). We have also noted that another 13% of the total shares outstanding are controlled by related parties to Mr. Yozamp. The total public float is roughly 3.37 million shares or approximately 50% of the outstanding shares of the company.

Figure 5: Major Holders

<u>Major Holders</u>	<u>Shares Held</u>	
John Yozamp	1,546,287	22.7%
AOS Holdings, LLC	637,935	9.4%
James Yozamp Jr.	552,673	8.1%
Joel Yozamp	331,604	4.9%
Total outstanding stock		6,802,464
Warrants		858,436
Options		859,500

Source: Company filings

## INDUSTRY OVERVIEW: THE CASE FOR LiFePO<sub>4</sub> BATTERIES

Lithium iron phosphate (LiFePO<sub>4</sub> or LFP) batteries like those assembled and sold by Expion360 have become the top of the line solution in the energy storage market today. We believe the energy storage market could be at a major inflection point as centuries old lead acid battery technology is replaced with a modern alternative.

### Key Advantages:

- **Size/Weight** – In general when comparing a LFP battery pack to the traditional lead acid alternatives, the LFP battery pack will be roughly **half the weight** of lead acid (for the purposes of this discussion we will consider traditional wet cell lead acid batteries and AGM batteries as the same). In the case of Expion360's most popular model it weighs in at about 31 pounds versus over 60 pounds for a lead acid alternative. While a single 60+ pound battery might be a challenge to manage it is when the battery pack grows to 4, 8 or 12 conventional lead acid batteries, that the advantages of a lighter battery become apparent.
- **Accessible Power** – A 100 amp hour (Ah) lead acid battery can only be safely drained to roughly 50% (or yield 50 Ah) before you run the risk of damaging the battery. This is one of the leading reasons why real-world performance of lead acid batteries is so poor – people drain their batteries below 50% without being aware of it. Conversely, a 100 Ah LFP battery can be drained to effective 0% without doing any

damage to the battery (though most manufacturers recommend stopping at 10% capacity). Thus, the LFP battery will give a user effectively 90 Ah and weigh half as much as the lead acid alternative. To produce the same amount of useable power from a lead acid battery you would need two 60 plus pound 100 Ah lead acid batteries or over 120 pounds of batteries. In this simple example the lead acid system would end up weighing 4 times as much as the LFP equivalent (120 lbs for 2 batteries vs. 30 lbs for 1 LFP battery). If you were attempting to run a large system (maybe 450 Ah) this means the LFP option would weigh 155 pounds, but a lead acid system could weigh over 600 pounds. The EPA estimates that an extra 100 pounds of weight can impact fuel economy by as much as 1%. In theory, the lead batteries could reduce an RV customer's gas mileage by as much as 4%.

- **Longer life** – Lead Acid battery manufacturers market their batteries as being able to cycle up to 1,000 times (in theory, charging to 100% and drawing down to roughly 50% before charging again) but those results are typically achieved under ideal laboratory conditions with no user error. In practice users are often guilty of excessive drawdown below 50%, overcharging and failure to monitor electrolyte levels which means the real-world performance of these batteries is closer to 500 cycles or fewer. Most LFP batteries, including Expion360's, claim to be able to cycle between 3,000 and 5,000 times before the battery degrades. Depending upon the use that means an LFP battery could last 10 years or more which is one reason why many industry insiders anticipate that all stationary energy storage systems will eventually switch to LFP chemistry.

With all these advantages it seems hard to believe there is any demand in the market left for traditional lead acid batteries but there is one factor that we've not discussed yet: **Price.**

Top of the line LiFePO4 batteries with US assembly will typically cost between \$800 and \$1,100 for 100 Ah battery. By comparison a similar lead acid battery may only cost \$200-220. We've already discussed the fact that a lead acid system requires roughly twice the number of batteries to provide the same amount of energy to the system and the fact that LFP batteries have significantly longer lives but there remains a meaningful sticker shock for some consumers when they see the price of LFP batteries. If a consumer plans to be in their RV or boat for many years, the case for LFP batteries can be made by arguing that they are much cheaper than the lead acid alternative when considering the price per cycle.

**Figure 6: LFP Batteries vs. Lead Acid**

<u>450 Ah System</u>	<u>Ah of batteries</u>	<u>Maximum discharge</u>	<u>Effective Ah</u>	<u>Batteries Required</u>	<u>Weight</u>	<u>Cycles</u>	<u>Price per Battery</u>	<u>Battery Cost</u>	<u>Cost per Cycle</u>
LiFePO4	100	90%	90	5	145	4000	\$ 1,100	\$ 5,500	\$ 1.38
Lead Acid AGM	100	50%	50	9	540	500	\$ 200	\$ 1,800	\$ 3.60

Source: Zacks Small Cap Research

This calculation includes several assumptions and while the upfront cost of the LFP system is more than 200% higher than the lead acid alternative, on a cost per cycle basis, the lead acid alternative ends up being about 160% more expensive than the LFP system.

However, it can be a challenge to make an argument to some budget conscious shoppers that the more expensive LFP option will save them money over the next decade if they are new to the RV or Marine market.

## COMPETITIVE LANDSCAPE

Clearly, the most significant player in the market for LFP batteries in the US is **DragonFly Energy** (NASDAQ: DFLI) which also markets its batteries under the Battle Born brand. Like Expion360, Dragonfly designs and assembles their batteries domestically with cells manufactured in China. The Battle Born brand is stocked in major auto parts retailers and has the greatest brand recognition in the industry. In addition, the company has a strategic and financial relationship with Thor Industries (NYSE: THO) the largest manufacturer of RVs in the US. In October 2022, Dragonfly completed their IPO via a SPAC and began trading on the NASDAQ. After some initial selling, the company's share price stabilized in November with a valuation around \$400 million. DragonFly's 2021 revenues were \$78.1 million and the consensus forecast for 2022 revenues is \$93 million and 2023 revenues is \$162 million.

The Battle Born brand is well-known in the industry and they are making a strong push into industries outside of the traditional RV and Marine markets. In addition, the company is focusing on increasing domestic production of lithium cells and highlighting research into solid state battery technology. In late December, DragonFly's stock soared over 100% in a matter of weeks on no news which prompted many questions from investors. The company announced a new patent related to solid state battery technology in December and we believe speculation around this patent may have been the catalyst for the stock movement. The stock subsequently fell back to its previous trading range after the patent announcement.

In order to achieve the 80% revenue growth forecasted by analysts in 2023 (a year that is expected to see a decline in new RV units sold), Dragonfly will either have to gain a significant amount of market share from traditional lead acid batteries or rapidly expand into new market segments.

**RELiON Batteries** is another US-based designer and assembler of LFP batteries with an engineering team in the Pacific Northwest and headquartered in the Southeast. RELiON was acquired by Brunswick Corporation (NYSE – BC; manufacturer of Mercury Marine motors, Boston Whaler, SeaRay and Bayliner boat brands among many others) in 2021 for an undisclosed sum. The Brunswick ownership has made RELiON a dominant player in the marine market and the company has established supply agreements with leading marine retailers like Bass Pro Shops and West Marine.

**Renogy** is a low-cost alternative to the leading LiFePO<sub>4</sub> battery companies (they recently advertised a 100 Ah LiFePO<sub>4</sub> battery at \$679 vs over \$1,000 for most competitors). The company offers complete off-grid solutions and is particularly popular with budget conscious and the DIY off-grid market consumers. There is very little information publicly available on Renogy but we believe they completed a \$29 million series E venture round in 2022 and the company's founder and CEO mentioned in an interview that sales had grown "from \$25 mil to \$200 million in four years" but that has not been independently verified.

**Dakota Lithium** has established itself as an early leader in the marine LFP battery market through its partnerships with professional fisherman. The company is also making smaller footprint batteries that serve the kayaking market. There is very little public information available on Dakota's financials but their level of marketing indicates they are having some success.

There are also many low-cost options sold by various companies online but since most of these batteries are sold to the DIY market and with little support, we don't consider these products to be direct competition for Expion360.

Expion360 has demonstrated significant growth since its founding in 2016, but the company is competing with larger, well-financed companies within this space. The ability of Expion360 to expand their sales channels, enter additional market segments and differentiate their product offering may be the key to their long-term success.

One of the challenges for all companies in the energy storage market is creating brand awareness and brand loyalty for a product that has long been considered a commodity. For most people their only interaction with a battery is the one that starts the engine in their car and when that fails, they simply chose the one in stock at their local auto parts store or big box retailer. LFP batteries require a significant upfront



investment for consumers and the early adopters of the technology have been sophisticated buyers, so they understand the small differences between brands.

The first company in this industry that make a consumer friendly, safe, reliable, affordable plug and play energy system – think solar, batteries, and battery management system – for the mass market could potentially challenge Tesla (NASDAQ – TSLA), LG and Generac (NYSE – GNRC) in the home energy storage market as well.

## RECENT NEWS

- In June the company announced the first step of an ambitious plan to alter the supply chain of 26650 lithium battery cells in the US. Expion360 entered a non-binding letter of intent with a producer of lithium battery manufacturing equipment to build a large-scale lithium battery cell facility in Oregon. Since this was a non-binding agreement, we have not included this proposed facility in our model. Today, there is no domestic lithium cell production (with few exceptions, almost all lithium cells are manufactured in China) and recent supply chain disruptions around the globe have drawn attention to this fact.

There is a desire by many in the lithium battery industry and by both US political parties to reduce the industry's reliance on battery cells from China which currently produces 70% of the lithium battery cells in the world. **There have been no further updates on this front but the proposed facility would be heavily reliant on Federal grants for its construction given the significant cost of the proposal relative to Expion360's balance sheet.**

- In November the company was named in a lawsuit related to a previous CEO and stock compensation. The complaint seems to be tied to vesting of roughly 280,000 shares. Since, this represents just about 3% of the outstanding shares of the company we do not view this as a major risk to the company's financial health.
- In January 2023, the company announced that it had been selected as the exclusive provider of high capacity, energy dense lithium ion batteries to Imperial Outdoors for their overland/off-road line of trailers. While we don't believe that this will have a significant financial impact on the company by itself, we do believe that it is further evidence of the company's growing reputation for safety in the off-road RV market.
- In late December 2022, the company announced a similar agreement with an unnamed overland trailer company to provide lithium ion batteries for the trailer manufacturer's line of trailers that will be marketed under an SUV brand. While the company has not confirmed the trailer manufacturer or the SUV brand, an overland trailer manufacturer – ADDAX – partnered with the JEEP brand in November 2022 to launch a JEEP trailer in 2023 so it seems plausible that this is relationship mentioned in the press release.

It is worth noting that the company's stock more than doubled on this press release jumping from just about \$1 to \$2.50 and trading volumes in the company's stock soared from 100,000 shares/day to over 40 million shares one day. We believe that a misleading headline on an investing website which stated *"Expion360 signs contract with top SUV maker for lithium batteries"* was a major factor causing the spike in the stock and the explosion of investor interest. While the article accurately reflected the details of the announcement, the headline seemed to imply that Expion360 was making lithium batteries for an SUV manufacturer which is a very different product and market. We believe that this sudden stock price movement and confusion caused by the article has added some very short-term traders to the company's investor base. This may create an overhang in the stock if these traders decide to move on to the next hot story.

- In January 2023, the company announced another new addition to their product line – the Aura Powercap – which is designed to effectively turn an Expion360 battery into a power pack that can be used to power devices when users are off-grid or as a battery backup during a failure of the electrical grid. The company indicated they expect to begin shipping these units in Q2 2023.

As with the December press release this news caused an enormous spike in volume (over 30 million shares traded) and the stock more than doubled intraday to hit a high of \$3.87 before finally closing at \$2.50 – still up 58% on the day.

The trading of the stock following both recent press releases was disconnected from the potential fundamental impact of those releases in our opinion. While both news releases were net positives for Expion360, the financial impacts will be limited in the near-term. An active trader or group of traders seems to have Expion360 on the radar given its relatively low float, low market capitalization and low share price. We would be cautious if the share price again moves significantly and trading volumes are above normal when the company issues a press release or around other events like the publication of this initiation report. While average trading volumes are now reportedly above 1 million shares per day, the reality is that the stock more typically trades 50,000-100,000 shares a day but two days of trading in the last month, when a total of over 80 millions shares traded, have inflated the average trading volume.

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## VALUATION

As of 9/30/22, Expion360 had \$8.1 million in cash on its balance sheet and had boosted its inventory levels to \$5.0 million to ensure adequate supply of raw materials to meet demand. This balance sheet provides investors a level of protection at the current prices.

We believe that Expion360 is well-positioned to capitalize on the current boom in RV and Marine spending in the US. We do not believe that it is a winner take all scenario in this market, as LiFePO<sub>4</sub> batteries will increasingly replace existing lead acid batteries in the market. This should provide ample opportunity for many companies including Expion360 and their competitors to grow rapidly.

Currently, the market is hyper focused on the company's relationship with Camping World, the slow-down in sequential revenue growth from Q2 to Q3 and the additional expenses added to fund future growth. Camping World's revenues are projected to fall in 2023 based on current Wall Street projections due to both a slowdown in RV sales (low single digit declines are forecast) and a shift at Camping World toward a higher proportion of sales being pre-owned RVs versus new.

The slowdown in sequential revenue growth at Expion360 (just 4% from Q2 to Q3) is worth watching because of the incredible growth the company has experienced in the past 5 years. Overall, we still are forecasting overall revenue growth of 21% in 2023 versus 2022 and we believe that growth should be attainable given the opportunities that exist to convert existing lead acid users to LiFePO<sub>4</sub> buyers and opportunities available in new markets like residential storage and small vehicles.

The company trades at a discount to its only public competitor - Dragonfly - which is due in part to the dominant market position of Dragonfly relative to all other players in the industry. This discount has narrowed recently as a result of some positive press releases from Expion360.

It is worth noting that as recently as December 2022, Dragonfly had a valuation north of \$1.0 billion (more than three times its current valuation) which would imply a meaningfully higher price for Expion360. However, over the last month revenue estimates for Dragonfly have declined roughly 5% for 2023 and the stock has materially underperformed both Expion360 and the broader market. Over the last month Dragonfly's shares have slipped nearly 40% compared to just a 12% decline for Expion360 (and a 6% gain for the S&P500). The decline in the market capitalization of Dragonfly has a material impact on our valuation measures since it is the only pure comp for Expion360.

We have included additional peers in our valuation table that operate in the broader market for new battery technologies. However, the valuations of these companies range so widely that they don't provide much additional insight. It is interesting that two of the most valuable companies in the market for emerging battery technologies – QuantumScape (NYSE: QS) and Freyr Battery (NYSE: FREY) – have virtually no sales forecast in the next two years. These companies are considered Battery/Energy

Storage technology plays and are valued based on 5-10 year prospects, while companies selling actual batteries have much more modest valuations.

Key valuation considerations:

- 1) We expect revenues to stabilize for Expion360 and grow slightly in 2023. We believe we have been very conservative in our estimates and think there is upside to our model as the company enters new markets and expands their product line in 2023. We believe that given the company's focus on the RV market there will continue to be some seasonality in the business. Despite the anticipated slowdown in RV shipments in 2023 we still expect the company to grow (up more than 20% in 2023) as it converts lead acid battery owners to LFP batteries.
- 2) Dragonfly is currently trading at 3.3x 2022 revenues and deserves a premium valuation relative to Expion360 given their dominance in the market. However, with Expion360 trading at just 1.8 times 2022 revenues we believe that spread should close over time. At 3x 2023 sales the implied valuation of Expion360 is roughly \$3.75/share.
- 3) The company's strong balance sheet with cash balances and inventory totaling over \$1.50 a share at 9/30/22 should provide additional support for investors. As the company will not be cash flow positive in the next 12 months, we are conservatively adding \$0.50 to our valuation based on the strength of the balance sheet (for a total target valuation of \$4.25).
- 4) Finally, there are several intangible items that are difficult to quantify but clearly add value to the company. Principally, the management's long track record of success working with RV manufacturers, dealers and customers. This provides Expion360 with deep industry knowledge that they can leverage to grow the existing business. This cannot be easily quantified in our model but it clearly adds to the value of Expion360's shares.

Figure 7: Expion360 Comparable Analysis

**Peers Comps Relative Valuation**

1/27/23

Company	Ticker	Price*	Market Cap*	Sales 2022E Consensus	Sales 2023E Consensus	Mkt Cap/Sales 2022E	Mkt Cap/Sales 2023E
Dragonfly	DFLI	7.05	305	93	162	3.3x	1.9x
Freyr Battery	FREY	8.71	1,217	2	12	795.4x	103.3x
Solid Power	SLDP	3.44	605	8	7	71.3x	85.2x
Microvast	MVST	1.56	483	200	428	2.4x	1.1x
Quantumscape	QS	8.72	3,802	N/A	N/A	N/A	N/A
EOS Energy	EOSE	1.35	112	19	133	5.8x	0.8x
<b>Peer Average**</b>						<b>5.3x</b>	<b>1.0x</b>
Expion360	XPON	\$1.89	\$13	7	9	1.8x	1.5x
		USD	USD				

**Discount/Premium to Peer Group Average**

**-66% 52%**

\*1/27/23 closing prices

\*\* Peer average excludes QS, SLDP and FREY

**Discount/Premium to Dragonfly**

**-45% -21%**

Source: Yahoo Finance & Zacks SCR

## Acquisition/Merger opportunities

We believe that given the growth opportunities in the LiFePO<sub>4</sub> battery market and small pool of industry players that Expion360 could be an attractive acquisition or merger candidate for some companies. A combination with another private LiFePO<sub>4</sub> battery company with a different market focus (like Dakota Lithium or Renogy), with a traditional lead acid battery manufacturer that is seeking to diversify their product lines or with one of the many new battery technology companies may make sense.

Finally, we will note again that Dragonfly has incredibly ambitious growth plans and in order to hit its goals Dragonfly may have to consider consolidating the industry.

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## RISKS

- The company operates in an extremely competitive industry and pricing pressures may emerge.
- The company's path to profitability is not assured. The company will need to generate sufficient revenue and manage the growth of expenses to become profitable.
- The company's last audited financial statements were based on 12/31/2021 financial statements – prior to the company's IPO – and the company's auditors indicated at that time that there was a substantial doubt about the company's ability to continue as a going concern.
- The company remains very reliant on their distribution relationship with Camping World. If this relationship were terminated, it would obviously have a material negative impact on the company.
- The company's results could be impacted by the availability and cost of lithium cells and other components for their batteries.
- Supply chain disruptions could impact the company's ability to meet customer demand. Lithium battery cells are manufactured almost exclusively in China and any disruption of the supply chain would limit the company's ability to meet our growth targets.
- The company has a limited operating history as a public entity and the management team has not led a public company before.
- To date the company has principally sold batteries to the RV and marine markets. Expanding beyond these two markets will require the introduction of new products.

# PROJECTED INCOME STATEMENT

Expion360, Inc.

1/27/23

(USD in 000's; December Year-End)

## Revenues:

	2019	2020	2021	Mar	June	Sept	Dec	2022E	Mar	June	Sept	Dec	2023E	Mar	June	Sept	Dec	2024E
				1Q22A	2Q22A	3Q22A	4Q22E		1Q23E	2Q23E	3Q23E	4Q23E		1Q23E	2Q23E	3Q23E	4Q23E	
Sales	1,412.7	1,571.7	4,517.5	2,155.3	2,202.7	1,383.0	1,403.4	7,144.4	1,852.2	2,092.8	2,343.9	2,320.4	8,609.3	2,735.1	2,986.1	3,193.4	3,006.1	11,918.2
% change (yoy)		11%	187%	144%	122%	3.9%	7.3%	58%	-14%	-5%	69%	65%	21%	48%	43%	36%	30%	38%
Cost of Revenues	917	1,269	2,872	1,293	1,496	980	1,001	4,771	1,294	1,493	1,698	1,698	6,183	1,963	2,170	2,380	2,267	8,780
Gross Profit	496	303	1,646	862	706	403	402	2,373	558	600	646	622	2,427	772	816	814	739	3,140
% change (yoy)		-39%	443%	213.4%	87.7%	-24.6%	-13%	44%	-35%	-15%	60%	55%	2%	38%	36%	26%	19%	29%
Gross Profit Margin	35.1%	19.3%	36.4%	40.0%	32.1%	29.1%	28.7%	33.2%	30.1%	28.7%	27.6%	26.8%	28.2%	28.2%	27.3%	25.5%	24.6%	26.3%
<b>Operating Expenses:</b>																		
Selling General and Administrative	598	1,057	2,909	1,196	3,622	1,662	1,459	7,939	1,519	1,653	1,781	1,764	6,717	1,750	1,732	1,761	1,789	7,032
% of Sales	42.3%	67.2%	64.4%	55.5%	164.4%	120.2%	104.0%	111.1%	82.0%	79.0%	76.0%	76.0%	78.0%	64.0%	58.0%	55.2%	59.5%	59.0%
Operating Income (Loss)	(102)	(754)	(1,263)	(335)	(2,915)	(1,259)	(1,057)	(5,566)	(960)	(1,053)	(1,135)	(1,141)	(4,290)	(978)	(916)	(948)	(1,050)	(3,891)
Grant (Income)/Expense	0	(80)	-	0	0	0	0	-	0	0	0	0	-	0	0	0	0	-
Net Interest Expense	99	196	554	362	1,176	34	0	1,572	0	0	0	0	0	0	0	0	0	0
(Income)/ Loss from debt settlement	0	5	2,791	0	0	(13)	0	(13)	0	0	0	0	0	0	0	0	0	0
Other Expenses	-	-	103	0	0	(0)	0	(0)	0	0	0	0	0	0	0	0	0	0
Income before Taxes	(201)	(875)	(4,712)	(697)	(4,091)	(1,279)	(1,057)	(7,124)	(960)	(1,053)	(1,135)	(1,141)	(4,290)	(978)	(916)	(948)	(1,050)	(3,891)
Income Taxes or Benefit	0	0	-	0	0	0	0	-	0	0	0	0	-	0	0	0	0	-
Franchise Taxes	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income (Loss) reported	(201)	(876)	(4,721)	(697)	(4,091)	(1,279)	(1,057)	(7,124)	(960)	(1,053)	(1,135)	(1,141)	(4,290)	(978)	(916)	(948)	(1,050)	(3,891)
EPS reported	N/A	N/A	(1.63)	(0.16)	(0.62)	(0.19)	(0.16)	(1.16)	(0.14)	(0.15)	(0.16)	(0.16)	(0.60)	(0.14)	(0.13)	(0.13)	(0.15)	(0.54)
% change (yoy)	N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA reported			(1,202)	(305)	(2,877)	(1,211)	(999)	(5,392)	(894)	(978)	(1,049)	(1,043)	(3,964)	(866)	(789)	(801)	(884)	(3,532)
Depreciation & Amortization			61	29	38	48	58	174	67	75	87	98	327	113	127	146	166	360
Share-based Compensation Expense			188		2,115	-	-	2,115	-	-	-	-	-	-	-	-	-	-
EBITDA Adjusted (excl stock comp)			(1,014)	(305)	(762)	(1,211)	(999)	(3,278)	(894)	(978)	(1,049)	(1,043)	(3,964)	(866)	(789)	(801)	(884)	(3,532)
Diluted Shares (weighted average)			2888.7	4300.0	6638.8	6802.5	6802.5	6135.9	6938.5	7007.9	7078.0	7148.8	7148.8	7148.8	7148.8	7148.8	7148.8	7148.8
<b>Margins:</b>																		
Gross Margin	35.1%	19.3%	36.4%	40.0%	32.1%	29.1%	28.7%	33.2%	30.1%	28.7%	27.6%	26.8%	28.2%	28.2%	27.3%	25.5%	24.6%	26.3%
Selling & Marketing % of Revenues	42.3%	67.2%	64.4%	55.5%	164.4%	120.2%	104.0%	111.1%	82.0%	79.0%	76.0%	76.0%	78.0%	64.0%	58.0%	55.2%	59.5%	59.0%

Source: Zacks SCR, Brian Lantier, Company Filings

## BALANCE SHEET

Expion360, Inc.

Balance Sheet in USD

9/30/22

### Assets

#### Current Assets

Cash and Cash Equivalents	8,117
Accounts Receivable (net)	280
Inventory	5,036
Prepaid/in-transit inventory	269
Prepaid expenses and other current assets	<u>206</u>
<b>Total current assets</b>	<b>13,908</b>

#### Non-Current Assets

Property & Equipment (net)	1,060
Operating leases	3,277
Deposits	<u>75</u>
<b>Total non-current assets</b>	<b>4,412</b>

**Total Assets** **18,320**

### Liabilities

#### Current Liabilities

Accounts payable	147
Customer deposits	162
Accrued expenses and other current liabilities	248
Current portion of operating lease liability	465
Current portion of long-term debt	<u>70</u>
<b>Total current liabilities</b>	<b>1,092</b>

#### Non-Current Liabilities

Long-Term Debt	454
Operating lease liability, net of current portion	2873
Shareholder promissory notes	825

**Total Liabilities** **5,244**

### Shareholder's Equity

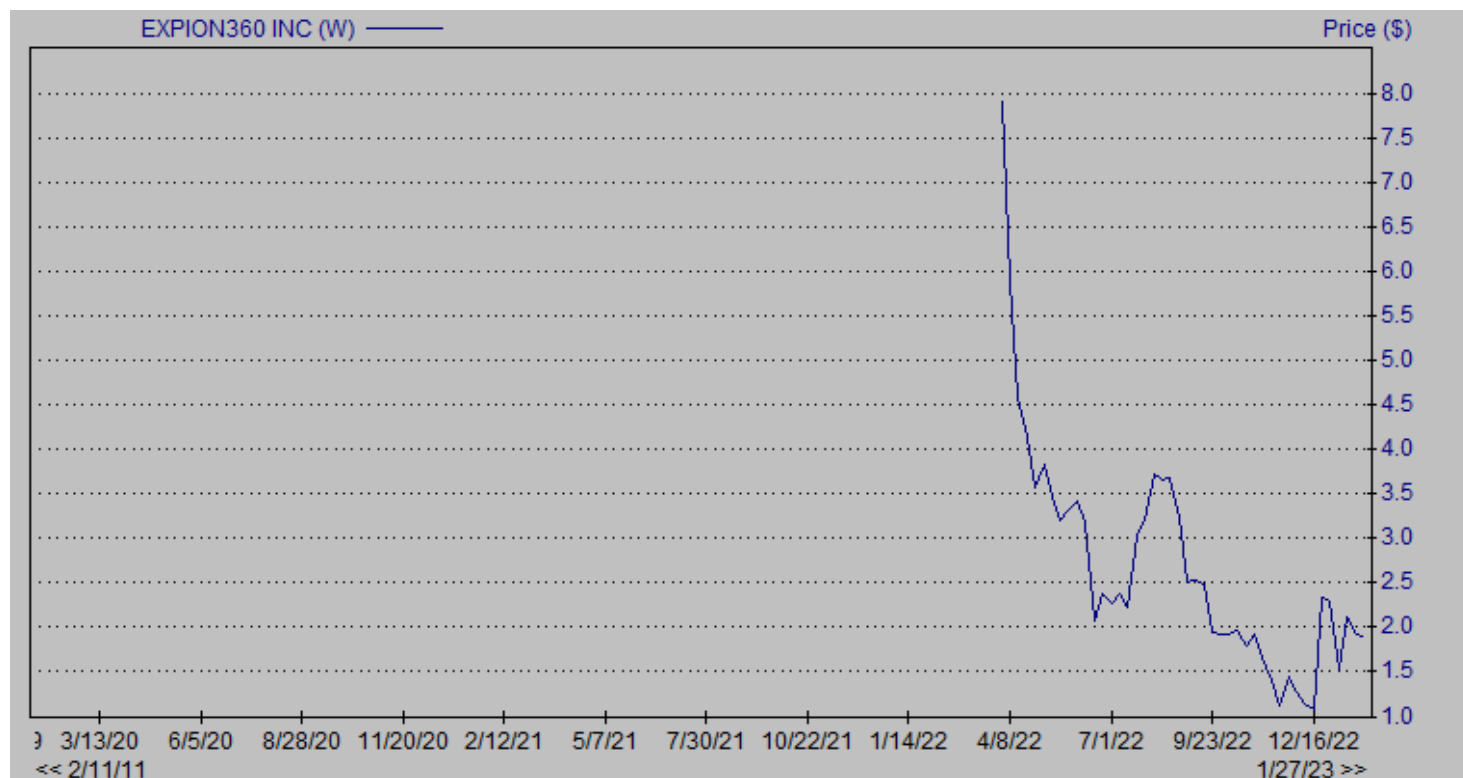
Ordinary Shares	7
Additional Paid-in Capital	25,240
Accumulated deficit	(12,170)
<b>Shareholder's Equity (Deficiency)</b>	<b>13,076</b>

**Total Liabilities & Shareholder's Equity** **18,320**

Source: Company filing



## HISTORICAL STOCK PRICE



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