
**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 June 30, 2022

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: 001-39572

EVgo Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

85-2326098
(I.R.S. Employer Identification Number)

11835 West Olympic Boulevard, Suite 900E, Los Angeles, CA 90064
(Address of Principal Executive Offices)

(877) 494-3833
(Registrant's telephone number)

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 Exchange Act). Yes No

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

<u>Title of Each Class</u>	<u>Trading symbol</u>	<u>Name of Exchange on which registered</u>
Class A common stock, \$0.0001 par value	EVGO	NASDAQ
Redeemable warrants included as part of the units, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50	EVGOW	NASDAQ

As of August 5, 2022, there were 69,078,584 shares of the registrant's Class A common stock, \$0.0001 par value per share, and 195,800,000 shares of the registrant's Class B common stock, par value \$0.0001 per share, issued and outstanding.

TABLE OF CONTENTS

	<u>Page</u>
Cautionary Statement Regarding Forward-Looking Statements	3
Frequently Used Terms	4
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. Financial Statements	6
Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021	6
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2022 and 2021	8
Condensed Consolidated Statements of Stockholders' and Member's Equity (Deficit) for the Three and Six Months Ended June 30, 2022 and 2021	9
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2022 and 2021	11
Notes to Condensed Consolidated Financial Statements	13
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	54
Item 4. Controls and Procedures	54
<u>PART II. OTHER INFORMATION</u>	
Item 1. Legal Proceedings	57
Item 1A. Risk Factors	57
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	58
Item 3. Defaults Upon Senior Securities	58
Item 4. Mine Safety Disclosures	58
Item 5. Other Information	58
Item 6. Exhibits	58
Signatures	60

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”), including Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2, contains statements that are forward-looking and as such are not historical facts. These forward-looking statements include, without limitation, statements regarding future financial performance, business strategies, expansion plans, future results of operations, estimated revenues, losses, projected costs, prospects, plans and objectives of management. These forward-looking statements are based on EVgo’s current expectations, estimates, projections and beliefs, as well as a number of assumptions concerning future events, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Quarterly Report, words such as “may,” “might,” “should,” “could,” “would,” “expect,” “plan,” “possible,” “potential,” “predict,” “anticipate,” “intend,” “believe,” “estimate,” “continue,” “project” or the negative of such terms or other similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report may include, for example, statements about:

- changes adversely affecting EVgo’s business;
- the risks associated with cyclical demand for EVgo’s services and vulnerability to industry downturns and regional or national downturns;
- fluctuations in EVgo’s revenue and operating results;
- unfavorable conditions or further disruptions in the capital and credit markets;
- EVgo’s ability to generate cash, service indebtedness and incur additional indebtedness;
- competition from existing and new competitors;
- the growth of the electric vehicle (“EV”) market;
- EVgo’s ability to integrate any businesses it acquires;
- EVgo’s ability to recruit and retain experienced personnel;
- risks related to legal proceedings or claims, including liability claims;
- EVgo’s dependence on third-party contractors to provide various services;
- EVgo’s ability to obtain additional capital on commercially reasonable terms;
- the impact of COVID-19, including COVID-19 related supply chain disruptions and expense increases;
- safety and environmental requirements that may subject EVgo to unanticipated liabilities;
- partnerships with Site Hosts (defined below), original equipment manufacturers (“OEMs”), fleet operators and suppliers;
- general economic or political conditions, including the armed conflict in Ukraine, the impact of continued inflation and the associated changes in monetary policy; and
- other factors detailed under the section entitled “Part II. Item 1A, Risk Factors” and in EVgo’s periodic filings with the SEC.

EVgo’s SEC filings are available publicly on the SEC website at www.sec.gov. The forward-looking statements contained in this Quarterly Report are based on EVgo’s current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting EVgo will be those that the Company has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond EVgo’s control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of EVgo’s assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Accordingly, forward-looking statements in this Quarterly Report and in any document incorporated herein by reference should not be relied upon as representing EVgo’s views as of any subsequent date, and the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

FREQUENTLY USED TERMS

Unless the context indicates otherwise, the following terms have the following meanings when used in this Quarterly Report:

“*Board of Directors*” means the board of directors of EVgo Inc.

“*Business Combination Agreement*” means that business combination agreement entered into on January 21, 2021 by and among CRIS, Thunder Sub and the EVgo Parties, as may be amended from time to time.

“*Class A common stock*” means Class A common stock of EVgo Inc., par value \$0.0001 per share.

“*Class B common stock*” means Class B common stock of EVgo Inc., par value \$0.0001 per share.

“*Code*” means the U.S. Internal Revenue Code of 1986, as amended.

“*common stock*” means Class A common stock and Class B common stock.

“*Company*” means EVgo Inc. and its subsidiaries.

“*Company Group*” means EVgo Inc., Thunder Sub or any of their subsidiaries (other than EVgo OpCo and its subsidiaries).

“*CRIS*” means Climate Change Crisis Real Impact I Acquisition Corporation.

“*CRIS Business Combination*” means the transactions contemplated by the Business Combination Agreement.

“*CRIS Close Date*” means the closing of the CRIS Business Combination on July 1, 2021.

“*DCFC*” means direct current fast charging.

“*EVgo*” means, prior to the CRIS Close Date, EVgo Holdings and its subsidiaries and, following the CRIS Close Date, EVgo Inc. and its subsidiaries.

“*EVgo Holdco*” means EVgo Holdco, LLC, a Delaware limited liability company.

“*EVgo Holdings*” means EVgo Holdings, LLC, a Delaware limited liability company.

“*EVgo OpCo*” means EVgo OpCo, LLC, a Delaware limited liability company.

“*EVgo OpCo A&R LLC Agreement*” means the amended and restated limited liability company agreement of EVgo OpCo entered into on July 1, 2021.

“*EVgo OpCo Units*” means the equity interests of EVgo OpCo.

“*EVgo Parties*” means EVgo OpCo, EVgo Holdco and EVgo Holdings.

“*EVgo Services*” means EVgo Services LLC, a Delaware limited liability company.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*GAAP*” means accounting principles generally accepted in the United States, consistently applied, as in effect from time to time.

“*Initial Public Offering*” means CRIS’s initial public offering of units consummated on October 2, 2020.

“*JOBS Act*” means the Jumpstart Our Business Startups Act of 2012, as amended.

[Table of Contents](#)

“*LLC Interests*” means the limited liability company interests of EVgo Holdings.

“*LS Power*” means LS Power Equity Partners IV, L.P. and its affiliates, unless the context otherwise requires.

“*PlugShare*” means PlugShare, LLC, a California limited liability company.

“*PlugShare Acquisition Date*” means July 9, 2021, the date EVgo and PlugShare entered into the PlugShare Agreement.

“*PlugShare Agreement*” means the stock purchase agreement entered into between EVgo and PlugShare on the PlugShare Acquisition Date.

“*Private Placement Warrants*” means the 6,600,000 warrants purchased by the Sponsor in a private placement simultaneously with the closing of the Initial Public Offering, each of which is exercisable for one share of Class A common stock at \$11.50 per share, at a price of \$1.00 per warrant, generating gross proceeds of \$6,600,000.

“*Public Warrants*” means the 11,499,988 redeemable warrants sold as part of the units in the Initial Public Offering.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Sponsor*” means CRIS’s sponsor, Climate Change Crisis Real Impact I Acquisition Holdings, LLC, a Delaware limited liability company.

“*Tax Receivable Agreement*” means the tax receivable agreement, entered into on the CRIS Close Date, by and among CRIS, Thunder Sub, EVgo Holdings and LS Power Equity Advisors, LLC, as agent.

“*Thunder Sub*” means CRIS Thunder Merger LLC, a Delaware limited liability company and wholly owned subsidiary of EVgo Inc.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

EVgo Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
	(unaudited)	
Assets		
Current assets		
Cash, restricted cash and cash equivalents	\$ 344,707	\$ 484,881
Short-term investments	27,776	—
Total cash, restricted cash, cash equivalents and short-term investments	372,483	484,881
Accounts receivable, net of allowance of \$858,870 and \$718,396 as of June 30, 2022 and December 31, 2021, respectively	4,860	2,559
Accounts receivable, capital build	8,923	9,621
Receivable from related party	—	1,500
Prepaid expenses	2,333	6,395
Other current assets	1,295	1,389
Total current assets	389,894	506,345
Property, equipment and software, net	209,089	133,282
Operating lease right-of-use assets	34,433	—
Restricted cash	300	300
Long-term investments	6,797	—
Other assets	2,419	3,115
Intangible assets, net	66,420	72,227
Goodwill	31,052	31,052
Total assets	<u>\$ 740,404</u>	<u>\$ 746,321</u>
Liabilities, redeemable noncontrolling interest and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 1,716	\$ 2,946
Payables to related parties	24	—
Accrued liabilities	43,426	27,078
Operating lease liabilities, current	3,954	—
Deferred revenue, current	4,681	5,144
Customer deposits	9,482	11,592
Other current liabilities	136	111
Total current liabilities	63,419	46,871
Operating lease liabilities, noncurrent	28,814	—
Earnout liability, at fair value	2,584	5,211
Asset retirement obligations	16,274	12,833
Capital-build liability	25,070	23,169
Deferred revenue, noncurrent	21,600	21,709
Warrant liability, at fair value	22,621	48,461
Other liabilities	—	146
Total liabilities	180,382	158,400
Commitments and contingencies (Note 9)		

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

EVgo Inc. and Subsidiaries**Condensed Consolidated Balance Sheets (continued)**

	June 30, 2022	December 31, 2021
<i>(in thousands, except share data)</i>	(unaudited)	
Redeemable noncontrolling interest	<u>1,176,758</u>	<u>1,946,252</u>
Stockholders' deficit		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized as of June 30, 2022 and December 31, 2021; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 1,200,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 68,578,324 and 68,020,630 shares issued and outstanding (excluding 718,750 shares subject to possible forfeiture) as of June 30, 2022 and December 31, 2021, respectively	7	7
Class B common stock, \$0.0001 par value; 400,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 195,800,000 shares issued and outstanding as of June 30, 2022 and December 31, 2021	20	20
Additional paid-in capital	6,583	—
Accumulated deficit	(623,299)	(1,358,358)
Accumulated other comprehensive loss	(47)	—
Total stockholders' deficit	<u>(616,736)</u>	<u>(1,358,331)</u>
Total liabilities, redeemable noncontrolling interest and stockholders' deficit	<u>\$ 740,404</u>	<u>\$ 746,321</u>

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

EVgo Inc. and Subsidiaries

**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(in thousands, except per share data)</i>				
Revenue	\$ 9,076	\$ 4,783	\$ 16,776	\$ 8,352
Revenue from related party	—	—	—	562
Total revenue	9,076	4,783	16,776	8,914
Cost of revenue	5,719	3,752	10,565	7,113
Depreciation and amortization	4,101	2,705	7,555	5,152
Cost of sales	9,820	6,457	18,120	12,265
Gross loss	(744)	(1,674)	(1,344)	(3,351)
General and administrative	32,178	13,338	57,606	25,344
Depreciation, amortization and accretion	4,132	2,545	8,019	5,055
Total operating expenses	36,310	15,883	65,625	30,399
Operating loss	(37,054)	(17,557)	(66,969)	(33,750)
Interest expense	(13)	—	(13)	—
Interest expense, related party	—	(1,039)	—	(1,915)
Interest income	636	1	691	1
Other (expense) income, net	(158)	174	(422)	632
Change in fair value of earnout liability	4,891	—	2,627	—
Change in fair value of warrant liability	48,712	—	25,839	—
Total other income (expense), net	54,068	(864)	28,722	(1,282)
Income (loss) before income tax expense	17,014	(18,421)	(38,247)	(35,032)
Income tax expense	(17)	—	(22)	—
Net income (loss)	16,997	(18,421)	(38,269)	(35,032)
Less: net income (loss) attributable to redeemable noncontrolling interest	12,518	(18,421)	(28,349)	(35,032)
Net income (loss) attributable to Class A common stockholders	\$ 4,479	\$ —	\$ (9,920)	\$ —
Net income (loss) per share to Class A common stockholders, basic	\$ 0.06	N/A	\$ (0.14)	N/A
Net income (loss) per share to Class A common stockholders, diluted	\$ 0.06	N/A	\$ (0.14)	N/A
Net income (loss)	\$ 16,997	\$ (18,421)	\$ (38,269)	\$ (35,032)
Other comprehensive loss, net of tax:				
Net unrealized loss on available-for-sale securities	(47)	—	(47)	—
Comprehensive income (loss)	16,950	(18,421)	(38,316)	(35,032)
Less: comprehensive income (loss) attributable to redeemable noncontrolling interest	12,483	(18,421)	(28,384)	(35,032)
Comprehensive income (loss) attributable to Class A common stockholders	\$ 4,467	\$ —	\$ (9,932)	\$ —

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

EVgo Inc. and Subsidiaries

**Condensed Consolidated Statements of Stockholders' and Member's Equity (Deficit)
(unaudited)**

	For the Six Months Ended June 30, 2022							
	Class A Common Stock		Class B Common Stock		Additional	Accumulated	Accumulated	Stockholders'
(in thousands)	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Other Comprehensive Loss	Deficit
Balance, December 31, 2021	68,021	\$ 7	195,800	\$ 20	\$ —	\$(1,358,358)	\$ —	\$(1,358,331)
Share-based compensation	—	—	—	—	2,999	—	—	2,999
Warrants exercised and release of warrant liability	0	0	—	—	2	—	—	2
Issuance of stock under share-based compensation plans, including income tax effect	248	0	—	—	0	—	—	0
Redeemable noncontrolling interest adjustment to fair value	—	—	—	—	(3,001)	(609,095)	—	(612,096)
Net loss ¹	—	—	—	—	—	(14,399)	—	(14,399)
Balance, March 31, 2022	68,269	7	195,800	20	—	(1,981,852)	—	(1,981,825)
Share-based compensation	—	—	—	—	6,582	—	—	6,582
Warrants exercised and release of warrant liability	0	0	—	—	1	—	—	1
Issuance of stock under share-based compensation plans, including income tax effect	309	0	—	—	0	—	—	0
Net unrealized loss on available-for-sale securities	—	—	—	—	—	—	(47)	(47)
Redeemable noncontrolling interest adjustment to fair value	—	—	—	—	—	1,354,074	—	1,354,074
Net income ²	—	—	—	—	—	4,479	—	4,479
Balance, June 30, 2022	<u>68,578</u>	<u>\$ 7</u>	<u>195,800</u>	<u>\$ 20</u>	<u>\$ 6,583</u>	<u>\$(623,299)</u>	<u>\$ (47)</u>	<u>\$(616,736)</u>

¹ Excludes \$40.9 million of net loss attributable to redeemable noncontrolling interest.

² Excludes \$12.5 million of net income attributable to redeemable noncontrolling interest.

EVgo Inc. and Subsidiaries**Condensed Consolidated Statements of Stockholders' and Member's Equity (Deficit) (continued)**
(unaudited)

<i>(in thousands)</i>	For the Six Months Ended June 30, 2021				
	LLC Interests		Additional	Accumulated	Member's
	Shares	Amount	Paid-In	Deficit	Equity
Balance, December 31, 2020 (as previously reported)	—	\$136,348	\$ 929	\$ (47,790)	\$ 89,487
Retroactive application of recapitalization	195,800	—	—	—	—
Balance, December 31, 2020 (as adjusted)	195,800	136,348	929	(47,790)	89,487
Share-based compensation	—	—	480	—	480
Net loss	—	—	—	(16,610)	(16,610)
Balance, March 31, 2021	195,800	136,348	1,409	(64,400)	73,357
Share-based compensation	—	—	531	—	531
Net loss	—	—	—	(18,421)	(18,421)
Balance, June 30, 2021	195,800	\$136,348	\$ 1,940	\$ (82,821)	\$ 55,467

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

EVgo Inc. and Subsidiaries

**Condensed Consolidated Statements of Cash Flows
(unaudited)**

<i>(in thousands)</i>	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities		
Net loss	\$ (38,269)	\$ (35,032)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, amortization and accretion	15,574	10,207
Net loss on disposal of property and equipment	2,889	347
Share-based compensation	10,548	1,010
Interest expense, related party	—	1,915
Change in fair value of earnout liability	(2,627)	—
Change in fair value of warrant liability	(25,839)	—
Other	474	97
Changes in operating assets and liabilities		
Accounts receivable, net	(2,302)	(161)
Receivables from related parties	1,499	—
Prepaid expenses and other current and noncurrent assets	3,735	279
Operating lease assets and liabilities, net	(808)	—
Accounts payable	(100)	(1,339)
Payables to related parties	24	1,419
Accrued liabilities	358	1,285
Deferred revenue	(572)	20,778
Customer deposits	(2,110)	(1,123)
Other current and noncurrent liabilities	(844)	(1,039)
Net cash used in operating activities	(38,370)	(1,357)
Cash flows from investing activities		
Purchases of property, equipment and software	(72,291)	(23,341)
Proceeds from insurance for property losses	202	—
Purchases of investments	(34,747)	—
Net cash used in investing activities	(106,836)	(23,341)
Cash flows from financing activities		
Proceeds from note payable, related party	—	24,000
Payments on note payable, related party	—	(5,500)
Proceeds from exercise of warrants	3	—
Capital-build funding, net	5,029	1,337
Payment of transaction costs for CRIS Business Combination	—	(1,652)
Net cash provided by financing activities	5,032	18,185
Net decrease in cash, restricted cash and cash equivalents	(140,174)	(6,513)
Cash, restricted cash and cash equivalents, beginning of period	485,181	7,914
Cash, restricted cash and cash equivalents, end of period	\$ 345,007	\$ 1,401

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

EVgo Inc. and Subsidiaries

**Condensed Consolidated Statements of Cash Flows (continued)
(unaudited)**

<i>(in thousands)</i>	Six Months Ended	
	June 30,	
	2022	2021
Supplemental disclosure of noncash investing and financing activities		
Accrued transaction costs	\$ —	\$ 4,870
Asset retirement obligations incurred	\$ 3,111	\$ 787
Non-cash increase in accounts receivable, capital-build and capital-build liability	\$ 4,330	\$ —
Purchases of property and equipment in accounts payable and accrued liabilities	\$ 29,510	\$ 9,077
Fair value adjustment to redeemable noncontrolling interest	\$ 741,978	\$ —

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

EVgo Inc. and Subsidiaries

**Notes to Condensed Consolidated Financial Statements
(unaudited)**

Note 1 – Description of Business and Nature of Operations

EVgo owns and operates a public direct current (“DC”) fast charging network in the United States (“U.S.”). EVgo was founded in October 2010 as NRG EV Services, LLC, a Delaware corporation and wholly owned subsidiary of NRG Energy, Inc., an integrated power company based in Houston, Texas. EVgo’s network of charging stations provides EV charging infrastructure to consumers and businesses. Its network is capable of natively charging (i.e., charging without an adaptor) all EV models and charging standards currently available in the U.S. EVgo partners with national and regional chains of grocery stores, automotive OEMs, hotels, shopping centers, gas stations, parking lot operators, local governments and independent property owners in order to locate and deploy its EV charging infrastructure.

COVID-19 Outbreak

The global outbreak of COVID-19 has resulted in significant volatility in the global and domestic economies, changes in consumer and business behavior, market downturns and restrictions on business and individual activities, which has led to overall reduced economic activity. The COVID-19 pandemic also impacted the Company’s operations through construction delays and supply chain and shipping constraints. EVgo also experienced delays in its negotiations with commercial or public-entity property owners, landlords and/or tenants (collectively, the “Site Hosts”) as they devoted more time to day-to-day operations and employee health and safety. Finally, for some contractual commitments, EVgo is required to adhere to a construction schedule over specific timeframes. Those timelines were impacted due to delays associated with COVID-19, and it is possible that the ongoing pandemic could continue to impact these timelines in the future.

How COVID-19 will affect EVgo’s future business results is unclear. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and magnitude of this disruption. Development and commissioning lead times may be extended as a result of the measures taken by the state and local governments to mitigate the spread of COVID-19. The extent of the financial impact and duration cannot be reasonably estimated at this time.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The condensed consolidated financial statements are unaudited and prepared in accordance with GAAP for interim financial information, as set by the Financial Accounting Standards Board (“FASB”), and pursuant to the rules and regulations of the SEC. References to GAAP issued by the FASB in these notes to the condensed consolidated financial statements are to the FASB Accounting Standards Codification (“ASC”). The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries and all intercompany transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements include all adjustments considered necessary, in the opinion of management, for a fair presentation of the condensed consolidated balance sheets, condensed consolidated statements of operations and comprehensive income (loss), condensed consolidated statements of stockholders’ and member’s equity (deficit) and condensed consolidated statements of cash flows for the periods presented.

The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the operating results for the full year ending December 31, 2022 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “Annual Report”).

[Table of Contents](#)

GAAP defines subsequent events as events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. Based on their nature, magnitude and timing, certain subsequent events may be required to be reflected in the condensed consolidated financial statements at the balance sheet date and/or required to be disclosed in the notes to the condensed consolidated financial statements. The Company has evaluated subsequent events accordingly.

Reclassifications

During the third quarter of 2021, the Company changed its presentation of certain costs, including network platform service fees, certain storage and freight costs, pre-operational rent/license fees, call center expenses and certain costs related to field and customer operations. In previous periods, these costs were included as a component of cost of sales. The Company now presents these costs as a component of general and administrative expenses. Management believes this presentation better reflects the nature of the costs, financial performance of the Company, enables better alignment between revenues and cost of sales and provides more clarity about the changes in cost of sales and general and administrative expenses, resulting in improved financial reporting and comparability and consistency of financial results.

All periods presented have been retrospectively revised to reflect the effects of the change to cost of sales and general and administrative expenses. There was no net impact to loss from operations, net loss attributable to the Company or net loss per share for any periods presented. The condensed consolidated balance sheets, condensed consolidated statements of stockholders' and member's equity (deficit), and the condensed consolidated statements of cash flows are not affected by changes in the presentation of certain costs.

The following is a reconciliation for the respective periods:

<i>(in thousands)</i>	<u>Cost of Sales</u>	<u>General and Administrative Expenses</u>
For the three months ended June 30, 2022		
Computed under previous method	\$ 11,582	\$ 30,416
Change in presentation	(1,762)	1,762
As adjusted	<u>\$ 9,820</u>	<u>\$ 32,178</u>
For the three months ended June 30, 2021		
As previously reported	\$ 7,548	\$ 12,247
Change in presentation	(1,091)	1,091
As adjusted	<u>\$ 6,457</u>	<u>\$ 13,338</u>
For the six months ended June 30, 2022		
Computed under previous method	\$ 21,617	\$ 54,109
Change in presentation	(3,497)	3,497
As adjusted	<u>\$ 18,120</u>	<u>\$ 57,606</u>
For the six months ended June 30, 2021		
As previously reported	\$ 14,288	\$ 23,321
Change in presentation	(2,023)	2,023
As adjusted	<u>\$ 12,265</u>	<u>\$ 25,344</u>

The Company has also made certain other reclassifications to prior period amounts to conform to the current period presentation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, charging station depreciable lives, costs associated with asset retirement obligations, the fair value of the share-based compensation, earnout liability, warrant liability and the fair value measurements of assets and liabilities allocated for acquired businesses. Accordingly, the actual results could differ significantly from those estimates.

Concentration of Business and Credit Risk

The Company maintains its cash accounts in a commercial bank. The total cash balances held in a commercial bank are secured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the period, the Company had uninsured balances. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash. The Company mitigates its risk with respect to cash by maintaining its deposits at high-quality financial institutions and monitoring the credit ratings of those institutions.

The Company had three customers that comprised 44.4% of the Company's total accounts receivable as of June 30, 2022. The Company had two customers that comprised 32.4% of the Company's total accounts receivable as of December 31, 2021. For the six months ended June 30, 2022 and 2021, two customers represented 31.9% and one customer represented 15.0% of total revenue, respectively.

For the six months ended June 30, 2022 EVgo had four vendors that provided 84.8% of total charging equipment and services to the Company. For the six months ended June 30, 2021, EVgo had three vendors that provided 71.8% of total charging equipment and services to the Company.

Cash, Restricted Cash and Cash Equivalents

Cash, restricted cash and cash equivalents include cash held in cash depository accounts in major banks in the U.S. and are stated at cost. EVgo considers all highly liquid instruments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company holds \$4.4 million of investments that are considered cash equivalents as of June 30, 2022. Cash that is held by a major bank and has restrictions on its availability to the Company is classified as restricted cash.

The Company had unused letters of credit of \$0.7 million, as of June 30, 2022 and December 31, 2021, associated with the construction of its charging stations and in connection with one of its operating leases. Cash balances collateralizing these letters of credit are considered restricted cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are amounts due from customers under normal trade terms. Payment terms for accounts receivable related to capital-build agreements are specified in the individual agreements and vary depending on the counterparty. Management reviews accounts receivable on a recurring basis to determine if any accounts receivable will potentially be uncollectible. The Company reserves for any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all attempts to collect an account receivable have failed, the account receivable is written off against the allowance for doubtful accounts.

Investments

Available-for-sale Debt Securities

The Company's short-term and long-term investments consist primarily of investment-grade debt securities, all of which are classified as available-for-sale. Available-for-sale debt securities are recorded at fair value, and unrealized gains and losses that are considered to be temporary are recorded, net of tax, as a component of accumulated other comprehensive income. EVgo considers all highly liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term investments. All other investments are classified as long-term. The Company evaluates the available-for-sale securities for other-than-temporary impairment on a quarterly basis. Unrealized losses are charged against net earnings when a decline in fair value is determined to be other than temporary. The Company reviews several factors to determine whether a loss is other than temporary, such as the length and extent of the fair value decline, the financial condition and near-term prospects of the issuer and whether the Company has the intent to sell or will more likely than not be required to sell the securities before the securities' anticipated recovery, which may be at maturity. Realized gains and losses are accounted for using the specific identification method. Purchases and sales of securities are recorded on a trade-date basis.

EVgo's investment portfolio primarily includes corporate debt securities, asset backed securities, U.S. government treasury securities, certificates of deposit and commercial paper.

Newly Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASC 842"). Subsequent to the initial ASU, the FASB issued various related corrective and clarifying ASUs for this topic, all of which have been codified in ASC 842. ASC 842 requires lessees to report most leases as assets and liabilities on the balance sheet. The Company adopted ASC 842 effective January 1, 2022, using the modified retrospective transition method as allowed under ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which includes the ability for the Company to recognize the cumulative effect of the adoption being recorded as an adjustment to retained earnings on the adoption date. The Company elected to apply the package of practical expedients which allows the Company to carry forward its identification of contracts that are or contain leases, its historical lease classification and its initial direct costs for existing leases. The Company did not elect the hindsight practical expedient. The Company also elected to recognize leases with an initial term of 12 months or less on a straight-line basis without recognizing a right-of-use asset or lease liability. As of the adoption date, the Company recorded operating lease right-of-use assets and operating lease liabilities of \$19.1 million and \$18.4 million, respectively. The difference between the right-of-use assets and lease liabilities was primarily due to existing prepaid and accrued rent balances. There was no impact to opening retained earnings as a result of the Company's adoption of the guidance. The adoption of this standard for both lessee and lessor accounting did not materially impact the Company's condensed consolidated statements of cash flows or operating loss in the Company's condensed consolidated statements of operations and comprehensive income (loss). Refer to Note 5 for additional information.

On May 3, 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options* ("ASU 2021-04"). This new standard provides clarification and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. The Company adopted ASU 2021-04 as of January 1, 2022, to be applied prospectively to modifications or exchanges occurring after the effective date, which did not have a material impact on the Company's condensed consolidated financial statements or disclosures.

Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASC 326”). The amendments in ASC 326 will provide more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. Subsequent to the initial ASU, the FASB issued various related corrective and clarifying ASUs for this topic, all of which have been codified in ASC 326. The ASU is effective for annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the potential impact of adopting this guidance on its condensed consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), as if it had originated the contracts. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. Early adoption is permitted. The adoption of the standard will impact future business combinations and require the Company to measure acquired contract assets and liabilities in accordance with ASC 606. The Company expects the adoption of the standard to result in measuring acquired contract assets and liabilities as if it had originated the contracts. The standard will not impact acquired contract assets or liabilities from business combinations occurring prior to the effective date of adoption.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832), Disclosures by Business Entities about Government Assistance*. This ASU provided guidance to increase the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity’s accounting for the assistance, and (3) the effect of the assistance on an entity’s financial statements. Under the new guidance, an entity is required to provide the following annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy: (1) information about the nature of the transactions and the related accounting policy used to account for the transactions, (2) the line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item and, (3) significant terms and conditions of the transactions, including commitments and contingencies. This update will be effective for the Company’s financial statements as of and for the year ended December 31, 2022. The Company does not expect this accounting guidance to materially impact its consolidated results of operations or financial position.

Note 3 – Acquisition

PlugShare LLC

On July 9, 2021, the Company entered into the PlugShare Agreement to acquire 100% of the outstanding common stock of PlugShare (f/k/a Recargo, Inc.). Effective as of December 29, 2021, Recargo Inc., a California corporation, converted into EVgo Recargo, LLC, a California limited liability company. Effective as of March 16, 2022, EVgo Recargo, LLC changed its name to PlugShare LLC. PlugShare operates as a cloud-based data solutions provider in the EV sector and generates revenue through a variety of services that leverage its user base and its generated data. The Company believes that the acquisition of PlugShare has allowed it to expand its revenue base and has resulted in certain synergies within its operations.

The Company accounted for the acquisition of PlugShare as a business combination under ASC 805, *Business Combinations* (“ASC 805”). Pursuant to ASC 805, the purchase price was allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Any excess of the amount paid over the estimated fair values of the identifiable net assets acquired was allocated to goodwill. The total purchase price was \$25.0 million per the terms of the PlugShare Agreement, none of which was contingent upon future financial results.

[Table of Contents](#)

The following unaudited pro forma financial information presents consolidated revenue and net loss for the periods indicated as if the PlugShare acquisition had occurred on January 1, 2021:

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Pro forma revenue	\$ 5,204	\$ 9,709
Pro forma net loss	\$ (21,364)	\$ (38,845)

The above unaudited pro forma results have been calculated by combining the historical results of the Company and PlugShare, as if the acquisition had occurred as of the beginning of the earliest period presented in the Company's condensed consolidated financial statements and exclude the impact of acquisition-related expenses. The pro forma table above also includes estimates for additional depreciation, amortization and accretion related to the fair values of property, plant and equipment, intangible assets, capital build liability, and asset retirement obligations that were included as the basis of those assets acquired and liabilities assumed in the business acquisition. Pro forma net loss was adjusted to exclude acquisition-related costs incurred during the periods presented. No other material pro forma adjustments were deemed necessary. The pro forma financial information is not necessarily indicative of the results that would have been achieved had the transactions occurred on the date indicated or that may be achieved in the future.

Note 4 – Revenue Recognition

Disaggregation of Revenue

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Charging revenue, retail	\$ 4,389	\$ 2,498	\$ 7,891	\$ 4,302
Charging revenue, OEM	189	150	340	482
Charging revenue, commercial	654	546	1,363	1,037
Network revenue, OEM	887	275	1,377	807
Ancillary revenue	829	639	2,299	1,043
Regulatory credit sales	2,128	675	3,506	1,243
Total revenue	<u>\$ 9,076</u>	<u>\$ 4,783</u>	<u>\$ 16,776</u>	<u>\$ 8,914</u>

The following table provides information about contract assets and liabilities from contracts with customers:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Contract assets	\$ 536	\$ 32
Contract liabilities	\$ 35,763	\$ 38,445

The following table provides the activity for contract liabilities during the period presented:

<i>(in thousands)</i>	Six Months Ended June 30, 2022
Balance as of December 31, 2021	\$ 38,445
Additions	860
Recognized in revenue	(2,814)
Marketing activities	(728)
Balance as of June 30, 2022	<u>\$ 35,763</u>

[Table of Contents](#)

It is anticipated that deferred revenue, excluding variable consideration allocated entirely to wholly unsatisfied performance obligations, as of June 30, 2022 will be recognized for the years ending December 31, as follows:

(in thousands)

2022	\$	849
2023		1,261
2024		836
2025		9
	\$	<u>2,955</u>

ASC 606 does not require disclosure of, and the table above does not include, the transaction price allocated to remaining performance obligations if the contract contains variable consideration allocated entirely to a wholly unsatisfied performance obligation. Under many customer contracts, each unit of product represents a separate performance obligation and therefore future volumes are wholly unsatisfied and disclosure of the transaction price allocated to wholly unsatisfied performance obligations is not required. Under these contracts, variability arises as both volume and pricing are not known until the product is delivered. As of June 30, 2022 and December 31, 2021, there was \$23.3 million and \$22.9 million, respectively, in variable consideration for wholly unsatisfied performance obligations, which is included in deferred revenue on the condensed consolidated balance sheets.

Note 5 – Lease Accounting

As disclosed in Note 2, the Company adopted ASC 842 as of January 1, 2022. As a lessee, the Company enters into agreements with various Site Hosts, which allow the Company to lease space to operate the charging stations on their property, and with various parties to lease its office and laboratory space. The Company, at the inception of the contract, determines whether a contract is or contains a lease. For leases with an initial contractual term in excess of 12 months, the Company records the related operating or finance right-of-use asset and lease liability. Some leases also include renewal and/or early termination options, which can be exercised under specific conditions. Renewal and termination options are not included in the measurement of the right-of-use assets and lease liabilities unless the Company is reasonably certain to exercise the options.

The Company's lease agreements primarily require lease payments based on a minimum annual rental amount, a percentage of annual sales volume, periodic adjustments related to inflation or a combination of such lease payments. In addition to minimum lease payments, the Company's lease agreements may contain variable lease payments based on revenue sharing or inflation adjustments. The Company has elected the practical expedient to not separate non-lease components from lease components in the measurement of liabilities for all asset classes. Lease liabilities are recognized at the present value of the fixed lease payments using an implicit rate and, if not available, an incremental borrowing rate based on estimated collateralized borrowings available to the Company. The Company incurs initial direct costs and receives landlord incentives that increase or decrease the calculated right-of-use asset, respectively. The Company recognizes lease expense for operating leases on a straight-line basis over the lease term. The Company expenses variable lease payments as incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company has not entered into any finance leases.

As a lessor, the Company has entered into agreements to lease charging equipment, charging stations and other technical installations or sublease properties leased from Site Hosts to third parties. The Company, at the inception of a lease contract, determines if it is an operating, sales-type or direct financing lease. The leases provide for fixed monthly payments and sometimes include provisions for contingent variable rent based on the number of charging sessions and minutes used, which are recognized when earned. Fixed payments received under lease agreements for operating leases are recognized on a straight-line basis over the lease term and are reported in revenue in the condensed consolidated statements of operations and comprehensive income (loss).

[Table of Contents](#)

Lessee Accounting

The Company has entered into agreements with Site Hosts, which allow the Company to operate the charging stations on the Site Hosts' property. Additionally, the Company leases offices and laboratory space under agreements with third-party landlords. The agreements with the Site Hosts and landlords are deemed to be operating leases and contain terms ranging from one to 11 years. Certain leases contain renewal options that can extend the term for an additional one to 10 years. The Company has not entered into any finance leases.

The Company has estimated operating lease commitments of \$56.5 million for leases where the Company has not yet taken possession of the underlying asset as of June 30, 2022. As such, the related operating lease right-of-use assets and operating lease liabilities have not been recognized in the Company's condensed consolidated balance sheet as of June 30, 2022.

For the three and six months ended June 30, 2022, the Company's lease costs consisted of the following:

<i>(in thousands)</i>	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Operating lease costs ¹		
Cost of sales	\$ 730	\$ 1,091
Selling, general and administrative expenses	607	1,280
Variable lease costs		
Cost of sales	97	187
Selling, general and administrative expenses	15	36
Short-term lease costs	32	44
	<u>\$ 1,481</u>	<u>\$ 2,638</u>

¹ Rental expense for operating leases was \$0.6 million and \$1.1 million for the three and six months ended June 30, 2021, respectively.

As of June 30, 2022, the maturities of operating lease liabilities for the years ending December 31, are as follows:

<i>(in thousands)</i>	
2022	\$ 2,786
2023	6,361
2024	5,746
2025	4,849
2026	4,430
2027	3,755
Thereafter	14,616
Total undiscounted operating lease payments	42,543
Less: imputed interest	(9,775)
Total discounted operating lease liabilities	<u>\$ 32,768</u>

[Table of Contents](#)

The following table shows future minimum payments under noncancellable operating leases with initial terms of greater than one year, based on the expected due dates of the various installments as of December 31, 2021, as previously reported in the Company's Annual Report, prior to the adoption of ASC 842:

<i>(in thousands)</i>	
2022	\$ 3,486
2023	3,515
2024	2,987
2025	2,093
2026	1,767
Thereafter	5,570
	<u>\$ 19,418</u>

Other supplemental information, as of June 30, 2022, consisted of the following:

	June 30,
	2022
Weighted-average remaining lease term	8.0 years
Weighted-average discount rate	6.41 %

Other supplemental cash flow information, for the six months ended June 30, 2022, consisted of the following:

	Six
	Months Ended
	June 30,
	2022
<i>(in thousands)</i>	
Cash paid for amounts included in measurement of operating lease liabilities	\$ 2,378
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 15,651

Lessor Accounting

The Company leases charging equipment, charging stations and other technical installations and subleases properties leased from Site Hosts to third parties under operating leases where EVgo is the lessor. Initial lease terms are generally five to 10 years with renewal options.

Since the leasing arrangements the Company enters into with lessees are operating leases, the underlying asset is carried at its carrying value as owned and operated systems within property, equipment and software, net, on the condensed consolidated balance sheets and is depreciated to estimated residual value over its expected useful life.

For the three and six months ended June 30, 2022, the Company's lease income consisted of the following components:

	Three	Six
	Months Ended	Months Ended
	June 30,	June 30,
	2022	2022
<i>(in thousands)</i>		
Operating lease income:		
Fixed lease income	\$ 203	\$ 464
Variable lease income	128	298
Total lease income ¹	<u>\$ 331</u>	<u>\$ 762</u>

¹ Lease income was \$0.1 million and \$0.5 million for the three and six months ended June 30, 2021, respectively.

[Table of Contents](#)

As of June 30, 2022, future minimum rental payments due to the Company as lessor under operating leases (including subleases) for the fiscal years ending December 31, are as follows:

<i>(in thousands)</i>	
2022	\$ 242
2023	485
2024	485
2025	485
2026	242
	<u>\$ 1,939</u>

The components of charging equipment and charging stations leased to third parties under operating leases and which are included within the Company's property, equipment and software, net, are as follows:

<i>(in thousands)</i>	June 30,
	2022
Charging station equipment and construction costs	\$ 2,512
Less: accumulated depreciation	(346)
	<u>\$ 2,166</u>

Note 6 – Property, Equipment and Software, Net

Property, equipment and software, net, consisted of the following as of:

<i>(in thousands)</i>	June 30,	December 31,
	2022	2021
Construction in process	\$ 70,129	\$ 39,116
Charging equipment	12,975	8,611
Charging station equipment	59,017	42,799
Charging station installation costs	91,653	63,932
Software	11,323	5,295
Office equipment, vehicles and other	1,121	846
	<u>246,218</u>	<u>160,599</u>
Less accumulated depreciation and amortization	(37,129)	(27,317)
Total property, equipment and software, net	<u>\$ 209,089</u>	<u>\$ 133,282</u>

Depreciation and amortization expense consisted of the following for the periods presented:

	Three Months Ended		Six Months Ended	
<i>(in thousands)</i>	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
Cost of sales				
Depreciation of property and equipment	\$ 5,367	\$ 3,538	\$ 9,985	\$ 6,781
Amortization of capital-build liability	(1,266)	(833)	(2,430)	(1,629)
General and administrative expenses				
Depreciation of property and equipment	69	44	132	78
Amortization of software	660	—	1,121	—
	<u>\$ 4,830</u>	<u>\$ 2,749</u>	<u>\$ 8,808</u>	<u>\$ 5,230</u>

Note 7 – Intangible Assets, Net

Intangible assets, net, consisted of the following as of:

<i>(in thousands)</i>	June 30, 2022			Remaining Weighted Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	
Trade name	\$ 5,000	\$ (693)	\$ 4,307	14.0 years
Site Host relationships	41,500	(8,506)	32,994	9.6 years
Customer relationships	19,000	(10,048)	8,952	2.3 years
Developed technology	14,000	(2,150)	11,850	12.0 years
User base	11,000	(2,683)	8,317	3.1 years
	<u>\$ 90,500</u>	<u>\$ (24,080)</u>	<u>\$ 66,420</u>	

Amortization of intangible assets for the three and six months ended June 30, 2022 and 2021 was as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Amortization of intangible assets	\$ 2,903	\$ 2,148	\$ 5,807	\$ 4,295

Note 8 – Asset Retirement Obligations

Asset retirement obligations represent the present value of the estimated costs to remove the commercial charging stations and restore the sites to the condition prior to installation. The Company reviews estimates of removal costs on an ongoing basis.

Accretion expense for the three and six months ended June 30, 2022 and 2021 was as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Accretion expense	\$ 499	\$ 354	\$ 958	\$ 683

Asset retirement obligation activity for the six months ended June 30, 2022 was as follows:

<i>(in thousands)</i>	Six Months Ended June 30, 2022
Beginning balance	\$ 12,833
Liabilities incurred	3,111
Accretion expense	958
Change in estimate	(51)
Liabilities settled	(577)
Ending balance	<u>\$ 16,274</u>

Note 9 – Commitments and Contingencies

Pilot Infrastructure Agreement

On July 5, 2022, EVgo entered into a charging infrastructure agreement (the “Pilot Infrastructure Agreement”) and an operations and maintenance agreement (the “Pilot O&M”) with Pilot Travel Centers LLC (“Pilot Company”) and General

[Table of Contents](#)

Motors LLC (“GM”) to build, operate, and maintain up to 2,000 stalls served by DC chargers that Pilot Company will own. The stalls will be located at approximately 500 Pilot Company sites across more than 40 states.

Pursuant to the Pilot Infrastructure Agreement, EVgo is required to meet certain construction milestones measured by the number of sites commissioned, and Pilot Company is required to make certain payments each month based on completion of pre-engineering and development work, the progress of construction at each site and for each charger procured by EVgo. Subject to extensions of time for specified excusable events, if EVgo is unable to meet its commissioning obligations, Pilot Company will be entitled to liquidated damages calculated per day, subject to a cap of \$30,000 at each site. The Pilot Infrastructure Agreement contains various provisions that may permit or cause early termination, including Pilot’s right to terminate after 1,000 stalls have been completed, the inability of EVgo to secure certain chargers and a material increase in the price of chargers due to a change in law. If Pilot Company elects to terminate the Pilot Infrastructure Agreement after 1,000 stalls have been completed, Pilot Company must pay EVgo a termination fee per stall for those not built; such fee varies based on the number of stalls already built. If EVgo is wholly or partially unable to perform its obligations under the Pilot Infrastructure Agreement due to certain circumstances outside its control, including delays by permitting authorities and utilities or certain force majeure events, such inability will not be considered a breach or default under the Pilot Infrastructure Agreement.

Under the Pilot O&M, EVgo is required to perform operations, maintenance and networking services on stalls built and commissioned under the Pilot Infrastructure Agreement in exchange for payment of a monthly fee by Pilot to EVgo. EVgo is subject to certain performance criteria under the Pilot O&M.

Delta Charger Supply Agreement and Purchase Order

On July 12, 2022, EVgo entered into a General Terms and Conditions for Sale of EV Charger Products (the “Delta Charger Supply Agreement”) with Delta Electronics, Inc. (“Delta”), including an initial purchase order (the “Purchase Order”), pursuant to which EVgo will purchase and Delta will sell EV chargers manufactured by Delta in specified quantities at certain delivery dates. EVgo expects to use a portion of the chargers purchased under the Purchase Order to meet the requirements of the Pilot Infrastructure Agreement. EVgo is required to purchase a minimum of 1,000 chargers (which will enable the construction of 2,000 stalls) from Delta under the Purchase Order and may at EVgo’s election, increase the number of chargers it purchases from Delta to 1,100.

Nissan Agreements

EVgo has executed two program services agreements with Nissan North America, Inc. (“Nissan”). These agreements provide for a capital build program, joint marketing activities and charging credit programs for purchasers or lessees of Nissan EVs. Under the joint-marketing activities provisions of the first agreement (the “Nissan Agreement”), EVgo was to spend a specified amount annually on joint-marketing activities that were mutually agreed-upon with Nissan. Credits for charging were allocated annually to purchasers or lessees of Nissan EVs and allowed each participant to charge their vehicle for 12 to 24 months at no charge to the participant, up to the amount of the charging credit allocated to such participant. In the event a participant did not use the entire amount of its charging credit within 12 or 24 months, a portion of the remaining dollar value of such credit rolled over to subsequent periods and a portion was retained by the Company.

Under the terms of the Nissan Agreement, purchasers or lessees of Nissan LEAF EVs in certain markets could receive charging services at an EVgo station or a participating third-party charging station. Pursuant to the Nissan Agreement, the Company was required to support, maintain and make available at least 850 chargers through July 7, 2021. The Company fulfilled all build, support and maintenance obligations under the Nissan Agreement.

On June 13, 2019, EVgo entered into a second agreement with Nissan (the “Nissan 2.0 Agreement”). The Nissan 2.0 Agreement includes a capital-build program requiring the Company to install, operate and maintain public, high-power dual-standard chargers in specified markets pursuant to a schedule that outlines the build timelines for the chargers to be constructed (the “Build Schedule”). Under the terms of the Nissan 2.0 Agreement, the Build Schedule is negotiated at the beginning of each year. In 2021, EVgo worked with Nissan to revise the annual Build Schedule to extend the milestone dates. All chargers for each program year must be installed by November 30. Furthermore, Nissan waived penalties for installation delays in program year one.

[Table of Contents](#)

EVgo's ability to meet Build Schedule obligations may be impacted by delays in permitting, slower than expected third-party approvals of certain site acquisitions, delays in utility interconnection resulting from industry adaptation to the requirements of high-powered charger installation, as well as supply chain issues. Going forward, EVgo is uncertain if these, or other potential issues in the procurement, installation, or energization of DCFC, will be resolved in a timely fashion. At this time, EVgo's ability to meet future Build Schedule obligations may continue to be impacted by circumstances similar to those experienced during the first half of 2021, or other potential issues including, but not limited to, equipment design and procurement, timing of third-party funding agreements, and the siting, permitting, construction, energizing of DCFC or delays in releasing public grant funding.

The contract is accounted for under ASC 606, which includes performance obligations related to memberships, charging credits and joint marketing activities. The capital-build program is considered a set-up activity and not a performance obligation under ASC 606. Nissan has the right to terminate the Nissan 2.0 Agreement, without penalty or obligation of any kind, upon 30 days' written notice if it is unable to secure funding to make payments required under the Nissan 2.0 Agreement. Nissan receives budget approvals annually from Nissan Motor Company Limited. As of June 30, 2022, Nissan has fulfilled its annual payment obligations under the Nissan 2.0 Agreement. If Nissan terminates the Nissan 2.0 Agreement due to a lack of funding, EVgo will still be required to perform the following: (i) meet charger installation milestones through the date of termination; (ii) provide an aggregate of \$1.6 million in joint marketing activities and (iii) provide \$4.8 million worth of charging credits that shall continue to be administered.

Pursuant to the Nissan 2.0 Agreement, as modified by the aforementioned extension and other amendments, EVgo is required to install an aggregate of 210 chargers by February 29, 2024 at a number of sites to be mutually agreed upon during each Build Schedule. Pursuant to the current Build Schedule, EVgo is required to install 58 chargers by November 30, 2022. If the Company fails to meet future Build Schedule obligations, Nissan may invoke a penalty of up to \$70,000 per delayed site beyond a designated cure period, up to 52 sites, which would result in an adjustment to the consideration received for the Company's performance obligations under the Nissan 2.0 Agreement.

General Motors Agreement

On July 20, 2020, EVgo entered into a five-year contract (the "GM Agreement") with GM to build 2,750 fast chargers that EVgo will own and operate as part of the Company's public network. On November 2, 2021, EVgo entered into an amendment agreement with GM in order to adjust stall installation targets and expand the overall number of chargers to be installed to 3,250 fast chargers. EVgo believes this agreement will serve to accelerate the Company's development plans and enhance customer acquisition and brand equity among retail drivers. Pursuant to the GM Agreement, EVgo is required to meet certain quarterly milestones measured by the number of charger stalls installed, and GM is required to make certain payments based on chargers installed.

Under the GM Agreement, EVgo is required to install a total of 3,250 chargers by December 31, 2025, 72% of which are required to be installed by December 31, 2023. Meeting these milestones will require additional funds beyond the amounts committed by GM, and EVgo may face delays in construction, commission or aspects of installation of the chargers the Company is obligated to develop. EVgo is also required to maintain network availability (i.e., the percentage of time a charger is operational and available on the network) of at least 93%. In addition to the capital build program, EVgo committed to providing a certain number of new GM EV cars with an EVgo charging credit and limited time access to other EVgo services at a discounted rate.

The GM Agreement is subject to early termination in certain circumstances, including in the event EVgo fails to meet the quarterly charger-installation milestones or maintain the specified level of network availability. If GM opts to terminate the agreement, EVgo may not be entitled to receive continued payments from GM and instead may be required to pay liquidated damages to GM. In the event EVgo fails to meet a charger-installation milestone or maintain the required network availability in a calendar quarter, GM has the right to provide EVgo with a notice of such deficiency within 30 days of the end of the quarter. If the same deficiency still exists at the end of the quarter immediately following the quarter for which a deficiency notification was delivered, GM may immediately terminate the agreement and seek pre-agreed liquidated damages of up to \$15.0 million.

As of June 30, 2022, there were approximately 2,615 stalls that had been approved by GM, of which approximately 3,100 stalls were already in the active engineering and construction development pipeline. As of June 30, 2022, EVgo had

[Table of Contents](#)

221 stalls left to install in order to meet its charger-installation milestone. EVgo is required to open to the public 428 additional stalls by September 30, 2022 or GM will have the right, if it so chooses, to send EVgo a stall count breach notice, which would trigger a cure period through December 31, 2022. EVgo may not meet the charger-installation milestones under the GM Agreement in the future, particularly as a consequence of delays in permitting, commissioning and utility interconnection resulting from COVID-19 and supply chain disruptions in business operations across the utility, engineering and permitting chain, as well as industry and regulatory adaptation to the requirements of high-powered charger installation, including slower than expected third-party approvals between utilities and landowners of sites where charger stations will be located.

Legal Proceedings

In the ordinary course of the Company's business, the Company may be subject to lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes or employment, health and safety matters. Although the outcome of any potential future litigation is uncertain, the Company believes it has adequate insurance coverage in the event of any future litigation or disputes. Although the Company is not currently facing any material pending or threatened litigation, future events or circumstances, currently unknown to management, may potentially have a material effect on its financial position, liquidity or results of operations in any future reporting period.

Note 10 – Related Party Transactions

Receivable from Related Party

As of December 31, 2021, the Company had a \$1.5 million receivable from EVgo Holdings for its indemnification relating to a matter settled between SAF Partners II, LLC and EV Holdings Investments, LLC on January 14, 2022.

Payables to Related Parties

As of June 30, 2022, the Company owed \$24,488 for tax refunds received on behalf of EVgo Holdings and EVgo Management Holdings, LLC.

Note Payable, Related Party

On January 16, 2020, EVgo Services entered into the Secured Demand Grid Promissory Note ("Demand Note") with EVgo Holdings whereby EVgo Services funded the operations of EVgo Holdco with loans upon request at an interest rate of the Federal Reserve discount rate plus 7.0% (compounded annually) with a maturity date of January 16, 2027. The Demand Note was secured by the assets of EVgo Holdco and did not have a stated credit limit. Interest expense incurred was \$1.0 million and \$1.9 million for the three and six months ended June 30, 2021, respectively. On July 1, 2021, the outstanding balance of the Demand Note (including accrued interest of \$1.9 million) of \$59.6 million was converted to equity of EVgo Services, which was contributed by EVgo Holdings to EVgo Holdco immediately thereafter in connection with the CRIS Business Combination.

Consulting Services

LS Power Equity Advisors, LLC provides consulting and corporate development services to the Company from time to time. There were no such services rendered during the three and six months ended June 30, 2022. The Company recorded \$0.5 million and \$1.2 million for consulting and corporate development services rendered by LS Power Equity Advisors, LLC to general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2021, respectively.

Low Carbon Fuel Standards

The Company may enter into agreements to facilitate the purchase and sale of California Low Carbon Fuel Standard Credits ("LCFS") with a subsidiary of LS Power at prevailing market prices. For the three and six months ended June 30, 2022 and the three months ended June 30, 2021, there was no regulatory credit income recognized from related parties.

[Table of Contents](#)

For the six months ended June 30, 2021, the Company recognized \$0.6 million of such regulatory credit income, which is included in revenue from related party in the condensed consolidated statement of operations and comprehensive income (loss).

Note 11 – Fair Value Measurements

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

The following table presents information about the Company’s assets that are measured at fair value on a recurring basis and indicates the level within the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value as of June 30, 2022:

<i>(in thousands)</i>	Level	Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Assets					
Cash equivalents:					
Commercial paper	2	\$ 3,112	\$ —	\$ —	\$ 3,112
Corporate debt securities	2	1,258	—	—	1,258
Total cash equivalents		4,370	—	—	4,370
Short-term investments:					
Certificates of deposit	2	3,279	—	(20)	3,259
Commercial paper	2	1,611	—	—	1,611
U.S. government treasury securities	2	5,999	—	(32)	5,967
Corporate debt securities	2	17,026	1	(88)	16,939
Total short-term investments		27,915	1	(140)	27,776
Long-term investments:					
Corporate debt securities	2	5,265	—	(35)	5,230
Asset-backed securities	2	1,575	—	(8)	1,567
Total long-term investments		6,840	—	(43)	6,797
Total		<u>\$ 39,125</u>	<u>\$ 1</u>	<u>\$ (183)</u>	<u>\$ 38,943</u>

The following table presents the fair value and net carrying amount of debt securities by contractual maturity as of June 30, 2022:

<i>(in thousands)</i>	Adjusted Cost Basis	Fair Value
Due within one year	\$ 32,285	\$ 32,146
Due after one year through five years	6,840	6,797
Total	<u>\$ 39,125</u>	<u>\$ 38,943</u>

The Company’s available-for-sale debt securities are valued using the representative “bid” quotation for long positions and “ask” quotation for short positions from independent, third-party pricing services. These prices are generally based on bid/ask data from exchanges or trading systems, recent transactions from exchanges or trading systems, or quotes from market makers and dealers. This is categorized as Level 2 in the fair value hierarchy.

[Table of Contents](#)

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis and indicates the level within the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value as of June 30, 2022:

<i>(in thousands)</i>	Level	June 30, 2022
Earnout liability	3	\$ 2,584
Warrant liability – Public Warrants	1	\$ 18,686
Warrant liability – Private Placement Warrants	2	\$ 3,935

The earnout liability was valued using a Monte Carlo simulation methodology. The warrants are accounted for as liabilities in accordance with ASC 815 and are presented as warrant liabilities on the condensed consolidated balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liability in the condensed consolidated statements of operations and comprehensive income (loss). The close price of the Public Warrants was used as the fair value as of each reporting date.

As of June 30, 2022 and December 31, 2021, the carrying values of certain accounts such as accounts receivable, accounts payable and accrued expenses are deemed to approximate their fair values due to their short-term nature. There were no assets measured on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2022 or December 31, 2021. There were no other transfers between levels of the hierarchy for the six months ended June 30, 2022.

The following table presents a reconciliation for all liabilities measured and recognized at fair value on a recurring basis using significant unobservable inputs (Level 3) for the six months ended June 30, 2022:

<i>(in thousands)</i>	Private Placement Warrant Liability	Earnout Liability
Fair value as of December 31, 2021	\$ 8,847	\$ 5,211
Change in fair value of liability	(4,912)	(2,627)
Transfers out of Level 3	(3,935)	—
Fair value as of June 30, 2022	\$ —	\$ 2,584
Net change in unrealized gain (loss) for investments still held at June 30, 2022	\$ —	\$ (2,627)

The fair value of the Private Placement Warrants issued was initially measured using a Monte Carlo simulation model. The fair value of the Private Placement Warrants was measured as of June 30, 2022 by reference to the trading price of the Public Warrants, which is considered to be a Level 2 fair value measurement.

Earnout Liability

The estimated fair value of the 1,437,500 shares of Class A common stock held by the Company's initial stockholders that are subject to potential forfeiture (the "Earnout Shares") issued and outstanding at the closing of the CRIS Business Combination on the CRIS Close Date was \$18.3 million based on a Monte Carlo simulation valuation model using a distribution of potential outcomes on a monthly basis over the earnout period between the CRIS Close Date and the five-year anniversary of the CRIS Close Date using the most reliable information available. On July 2, 2021, the volume-weighted average price ("VWAP") of shares of Class A common stock equaled or exceeded \$12.50 for 20 trading days within a 30-trading day period within five years of the CRIS Close Date and, as a result, 718,750 Earnout Shares valued at \$10.9 million were deemed to be earned and reclassified into equity on that date. The estimated fair value of the earnout liability related to the 718,750 Earnout Shares subject to a VWAP of \$15.00 (the "\$15.00 Triggering Event") originally valued at \$8.8 million was remeasured to \$5.2 million as of December 31, 2021 and to \$2.6 million as of June 30, 2022.

[Table of Contents](#)

Assumptions used in the valuation of the earnout liability are as follows:

	June 30, 2022
Stock price	\$ 6.01
Risk-free interest rate	3.00 %
Expected term	3.4 years
Expected volatility	80.0 %
Dividend rate	— %

Note 12 – Income Taxes

The Company’s provision for income taxes consists primarily of income taxes, in federal and state jurisdictions where EVgo OpCo and its subsidiaries conduct business, that are incurred by the Company as a result of the Company’s ownership interest in EVgo OpCo. For the three and six months ended June 30, 2022 and 2021, the Company’s provision for income taxes and effective tax rate were deemed to be de minimis. Prior to July 1, 2021, EVgo Holdco and its subsidiaries were not taxable entities for U.S. federal income tax purposes or for any of the states in which such entities operated. On July 1, 2021, pursuant to the CRIS Business Combination, the Company acquired an interest in EVgo Holdco and its subsidiaries through EVgo OpCo, and the Company’s allocable share of EVgo OpCo’s income became subject to U.S. federal and state income taxes in jurisdictions in which EVgo OpCo and its subsidiaries operate.

In assessing the realization of its deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Management considered all available material evidence, both positive and negative, in assessing the appropriateness of a valuation allowance for the Company’s deferred tax assets, including the generation of future taxable income, the scheduled reversal of deferred tax liabilities and other available material evidence. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore maintained a full valuation allowance against its net deferred tax assets as of June 30, 2022 and December 31, 2021.

In addition, there were no unrecognized tax benefits for uncertain tax positions, nor any amounts accrued for interest and penalties as of June 30, 2022 or December 31, 2021.

Note 13 – Tax Receivable Agreement

In connection with the CRIS Business Combination, EVgo entered into the Tax Receivable Agreement with EVgo Holdings (along with permitted assigns, the “TRA Holders”) and LS Power Equity Advisors, LLC, as agent. The Tax Receivable Agreement generally provides for payment by the Company Group to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company Group actually realizes or is deemed to realize in certain circumstances after the CRIS Business Combination as a result of (i) certain increases in tax basis that occur as a result of the Company Group’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of the TRA Holders’ EVgo OpCo Units pursuant to the CRIS Business Combination or the exercise of the redemption or call rights set forth in the EVgo OpCo A&R LLC Agreement and (ii) imputed interest deemed to be paid by the Company Group as a result of, and additional tax basis arising from, any payments the Company Group makes under the Tax Receivable Agreement. The Company Group will retain the benefit of any remaining net cash savings. If the Company Group elects to terminate the Tax Receivable Agreement early (or it is terminated early due to the Company Group’s failure to honor a material obligation thereunder or due to certain mergers, asset sales, other forms of business combinations or other changes of control), the Company Group is required to make an immediate payment equal to the present value of the anticipated future payments to be made by it under the Tax Receivable Agreement (based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including (i) that the Company Group has sufficient taxable income on a current basis to fully utilize the tax benefits covered by the Tax Receivable Agreement, and (ii) that any EVgo OpCo Units (other than those held by the Company Group) outstanding on the termination date or change of control date, as applicable, are deemed to be redeemed on such date).

[Table of Contents](#)

Amounts payable by the Company under the Tax Receivable Agreement are accrued through a charge to income when it is probable that a liability has been incurred and the amount is estimable. As of June 30, 2022 and December 31, 2021, no transactions have occurred that would result in a cash tax savings benefit that would trigger the recording of a liability by the Company based on the terms of the Tax Receivable Agreement.

Note 14 – Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30, 2022:

<i>(in thousands, except per share data)</i>	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Numerator		
Net income (loss)	\$ 16,997	\$ (38,269)
Less: net income (loss) attributable to redeemable noncontrolling interest	12,518	(28,349)
Net income (loss) attributable to Class A common stockholders	4,479	(9,920)
Less: net income (loss) attributable to participating securities	46	(103)
Net income (loss) attributable to Class A common stockholders, basic and diluted	<u>\$ 4,433</u>	<u>\$ (9,817)</u>
Denominator		
Weighted average common stock outstanding	69,264	69,168
Less: weighted average unvested Earnout Shares outstanding	(719)	(719)
Weighted average common stock outstanding, basic	68,545	68,449
Dilutive effect of restricted stock units	777	—
Weighted average common stock outstanding, diluted	<u>69,322</u>	<u>68,449</u>
Net income (loss) per share – basic	\$ 0.06	\$ (0.14)
Net income (loss) per share – diluted	\$ 0.06	\$ (0.14)

Prior to the consummation of the CRIS Business Combination, EVgo OpCo was wholly owned by EVgo Holdings. In connection with the CRIS Business Combination, EVgo Holdings contributed all of the equity interests in EVgo Holdco to EVgo OpCo in exchange for 195,800,000 EVgo OpCo Units, the Company contributed all of its assets and 195,800,000 shares of Class B common stock to Thunder Sub, Thunder Sub transferred 195,800,000 shares of Class B common stock and the right to enter into the Tax Receivable Agreement to EVgo Holdings, and Thunder Sub contributed all of its remaining assets to EVgo OpCo in exchange for EVgo OpCo Units equal to the number of shares of Class A common stock outstanding. The shares of Class B common stock owned by EVgo Holdings have been evaluated and are excluded from net income or loss per share calculations as they do not participate in earnings or loss of the Company. Therefore, retrospective application of the conversion of these ownership interests into shares of Class B common stock would not result in an appropriate or meaningful presentation of earnings (loss) per common share (“EPS”). Therefore, the EPS information presented only relates to the periods subsequent to the consummation of the CRIS Business Combination on July 1, 2021 and has not been presented for the three and six months ended June 30, 2021.

[Table of Contents](#)

The Company's potentially dilutive securities consist of the Company's Public Warrants, Private Placement Warrants, restricted stock units ("RSUs"), stock options and unvested Earnout Shares. For the periods in which EPS is presented, the Company excluded the following potential shares, presented based on amounts outstanding at each period end, from the computation of diluted net income (loss) per share attributable to Class A common stockholders since their impact would have been antidilutive:

<i>(in thousands)</i>	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Public Warrants	14,949	14,949
Private Placement Warrants	3,149	3,149
RSUs	1,907	3,343
Stock options	375	375
	<u>20,380</u>	<u>21,816</u>

Additionally, 718,750 unvested Earnout Shares (participating securities) were excluded from the computation of diluted EPS since their vesting threshold (i.e., the \$15.00 Triggering Event) had not been met as of June 30, 2022.

Note 15 – Share-Based Compensation

On July 1, 2021, concurrent with the closing of the CRIS Business Combination, the stockholders also approved the board approved EVgo Inc. 2021 Long Term Incentive Plan (the "2021 Incentive Plan"), effective March 26, 2021 (the "Effective Date"). The 2021 Incentive Plan reserves 33,918,000 shares of Class A common stock for issuance to employees, non-employee directors and other service providers. As of June 30, 2022, there were 29,767,792 shares of Class A common stock available for grant.

The 2021 Incentive Plan provides for potential grants of: (i) incentive stock options qualified as such under U.S. Federal income tax laws; (ii) stock options that do not qualify as incentive stock options; (iii) stock appreciation rights; (iv) restricted stock awards; (v) RSUs; (vi) vested stock awards; (vii) dividend equivalents; (viii) other share- or cash-based awards; (ix) cash awards; and (x) substitute awards. Unless earlier terminated by action of the Company's Board of Directors, the 2021 Incentive Plan will terminate on the tenth anniversary of the Effective Date.

The following table sets forth the Company's total share-based compensation expense included in the Company's condensed consolidated statements of operations and comprehensive income (loss):

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cost of sales	\$ 26	\$ 3	\$ 37	\$ 6
General and administrative	7,016	527	10,511	1,004
Total share-based compensation expense	<u>\$ 7,042</u>	<u>\$ 530</u>	<u>\$ 10,548</u>	<u>\$ 1,010</u>

Stock Options

On April 1, 2022, the Company granted stock options covering 375,428 underlying shares of Class A common stock to employees. Compensation expense related to stock-based awards is measured and recognized in the financial statements based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model and recognized on a straight-line basis over the requisite service period. The options vest annually over a three-year period and have a term of 10 years.

[Table of Contents](#)

The following table summarizes stock option activity for the six months ended June 30, 2022:

<i>(shares in thousands)</i>	Shares	Weighted Average	Weighted Average	
	Underlying		Exercise Price	Remaining
	Options		Contractual Life	Intrinsic Value
Outstanding as of December 31, 2021	—			
Granted	375	\$ 12.86		\$ —
Outstanding as of June 30, 2022	375	\$ 12.86	9.8 years	\$ —

As of June 30, 2022, the Company's unrecognized share-based compensation expense related to stock options was approximately \$2.7 million, which is expected to be recognized over a period of 1.7 years. The weighted average grant date fair value per share of options granted for the three and six months ended June 30, 2022 was \$8.79. There were no stock options vested or exercisable as of June 30, 2022.

The fair value of the stock options granted on April 1, 2022 was computed using Black-Scholes option-pricing model using the following key assumptions:

Risk-free interest rate	2.5 %
Dividend yield	— %
Expected volatility	81.4 %
Expected life (in years)	5.67

Risk-free interest rate. The risk-free interest rate was based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term.

Dividend yield. The Company has not declared or paid any dividends through June 30, 2022 and does not currently expect to do so in the future.

Expected volatility. The Company based its estimate of expected volatility on the historical and implied volatility of comparable companies from a representative peer group selected based on industry and market capitalization data. The Company uses the average expected volatility rates reported by the comparable group for an expected term that approximated the expected term estimated by the Company.

Expected life. The Company did not have sufficient exercise history to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The expected term for stock options, calculated using the simplified method due to limited exercise data, was the midpoint of the stock option vesting term and the expiration date of the stock option.

[Table of Contents](#)

Restricted Stock Units

RSUs typically vest annually over a period of three years from the date of grant. The fair value of RSUs is based on the closing price of the Company's Class A common stock on the grant date. The table below represents the Company's RSU activity under the 2021 Incentive Plan during the six months ended June 30, 2022:

<i>(in thousands)</i>	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2021	1,955	\$ 11.40
Granted	2,195	12.20
Vested	(557)	11.55
Forfeited	(250)	11.93
Outstanding as of June 30, 2022	<u>3,343</u>	\$ 11.86

As of June 30, 2022, the Company's unrecognized share-based compensation expense related to unvested RSUs was approximately \$28.2 million, which is expected to be recognized over a period of 1.6 years.

Incentive Units

Certain employees of EVgo Services have received share-based compensation in the form of units in EVgo Management that track incentive units issued by EVgo Holdings to EVgo Management ("Incentive Units"). The Incentive Units typically vest annually over a period of four years from the date of grant. Presented below is a summary of the activity of the Company's Incentive Units during the six months ended June 30, 2022:

<i>(units in thousands)</i>	Units	Weighted Average Grant Date Fair Value
Outstanding and expected to vest as of December 31, 2021	659	\$ 18.19
Vested	(122)	17.09
Forfeited	(46)	17.55
Outstanding and expected to vest as of June 30, 2022	<u>491</u>	\$ 18.52

As of June 30, 2022, there was \$8.2 million of unrecognized share-based compensation expense related to unvested Incentive Units, which is expected to be recognized over a period of 2.2 years.

Note 16 – Redeemable Noncontrolling Interest

As of June 30, 2022, EVgo Holdings owns 195,800,000 EVgo OpCo Units, representing a 73.9% economic ownership interest in EVgo OpCo, and a corresponding number of shares of Class B common stock, representing a 73.9% voting interest in the Company. EVgo Holdings is entitled to one vote per share of Class B common stock but is not entitled to receive dividends or any assets upon liquidation, dissolution, distribution or winding-up of the Company. Each EVgo OpCo Unit is redeemable, together with one share of Class B common stock, for either one share of Class A common stock or, at EVgo OpCo's election, the cash equivalent market value of one share of Class A common stock in accordance with the terms of the EVgo OpCo A&R LLC Agreement.

[Table of Contents](#)

The EVgo OpCo Units held by EVgo Holdings have been classified as a redeemable noncontrolling interest in the Company. The cash redemption feature of the EVgo OpCo Units, together with a corresponding number of shares of Class B common stock, at the option of EVgo OpCo is considered outside of the control of the Company. Therefore, in accordance with ASC Topic 480, *Distinguishing Liabilities from Equity*, the EVgo OpCo Units are classified as temporary equity in the Company's condensed consolidated balance sheets.

The redeemable noncontrolling interest held by EVgo Holdings in EVgo OpCo, through its ownership of EVgo OpCo Units, was initially measured at its carrying amount on the CRIS Close Date. Net income or loss and other comprehensive income or loss are attributed to the redeemable noncontrolling interest during each reporting period based on its ownership percentage, as appropriate. Subsequent to that, the redeemable noncontrolling interest is measured at its fair value (i.e., based on the Class A common stock price) at the end of each reporting period, with the remeasurement amount being no less than the initial carrying amount, as adjusted for the redeemable noncontrolling interest's share of net income or loss and other comprehensive income or loss. The offset of any fair value adjustment is recorded to equity, with no impact to net income or loss.

The table below presents the reconciliation of changes in redeemable noncontrolling interest for the six months ended June 30, 2022:

<i>(in thousands)</i>	
Balance as of December 31, 2021	\$ 1,946,252
Net income attributable to redeemable noncontrolling interest for the period	(28,349)
Equity-based compensation attributable to redeemable noncontrolling interest during the period	968
Net unrealized loss on available-for-sale securities attributable to redeemable noncontrolling interest during the period	(135)
Adjustment to revise redeemable noncontrolling interest to its redemption value at period-end	(741,978)
Balance as of June 30, 2022	<u>\$ 1,176,758</u>

Note 17 – Subsequent Events

During July 2022, EVgo entered into the Pilot Infrastructure Agreement, the Pilot O&M, the Delta Charger Supply Agreement and the Purchase Order. See Note 9 for additional information. In addition, during July 2022, the Company sold all of its debt securities.

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

The following discussion and analysis should be read in conjunction with EVgo's unaudited condensed consolidated financial statements and related notes thereto as of June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021, included elsewhere in this Quarterly Report. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties, and assumptions that could cause EVgo's actual results to differ materially from management's expectations due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in this Quarterly Report. Factors which could cause such differences are discussed therein.

Overview

EVgo owns and operates the U.S.' largest public DC fast charging network and the first to be powered by 100% renewable electricity through the purchase of renewable energy credits. Founded in 2010 and a key leader in fast charging, EVgo's network of charging stations provides EV charging infrastructure to consumers and businesses. With a rapid rise in electrification expected over the next two decades, EVgo offers the essential infrastructure technology and services required to help the world transition to a cleaner, more sustainable future.

[Table of Contents](#)

EVgo has a flexible business model that derives value through multiple revenue streams. The foundation of the Company's business is the development and operation of EV charging sites through which it dispenses electricity to EVs driven by individuals, commercial drivers, and fleet operators. EVgo's principal revenue stream is from the provision of charging services for EVs of all types on EVgo's network. In addition, a variety of business-to-business commercial relationships provide EVgo with revenue or cash payments based on commitments to build new infrastructure, provide guaranteed access to charging, and offer marketing, data and software-driven services. EVgo also earns revenue from the sale of regulatory credits generated through sales of electricity and its operation and ownership of its DCFC network. This combination of revenue streams can drive long-term margin expansion and customer retention.

Specifically, revenue is earned through the following streams:

- *Charging Revenue, Retail:* EVgo sells electricity directly to drivers who access EVgo's publicly available networked chargers. Various pricing plans exist for customers, and drivers have the choice to charge as members (with monthly fees and reduced per minute or Kilowatt-hour ("kWh") pricing), through a subscription service or as non-members. Drivers locate the chargers through EVgo's mobile application, their vehicle's in-dash navigation system or third-party databases that license charger-location information from EVgo. EVgo installs its chargers in parking spaces owned or leased by commercial or public-entity Site Hosts that desire to provide EV charging services at their respective locations. Commercial Site Hosts include retail and grocery stores, hotels, offices, medical complexes, airports and convenience stores. EVgo believes its offerings are well aligned with the goals of Site Hosts, as many commercial businesses increasingly view EV charging capabilities as essential to attract tenants, employees, customers and visitors, and achieve sustainability goals. Site Hosts are generally able to obtain these benefits at no cost when partnering with EVgo through EVgo's owner and/or operator model, as EVgo is responsible for the installation and operation of chargers located on Site Hosts' properties. In many cases, Site Hosts will earn additional revenue from license payments made by the Company in exchange for use of the site. EVgo also incorporates flexible ownership models through EVgo eXtend™, which helps Site Hosts invest in and build EV charging stations for their customers.
- *Charging Revenue, OEM:* EVgo is a key leader in OEM charging programs with revenue models to meet a wide variety of OEM objectives related to the availability of charging infrastructure and the provision of charging services for EV drivers. EVgo contracts directly with OEMs to provide charging services to drivers who have purchased or leased such OEMs' EVs and who access EVgo's public charger network, to expand EVgo's network of owned DCFCs and to provide other related services. Other related services currently provided to OEMs by EVgo include co-marketing, data services and digital application services. EVgo views its OEM relationships as a core customer acquisition channel.
- *Charging Revenue, Commercial:* High volume fleet customers, such as transportation network companies ("TNCs") or delivery services, can access EVgo's charging infrastructure through EVgo's public network. Pricing for charging services is most often negotiated directly between EVgo and the fleet owner based on the business needs and usage patterns of the fleet. In these arrangements EVgo contracts with, and bills, either the fleet owner directly or an individual fleet driver utilizing EVgo's chargers. Access to EVgo's public network allows fleet and rideshare operators to support mass adoption of transportation electrification and achieve sustainability goals without needing to directly invest capital in charging infrastructure or incur operating costs associated with charging equipment.

In addition to offering access to its public network, EVgo offers dedicated charging solutions to fleets. As part of this offering, EVgo typically builds, owns, and operates charging infrastructure for the exclusive use of a dedicated customer and is currently offering flexible ownership models, such as its charging as a service ("ChaaS") offering. EVgo's dedicated and ChaaS offerings provide a value proposition for fleets who might otherwise feel compelled to procure, install and manage their own electric vehicle supply equipment ("EVSE"). EVgo offers a variety of pricing models for its dedicated charging solutions, including a mix of volumetric commitments and variable and fixed payments to EVgo for provision of its services. ChaaS and dedicated charging allow for tailored fleet charging solutions without requiring fleets to directly incur capital expenditures or operating and management costs related to charging EVs. Together, EVgo's dedicated charging solutions and public fleet charging services provide fleets with a more robust and flexible charging solution.

[Table of Contents](#)

- *Network Revenue, OEM:* Revenue related to contracts that have significant charger infrastructure build programs, which represent set-up costs under ASC 606. Proceeds from these contracts are allocated to performance obligations including marketing activities, memberships, reservations and the expiration of unused charging credits. Marketing activities are recognized at a point in time as the services are performed and measurement is based on amounts spent. For memberships and reservations, revenue is recognized over time and measured based on the charging activity of subscriber members at each measurement period. Any unused charging credits are recognized as breakage using the proportional method or, for programs where there is not enough information to determine the pattern of rights exercised by the customer, the remote method.
- *Ancillary Revenue:* In addition to charging services, EVgo offers a variety of software-driven digital, development and operations services to its customers. These offerings currently include customization of digital applications and charging data integration. EVgo currently pilots micro-targeted advertising services, smart charging reservations, loyalty programs and access to chargers behind parking lot pay gates. EVgo also offers maintenance services and development and project management services, including EVSE installation, networking and operations. EVgo also continues to evaluate and engage on potential market opportunities beyond these business models.
- *Regulatory Credit Sales:* As a charging station owner and operator, EVgo earns regulatory credits, such as LCFS and other regulatory credits, in states where such programs are enacted currently, Fast Charging Infrastructure in California and Clean Fuel Standards in Oregon. These credits are generated through charging station operations based on the amount of kWh sold. EVgo earns additional revenue through the sale of these credits to buyers obligated to purchase the credits to comply with the program mandates.

Recent Developments

Geopolitical and Macroeconomic Environment

During the last several years, the global economy has experienced disruption and sustained volatility from a number of factors. In particular, the global outbreak of COVID-19 resulted in significant volatility in the global and domestic economies, changes in consumer and business behavior, market downturns and restrictions on business and individual activities, which led to overall reduced economic activity.

The COVID-19 pandemic impacted EVgo's operations through reduced network throughput, construction delays and supply chain and shipping constraints. EVgo also experienced delays in its Site Host negotiations as they devoted more time to day-to-day operations and employee health and safety. Finally, for some contractual commitments, EVgo is required to adhere to a construction schedule over specific timeframes. Those timelines were impacted due to delays associated with COVID-19, and it is possible that the ongoing pandemic could continue to impact these timelines in the future.

More recently, Russia's military invasion of Ukraine and the subsequent sanctions imposed on Russia, Belarus, the so called Donetsk People's Republic and the so called Luhansk People's Republic have led to, and will likely continue to lead to, geopolitical instability, market uncertainty and supply disruptions. Finally, rising inflation has increased operating costs for many businesses and, together with slowing economic growth and fear of a recession, has led governments to change monetary policy in response.

The current economic environment remains uncertain and the extent to which our operating and financial results for future periods will be impacted by the COVID-19 pandemic, the ongoing conflict in Ukraine, increasing inflation, government efforts to reduce inflation and any recession will largely depend on future developments, which are highly uncertain and cannot be reasonably estimated at this time.

Government EV Initiatives

In order to encourage the use of EVs, the U.S. federal government as well as state and local governments offer a variety of incentives and rebates. In November 2021, Congress passed and the President signed the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law. Among other provisions, this legislation included up to \$7.5 billion in funding for EV charging infrastructure through the Department of Transportation. The U.S. federal government offers a tax credit for qualified plug-in EVs; the minimum credit is \$2,500, and the maximum credit is \$7,500, depending on vehicle weight and battery capacity. These credits will begin to phase out when the vehicle manufacturer reaches certain production levels (with several manufacturers, such as Toyota, hitting such production levels this year or in the future), and such credit has already been completely phased out for EVs manufactured by GM and Tesla, Inc. (“Tesla”), but legislation under consideration in Congress, if enacted as currently proposed, would alleviate the manufacturer cap and expand the credit both for used and new EVs. However, it is uncertain whether such legislation will be enacted, and, if enacted, whether such legislation will be enacted as proposed. In July 2022, the Department of Energy announced funding of \$96 million to support the decarbonization of the domestic transportation system, to include the expansion of EV charging accessibility and the development of electric drive components and materials to aid both EV efficiency and affordability. States including California, Colorado, Delaware, Massachusetts, New Jersey and New York also offer various rebates, grants and tax credits to incentivize both EV and EVSE purchases. EVs are also gaining momentum in the Midwest, and soon states like Illinois will also begin to offer vehicle and EVSE incentives.

Demand for EVs has also been encouraged by regulatory developments and changes in consumer habits. Several states — including California, Oregon, New Jersey, New York, Maryland and Massachusetts — have adopted or proposed mandates for EVs with the goal of more than 8.0 million EVs on the road by 2030. In September 2020, California Governor Gavin Newsom issued an executive order, announcing a target for all in-state sales of new passenger cars and trucks to be zero-emission by 2035. And, in January 2022, Governor Newsom introduced a \$10 billion zero-emission vehicle package to accelerate this transition. Additionally, California has enacted its Clean Miles Standard aiming to reduce greenhouse gas emissions from TNCs, such as rideshare vehicles, through electrification and other means. In 2021, California also approved the Advanced Clean Truck Rule (“ACT rule”), a regulation that requires an increasing percentage of medium- and heavy-duty trucks sold in the state to be zero emissions. Washington, New York, New Jersey, Massachusetts and Oregon have also adopted the ACT rule.

EVgo believes these regulations, combined with a shift toward car-sharing and mobility as a service offering as well as broader fleet sustainability trends, will rapidly accelerate EV adoption by fleets in the coming years.

Key Components of Results of Operations

Revenue

EVgo’s revenues are generated across various business lines. The majority of EVgo’s revenue is generated from the sale of charging services, which are comprised of retail, OEM and fleet business lines. In addition, EVgo generates ancillary revenues through the sale of data services, consumer retail services and the development and project management of third-party owned charging sites. EVgo also offers network services to OEM customers, including memberships and marketing. Finally, as a result of owning and operating the EV charging stations, EVgo earns regulatory credits such as California LCFS credits which are sold to generate additional revenue.

Revenue From Related Party

EVgo entered into various agreements with an affiliate of LS Power for the purchase and sale of California LCFS credits at prevailing market prices.

[Table of Contents](#)

Cost of Sales

Cost of Revenue

Cost of revenue consists primarily of energy usage fees, site operating and maintenance expenses, warranty and repair services, and site lease and rent expense associated with charging equipment.

Depreciation and Amortization

Depreciation and amortization consists of depreciation related to EVgo's property and equipment associated with charging equipment and installation and includes the amortization of EVgo's capital build liabilities.

Gross Profit (Loss) and Gross Margin

Gross profit (loss) consists of EVgo's revenue less its cost of revenues and depreciation and amortization. Gross margin is gross profit (loss) as a percentage of revenue.

Operating Expenses

General and Administrative Expenses

General and administrative expenses primarily consist of payroll and related personnel expenses, IT and office services, customer service and network charges, office rent expense and professional services. EVgo expects its general and administrative expenses to increase in absolute dollars as it continues to grow its business but to decrease over time as a percentage of revenue. EVgo also expects to incur additional expenses as a result of operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations and other professional services.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion consists of depreciation related to EVgo's property, equipment and software not associated with charging equipment, and, therefore, not included in the depreciation and amortization expenses recorded in cost of sales. This also includes amortization of EVgo's intangible assets and accretion related to EVgo's asset retirement obligations.

Operating Profit (Loss) and Operating Margin

Operating profit (loss) consists of EVgo's gross profit or loss less general and administrative expenses, transaction bonus expense, and depreciation, amortization, and accretion in operating expenses. Operating margin is operating loss as a percentage of revenue.

Interest Expense

Interest expense consists of amounts paid upon the purchase of debt securities.

Interest Expense, Related Party

Interest expense, related party consists primarily of interest due under the Secured Grid Demand Promissory Note, dated January 16, 2020, by and between EVgo Services and EVgo Holdings (the "LS Power Note"). Pursuant to the terms of the Business Combination Agreement, the LS Power Note was cancelled immediately prior to the CRIS Close Date and deemed to be an equity contribution to the Company, immediately followed by a contribution of such equity interest by EVgo Holdings to EVgo Holdco.

[Table of Contents](#)

Interest Income

Interest income consists primarily of the interest earned on cash, cash equivalents and debt securities.

Other (Expense) Income, Net

Other (expense) income, net, consists primarily of unrealized gains and losses on marketable securities.

Change in Fair Values of Warrant and Earnout Liabilities

The change in the fair values of the warrant and earnout liabilities represents the gain (loss) resulting from adjusting warrant and earnout liabilities to fair value for each reporting period.

Income Taxes

EVgo's provision for income taxes consists primarily of income taxes related to federal and state jurisdictions where business is conducted related to the Company's ownership in EVgo OpCo.

Net Earnings (Loss) Attributable to Redeemable Noncontrolling Interest

Net earnings (loss) attributable to redeemable noncontrolling interest represents the share of net earnings or loss that is attributable to the holder of EVgo's Class B common stock.

Key Performance Indicators

EVgo management uses several performance metrics to manage the business and evaluate financial and operating performance. EVgo considers the following indicators to be of critical importance:

Network Throughput

Network throughput represents the total amount of Gigawatt hours ("GWh") that was consumed by EVs using chargers and charging stations on EVgo's network. EVgo typically monitors GWh sales by business line, customer, and customer class. EVgo believes monitoring of component trends and contributions is the appropriate way to monitor and measure business-related health.

Number of DC Stalls on EVgo's Network and Customer Accounts

Number of DC stalls represents the total number of DC stalls that EVgo has operational on its network. One stall can charge one vehicle at a time. There are certain configurations of EVgo sites where one DC charger is capable of charging only one vehicle at a time; all chargers at such a site are counted as one stall per one charger. There are certain configurations of EVgo sites where one DC charger is capable of charging two vehicles simultaneously; all chargers at such a site are counted as two stalls per one charger. The following table represented network throughput and the number of DC stalls on EVgo's network:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Network throughput (GWh) for the three months ended	10.1	6.1
Network throughput (GWh) for the six months ended	18.1	10.2
Number of DC stalls on EVgo network as of	1,937	1,548

Factors Affecting EVgo's Operating Results

EVgo believes its performance and future success depend on several factors, including those discussed below and in “Part II, Item 1A., Risk Factors.”

EV Sales

EVgo's revenue growth is directly tied to the adoption and continued acceptance and usage of passenger and commercial EVs sold, which it believes drives the demand for electricity, charging infrastructure and charging services. The market for EVs is still rapidly evolving and although demand for EVs has grown in recent years, there is no guarantee of such future demand. Additionally, as demand increases, the supply must keep pace for adoption to continue to accelerate at a rapid pace. Factors impacting the adoption of EVs include perceptions about EV features, quality, safety, performance and cost; perceptions about the limited range over which EVs may be driven on a single battery charge; availability of services for EVs; consumers' perception about the convenience, speed and cost of EV charging; volatility in the price of gasoline and diesel; EV supply chain disruptions including but not limited to availability of certain components (e.g. semiconductors), ability of EV OEMs to ramp-up EV production and/or allocate sufficient quantities of EV models to the U.S. market; availability of batteries, and battery materials; availability, cost and desirability of other alternative fuel vehicles, plug-in hybrid EVs and high fuel-economy gasoline and diesel-powered vehicles; and increases in fuel efficiency. In addition, macroeconomic factors could impact demand for EVs, particularly since EVs can be more expensive than traditional gasoline-powered vehicles. If the market for EVs does not develop as expected or if there is any slowdown or delay in overall adoption of EVs, EVgo's operating results may be adversely affected.

Electrification of Fleets

EVgo faces competition in the emerging fleet electrification segment, including from certain fleet customers who may opt to install and own the charging equipment on their property, but believes its unique set of offerings to fleets and existing charging network position EVgo advantageously to win business from fleets. Fleet owners are generally more sensitive to the total cost of ownership of a vehicle than private-vehicle owners. As such, electrification of vehicle fleets may occur more slowly or more rapidly than management forecasts based on the cost to purchase, operate and maintain EVs and the general availability of such vehicles relative to those of legacy internal combustion engine vehicles. EVgo's, and other competitors', ability to offer competitive charging services and value-added ancillary services may impact the cadence at which fleets electrify and may impact EVgo's ability to capture market share in fleets. Additionally, federal, state and local government support and regulations directed at fleets (or lack thereof) may accelerate or delay fleet electrification and increase or reduce EVgo's business opportunity. EVgo's management is currently monitoring several key rules that may encourage fleet electrification, including California's ACT rule and the implementation of California's Clean Miles Standard, as well as similar proposals in other zero emission vehicle states and potential action at the federal level.

Competition

The EV charging industry is increasingly competitive. The principal competitive factors in the industry include charger count, locations and accessibility; charger connectivity to EVs and ability to charge all standards; speed of charging relative to expected vehicle dwell times at the location; DCFC network reliability, scale and local density; software-enabled services offering and overall customer experience; operator brand, track record and reputation; and access to equipment vendors, service providers, policy incentives and pricing. Existing competitors may expand their product offerings and sales strategies, new competitors may enter the market and certain fleet customers may choose to install and operate their own charging infrastructure. If EVgo's market share decreases due to increased competition, its revenue and ability to generate profits in the future may be impacted.

Government Mandates, Incentives and Programs

The U.S. federal government, some state and local governments, and certain utilities provide incentives to end-users and purchasers of EVs and EV charging stations in the form of rebates, tax credits, grants and other financial incentives. The EV market relies on these governmental rebates, tax credits, and other financial incentives to significantly lower the effective price of EVs and EV charging stations. For example, EVgo has historically benefitted from the availability of federal tax credits under Section 30C of the Code. The credits under Section 30C of the Code expired on December 31, 2021, and thus, are not available going forward for EV charging stations placed in service after such date unless such credits are extended retroactively. Current legislation under consideration in Congress includes an extension of the credits under Section 30C of the Code as of and after December 31, 2021 as well as an expansion of the credit starting in 2023 going forward to 2032. In addition, in November 2021, Congress passed and the President signed the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, which included up to \$7.5 billion in funding for EV charging infrastructure through the Department of Transportation. The U.S. federal government offers a tax credit for qualified plug-in EVs; the minimum credit is \$2,500 and the maximum credit is \$7,500, depending on vehicle weight and battery capacity. These credits will begin to phase out when the vehicle manufacturer reaches certain production levels (with several manufacturers, such as Toyota, hitting such production levels this year or in the near future), and such credit has already been completely phased out for EVs manufactured by GM and Tesla, but legislation under consideration in Congress, if enacted as currently proposed, would alleviate the manufacturer cap and expand the credit both for used and new EVs. However, it is uncertain whether such legislation will be enacted, and if enacted, whether such legislation will be enacted as proposed. Various states also offer various rebates, grants and tax credits to incentivize both EV and EVSE purchases and have adopted or proposed mandates for EVs as well as mandates that aim to reduce greenhouse gas emissions through electrification such as California's Clean Miles Standard and the ACT rule.

There can be no assurance that any of these programs will have sufficient availability or be extended, or if extended, that such extension will be effective retroactively or that these programs will not be otherwise reduced. Any reduction in rebates, tax credits, grants or other financial incentives could negatively affect the EV market and adversely impact EVgo's business operations and expansion potential. In addition, there is no assurance EVgo will have the necessary tax attributes to utilize any such credits and may not be able to monetize them given the nascent state of the market for such credits or be able to monetize such credits on favorable terms. New tariffs and policies that could incentivize overbuilding of infrastructure may also have a negative impact on the economics of EVgo's stations. Furthermore, future tariffs and policy incentives may favor equipment manufactured or assembled at American factories, which may or may not put EVgo's fast charging equipment vendors at a competitive disadvantage, including by increasing the cost or delaying the availability of charging equipment, by challenging or eliminating EVgo's ability to apply or qualify for grants and other government incentives, or by disqualifying EVgo from the ability to compete for certain charging infrastructure buildout solicitations and programs, including those initiated by federal government agencies.

Technology Risks

EVgo relies on numerous internally developed and externally sourced hardware and software technologies to operate its network and generate earnings. EVgo engages a variety of third-party vendors for non-proprietary hardware and software components. The ability of EVgo to continue to integrate its technology stack with technological advances in the wider EV ecosystem including EV model characteristics, charging standards, charging hardware, software and battery chemistries will determine EVgo's sustained competitiveness in offering charging services. There is a risk that some or all of the components of the EV technology ecosystem become obsolete and EVgo will be required to make significant investment to continue to effectively operate its business. EVgo's management believes EVgo's business model is well-positioned to enable EVgo to remain technology-, vendor- and OEM-agnostic over time and allow the business to remain competitive regardless of long-term technological shifts in EVs, batteries or modes of charging.

Sale of Regulatory Credits

EVgo derives revenue from selling regulatory credits earned for participating in low carbon fuel standard programs, or other similar carbon or emissions trading schemes, in various states and jurisdictions in the U.S. EVgo currently sells these credits at market prices. These credits are exposed to various market and supply and demand dynamics which can drive price volatility and are difficult to predict. Price fluctuations in credits may have a material effect on future earnings.

[Table of Contents](#)

The availability of such credits depends on continued governmental support for these programs. If these programs are modified, reduced or eliminated, EVgo's ability to generate this revenue in the future would be adversely impacted. In addition to current programs, EVgo's management is currently monitoring proposed programs in Colorado, New York, Massachusetts, Washington, New Mexico and several other states, along with a potential federal program, as potential future revenue streams.

Results of Operations

Three Months Ended June 30, 2022 and 2021

The table below presents EVgo's results of operations for the three months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Change	
	2022	2021	\$	%
Revenue	\$ 9,076	\$ 4,783	\$ 4,293	90 %
Revenue from related party	—	—	—	—
Total revenue	9,076	4,783	4,293	90 %
Cost of revenue	(5,719)	(3,752)	(1,967)	52 %
Depreciation and amortization	(4,101)	(2,705)	(1,396)	52 %
Gross loss	(744)	(1,674)	930	56 %
General and administrative	32,178	13,338	18,840	141 %
Depreciation, amortization and accretion	4,132	2,545	1,587	62 %
Operating loss	(37,054)	(17,557)	(19,497)	(111)%
Interest expense	(13)	—	(13)	
Interest expense, related party	—	(1,039)	1,039	100 %
Interest income	636	1	635	999+ %
Other (expense) income, net	(158)	174	(332)	(191)%
Change in fair value of earnout liability	4,891	—	4,891	
Change in fair value of warrant liability	48,712	—	48,712	
Income (loss) before income tax expense	17,014	(18,421)	35,435	192 %
Income tax expense	(17)	—	(17)	
Net income (loss)	16,997	(18,421)	35,418	192 %
Less: net income (loss) attributable to redeemable noncontrolling interest	12,518	(18,421)	30,939	168 %
Net income attributable to Class A common stockholders	\$ 4,479	\$ —	\$ 4,479	
Gross margin	(8.2)%	(35.0)%		
Operating margin	(408.3)%	(367.1)%		
Network throughput (GWh)	10.1	6.1		
Number of DC stalls	1,937	1,548		

The table below presents EVgo's revenue for the three months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Change	
	2022	2021	\$	%
Revenue				
Charging revenue, retail	\$ 4,389	\$ 2,498	\$ 1,891	76 %
Charging revenue, OEM	189	150	39	26 %
Charging revenue, commercial	654	546	108	20 %
Network revenue, OEM	887	275	612	223 %
Ancillary revenue	829	639	190	30 %
Regulatory credit sales	2,128	675	1,453	215 %
Total revenue	\$ 9,076	\$ 4,783	\$ 4,293	90 %

[Table of Contents](#)

Total revenue for the three months ended June 30, 2022 increased \$4.3 million, or 90%, to \$9.1 million compared to \$4.8 million for the three months ended June 30, 2021. As further discussed below, the increase in revenue during the three months ended June 30, 2022 was primarily due to a 76% increase in retail charging revenue as a result of the increased throughput, as well as a 215% increase in regulatory credit sales.

Charging Revenue, Retail

Charging revenue, retail, for the three months ended June 30, 2022 increased \$1.9 million, or 76%, to \$4.4 million compared to \$2.5 million for the three months ended June 30, 2021. Period-over-period growth was due to an overall increase in usage and subscription fees driven primarily by a growing number of customers and increased charging volume as well as the ongoing recovery from COVID-19.

Charging Revenue, OEM

Charging revenue, OEM, for the three months ended June 30, 2022 stayed flat at \$0.2 million compared to the three months ended June 30, 2021 as there was no material change to agreements and limited pick up of driver activity.

Charging Revenue, Commercial

Charging revenue, commercial, for the three months ended June 30, 2022 increased \$0.1 million, or 20%, to \$0.7 million compared to \$0.5 million for the three months ended June 30, 2021. The increase was attributable to new fleet contracts that became effective towards the end of the three months ended June 30, 2021, increased charging volume by EVgo's public fleet customers as well as the ongoing recovery from COVID-19.

Network Revenue, OEM

Network revenue, OEM, for the three months ended June 30, 2022 increased \$0.6 million, or 223%, to \$0.9 million compared to \$0.3 million for the three months ended June 30, 2021 primarily due to increased membership fees, and breakage of prepaid charging credits as a result of increased membership activity and increased joint marketing activity under the OEM agreements.

Ancillary Revenue

Ancillary revenue for the three months ended June 30, 2022 increased \$0.2 million, or 30%, to \$0.8 million compared to \$0.6 million for the three months ended June 30, 2021. The increase was primarily due to the acquisition of PlugShare and subsequent inclusion of PlugShare's revenues in ancillary revenue partially offset by reduced equipment sales revenue.

Regulatory Credit Sales

Regulatory credit sales for the three months ended June 30, 2022 increased \$1.5 million, or 215%, to \$2.1 million compared to \$0.7 million for the three months ended June 30, 2021. The period-over-period increase was primarily due to a new contract with a buyer who will purchase all of EVgo's regulatory credits on an ongoing basis as well as the sales of credits generated in prior fiscal year, partially offset by the decrease in price per credit.

Cost of Sales

Cost of Revenue (Exclusive of Depreciation and Amortization Shown Separately Below)

Cost of revenue for the three months ended June 30, 2022 increased \$2.0 million, or 52%, to \$5.7 million compared to \$3.8 million for the three months ended June 30, 2021. The increase in cost of revenues was due to an increase of \$1.3 million in non-energy costs due to an increased stall count and \$0.8 million in increased energy and other variable costs due to increased throughput, partially offset by lower cost of equipment sales.

[Table of Contents](#)

Depreciation and Amortization

Depreciation and amortization for the three months ended June 30, 2022 increased \$1.4 million, or 52%, to \$4.1 million compared to \$2.7 million for the three months ended June 30, 2021 due to growth in EVgo's asset base.

Gross Loss and Gross Margin

Gross loss for the three months ended June 30, 2022 improved \$0.9 million, or 56%, to \$0.7 million compared to \$1.7 million for the three months ended June 30, 2021. Gross margin for the three months ended June 30, 2022 improved 26.8% to negative 8.2% compared to negative 35.0% for the three months ended June 30, 2021 due to the improved leveraging of both energy and non-energy related costs due to higher revenue, as well as improved ancillary margin and higher regulatory credit sales.

Operating Expenses

General and Administrative

General and administrative costs for the three months ended June 30, 2022 increased \$18.8 million, or 141%, to \$32.2 million compared to \$13.3 million for the three months ended June 30, 2021. The difference was driven by an \$11.7 million increase in payroll expenses due to higher headcount and higher share-based compensation, a \$1.8 million increase in loss on fixed asset disposals, a \$1.6 million increase in insurance expenses, a \$2.1 million increase in legal service and professional service expenses, as well as a \$1.4 million increase in software expenses.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion expenses increased by \$1.6 million, or 62%, and was \$4.1 million and \$2.5 million for the three months ended June 30, 2022 and 2021. The increase was primarily due to higher intangible asset amortization related to the PlugShare acquisition and software amortization.

Operating Loss and Operating Margin

During the three months ended June 30, 2022, EVgo had an operating loss of \$37.1 million, an increase of \$19.5 million, or 111%, compared to \$17.6 million for the three months ended June 30, 2021. Operating margin for the three months ended June 30, 2022 decreased to negative 408.3% compared to negative 367.1% for the three months ended June 30, 2021. The increase in operating loss period-over-period was primarily due to an increase in general and administrative expenses, partially offset by the improvement in gross margin.

Interest Expense

For the three months ended June 30, 2022, interest expense was de minimis. There was no interest expense for the three months ended June 30, 2021.

Interest Expense, Related Party

There was no interest expense for the three months ended June 30, 2022. Interest expense for the three months ended June 30, 2021 was \$1.0 million. The decrease was related to conversion of the borrowings under the LS Power Note to equity on the CRIS Close Date.

Interest Income

Interest income for the three months ended June 30, 2022 was \$0.6 million. Interest income for the three months ended June 30, 2021 was de minimis. The increase was a result of the interest earned on debt securities during the three months ended June 30, 2022.

Other (Expense) Income, Net

Other (expense) income, net, for the three months ended June 30, 2022 decreased by \$0.3 million, or 191%, to \$0.2 million of other expense, net, compared to \$0.2 million of other income, net, for the three months ended June 30, 2021. The decrease was primarily due to unrealized losses on marketable equity securities.

Changes in Fair Values of Warrant and Earnout Liabilities

The change in the fair values of the warrant and earnout liabilities relates to the liabilities that were assumed in connection with the CRIS Business Combination. For the three months ended June 30, 2022, there was a \$53.6 million gain primarily due to a reduction in the fair values of the liabilities during the second quarter of 2022. See “Part I, Item 1. Financial Statements – Note 11 – Fair Value Measurements” for more information.

Income Taxes

For the three months ended June 30, 2022 and 2021, EVgo’s provision for income taxes and effective tax rates were de minimis as the current income tax benefit was offset by the change in the valuation allowance.

Net Income (Loss)

Net income for the three months ended June 30, 2022 was \$17.0 million, a \$35.4 million, or 192%, improvement compared to a net loss of \$18.4 million for the three months ended June 30, 2021. The change to net income was primarily driven by a \$53.6 million decrease in the fair value of the warrant and earnout liabilities during the three months ended June 30, 2022, as well as improved gross loss, partially offset by increased general and administrative expenses incurred to support growth, increased depreciation, amortization and accretion expenses incurred due to the PlugShare acquisition and an increased number of chargers in EVgo’s network.

[Table of Contents](#)

Six Months Ended June 30, 2022 and 2021

The table below presents EVgo's results of operations for the six months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	Six Months Ended June 30,		Change	
	2022	2021	\$	%
Revenue	\$ 16,776	\$ 8,352	\$ 8,424	101 %
Revenue from related party	—	562	(562)	(100)%
Total revenue	16,776	8,914	7,862	88 %
Cost of revenue	(10,565)	(7,113)	(3,452)	49 %
Depreciation and amortization	(7,555)	(5,152)	(2,403)	47 %
Gross loss	(1,344)	(3,351)	2,007	60 %
General and administrative	57,606	25,344	32,262	127 %
Depreciation, amortization and accretion	8,019	5,055	2,964	59 %
Operating loss	(66,969)	(33,750)	(33,219)	(98)%
Interest expense	(13)	—	(13)	
Interest expense, related party	—	(1,915)	1,915	100 %
Interest income	691	1	690	999+ %
Other (expense) income, net	(422)	632	(1,054)	(167)%
Change in fair value of earnout liability	2,627	—	2,627	
Change in fair value of warrant liability	25,839	—	25,839	
Loss before income tax expense	(38,247)	(35,032)	(3,215)	(9)%
Income tax expense	(22)	—	(22)	
Net loss	(38,269)	(35,032)	(3,237)	(9)%
Less: net loss attributable to redeemable noncontrolling interest	(28,349)	(35,032)	6,683	19 %
Net loss attributable to Class A common stockholders	\$ (9,920)	\$ —	\$ (9,920)	
Gross margin	(8.0)%	(37.6)%		
Operating margin	(399.2)%	(378.6)%		
Network throughput (GWh)	18.1	10.2		
Number of DC stalls	1,937	1,548		

The table below presents EVgo's revenue for the six months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	Six Months Ended June 30,		Change	
	2022	2021	\$	%
Revenue				
Charging revenue, retail	\$ 7,891	\$ 4,302	\$ 3,589	83 %
Charging revenue, OEM	340	482	(142)	(29)%
Charging revenue, commercial	1,363	1,037	326	31 %
Network revenue, OEM	1,377	807	570	71 %
Ancillary revenue	2,299	1,043	1,256	120 %
Regulatory credit sales	3,506	1,243	2,263	182 %
Total revenue	\$ 16,776	\$ 8,914	\$ 7,862	88 %

Total revenue for the six months ended June 30, 2022 increased \$7.9 million, or 88%, to \$16.8 million compared to \$8.9 million for the six months ended June 30, 2021. As further discussed below, the increase in revenue during the six months ended June 30, 2022 was primarily due to an 83% increase in retail charging revenue, a 182% increase in regulatory credit sales, as well as a 120% increase in ancillary revenue.

Charging Revenue, Retail

Charging revenue, retail, for the six months ended June 30, 2022 increased \$3.6 million, or 83%, to \$7.9 million compared to \$4.3 million for the six months ended June 30, 2021. Period-over-period growth was due to an overall increase in usage and subscription fees driven primarily by a growing number of customers and increased charging volume as well as the ongoing recovery from COVID-19.

Charging Revenue, OEM

Charging revenue, OEM, for the six months ended June 30, 2022 decreased \$0.1 million, or 29%, to \$0.3 million compared to \$0.5 million for the six months ended June 30, 2021. The decrease was primarily driven by the expiration of one of EVgo's OEM programs.

Charging Revenue, Commercial

Charging revenue, commercial, for the six months ended June 30, 2022 increased \$0.3 million, or 31%, to \$1.4 million compared to \$1.0 million for the six months ended June 30, 2021. The increase was attributable to new fleet contracts that became effective during 2021, increased charging volumes by the Company's public fleet customers and also due to the ongoing recovery from COVID-19.

Network Revenue, OEM

Network revenue, OEM, for the six months ended June 30, 2022 increased \$0.6 million, or 71%, to \$1.4 million compared to \$0.8 million due to increased membership fees, and breakage of prepaid charging credits as a result of increased membership activity and increased joint marketing activity under the OEM agreements.

Ancillary Revenue

Ancillary revenue for the six months ended June 30, 2022 increased \$1.3 million, or 120%, to \$2.3 million compared to \$1.0 million for the six months ended June 30, 2021. The increase was primarily due to the acquisition of PlugShare and subsequent inclusion of PlugShare's revenues in ancillary revenue, partially offset by reduced equipment sales and engineering, procurement and construction revenue.

Regulatory Credit Sales

Regulatory credits for the six months ended June 30, 2022 increased \$2.3 million, or 182%, to \$3.5 million compared to \$1.2 million for the six months ended June 30, 2021. The period-over-period increase was primarily due to a new contract with a buyer who will purchase all of EVgo's regulatory credits on an ongoing basis as well as the sales of credits generated in prior fiscal year, partially offset by the decrease in price per credit.

Cost of Sales

Cost of Revenue (Exclusive of Depreciation and Amortization Shown Separately Below)

Cost of revenue for the six months ended June 30, 2022 increased \$3.5 million, or 49%, to \$10.6 million compared to \$7.1 million for the six months ended June 30, 2021. The increase in cost of sales during the six months ended June 30, 2022 was due to an increase of \$2.1 million in non-energy costs from an increased stall count, \$1.5 million in increased energy and other variable costs due to increased throughput, partially offset by a decrease of \$0.3 million in equipment cost of sales and engineering and construction costs.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2022 increased \$2.4 million, or 47%, to \$7.6 million compared to \$5.2 million for the six months ended June 30, 2021 due to a higher stall count.

Gross Loss and Gross Margin

Gross loss for the six months ended June 30, 2022 improved by \$2.0 million, or 60%, to \$1.3 million compared to \$3.4 million for the six months ended June 30, 2021. Gross margin for the six months ended June 30, 2022 improved 29.6% to negative 8.0% compared to negative 37.6% for the six months ended June 30, 2021 due to the improved leveraging of energy and non-energy related costs, increased regulatory credit sales, as well as improved ancillary margin.

Operating Expenses

General and Administrative

General and administrative costs for the six months ended June 30, 2022 increased \$32.3 million, or 127%, to \$57.6 million compared to \$25.3 million for the six months ended June 30, 2021. The difference was driven by a \$19.9 million increase in payroll expenses due to higher headcount and higher share-based compensation, a \$3.2 million increase in insurance expenses, a \$3.0 million increase in software expenses, a \$3.0 million increase in legal service and professional service expenses, as well as a \$2.5 million increase in loss on fixed asset disposals.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion expenses for the six months ended June 30, 2022 increased \$3.0 million, or 59%, to \$8.0 million compared to \$5.1 million for the six months ended June 30, 2021. The increase was primarily due to higher intangible asset amortization as a result of the PlugShare acquisition and software amortization.

Operating Loss and Operating Margin

During the six months ended June 30, 2022, EVgo had an operating loss of \$67.0 million, an increase of \$33.2 million, or 98%, compared to \$33.8 million for the six months ended June 30, 2021. Operating margin for the six months ended June 30, 2022 decreased to negative 399.2% compared to negative 378.6% for the six months ended June 30, 2021. The increase in operating loss period-over-period was primarily due to an increase in general and administrative expenses, partially offset by the improvement in gross margin.

Interest Expense

For the six months ended June 30, 2022, interest expense was de minimis. There was no interest expense for the six months ended June 30, 2021.

Interest Expense, Related Party

There was no interest expense for the six months ended June 30, 2022. For the six months ended June 30, 2021, interest expense was \$1.9 million. The decrease was related to conversion of the borrowings under the LS Power Note that was converted to equity on the CRIS Close Date.

Interest Income

Interest income for the six months ended June 30, 2022 was \$0.7 million. Interest income for the six months ended June 30, 2021 was de minimis. The increase was a result of the interest earned on investments made in the six months ended June 30, 2022.

Other (Expense) Income, Net

Other (expense) income, net, for the six months ended June 30, 2022 decreased \$1.1 million, or 167%, to \$0.4 million of other expense, net, compared to \$0.6 million of other income, net, for the six months ended June 30, 2021. The decrease was primarily due to unrealized losses on marketable equity securities.

Changes in Fair Values of Warrant and Earnout Liabilities

The change in the fair values of the warrant and earnout liabilities were due to the liabilities that were assumed in connection with the CRIS Business Combination. For the six months ended June 30, 2022, there was a \$28.5 million gain primarily due to a reduction in the fair values of the liabilities during the first six months of 2022. See “Part I, Item 1. Financial Statements – Note 11 – Fair Value Measurements” for more information.

Income Taxes

For the six months ended June 30, 2022 and 2021, EVgo’s provision for income taxes and effective tax rates were de minimis as the current income tax benefit was offset by the change in the valuation allowance.

Net Loss

Net loss for the six months ended June 30, 2022 was \$38.3 million, a \$3.2 million, or 9% increase compared to \$35.0 million for the six months ended June 30, 2021. The increased loss was primarily due to the increased general and administrative expenses incurred to support growth; the depreciation, amortization and accretion expenses incurred due to an increased number of chargers in EVgo’s network and the PlugShare acquisition, partially offset by improved gross loss and change in fair value of warrant and earnout liabilities.

Non-GAAP Financial Measures

This Quarterly Report includes the non-GAAP financial measures: “Adjusted Cost of Sales,” “Adjusted Gross Profit (Loss),” “Adjusted Gross Margin,” “EBITDA,” “Adjusted EBITDA” and “Receipts.” EVgo believes these measures are useful to investors in evaluating EVgo’s financial performance. In addition, EVgo uses these measures internally to establish forecasts, budgets, and operational goals to manage and monitor its business. Further, due to the nature of certain OEM contracts, there is a significant timing difference between cash receipt and revenue recognition, therefore, EVgo believes Receipts (defined below) provides valuable insight to the ongoing performance and liquidity of the business. EVgo believes that these non-GAAP financial measures help to depict a more realistic representation of the performance of the underlying business, enabling EVgo to evaluate and plan more effectively for the future. EVgo believes that investors should have access to the same set of tools that its management uses in analyzing operating results.

Adjusted Cost of Sales (defined below), Adjusted Gross Profit (Loss) (defined below), Adjusted Gross Margin (defined below), EBITDA, Adjusted EBITDA (defined below) and Receipts are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. These measures should not be considered as measures of financial performance under GAAP, and the items excluded from or included in these metrics are significant components in understanding and assessing EVgo’s financial performance. These metrics should not be considered as alternatives to net income (loss) or any other performance measures derived in accordance with GAAP.

Adjusted Cost of Sales, Adjusted Gross Profit (Loss), Adjusted Gross Margin, EBITDA and Adjusted EBITDA. EVgo defines Adjusted Cost of Sales as cost of sales before: (i) depreciation and amortization, (ii) share-based compensation, and (iii) OEM reimbursement. Adjusted Gross Profit (Loss) is defined as revenues less Adjusted Cost of Sales. Adjusted Gross Margin is defined as Adjusted Gross Profit (Loss) as a percentage of revenues. EVgo defines EBITDA as net income (loss) before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. EVgo defines Adjusted EBITDA as EBITDA plus (i) share-based compensation expense, (ii) loss on disposal of assets and (iii) other unusual or nonrecurring income (expenses) such as bad debt expense.

[Table of Contents](#)

The following is a reconciliation of adjusted cost of sales and adjusted gross profit for the three and six months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total revenue	\$ 9,076	\$ 4,783	\$ 16,776	\$ 8,914
Cost of sales	9,820	6,457	18,120	12,265
Less: Depreciation and amortization in cost of sales	(4,101)	(2,705)	(7,555)	(5,152)
Less: Share-based compensation and other	(18)	6	(20)	12
Adjusted cost of sales	\$ 5,701	\$ 3,758	\$ 10,545	\$ 7,125
Adjusted gross profit	\$ 3,375	\$ 1,025	\$ 6,231	\$ 1,789

The following is a reconciliation of adjusted gross margin for the three and six months ended June 30, 2022 and 2021:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gross margin	(8.2)%	(35.0)%	(8.0)%	(37.6)%
Depreciation and amortization in cost of sales	45.4	56.4	45.1	57.7
Less: Share-based compensation and other	0.0	0.0	0.0	0.0
Adjusted gross margin	37.2 %	21.4 %	37.1 %	20.1 %

During the third quarter of 2021, the Company changed its presentation of certain costs that were included as a component of cost of sales in previous periods. The Company now presents these costs as a component of general and administrative expenses. The following is a reconciliation of the previous and current presentation of cost of sales:

<i>(dollars in thousands)</i>	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cost of sales, under previous method ¹	\$ 11,582	\$ 7,548	\$ 21,617	\$ 14,288
Reclassification	(1,762)	(1,091)	(3,497)	(2,023)
Cost of sales, as reported	\$ 9,820	\$ 6,457	\$ 18,120	\$ 12,265

¹ The three and six months ended June 30, 2021 are presented as previously reported.

[Table of Contents](#)

The following unaudited table presents the reconciliation of net income (loss), the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2022 and 2021:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 16,997	\$ (18,421)	\$ (38,269)	\$ (35,032)
Adjustments:				
Depreciation, net of capital-build amortization	4,170	2,749	7,687	5,230
Amortization	3,564	2,147	6,929	4,294
Accretion	499	354	958	683
Interest income	(636)	(1)	(691)	(1)
Interest expense	13	1,039	13	1,915
State income tax	17	—	22	—
EBITDA	24,624	(12,133)	(23,351)	(22,911)
Share-based compensation	7,042	531	10,548	1,010
Loss on disposal of property and equipment	1,879	116	2,889	347
Unrealized loss (gain) on equity securities	150	(175)	405	(577)
Bad debt expense	35	98	151	168
Change in fair value of earnout liability	(4,891)	—	(2,627)	—
Change in fair value of warrant liability	(48,712)	—	(25,839)	—
Nonrecurring costs	36	554	(189)	1,175
Adjusted EBITDA	\$ (19,837)	\$ (11,009)	\$ (38,013)	\$ (20,788)

Receipts. EVgo defines Receipts, a non-GAAP financial measure, as total revenue plus change in deferred revenue over the same period. Pursuant to the term of certain OEM contracts, EVgo is paid well in advance of when revenue can be recognized according to ASC 606; usually, the payment is tied to the number of stalls that commence operations under the applicable contract arrangement. EVgo believes that Receipts provide investors insight into cash generated from EVgo's customers and EVgo's periodic performance and liquidity. EVgo uses Receipts to monitor and measure EVgo's commercial performance, liquidity and growth as EVgo's OEM customers pay EVgo in advance for placing stalls in operation, and then EVgo recognizes a portion of the related revenue over time. The calculation of Receipts is set forth in the table below for the following periods:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Receipts				
Total revenues	\$ 9,076	\$ 4,783	\$ 16,776	\$ 8,914
Change in deferred revenue ¹	(11)	225	(572)	20,778
Total Receipts	\$ 9,065	\$ 5,008	\$ 16,204	\$ 29,692
Year-over-year percentage change in total Receipts	81%		(45)%	

¹ Change in deferred revenue for the six months ended June 30, 2021 includes the first payment received in March 2021 of \$20.0 million under one of EVgo's OEM agreements.

Liquidity and Capital Resources

EVgo has a history of operating losses and negative operating cash flows. As of June 30, 2022, EVgo had a cash, restricted cash and cash equivalents balance of \$345.0 million and working capital of \$326.5 million. As of December 31, 2021, EVgo had a cash, restricted cash and cash equivalents balance of \$485.2 million and working capital of \$459.5 million. The Company's net cash outflow for the six months ended June 30, 2022 was \$140.2 million. EVgo believes its cash on hand as of June 30, 2022 is sufficient to meet EVgo's current working capital and capital expenditure requirements for a period of at least twelve months from the filing date of this Quarterly Report.

[Table of Contents](#)

To date, EVgo's primary sources of liquidity have been cash flows from the CRIS Business Combination, government grants, strategic relationships with OEMs and loans and equity contributions from its previous owners. EVgo's primary cash requirements include operating expenses, satisfaction of commitments to various counterparties and suppliers, and capital expenditures (including property and equipment). EVgo's principal uses of cash in recent periods have been funding its operations and investing in capital expenditures, including the purchase of EV chargers for installation.

In July 2022, EVgo entered into the Delta Charger Supply Agreement and the Purchase Order with Delta, pursuant to which EVgo will purchase and Delta will sell EV chargers manufactured by Delta from time to time in specified quantities at certain delivery dates over a period of four years. EVgo is obligated to purchase at least 1,000 chargers (which will enable the construction of 2,000 stalls) pursuant to the Delta Charger Supply Agreement and the Purchase Order with the option, at EVgo's election, to increase the number of chargers purchased to 1,100. Under the terms of the Purchase Order, EVgo will receive delivery of 600 chargers in the 11 months following July 12, 2022 and is required to make full payment on such chargers within sixty (60) days of receipt. EVgo's obligations under the Purchase Order are take-or-pay obligations; however, EVgo's liability is capped at a maximum of the greater of \$30.0 million or 50% of the value of any outstanding firm orders. EVgo entered into the Delta Charger Supply Agreement and Purchase Order in order to meet its obligations under the Pilot Infrastructure Agreement, other potential contractual commitments and its own needs and intends to fund the capital expenditure required under the Delta Charger Supply Agreement and Purchase Order with proceeds from the Pilot Infrastructure Agreement as well as cash on hand.

Following the consummation of the CRIS Business Combination, the Company Group is obligated to make payments under the Tax Receivable Agreement. The actual timing and amount of any payments that may be made under the Tax Receivable Agreement are unknown at this time and will vary based on a number of factors. However, the Company Group expects that the payments that it will be required to make to TRA Holders in connection with the Tax Receivable Agreement will be substantial. Any payments made by the Company Group to TRA Holders under the Tax Receivable Agreement will generally reduce the amount of cash that might have otherwise been available to EVgo or EVgo OpCo. To the extent EVgo OpCo has available cash and subject to the terms of any current or future debt or other agreements, the EVgo OpCo A&R LLC Agreement will require EVgo OpCo to make pro rata cash distributions to holders of EVgo OpCo Units, including Thunder Sub, in an amount sufficient to allow the Company Group to pay its taxes and to make payments under the Tax Receivable Agreement. EVgo generally expects EVgo OpCo to fund such distributions out of available cash. However, except in cases where the Company Group elects to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers or other changes of control or the Company Group has available cash but fails to make payments when due, generally the Company Group may elect to defer payments due under the Tax Receivable Agreement if it does not have available cash to satisfy its payment obligations under the Tax Receivable Agreement or if its contractual obligations limit its ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest at the rate provided for in the Tax Receivable Agreement, and such interest may significantly exceed the Company Group's other costs of capital. In certain circumstances (including an early termination of the Tax Receivable Agreement due to a change of control or otherwise), payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, the Company Group realizes in respect of the tax attributes subject to the Tax Receivable Agreement. In the case of such an acceleration in connection with a change of control, where applicable, EVgo generally expects the accelerated payments due under the Tax Receivable Agreement to be funded out of the proceeds of the change of control transaction giving rise to such acceleration, which could have a significant impact on EVgo's ability to consummate a change of control or the proceeds received by EVgo's stockholders in connection with a change of control. However, the Company Group may be required to fund such payment from other sources, and as a result, any early termination of the Tax Receivable Agreement could have a substantial negative impact on EVgo's liquidity or financial condition.

Cash Flows

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2022	2021
Cash flows used in operating activities	\$ (38,370)	\$ (1,357)
Cash flows used in investing activities	(106,836)	(23,341)
Cash flows provided by financing activities	5,032	18,185
Net decrease in cash, restricted cash and cash equivalents	\$ (140,174)	\$ (6,513)

[Table of Contents](#)

Operating Activities. Cash used in operating activities for the six months ended June 30, 2022 was \$38.4 million compared to cash used by operating activities of \$1.4 million during the six months ended June 30, 2021. The year-over-year change was primarily due to a decrease of \$21.4 million in cash inflows from deferred revenue and cash loss from operations of \$15.8 million. Offsetting these decreases were \$3.5 million of increased cash inflows related to prepaid expenses and other current and noncurrent assets and \$1.5 million of increased cash inflows from receivables from related parties.

Investing Activities. Cash used in investing activities for the six months ended June 30, 2022 was \$106.8 million, relating to \$34.7 million for purchases of investments in various debt securities and \$72.3 million of property, equipment and software, which was primarily comprised of costs for construction in process and charging equipment. During the six months ended June 30, 2021, cash used in investing activities was \$23.3 million related to purchases of property and equipment, comprised of charging equipment and costs for construction in process.

Financing Activities. Cash provided by financing activities for the six months ended June 30, 2022 was \$5.0 million, primarily comprised of proceeds from capital-build funding. Cash provided by financing activities for the six months ended June 30, 2021 was \$18.2 million, consisting principally of proceeds from, and payments on, the related party note payable.

Working Capital. EVgo's working capital as of June 30, 2022 was \$326.5 million, compared to a \$459.5 million as of December 31, 2021. During the six months ended June 30, 2022, EVgo's cash balance decreased by \$140.2 million, receivables from related party decreased \$1.5 million, prepaid expenses decreased by \$4.1 million and accrued liabilities increased by \$16.3 million. The decrease in assets was offset by purchase of short-term available-for-sale investments of \$27.8 million.

Critical Accounting Policies and Estimates

The discussion and analysis of EVgo's financial condition and results of operations is based upon EVgo's condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of EVgo's financial statements requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures of contingent assets and liabilities. Management bases these estimates on its historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results experienced may vary materially and adversely from EVgo's estimates. Revisions to estimates are recognized prospectively. The Company's significant accounting policies are discussed in Note 2 of the notes to the consolidated financial statements as of and for the fiscal years ended December 31, 2021 and 2020, included in the Company's Annual Report.

There have been no significant changes to EVgo's critical accounting policies other than the implementation of a comprehensive new lease standard during the six months ended June 30, 2022. See "Part I, Item 1. Financial Statements – Note 5 – Lease Accounting" for further information on EVgo's accounting policies related to the implementation of the comprehensive new lease standard.

Recent Accounting Pronouncements

For a discussion of EVgo's new or recently adopted accounting pronouncements, see "Part I, Item 1. Financial Statements – Note 2 – Summary of Significant Accounting Policies."

Jumpstart Our Business Startups Act of 2012

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. Following the CRIS Business Combination, EVgo is an “emerging growth company” under the JOBS Act and is allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. EVgo elected to delay the adoption of new or revised accounting standards, and as a result, EVgo may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, EVgo’s financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

As an “emerging growth company,” EVgo is not required to, among other things, (a) provide an auditor’s attestation report on EVgo’s system of internal control over financial reporting, (b) provide all of the compensation disclosure that may be required of non-emerging growth public companies, (c) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis) and (d) disclose comparisons of the chief executive officer’s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of the Initial Public Offering or until EVgo otherwise no longer qualifies as an “emerging growth company.”

Following the CRIS Business Combination, EVgo was and currently is a “smaller reporting company” as defined under the Exchange Act. EVgo may continue to be a smaller reporting company so long as either (i) the market value of shares of its common stock held by non-affiliates is less than \$250 million or (ii) its annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of shares of its common stock held by non-affiliates is less than \$700 million. If EVgo is a smaller reporting company at the time it ceases to be an emerging growth company, EVgo may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, EVgo may choose to present only the two most recent fiscal years of audited financial statements in its Annual Report on Form 10-K and have reduced disclosure obligations regarding executive compensation, and, similar to emerging growth companies, if EVgo is a smaller reporting company under the requirements of (ii) above, EVgo would not be required to obtain an attestation report on internal control over financial reporting issued by its independent registered public accounting firm.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

EVgo is a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 305(e) of Regulation S-K, the Company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are controls and other procedures that are designed to ensure that information required to be disclosed in the Company’s reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

EVgo, with the participation of its chief executive officer and chief financial officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of the Company’s disclosure controls and procedures and determined that such controls were not effective at a reasonable assurance level as of June 30, 2022 due to material weaknesses in its internal control over financial reporting described below.

Notwithstanding these material weaknesses, EVgo has concluded that the condensed consolidated financial statements included in this Quarterly Report are fairly stated in all material respects in accordance with GAAP.

Material Weakness Remediation Plan

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its financial statements would not be prevented or detected on a timely basis. During the three months ended June 30, 2022, the Company identified multiple control deficiencies aggregating to a material weakness in the retail charging revenue cycle. The deficiencies resulted from ineffective control over the completeness and accuracy of retail charging revenue transactions combined with complexity in managing the high volume, low dollar value nature of such transactions. As previously described in the Company's Annual Report under the section titled "Risk Factors," EVgo has determined that the Company had material weaknesses in its internal control over financial reporting. Specifically, material weaknesses were identified with respect to segregation of duties and review; account reconciliations, preparation of supporting documentation and analysis; effective review of technical accounting matters; separate review and approval of journal entries; and review of key inputs for estimates of asset retirement obligations. As of December 31, 2021, EVgo remediated the material weakness related to the review and approval of journal entries.

In order to address the remaining identified material weaknesses, the Company has established a remediation plan which includes the following measures:

- Increasing resources within its organization, including the expansion of its accounting, control and compliance functions to develop and implement continued improvements and enhancements to address the overall deficiencies that led to the material weaknesses;
- Documenting existing, and implementing additional, internal controls over financial reporting;
- Engaging external consultants to assist with documentation of its existing internal controls over financial reporting and identification of control gaps, including the existing material weaknesses, to be remediated;
- Implementing additional training programs for the finance and accounting staff related to the requirements of being a public company and internal controls over financial reporting; and
- Developing a comprehensive plan to address deficiencies in the retail charging revenue cycle.

EVgo is continuing to remediate the remaining material weaknesses as efficiently and effectively as possible, and remediation efforts could continue beyond the fiscal year ending December 31, 2022. At this time, EVgo cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, result in increased costs and place significant demands on the Company's financial and operational resources.

Changes in Internal Control Over Financial Reporting

In connection with the preparation of the audited consolidated financial statements of EVgo Holdco as of and for the year ended December 31, 2019, material weaknesses were identified in the Company's internal control over financial reporting. Certain of these material weaknesses continued during the six months ended June 30, 2022 and have not yet been fully remediated. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of EVgo's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. See the section entitled "*Risk Factors— Financial, Tax and Accounting-Related Risks—EVgo has identified material weaknesses in its internal control over financial reporting. If EVgo is unable to remediate these material weaknesses, or if EVgo identifies additional material weaknesses in the future or otherwise fails to maintain an effective system of internal control over financial reporting, this may result in material misstatements of EVgo's consolidated financial statements or cause the Company to fail to meet EVgo's periodic reporting obligations*" in the Company's Annual Report.

Other than as discussed above, there were no changes in the Company's internal control over financial reporting during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, EVgo may be a party to legal proceedings or subject to claims arising in the ordinary course of business. EVgo is not currently a party to any material legal proceedings.

Item 1A. Risk Factors

Investing in EVgo's securities involves risks. Before you make a decision to buy EVgo's securities, in addition to the risks and uncertainties discussed above under "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm EVgo's business, financial condition, liquidity and results of operations. As a result, the market price of EVgo's securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this Quarterly Report are not the only risks and uncertainties that EVgo faces. Additional risks and uncertainties not presently known to the Company or that EVgo currently believes to be immaterial may become material and adversely affect EVgo's business. Factors that could cause EVgo's actual results to differ materially from those in this Quarterly Report include the risk factors described in the Annual Report.

New climate disclosure rules proposed by the SEC may increase EVgo's costs of compliance and adversely impact EVgo's business.

On March 21, 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related risks. Public comments were due by June 17, 2022 and the SEC is currently finalizing the new rules and is expected to be effective in December 2022. At this time, EVgo cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, EVgo could incur increased costs relating to the assessment and disclosure of climate-related risks and costs related to greenhouse gas emissions accounting and disclosures regarding EVgo's use of renewable energy certificates. EVgo may also face increased litigation risks related to disclosures made pursuant to the rule if finalized as proposed.

EVgo will be required to install a substantial number of charger stalls under EVgo's agreement with Pilot Company and GM. If EVgo does not meet EVgo's obligations under this agreement, EVgo may not be entitled to payments from Pilot Company and may be required to pay liquidated damages, which may be significant.

Pursuant to the Pilot Infrastructure Agreement, EVgo is required to meet certain milestones over two biennial periods measured by the number of chargers installed and charger sites serviced, and Pilot Company is required to make certain payments each month based on the progress of construction at each charger site and for each charger procured. Under the Pilot Infrastructure Agreement, EVgo is required to install approximately 500 chargers at 300 charger sites during the first two-year period and will be required to install approximately 500 chargers at an additional 200 to 250 charger sites during the second two-year period. EVgo may not be able to meet the charger installation milestones and may be subject to liquidated damages, modifications to the Pilot Infrastructure Agreement or termination of the Pilot Infrastructure Agreement.

Subject to certain excusable events, if EVgo is unable to meet its charger installation obligations in either of the two biennial periods, Pilot Company may be entitled to liquidated damages. Furthermore, depending on the length of the delay, Pilot Company may remove the charger site from the portfolio without designating a replacement charger site.

The Pilot Infrastructure Agreement is subject to early termination for several reasons including: (a) at Pilot Company's election after 1,000 charging stalls (500 chargers) have been completed, subject to certain payments to EVgo, (b) the inability of EVgo to secure certain charger types in specified circumstances and (c) a material increase in the price of chargers due to a change in law.

[Table of Contents](#)

EVgo is committed to purchasing a large amount of chargers under the Delta Charger Supply Agreement and Purchase Order requiring significant capital expenditures, some of which may not be immediately offset by payment by EVgo's counterparty under the Pilot Infrastructure Agreement.

EVgo entered into the Delta Charger Supply Agreement and Purchase Order in order to meet the charger requirements of the Pilot Infrastructure Agreement. Pursuant to the Delta Charger Supply Agreement and Purchase Order, EVgo will purchase a minimum of 1,000 chargers (which will enable the construction of 2,000 stalls) from Delta over a period of four years with the option, at EVgo's election, to increase the number of chargers purchased to 1,100. Under the terms of the Purchase Order, EVgo is to receive delivery of the 600 chargers in the 11 months following July 12, 2022 and is required to make full payment on such chargers within 60 days of receipt.

If the counterparty under the Pilot Infrastructure Agreement does not meet its obligation to pay for chargers or the Pilot Infrastructure Agreement is otherwise terminated, EVgo's cash flows may be negatively impacted by its obligation to continue to purchase chargers from Delta under the Purchase Order.

EVgo depends on a limited number of vendors for charging equipment, including Delta. The inability of Delta to fulfill its requirements under the Delta Charger Supply Agreement and Purchase Order will require EVgo to find an alternative supplier in order to meet its commitments under the Pilot Infrastructure Agreement which may not be available or may be at significantly higher cost.

Continuing or worsening inflationary issues and associated changes in monetary policy may result in increases to the cost of our charging equipment, other goods, services and personnel, which in turn could cause our capital expenditures and operating costs to rise.

The U.S. inflation rate has been steadily increasing since 2021 and into 2022. These inflationary pressures may result in increases to the costs of our charging equipment and personnel, which would in turn cause our capital expenditures and operating costs to rise. Sustained levels of high inflation have likewise caused the U.S. Federal Reserve and other central banks to increase interest rates, which could have the effects of raising the cost of capital and depressing economic growth, either of which—or the combination thereof—could hurt the financial and operating results of our business.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2021).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2021).
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (Registration No. 333-248718), filed with the Securities and Exchange Commission on September 10, 2020).
4.2	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (Registration No. 333-248718), filed with the Securities and Exchange Commission on September 10, 2020).
4.3	Warrant Agreement, dated September 29, 2020, between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 5, 2020).
31.1†	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32†	Certification of Chief Executive Officer and 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 – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

† Filed herewith.

SIGNATURES

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

Date: August 10, 2022

EVgo Inc.

By: /s/ Cathy Zoi
Name: Cathy Zoi
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Olga Shevorenkova
Name: Olga Shevorenkova
Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Cathy Zoi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EVgo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2022

By: /s/ Cathy Zoi

Name: Cathy Zoi

Title: Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Olga Shevorenkova, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EVgo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2022

By: /s/ Olga Shevorenkova

Name: Olga Shevorenkova

Title: Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of EVgo Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2022

By: /s/ Cathy Zoi
Name: Cathy Zoi
Title: Chief Executive Officer

By: /s/ Olga Shevorenkova
Name: Olga Shevorenkova
Title: Chief Financial Officer
