

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
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Ambri Inc., <sup>1</sup>	:	Case No. 24-10952 (___)
	:	
Debtor.	:	
	:	
	x	

**DECLARATION OF NORA MURPHY IN SUPPORT OF  
AMBRI INC.’S CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Nora Murphy, the Chief Financial Officer of Ambri Inc. (“Ambri” or the “Debtor”) hereby declare under penalty of perjury:

1. I am the Chief Financial Officer of Ambri. I am a graduate of Georgetown University and hold a Master of Business Administration from Columbia University.
2. On the date hereof (the “Petition Date”), Ambri filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Case”). Ambri continues to manage and operate its business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. To minimize any disruption or other adverse effect resulting from the filing of the Chapter 11 Case, Ambri is filing contemporaneously herewith various motions and pleadings seeking certain “first day” relief (collectively, the “First Day Motions”).<sup>2</sup> I

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<sup>1</sup> The Debtor’s mailing address is 53 Brigham Street, Unit 8, Marlborough, MA 01752, and the last four digits of the Debtor’s federal tax identification number are 0023.

<sup>2</sup> In connection with the filing of their chapter 11 petitions, Ambri filed certain First Day Motions requesting relief that the Debtor believes is necessary to enable them to administer their estates with minimal disruption and loss of value during this Chapter 11 Case. The facts set forth in each of the First Day Motions are included in the *Declaration Robin Chiu in Support of the Debtor’s Chapter 11 Petition and Requests for First Day Relief* (the “Chiu Declaration”).

submit this declaration (this "Declaration") to assist the Court and parties-in-interest in understanding Ambri, its business, and the circumstances leading to this Chapter 11 Case.

3. Except as otherwise indicated herein, the statements in this Declaration are based on (i) my personal knowledge of, and familiarity with, Ambri's operations, finances and restructuring and sale efforts; (ii) my review of relevant documents and information provided to me by employees of or advisors to Ambri or their professionals; (iii) my opinion based on my experience and knowledge of Ambri's operations and financial and business affairs, including my general knowledge of the industry in which Ambri operates; (iv) information that I have received from Ambri's employees or advisors, or (v) Ambri's records maintained in the ordinary course of business. I have obtained this information during my tenure working with Ambri and its professionals, including Ambri's corporate and restructuring counsel, financial advisor, and investment banker. In making this Declaration, I have also relied on information and materials that Ambri's personnel and advisors have gathered, prepared, verified and provided to me, in each case under my ultimate supervision, at my direction and/or for my benefit in preparing this Declaration.

4. I am not being compensated specifically for this testimony other than through payments received by Ambri as an employee. If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am over the age of 18 years and authorized to submit this Declaration on behalf of Ambri.

5. To better familiarize the Court with Ambri and its business, this Declaration is organized into two sections as follows:

**Part I** provides background information regarding Ambri, its business, and capital structure; and

**Part II** provides the circumstances leading to this Chapter 11 Case.

## **I. Corporate History and Overview**

### **A. General Background**

6. Ambri is a pre-revenue Liquid Metal™ battery technology company working to become a leading global provider of long-duration, grid-scale, energy storage that can solve the most critical issues facing today's electricity grid and enable wide-spread adoption of intermittent renewable energy as a 24-7 power source. The company is developing batteries that are expected to be low-cost, highly reliable, extremely safe, degrade only minimally over their lifespan, and can shift fundamentally how power grids operate and source their power, thereby contributing to the goal of a cleaner energy future.

7. Ambri's Liquid Metal™ battery technology was created in the GroupSadoway lab at Massachusetts Institute of Technology by Professor Donald Sadoway and Dr. David Bradwell, who was completing his graduate and post-graduate studies at the time. Together, Professor Sadoway and Dr. Bradwell conducted electrochemistry research into dozens of different battery technologies. They ultimately came to believe that the liquid metal battery was the most promising because of its numerous advantages over commonly-used lithium-ion batteries. Specifically, as compared to lithium-ion batteries, liquid metal batteries: (1) require lower capital expenditure and operating expenditure while not posing any fire or thermal run-away risk; (2) utilize readily available materials that are easily separated at the system's end of life and completely recyclable; and (3) are resistant to capacity fade, in that they can be charged to their full designed capacity for a longer period of time.

8. In 2010, Professor Sadoway and Dr. Bradwell took the leap to commercialize this promising technology when they co-founded Ambri with \$4 million of Series A seed money. Named "AMBRI," derived from the heart of cAMBRIidge, Ambri embarked on its vision of

building a liquid metal battery that would be a safe, affordable electrical storage solution that would change the way electric grids are operated worldwide. Once it completes the restructuring envisioned by its Chapter 11 Case, Ambri believes that it can make that vision a reality.

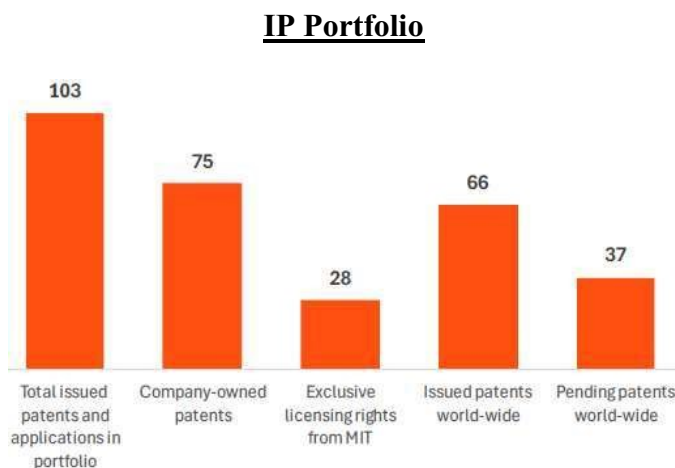
**B. Ambri’s Corporate Structure & Business Operations**

*i. Corporate Overview*

9. Ambri is a non-public corporation incorporated in Delaware. Its only non-debtor affiliate is Ambri Securities Corporation, a Massachusetts Securities corporation, that has no operations. Historically, Ambri Securities Corporation operated a banking account, but all funds in such account were transferred to Ambri prior to the Petition Date. Ambri Securities Corporation will be separately dissolved either during or shortly after this Chapter 11 Case. Ambri has no other non-debtor affiliates.

*ii. Business Operations*

10. Ambri specializes in the development of an advanced energy storage solution through its patented “Liquid Metal™ battery” technology. As of April 2024, Ambri has a portfolio of 103 issued and pending patents.



11. Ambri’s commercial battery product is a ready-to-install DC containerized system, complete with shelves of cells, thermal management, weatherproof outer enclosure, and a battery

management system (BMS) for applications that require high energy capacity, frequent cycling, long life and high efficiency.

12. Cells are assembled onto trays and connected within a thermal enclosure to form a MWh-scale system, which is then coupled to the grid using standard industrial DC-AC bi-directional inverters. The system is insulated and “self-heating” when cycled daily, requiring no external heating/cooling to keep the batteries at operating temperature. Multiple systems are placed



together on site and are connected in parallel in a daisy chain fashion, eliminating costly trenching and cable runs, and enabling unlimited upward scalability for large-scale projects.

13. Ambri is still in its pre-revenue stage. However, there is strong demand for Ambri’s long-duration product from leading developers, utilities, and data center operators who are seeking alternatives to lithium-ion batteries. The strategic value proposition is to create a 4-24 hour battery that can provide this duration range more economically and safely than lithium-ion batteries. Ambri’s flexible duration range means it can store and discharge energy to the grid for both short and long amounts of time, depending upon the needs of the grid, which allows for the consistent use of intermittent renewable power sources.

*iii. Financing*

14. As of the Petition Date, Ambri holds cash of approximately \$2 million, exclusive of retainers held by Ambri’s professionals and deposits held by certain of Ambri’s landlords and vendors.

15. Ambri’s liabilities primarily consist of (i) unsecured claims of approximately \$7 million for trade and other third-party accounts payable, including rent-related obligations under

Ambri's lease for the pilot facility in Milford, Massachusetts; (ii) unliquidated litigation claims arising in connection with the Milford pilot facility; and (iii) secured obligations owing under the Note Purchase Agreement (defined below).

16. In October 2023, Ambri entered into that certain Secured Convertible Note and Warrant Purchase Agreement dated as of October 2, 2023 (as amended and supplemented by Amendment No. 1 dated as of October 31, 2023, Amendment No. 2 dated as of January 4, 2024, and Amendment No. 3 dated as of January 12, 2024, the "Note Purchase Agreement" and, together with the Secured Convertible Promissory Notes and all related agreements, the "Prepetition Secured Note Documents") with certain purchasers named on the "Schedule of Purchasers" attached thereto as Exhibit A (collectively, the "Prepetition Secured Noteholders"). Pursuant to the Note Purchase Agreement, Ambri sold and issued certain Prepetition Secured Convertible Promissory Notes to the Prepetition Secured Noteholders in the aggregate principal amount of approximately \$42,000,000.<sup>3</sup>

17. The Prepetition Secured Note Documents contemplated that the Prepetition Secured Noteholders advance funds to Ambri in six (6) separate tranches if certain milestones and other conditions had then been met: (i) \$9,999,999.99 on October 2, 2023 (the "Initial Tranche"); (ii) \$8,027,174.09 on November 15, 2023 (the "Second Tranche"); (iii) \$7,224,456.69 on January 19, 2024 (the "Third Tranche"); (iv) \$6,421,739.26 on March 29, 2024 (the "Fourth Tranche"); (v) \$5,619,021.87 on June 28, 2024 (the "Fifth Tranche"); and (vi) \$4,816,304.44 on September 30, 2024 (the "Sixth Tranche"). As of the date hereof, the Prepetition Secured Noteholders have

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<sup>3</sup> As discussed in greater detail below, the \$42 million raised by Ambri via the Note Documents fell short of its \$50 million fundraising goal, causing liquidity issues that precipitated this Chapter 11 Case.

funded the Initial, Second, and Third Tranches. Due to existing defaults related to Ambri's liquidity constraints, no further tranches have been funded.

18. As of the Petition Date, the aggregate principal amount, plus accrued interest, owing by Ambri to the Prepetition Secured Noteholders under the Note Purchase Agreement is approximately \$27 million (excluding fees and expenses payable thereunder, including the reasonable and documented fees, disbursements and other charges of counsel to the Prepetition Secured Noteholders).

19. The Secured Convertible Promissory Notes under the Note Purchase Agreement are secured by a first priority lien on the "Collateral" (as defined in the Note Purchase Agreement), which is comprised of substantially all of Ambri's assets.

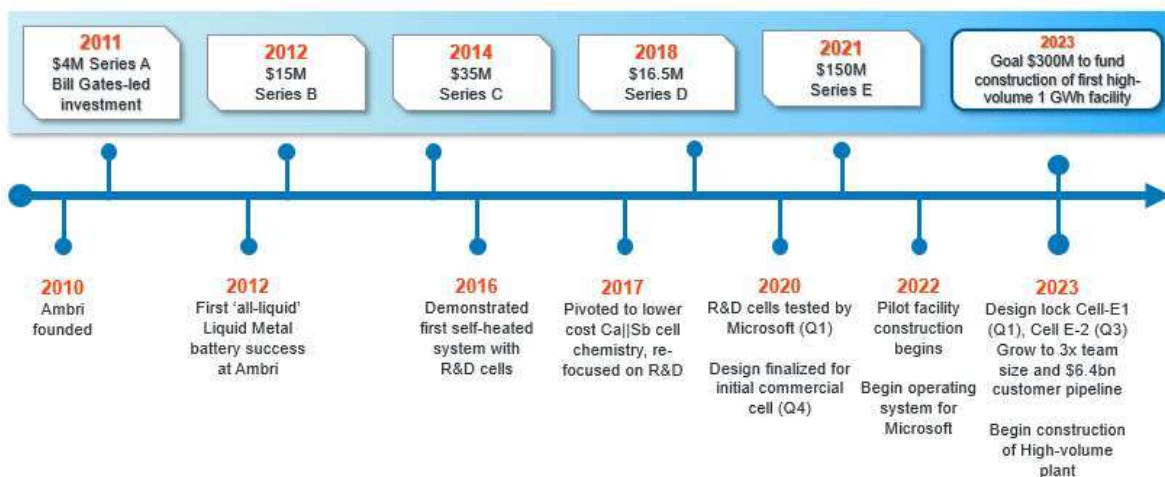
20. Ambri has no other secured or unsecured funded indebtedness.

## **II. Pathway To this Chapter 11 Case**

### **A. Growth and Early Fund Raising**

21. Since 2010, the Ambri team has been developing its Liquid Metal<sup>TM</sup> battery technology at its Marlborough, Massachusetts facility (the "Marlborough Facility"). Ambri developed its first "all-liquid battery" in 2015 and has been increasing its capabilities ever since. Most recently, in 2021, Ambri raised approximately \$150 million in equity financing in its series E financing from blue-chip investors with the goal of developing a pilot facility to demonstrate and increase Ambri's production capabilities.

### Historical Timeline of Ambri's Growth and Success



22. Ambri's historic fundraising success was driven by its ability to demonstrate to investors consistent progress towards successfully designing, testing and building a liquid metal battery cell and proving its technology is viable and in demand. Over this time, Ambri built up a portfolio of 103 issued patents and applications protecting its technology. Most recently, Ambri entered into a pilot program with Microsoft that sought to deploy a prototype Ambri battery system to support a Microsoft data center with 10 kW / 40 KWh system capability. Ambri successfully delivered on that prototype system, with the operational testing delivering excellent results.

23. Ambri generated strong demand for Ambri's long-duration product from leading developers, utilities and data center operators seeking alternatives to lithium-ion battery technology. Beginning in 2021, in response to this growing demand and its fundraising successes, Ambri grew and scaled the business significantly, and in connection therewith hired over 100 employees and explored the commercial real estate market with the goal of building out an initial manufacturing facility.



**B. Expansion and the Milford Pilot Facility**

24. In June 2022, Ambri entered into a lease with Quarry Square Owner LLC (the “Milford Landlord” and such lease, the “Milford Lease”) at a location in Milford, Massachusetts and committed capital to make significant construction upgrades that would allow the space serve as an initial high-volume production facility for an on-site Ambri pilot system (the “Milford Facility”). The Milford Facility, once complete, promised to increase and enhance Ambri’s manufacturing operations and to facilitate the research, design, fabrication, and manufacturing of its battery systems. However, before it could be utilized by Ambri, the facility required a significant, and costly, build-out. Accordingly, between June 2022 and the Petition Date, in addition to rent obligations, Ambri invested over \$18 million into the Milford Facility to build out the pilot manufacturing and research and development space.

**C. Events Leading to this Chapter 11 Case**

25. In early spring 2023, Ambri launched a planned process to raise additional private capital through a new Series F financing round, the proceeds of which would be used to complete the build out of the Milford Facility, fund a portion of the planned first permanent US-based high-volume manufacturing facility, support its continued R&D efforts, and fund working capital and operating expenses.

26. Like many pre-revenue companies in the renewable energy space, that initial growth was interrupted by an incredibly challenging fundraising environment. In the spring of 2023, Ambri went to market with plans to raise sufficient capital to fund Ambri’s growth trajectory through a series of impactful cell development milestones and manufacturing initiatives (the “Proposed Series F Financing”). Although Ambri had initially secured an anchor investor for the round, this anchor investor declined to participate towards the end of the process. In turn, Ambri sought a replacement anchor investor. Despite strong initial interest from certain material

investors, due to softness in the market, Ambri was unable to secure a replacement anchor investor for the Proposed Series F Financing and could not complete the Series F financing round that would have enabled it to meet its cell development milestones and manufacturing initiatives.

27. When the Series F financing fell through, in the fall of 2023, Ambri approached its existing investors to explore whether they would be willing to provide Ambri with bridge funding through the issuance of secured notes (the “Proposed Bridge Financing”).<sup>4</sup> The Proposed Bridge Financing offering was sized at \$50 million, an amount that Ambri believed would be sufficient to fund a scaled-back business plan crafted to enable Ambri to reach certain key development milestones and cement its commercialization pathway in its quest to achieve a “Prototype Design Concept” of an E3-Cell. In October 2023, that group of existing investors agreed to provide the Proposed Bridge Financing via the Note Purchase Agreement.

28. Unfortunately, one of the investors who was expected to participate in the Proposed Bridge Financing declined, leaving a significant funding gap. Despite its efforts, Ambri was only able to secure commitments of approximately \$42 million of its \$50 million goal, leaving it with a shortfall of nearly \$8 million against its business plan.

29. Faced with this shortfall, Ambri was forced to undertake operational savings and cost-cutting measures, including a reduction in force of 105 employees that was implemented in November 2023. While the layoffs were a setback, Ambri maintained the core team that

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<sup>4</sup> The “Proposed Bridge Financing” materialized into the Note Purchase Agreement, the terms of which are discussed herein.

designed the cells and systems, which allowed it to maintain the ability to produce cells and continue to refine the cell chemistry and cell design.

30. Around this time, Ambri also commenced discussions with certain key creditors and vendors in an attempt to consensually restructure its obligations with the goal of increasing its runway through December 2024 when certain key developmental milestones would be complete and Ambri could once again go to market for additional fundraising.

31. Unfortunately, Ambri was unable to obtain significant enough concessions from its creditors to relieve its temporary liquidity constraints, and was forced to explore all alternatives, including sale, financing, and liquidation scenarios. Against this backdrop, on or about January 22, 2024, the Milford Landlord issued a *Notice to Quit and Notice of Termination of the Lease* to Ambri in which the Milford Landlord alleged the occurrence of certain events of default under the Milford Lease. Soon thereafter, on February 5, 2024, Ambri's general contractor for the Milford Facility commenced litigation against Ambri and the Milford Landlord in the Commonwealth of Massachusetts asserting breach of contract, mechanic's lien, and related claims. On February 26, 2024, the Milford Landlord commenced litigation and filed a complaint against Ambri in the Commonwealth of Massachusetts asserting breach of contract and misrepresentation claims.

32. Because of these events, the conditions precedent to funding of the Fourth Tranche of the Note Purchase Agreement were not satisfied, and Ambri commenced discussions with the Prepetition Secured Noteholders to negotiate a consensual path forward in light of this litigation and Ambri's liquidity constraints.

33. Ambri and its Prepetition Secured Noteholders recognized that without an immediate cash infusion and operational restructuring, Ambri would be unable to realize upon its goals of bringing its Liquid Metal™ battery technology to market and, together, the parties

explored the avenues through which the necessary financing and operational right-sizing could be effected. Ambri ultimately concluded that the filing of this Chapter 11 Case and the pursuit of a value maximizing sale process was its only viable option. Notably, Ambri continues to achieve its technological development goals, and is well-positioned to achieve its goals of bringing its cost-efficient and effective Liquid Metal™ battery technology to the grid. To do so, it must refocus its efforts on the continued development of the technology rather than on capital-intensive manufacturing. Through an operational pivot that can be effectuated through this Chapter 11 Case, Ambri can appropriately refocus on research and development and licensing, right-size its operations, and best position itself to achieve operational and financial success.

**D. Prepetition Sale and Financing Process**

34. To assist with the exploration of strategic alternatives, in March 2024, Ambri engaged Triple P RTS, LLC and Triple P Securities, LLC (collectively, “Portage Point”) to provide restructuring advisory and investment banking services.

**i. Prepetition Sale Process**

35. As part of its engagement, Portage Point has, among other things, begun to market Ambri’s assets in connection with the sale of all or substantially all of Ambri’s assets.

36. In preparation for this sale process, Portage Point was engaged to, among other things: prepare a confidential informational memorandum and marketing materials as may be appropriate for distribution to potential purchasers; assist Ambri in connection with developing and managing a due diligence process, including compiling a data room of necessary and appropriate documentation and information related to a potential sale transaction; assist Ambri in identifying and screening potential buyers; assist in soliciting and evaluating offers from potential buyers; and advise and assist Ambri with the negotiation of transaction agreements.

37. On April 24, 2024 and continuing thereafter, Portage Point began outreach to a broad universe of relevant strategic and financial parties to assess interest in an acquisition of Ambri. As of the Petition Date, Portage Point has reached out to approximately 125 parties and offered them the opportunity to participate in the sale process.

38. Ambri intends to continue its sale process during this Chapter 11 Case. To that end, and contemporaneously herewith, Ambri filed the Bidding Procedures Motion,<sup>5</sup> pursuant to which it is seeking to establish processes and procedures to affect a sale of all or substantially all of Ambri's assets, as a going concern, to the highest and best bidder. Prior to the Petition Date, Ambri negotiated an asset purchase agreement for substantially all of its assets with its Prepetition Secured Noteholders (the "Stalking Horse APA"). Pursuant to the Stalking Horse APA, the Prepetition Secured Noteholders are proposing to credit bid their secured debt (including all of their prepetition indebtedness and debtor-in-possession financing) as part of the purchase price. If they are the successful bidder at auction, Ambri would be sold to the Prepetition Secured Noteholders pursuant to the Stalking Horse APA. However, the bid contemplated by the Stalking Horse APA will be subject to a higher and/or otherwise better offer from a strategic or financial purchaser through the sale process run by the Debtor's investment banker.

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<sup>5</sup> Debtor's Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially all of the Debtor's Assets, (B) Designating the Stalking Horse Bidder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtor's Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief.

ii. **DIP Term Facility**<sup>6</sup>

39. Following a series of arm's-length negotiations with a group of Ambri's Prepetition Secured Noteholders, Ambri ultimately agreed to the terms of the proposed DIP Facility and the use of Cash Collateral, which provides Ambri with sufficient runway to execute a value-maximizing sale transaction on reasonable terms given the Debtor's current circumstances. The proposed DIP Facility consists of (i) a superpriority senior secured debtor-in-possession credit facility in the principal amount of approximately \$9,500,000, of which (a) \$3,750,000 will be available following entry of the Interim Order, and (b) \$5,750,000 will be available upon entry of the Final Order, and (ii) (a) a roll-up of up to \$3,750,000 of Prepetition Secured Indebtedness effective upon the entry of the Interim Order, and (b) a roll-up of the balance of the Prepetition Secured Indebtedness plus accrued and unpaid interest under the Note Purchase Agreement, including accrued and unpaid postpetition interest at the non-default rate specified in the Note Purchase Agreement from the Petition Date through and including the date that such obligations are rolled up, upon entry of the Final Order. The DIP Facility will be secured by liens that are senior to the Prepetition First Liens.

iii. **Chapter 11 Case Timeline**

40. With the assistance of its advisors and in consultation with the Prepetition Secured Noteholders, Ambri has structured a sale process to promote active bidding by interested parties and to confirm the highest or otherwise best offer reasonably available for its assets. The sale

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<sup>6</sup> Capitalized terms not otherwise defined in this section shall have the meaning ascribed to them in the *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "DIP Motion").

process proposed is designed to minimize unnecessary administrative costs, while providing for the opportunity to maximize the value Ambri can recover from its assets.

**Illustrative Timeline based on Bankruptcy Milestones**<sup>7</sup>

<u>Date</u>	<u>Event</u>
<b>May 5, 2024</b>	Petition Date
<b>May 7, 2024</b>	File Bidding Procedures Motion
<b>May 28, 2024</b>	<i>Proposed</i> Bid Procedures Hearing
<b>May 31, 2024</b>	Deadline for Debtor to file a form of Sale Order
<b>June 20, 2024, at 4:00 p.m. (et)</b>	Bid Deadline
<b>June 24, 2024, at 10:00 a.m. (et)</b>	<i>Proposed</i> Auction
<b>July 9, 2024, at 10:00 a.m. (et)</b>	<i>Proposed</i> Sale Hearing
<b>July 11, 2024</b>	Deadline to Consummate Approved Sale

41. Ambri's ultimate goal in this Chapter 11 Case is to achieve a value-maximizing result for Ambri's stakeholders through the sale of Ambri's assets. The proposed case timeline is necessary and appropriate to facilitate a fair and open sale process that will maximize the value received for Ambri's assets, and therefore is in the best interest of Ambri and its estate.

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<sup>7</sup> All dates subject to court approval and availability.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true correct.

Dated: May 6, 2024  
Marlborough, MA

By:   
Name: Nora Murphy  
Title: Authorized Signatory