UPDATE NOTE

MOBILITY & INDUSTRIAL TECHNOLOGY

WATER TOWER RESEARCH

Bimergen Energy Corporation

BESS: Delivers GAAP Profitability; Balance Sheet Meaningfully Strengthened

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KEY POINTS

- **First revenue-generating quarter.** Bimergen reported 2Q26 revenue of $7.9 million and gross profit of $4.8 million (61% gross margin)—the company's first quarter of recognized revenue, driven by the Cerberus/Frontier Power USA (Redbird) transaction ($6.7 million), a one-time Eos Energy joint development payment ($0.25 million), and recognition of the long-standing Bridgelink solar deposit ($0.9 million). The quarter produced GAAP net income of $1.6 million, or $0.22 per diluted share, versus a net loss of $0.8 million in 2Q25.
- **Balance sheet meaningfully strengthened.** Cash grew to $9.4 million at June 30, 2026, from $0.4 million at year-end 2025, and working capital swung to a positive $9.6 million from negative $4.5 million, aided by net proceeds from the February 2026 public offering and full repayment of $0.8 million in related-party short-term loans.
- **Redbird monetization continues post-quarter.** Subsequent to quarter-end, on July 15, 2026, Emergen received an additional $3.0 million from the Cerberus/Frontier Power USA JV, with a remaining $2.5-million development fee tied to Redbird achieving notice-to-proceed (NTP) status, which management continues to expect during 2026. Related party Energy Independent Partners also agreed to accept a $2.5-million reduction in its fee on the transaction.
- **Key liquidity risk pushed out.** The contingent refund obligation tied to the $3.6-million GridSpan advance—a risk we flagged in our initiation of coverage report as coming due June 30, 2026—has been amended and extended to March 31, 2027, reducing near-term balance sheet risk.
- **Estimates unchanged; company tracking toward our forecasts.** We are maintaining our 2026–2028 revenue and EPS estimates of $15.5 million/$0.11, $75.0 million/$1.76, and $154.0 million/$3.53, respectively. First-half 2026 revenue of $7.9 million represents roughly half of our full-year 2026 estimate, with additional development fee and early operating revenue expected in the back half of the year as the Aggreko-acquired ERCOT South assets and Redbird advance toward commercial operation.

KEY STATISTICS

Ticker:Exchange	BESS:NYSE AM
Current Price	$3.65
52-Week Range	$2.00-$17.12
Average Volume (30-Day)	97,171
Shares Outstanding (MM)	7.1
Market Cap ($MM)	$25.9
Fiscal Year-End	December

ESTIMATES

EPS	**2025A**	**2026E**	**2027E**	**2028E**
1Q				
2Q				
3Q				
4Q				
FY	(1.11)A	0.11E	1.76E	3.53E

Revenue ($MM)	**2025A**	**2026E**	**2027E**	**2028E**
1Q				
2Q				
3Q				
4Q				
FY		15.5E	75.0E	154.0E

Operating Income ($MM)	**2025A**	**2026E**	**2027E**	**2028E**
1Q				
2Q				
3Q				
4Q				
FY	(4.9)A	3.9E	35.9E	71.8E

Bimergen filed its 2Q26 10-Q on August 14, 2026, reporting the company's first quarter of recognized revenue since the 2024 Emergen acquisition. Revenue of $7.9 million and gross profit of $4.8 million (61% gross margin) were driven almost entirely by transaction and development-fee activity tied to the company's capital-light monetization strategy rather than by commercial energy sales, which is consistent with Bimergen's pre-operational stage. The largest contributor was $6.7 million related to the May 2026 Contribution Agreement with FPU-BEC Development Topco (Cerberus Capital Management's Frontier Power USA platform) covering the Redbird project and two smaller Texas assets. The company also recognized $0.25 million from a one-time payment under its Eos Energy Enterprises joint development agreement and $0.9 million tied to the release of the long-standing, non-refundable Bridgelink solar deposit, now that continued progress on those legacy solar milestones appears unlikely. The quarter was an important proof point for the transaction-driven, source-develop-and-transact model management has described, converting development-stage assets into cash and reported earnings ahead of any project reaching commercial operation.

On the bottom line, Bimergen generated GAAP net income of $1.6 million, or $0.22 per diluted share, versus a net loss of $0.8 million in 2Q25—the company's first profitable quarter as a public company. General and administrative expense rose to $3.2 million from $0.8 million a year ago, reflecting $0.9 million of incremental non-cash stock compensation (including accelerated recognition of performance-based restricted stock following the NYSE American uplisting), $0.5 million of investor relations expense, and $0.4 million of legal costs tied to the growing pace of BESS project and financing activity. For the six-month period, the company still reported a net loss of $2.1 million, or $0.33 per share, reflecting a larger 1Q26 loss; investors should keep in mind that a meaningful portion of the 2Q26 revenue and profitability reflects transaction-related and one-time items rather than a run-rate level of recurring operating income, though it is an encouraging early indicator of the model's cash-generating potential ahead of commercial operations.

Figure 1: 2Q26 Revenue by Source

Revenue Source ($MM)	2Q26
Cerberus/Frontier Power (Redbird)	$6.7
Bridgelink (Solar Deposit Recognition)	$0.9
Eos Energy Storage (JDA Payment)	$0.3
Total Revenue	**$7.9**

Source: Company Filings, Water Tower Research

Balance Sheet and Liquidity

Bimergen ended 2Q26 with $9.4 million in cash, up sharply from $0.4 million at year-end 2025, and working capital of positive $9.6 million versus negative $4.5 million at year-end 2025. The improvement reflects ~$12.3 million of net proceeds from the February 2026 public offering, together with full repayment of $0.8 million in related-party short-term loans previously owed to Energy Independent Partners. Cash used in operations for the first half of the year was $2.5 million, primarily reflecting the net loss and a $2.8 million increase in accounts receivable related to the Cerberus/Frontier transaction, substantially offset by $4.8 million of non-cash stock compensation and intangible amortization. We also note that the contingent refund obligation associated with the $3.6 million GridSpan advance payment—previously scheduled to come due June 30, 2026, and a risk we highlighted in our initiation of coverage report—has been extended to March 31, 2027, meaningfully reducing near-term liquidity risk for the company.

Pipeline and Subsequent Events

Subsequent to quarter-end, on July 15, 2026, Emergen received an additional $3.0 million related to the Cerberus/Frontier Power USA transaction, of which $2.3 million represented final payment for the third Redbird-related project company and $0.7 million represented development fees on two additional 10-MW projects. A remaining $2.5-million development fee tied to Redbird is expected to be paid once the project reaches notice-to-proceed (NTP) status, which management continues to target during 2026. Notably, Energy Independent Partners (the Cole Johnson-affiliated related party) agreed to accept a $2.5-million reduction to its contractual fee on this transaction, a constructive signal on related-party fee discipline as the company converts pipeline assets into cash. Execution on NTP, ISD, and offtake milestones—rather than the size of the reported pipeline—are the key drivers of value realization from here. Management also disclosed that, as of the Evaluation Date, disclosure controls and internal control over financial reporting were not effective, consistent with previously identified material weaknesses that remain in the process of remediation.

Maintaining Estimates

We are maintaining our 2026–2028 estimates following the 2Q26 print. Our revenue estimates remain $15.5 million, $75.0 million, and $154.0 million for 2026, 2027, and 2028, respectively, with corresponding EPS estimates of $0.11, $1.76, and $3.53. First-half 2026 revenue of $7.9 million represents roughly half of our full-year 2026 estimate and we expect continued development-fee recognition alongside early operating revenue from the Aggreko-acquired ERCOT South assets and Redbird as those projects progress toward in-service dates in late 2026 and 2027.

ABOUT THE ANALYST

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Eric Goldstein is Managing Director covering Mobility & Industrial Technology at Water Tower Research. He brings more than 25 years of experience across equity research, portfolio management, and investor relations, with deep expertise in automotive and industrial sectors.

Before joining Water Tower Research, Eric led Investor Relations at Fisker Inc. and SES AI Corporation, where he was responsible for financial communications, investor outreach, and capital markets strategy. Earlier in his career, he served as Vice President of Investor Relations at Magna International and spent over a decade managing an automotive and industrial equity fund at FNY Capital Management.

Eric began his career on Wall Street as an equity research analyst and held senior roles at firms including Bear Stearns, SAC Capital, and Salomon Brothers. He earned his Bachelor of Science in Finance from New York University.

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