
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For transition period from _____ to _____
Commission File Number 001-39798

Altus Power, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-3448396

(I.R.S. Employer
Identification Number)

2200 Atlantic Street, 6th Floor
Stamford, CT 06902
(203) 698-0090

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0001 per share	AMPS	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The aggregate market value of the registrant's Class A shares outstanding, other than shares held by persons who may be deemed affiliates of the registrant at June 30, 2023, the last business day of the Registrant's most recently completed second quarter, was \$393,193,278 (based on the closing sales price of the Class A shares on June 30, 2023, of \$5.40).

As of March 1, 2024, there were 159,081,159 shares of the registrant's Class A common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed for its 2024 Annual Meeting of Stockholders are incorporated by reference into the sections of this Form 10-K addressing the requirements of Part III of Form 10-K.

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PART I

Market and Industry Data

This Annual Report on Form 10-K includes market and industry data and forecasts that Altus has derived from publicly available information, reports of governmental agencies, various industry publications, other published industry sources and internal data and estimates. All market and industry data used herein involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we are responsible for the disclosure contained in this Annual Report on Form 10-K and we believe the information from industry publications and other third-party sources included herein is reliable, such information is inherently imprecise and we have not had this information verified by any independent sources. The industry in which Altus operates is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section of this Annual Report on Form 10-K entitled *"Risk Factors."* These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Item 1. Business

Each of the terms "Altus," "Altus Power," the "Company," "we," "our," "us," and similar terms used herein refer collectively to Altus Power Inc., a Delaware corporation, and its consolidated subsidiaries, unless otherwise stated.

Company Overview

We are a developer, owner and operator of large-scale roof, ground and carport-based photovoltaic ("PV") and energy storage systems, serving commercial and industrial, public sector and community solar customers. Our mission is to create a clean electrification ecosystem and drive the clean energy transition of our customers across the United States while simultaneously enabling the adoption of corporate environmental, social and governance ("ESG") targets. In order to achieve our mission, we develop, own and operate a network of solar generation and energy storage facilities. We believe we have the in-house expertise to develop, build and provide operations and maintenance and customer servicing for our assets. The strength of our platform is enabled by premier sponsorship from The Blackstone Group ("Blackstone"), which provides an efficient capital source and access to a network of portfolio companies, and CBRE Group, Inc. ("CBRE"), which provides direct access to its portfolio of owned and managed commercial and industrial ("C&I") properties.

We own systems across the United States from Hawaii to Maine. Our portfolio consists of 896 megawatts ("MW") of solar PV. We have long-term power purchase agreements ("PPAs") with over 450 enterprise entities and contracts with over 20,000 residential customers which are serviced by over 240 MW of community solar projects currently in operation. Our community solar projects are currently serving customers in 8 states. We also participate in numerous renewable energy credit ("REC") programs throughout the country. We have experienced significant growth in the last fiscal year as a product of organic growth and targeted acquisitions and operate in 25 states, providing clean electricity to our customers equal to the electricity consumption of over 100,000 homes, displacing over 550,000 tons of CO₂ emissions per annum.

Through our strategic capital deployment, we are able to build and operate clean energy systems on commercial properties, schools and municipal buildings. The electricity we generate helps customers to reduce electricity bills, progress towards decarbonization targets and support resource management needs throughout the asset lifecycles. Our primary product offering is entering into leases or easements with building or landowners and revenue contracts to sell the power generated by the solar energy system to various commercial, utility, municipal and community solar off takers. In addition to sale of clean power, we also address our customer's needs through electric vehicle ("EV") charging and energy storage offerings.

Our offering provides multiple advantages to our customers relative to the status quo:

- *Lower electricity bills.* Our streamlined process allows for solar energy credits to apply directly to customers' utility bills, which allows them to realize immediate savings. In addition, our PPAs are typically priced to include a day one savings as compared to the existing utility rates.
- *Increase accessibility of clean electricity.* Through our use of community solar, we provide clean electricity to customers who otherwise would not have been able to construct on-site solar, such as apartment and condominium customers. This increases the total addressable market and enables energy security for all.
- *Supporting clean energy ecosystem.* Demand for clean sources of electricity is anticipated only to increase. We strive to support our customers in their continued transition to the clean energy ecosystem through our solar PV and storage systems, as well as our EV charging stations. We expect that our continued growth and expansion of product offerings will allow us to support even more customers in this transition.

We own all of our solar systems, which we build and install, with equipment sourced from a wide variety of suppliers. We purchase all major components of the systems we construct, including solar modules, inverters, racking systems, transformers, medium voltage equipment, monitoring equipment and balance of system equipment. All of the labor for the construction of these systems is subcontracted under our standard contracts.

We believe our robust and actionable pipeline is the result of our deep network of developers and channel partners with local expertise, which is beneficial in the many markets where we are active. Our wholly-owned in-house construction company provides expertise in asset development that aids the success of our pipeline projects. Further, we believe that our ability to source favorable development and operating solar projects, our strategic asset financing structure, combined with the demand for clean energy provide us with a competitive advantage and a unique position in the solar power industry.

Merger with CBRE Acquisition Holdings, Inc.

On December 9, 2021 (the "Closing Date"), CBRE Acquisition Holdings, Inc. ("CBAH"), a special purpose acquisition company, consummated the business combination pursuant to the terms of the business combination agreement entered into on July 12, 2021 (the "Business Combination Agreement"), whereby, among other things, CBAH Merger Sub I, Inc. ("First Merger Sub") merged with and into Altus Power, Inc. (f/k/a Altus Power America, Inc.) ("Legacy Altus") with Legacy Altus continuing as the surviving corporation, and immediately thereafter Legacy Altus merged with and into CBAH Merger Sub II, Inc. ("Second

Merger Sub") with Second Merger Sub continuing as the surviving entity and as a wholly owned subsidiary of CBAH (together with the merger with the First Merger sub, the "*Merger*").

Following the closing of the Business Combination Agreement, Altus' Class A common stock and Public Warrants were listed on the New York Stock Exchange ("NYSE") under the symbols "AMPS" and "AMPS WS", respectively. The Public Warrants have been fully redeemed by the Company, stopped trading on the NYSE on October 14, 2022, and were delisted.

Total Addressable Market

Electricity demand has been evolving for many years, but the progress has accelerated with the renewable targets and decarbonization goals established by many corporations transitioning to clean electricity generation. The demand is coming from multiple industry segments, including the public sector, the private sector and residential customers. Historically, the C&I market has been under-penetrated by traditional utility-scale solar PV providers due to the smaller scale of projects and difficulties associated with scaling nationally. We believe we are well equipped to drive the C&I growth segment of the solar PV market through our existing national partner footprint, efficient acquisition and deployment strategies and standardized approach to customer contracts and asset financing.

We believe the confluence of multiple clean energy trends creates a significant market opportunity. According to the U.S. Energy Information Administration ("EIA"), the U.S. spends \$400 billion on electricity each year, of which \$200 billion is spent on C&I. An additional \$98 billion of investment will be required to meet the U.S.'s 2030 sustainability goals. Further, C&I customers are projected to spend over \$6 trillion on electricity between now and 2050.

We believe it will be necessary to rapidly increase the scale and scope of renewable generation assets in the U.S. in order to meet the various targets and commitments set by corporations and governments and that through our strategic partnerships and market-leading financing, Altus is well equipped to help meet this demand and lead in the clean energy transition.

Commitment to Environmental, Social and Governance Leadership

Altus Power was founded to address the urgent need to transform the way we generate and consume power. Our mission – to create a clean electrification ecosystem that can provide renewable energy to every business, home and electric vehicle – is intrinsically linked to clean, renewable power as the foundation for a sustainable future.

We believe that leadership in ESG practices is central to accomplishing our mission, so we continue to take steps to address the environmental and social risks of our operations and products. To this end, our Corporate Social Responsibility Committee is dedicated to implementing and improving upon already existing sustainability practices throughout our company. Our team is passionate about empowering communities and businesses to accelerate the global energy transition while also doing everything we can to foster a diverse, inclusive and innovative corporate culture at Altus Power.

Our sustainability efforts are organized into the three ESG pillars: Environment, Social, and Governance. We plan to report how we oversee and manage ESG factors in an annual sustainability report. In this report we plan to reference the Global Reporting Initiative (GRI) standards. In 2023, we joined the United Nations Global Compact and are committed to adhering to its principles-based approach to responsible business.

- Our Environment Pillar focuses on providing clean, affordable energy to our customers; maintaining a robust environmental management program that ensures we protect the environment in the communities where we operate and build; and helping to make our energy infrastructure more resilient and sustainable.
- Our Social Pillar focuses on attracting and retaining a team of talented individuals, while offering opportunities for growth and development; building a diverse and inclusive work force; and ensuring a safety-first workplace for our employees through proper training, policies and protocols.
- Our Governance Pillar focuses on adhering to the highest standards of corporate governance, ethical business conduct, transparency, honesty, and integrity while developing a strong and resilient company. We strive to support ethically sourced products and materials and encourage the partners in our supply-chain to abide by our Supplier Code of Conduct.

All of our actions and each of our ESG pillars are underpinned by the goal of driving the clean energy transition of our customers across the United States.

Our Digital Platform

Altus leverages best in class enterprise software solutions to manage our operations as well as a series of proprietary capture and management tools. Altus utilizes this suite of tools and interfaces to create value for customers with asset performance tracking, analytics, real time data generation and to meet our forecast objectives. Altus' analytics infrastructure provides it with internally developed systems for optimizing the terms of each renewable energy project transaction in which it

engages, based on the requirements of the customer. To assist customers with their ESG goals including decarbonization, Altus has developed a quantitative model to measure a building's greenhouse gas emissions and assess it in the context of global targets.

Altus is in the process of developing our next generation proprietary software stack to support our growth and increase our efficiency with digital tools that will enable our platforms to have full integration into our B2B and B2C lifecycles from origination through maintenance. Our systems use production data sources to ensure visibility into how projects are performing against baseline forecasts. They also provide streamlined asset registration and customer data management. We warehouse our technology and project data, contracts, and customer records and have the alert and monitoring systems developed to ensure we have maximum uptime. Our next generation proprietary software stack with artificial intelligence and machine learning will support our growth and security, and increase our efficiency.

Sales and Marketing

We sell our solar energy offerings through a scalable sales organization using a national developer base with local expertise, intermediaries that connect clients directly to Altus as well as our diverse partner network. We also generate sales volume through client referrals. Client referrals increase in relation to our penetration in a market and shortly after market entry become an increasingly effective way to market our solar energy systems. We believe that a customized, relationship-focused selling process is important before, during and after the sale of our solar services to maximize our sales success and customer experience and to generate relationships with developers that lead to repeat projects. We train our sales and marketing team in house to maximize this multi-pronged client development strategy.

Supply Chain

We purchase equipment, including solar panels, inverters and batteries from a variety of manufacturers and suppliers. If one or more of the suppliers and manufacturers that we rely upon to meet anticipated demand reduces or ceases production, it may be difficult to quickly identify and qualify alternatives on acceptable terms. In addition, equipment prices may increase in the coming years, or not decrease at the rates we historically have experienced, due to tariffs or other factors. For further information, please see the section entitled "*Risk Factors*" elsewhere in this Annual Report on Form 10-K.

Intellectual Property

We have registered trademarks for "Altus Power" and the Altus Power logo, U.S. Service Mark Registration Numbers 6,764,603 and 6,751,205, respectively. We have filed a trademark application for "Village by Altus Power," U.S. Trademark Application No. 97/748,067 and for "Altus IQ," U.S. Trademark Application No. 98130707. We have filed a patent application for the Simulation of Carbon Emissions, United States Patent Application No. 18/128,096. Altus has registered domain names, including www.altuspower.com. Information contained on or accessible through the website is not a part of this Annual Report on Form 10-K, and the inclusion of the website address in this Annual Report on Form 10-K is an inactive textual reference only. Altus does not currently have any issued patents. Altus has filed for a patent application on the "Simulation of Carbon Emissions" and intends to file additional patent applications as we continue to innovate through our research and development efforts.

Regulatory

Although we are not regulated as a public utility in the United States under applicable national, state or other local regulatory regimes where we conduct business, we compete primarily with regulated utilities. As a result, we have developed and are committed to maintaining a policy team to focus on the key regulatory and legislative issues impacting the entire industry. We believe these efforts help us better navigate local markets through relationships with key stakeholders and facilitate a deep understanding of the national and regional policy environment.

To operate our systems, we obtain interconnection permission from the applicable local primary electric utility. Depending on the size of the solar energy system and local law requirements, interconnection permission is provided by the local utility directly to us and/or our customers. In almost all cases, interconnection permissions are issued on the basis of a standard process that has been pre-approved by the local public utility commission or other regulatory body with jurisdiction over net metering policies. As such, no additional regulatory approvals are required once interconnection permission is given.

Our operations are subject to stringent and complex federal, state and local laws, including regulations governing the occupational health and safety of our employees and wage regulations. For example, we are subject to the requirements of the federal Occupational Safety and Health Act, as amended ("OSH Act"), and comparable state laws that protect and regulate employee health and safety. We endeavor to maintain compliance with applicable OSH Act and other comparable government regulations.

Government Incentives

Federal, state and local government bodies provide incentives to owners, distributors, system integrators and manufacturers of solar energy systems to promote solar energy in the form of rebates, tax credits, payments for RECs associated with renewable

energy generation and exclusion of solar energy systems from property tax assessments. These incentives enable us to lower the price we charge customers for energy from, and to lease, our solar energy systems, helping to catalyze customer acceptance of solar energy as an alternative to utility-provided power. In addition, for some investors, the acceleration of depreciation creates a valuable tax benefit that reduces the overall cost of the solar energy system and increases the return on investment.

The Inflation Reduction Act of 2022 (the "IRA"), which was passed in August 2022, substantially changed and expanded existing federal tax benefits for renewable energy. The IRA extended the existing framework for investment tax credits ("ITC") offered by the federal government under Section 48(a) of the Internal Revenue Code (the "Code") for the installation of certain solar power facilities owned for business purposes. Prior to the IRA, if construction on the facility began before January 1, 2020, the amount of the ITC available was 30%, if construction began during 2020, 2021, or 2022 the amount of the ITC available was 26%, with additional step downs in later years. Projects placed in service before January 1, 2022 are still set at 26%. However, with the enactment of the IRA, solar power facilities installed between 2022 and 2032 will receive a 30% ITC of the cost of installed equipment for ten years so long as the facilities meet wage and apprenticeship requirements or are less than 1 MWac, which will decrease to 26% for solar power facilities installed in 2033 and to 22% for solar power facilities installed in 2034; and for those solar power facilities installed in 2022, the ITC has increased from 22% to 30% if the ITC has not yet been claimed. The prevailing wage rates also must be paid for alteration and repair during the 5 years after a project is placed in service.

Pursuant to the IRA, certain ITC projects are eligible for a 10% domestic content bonus so long as the facilities meet wage and apprenticeship requirements, if all the steel and iron are produced in the United States and at least 40% of the facility is produced in the United States, which domestic content percentage requirement increases for facilities that start construction after 2024 and eventually reach 55% for projects which begin construction in 2027 or later.

Pursuant to the IRA, certain ITC projects are eligible for an additional 10% or 20% energy community bonus so long as the facilities meet wage and apprenticeship requirements, and if the facility owner applies for and receives an environmental justice allocation from the Internal Revenue Service (the "IRS"). Solar (and certain related storage) facilities that are less than 5 MWac that are either located in a low-income community or on Indian land, or are part of a qualified low-income residential building project or a qualified low-income economic benefit project qualify. For example, qualified low-income economic benefit projects can receive a 20% bonus if low-income households receive at least one-half of the financial benefits. The IRS provided taxpayers guidance in Notice 2023-18 for determining the requirements for allocation of the ITC bonus. The IRA also included additional incentives, including in relation to stand-alone storage and claiming interconnection costs under the ITC in certain situations.

In addition to the incentives at the federal government, more than half of the states, and many local jurisdictions, have established property tax incentives for renewable energy systems that include exemptions, exclusions, abatements and credits. Approximately thirty states and the District of Columbia have adopted a renewable portfolio standard (and approximately eight other states have some voluntary goal) that requires regulated utilities to procure a specified percentage of total electricity delivered in the state from eligible renewable energy sources, such as solar energy systems, by a specified date. To prove compliance with such mandates, utilities must surrender solar renewable energy credits ("SRECs") to the applicable authority. Solar energy system owners such as our investment funds often are able to sell SRECs to utilities directly or in SREC markets. While there are numerous federal, state and local government incentives that benefit our business, some adverse interpretations or determinations of new and existing laws can have a negative impact on our business.

Corporate Information

Altus Power, Inc. (f/k/a CBRE Acquisition Holdings, Inc.) is a corporation formed under the laws of the State of Delaware on October 13, 2020. Our principal executive offices are located at 2200 Atlantic Street, 6th Floor, Stamford, CT 06902, and our telephone number is (203) 698-0090.

The Altus design logo, "Altus" and our other common law trademarks, service marks or trade names appearing in this prospectus are the property of Altus. Other trademarks and trade names referred to in this Annual Report on Form 10-K are the property of their respective owners and Altus has permission to use such trade names and trademarks.

Human Capital Resources

As of December 31, 2023, Altus had 93 employees, all of which were full-time employees. As of December 31, 2023, none of Altus's employees are represented by a labor union or are subject to a collective bargaining agreement. We believe that our employee relations are good.

In shaping our culture, we aim to combine a high standard of excellence, technological innovation and agility and operational and financial discipline. We believe that our flat and transparent structure and our collaborative and collegial approach enable our employees to grow, develop and maximize their impact on our organization. To attract and retain top talent in our highly competitive industry, we have designed our compensation and benefits programs to promote the retention and growth of our employees along with their health, well-being and financial security. Our short- and long-term incentive programs are aligned with key business objectives and are intended to motivate strong performance. Our employees are eligible for medical, dental and vision insurance, a savings/retirement plan, life and disability insurance, and various wellness programs and

we review the competitiveness of our compensation and benefits periodically. As an equal opportunity employer, all qualified applicants receive consideration without regard to race, national origin, gender, gender identity, sexual orientation, protected veteran status, disability, age or any other legally protected status.

We seek to create an inclusive, equitable, culturally competent, and supportive environment where our management and employees model behavior that enriches our workplace. We plan to form a diversity and inclusion committee to help further these goals and objectives. This committee will focus on broadening recruitment efforts, increasing awareness of diversity and inclusiveness related issues through internal trainings and communications, and mentorship.

Special Note Regarding Forward-Looking Statements

The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "anticipate," "believe," "could," "continue," "expect," "estimate," "may," "plan," "outlook," "target," "future" and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements, which involve risks and uncertainties, relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable and may also relate to our future prospects, developments and business strategies. These statements are based on our management's current expectations and beliefs, as well as a number of assumptions concerning future events.

Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks, uncertainties, assumptions and other important factors include, but are not limited to:

- our ability to successfully integrate into our business and recognize the anticipated benefits of recently completed business combinations and related transactions and generate profit from their operations;
- our ability to retain customers and maintain and expand relationships with business partners, suppliers and customers;
- the risk of litigation and/or regulatory actions related to the proposed acquisition of solar assets;
- changes in applicable laws or regulations;
- the possibility that we may be adversely affected by other economic, business, regulatory and/or competitive factors; and
- other factors detailed herein under the section entitled "Risk Factors."

These forward-looking statements are based on information available as of the date of this Annual Report on Form 10-K, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results to differ materially from those indicated or implied by forward-looking statements such as those contained in documents we have filed with the SEC. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update or revise forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. For a discussion of the risks involved in our business and investing in our common stock, see the section entitled "Risk Factors," below.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

Item 1A. Risk Factors

Investing in our securities involves risks. Before you make a decision to transact in our securities, you should carefully consider the following risk factors in addition to the other information included in this Annual Report on Form 10-K, including matters addressed in the section titled "Special Note Regarding Forward-Looking Statements," as well as our audited financial statements and notes thereto. If any of the risks discussed herein actually occur, it may materially harm our business, operations, financial condition or prospects. As a result, the market price of our securities could decline, and you could lose all or part of your investment. These risk factors are not exhaustive, and investors are encouraged to perform their own investigation with respect to Altus and its business, operations, financial condition and prospects. Altus may face additional risks and uncertainties that are not presently known to us, or that our management currently deems immaterial, which may also impair Altus's business, operations, financial condition or prospects.

Summary of Risks Related to Altus's Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors," which represent challenges that we face in connection with the successful implementation of our strategy and growth of our business. The occurrence of one or more of the events or circumstances described in that section, alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition and results of operations. These risk factors include, but are not limited to, the following:

- Our growth strategy depends on the widespread adoption of solar power technology;
- If we cannot compete successfully against other solar and energy companies, we may not be successful in developing our operations and our business may suffer;
- With respect to providing electricity on a price-competitive basis, solar systems face competition from traditional regulated electric utilities, from less-regulated third party energy service providers and from new renewable energy companies;
- A material reduction in the retail price of traditional utility-generated electricity or electricity from other sources could harm our business, financial condition, results of operations and prospects;
- Due to the limited number of suppliers in our industry, the acquisition of any of these suppliers by a competitor or any shortage, delay, quality issue, price change, or other limitations in our ability to obtain requisite components or technologies we use could result in adverse effects;
- Although our business has benefited from the declining cost of solar panels in the past, our financial results may be harmed with the recent increase in the price of solar panels, and our costs overall may continue to increase in the future due to further increases in the cost of solar panels and tariffs on imported solar panels imposed by the U.S. government;
- The operation and maintenance of our facilities is subject to many operational risks, the consequences of which could have a material adverse effect on our business, financial condition, results of operations and prospects;
- Our business, financial condition, results of operations and prospects could suffer if we do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, facilities on schedule or within budget;
- We face risks related to project siting, financing, construction, permitting, supply chain delays, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities; and
- While our growth strategy includes seeking acquisitions of operating solar power generation assets and portfolios, we may not be successful in identifying or making any acquisitions in the future. We may not realize the anticipated benefits of acquisitions, and integration of these acquisitions may disrupt our business and management.

Business and Operational Risks

Our growth strategy depends on the widespread adoption of solar power technology.

The market for solar power products is emerging and rapidly evolving, and our future success is uncertain. If solar power technology proves unsuitable for widespread commercial deployment or if demand for solar power products fails to develop sufficiently, we would be unable to generate enough revenues to achieve and sustain profitability and positive cash flow. The factors influencing the widespread adoption of solar power technology include but are not limited to:

- cost-effectiveness of solar power technologies as compared with conventional and non-solar alternative energy technologies;

- performance and reliability of solar power products as compared with conventional and non-solar alternative energy products;
- continued deregulation of the electric power industry and broader energy industry;
- fluctuations in economic and market conditions which impact the viability of conventional and non-solar alternative energy sources, such as increases or decreases in the prices of oil and other fossil fuels; and
- availability of governmental subsidies and incentives.

If we cannot compete successfully against other solar and energy companies, we may not be successful in developing our operations and our business may suffer.

The solar and energy industries are characterized by intense competition and rapid technological advances, both in the U.S. and internationally. We compete with solar companies with business models that are similar to ours. In addition, we compete with solar companies in the downstream value chain of solar energy. For example, we face competition from purely finance driven organizations that acquire customers and then subcontract out the installation of solar energy systems, from installation businesses that seek financing from external parties, from large construction companies and utilities, and increasingly from sophisticated electrical and roofing companies. Some of these competitors may provide energy at lower costs than we do. Further, some competitors are integrating vertically in order to ensure supply and to control costs. Many of our competitors also have significant brand name recognition and have extensive knowledge of our target markets. If we are unable to compete in the market, there will be an adverse effect on our business, financial condition, and results of operations.

With respect to providing electricity on a price-competitive basis, solar systems face competition from traditional regulated electric utilities, from less-regulated third party energy service providers and from new renewable energy companies.

The solar energy and renewable energy industries are both highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with large traditional utilities. We believe that our primary competitors are the traditional utilities that supply electricity to our potential customers. Traditional utilities generally have substantially greater financial, technical, operational and other resources than we do. As a result, these competitors may be able to devote more resources to the research, development, promotion, and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. Traditional utilities could also offer other value-added products or services that could help them to compete with us even if the cost of electricity they offer is higher than that of ours. In addition, a majority of utilities' sources of electricity is non-solar, which may allow utilities to sell electricity more cheaply than electricity generated by our solar energy systems.

We also compete with companies that are not regulated like traditional utilities but have access to the traditional utility electricity transmission and distribution infrastructure pursuant to state and local pro-competitive and consumer choice policies. These energy service companies are able to offer customers electricity supply-only solutions that are competitive with our solar energy system options on both price and usage of renewable energy technology while avoiding the long-term agreements and physical installations that our current fund-financed business model requires. This may limit our ability to attract new customers, particularly those who wish to avoid long-term contracts or have an aesthetic or other objection to putting solar panels on their roofs.

As the solar industry grows and evolves, we will also face new competitors who are not currently in the market. Low technological barriers to entry characterize our industry and well-capitalized companies could choose to enter the market and compete with us. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors will limit our growth and will have a material adverse effect on our business and prospects.

A material reduction in the retail price of traditional utility-generated electricity or electricity from other sources could harm our business, financial condition, results of operations and prospects.

We believe that a significant number of our customers decide to buy solar energy because they want to pay less for electricity than what is offered by the traditional utilities. However, distributed C&I solar energy has yet to achieve broad market adoption as evidenced by the fact that distributed solar has penetrated less than 5% of its total addressable market in the U.S. C&I sector.

The customer's decision to choose solar energy may also be affected by the cost of other renewable energy sources. Decreases in the retail prices of electricity from the traditional utilities or from other renewable energy sources would harm our ability to offer competitive pricing and could harm our business. The price of electricity from traditional utilities could decrease as a result of:

- construction of a significant number of new power generation plants, including plants utilizing natural gas, nuclear, coal, renewable energy or other generation technologies;

- relief of transmission constraints that enable local centers to generate energy less expensively;
- reductions in the price of natural gas;
- utility rate adjustment and customer class cost reallocation;
- energy conservation technologies and public initiatives to reduce electricity consumption;
- development of new or lower-cost energy storage technologies that have the ability to reduce a customer's average cost of electricity by shifting load to off-peak times; or
- development of new energy generation technologies that provide less expensive energy.

A reduction in utility electricity prices would make the purchase or the lease of our solar energy systems less economically attractive. If the retail price of energy available from traditional utilities were to decrease due to any of these reasons, or other reasons, we would be at a competitive disadvantage, we may be unable to attract new customers and our growth would be limited.

Due to the limited number of suppliers in our industry, the acquisition of any of these suppliers by a competitor or any shortage, delay, quality issue, price change, or other limitations in our ability to obtain components or technologies we use could result in adverse effects.

While we purchase our products from several different suppliers, if one or more of the suppliers that we rely upon to meet anticipated demand ceases or reduces production due to its financial condition, acquisition by a competitor, delays in receipt of component parts, or otherwise is unable to increase production as industry demand increases or is otherwise unable to allocate sufficient production to us, it may be difficult to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and our ability to satisfy this demand may be adversely affected. At times, suppliers may have issues with the quality of their products, which may not be realized until the product has been installed at a customer site. This may result in additional cost incurred. There are a limited number of suppliers of solar energy system components and technologies. While we believe there are other sources of supply for these products available, transitioning to a new supplier may result in additional costs and delays in acquiring our solar products and deploying our systems. These issues could harm our business or financial performance. In addition, the acquisition of a component supplier or technology provider by one of our competitors could limit our access to such components or technologies and require significant redesigns of our solar energy systems or installation procedures, slow our growth, cause our financial results and operational metrics to suffer, and have a negative impact on our business.

There have also been periods of industry-wide shortages of key components, including solar panels, in times of industry disruption. The manufacturing infrastructure for some of these components has a long lead-time, requires significant capital investment and relies on the continued availability of key commodity materials, potentially resulting in an inability to meet demand for these components. The solar industry is frequently experiencing significant disruption and, as a result, shortages of key components, including solar panels, may be more likely to occur, which in turn may result in price increases for such components. Even if industry-wide shortages do not occur, suppliers may decide to allocate key components with high demand or insufficient production capacity to more profitable customers, customers with long-term supply agreements or customers other than us and our supply of such components may be reduced as a result.

We purchase the components for our solar energy systems on both an as-needed basis as well as under long-term supply agreements. The vast majority of our purchases are denominated in U.S. dollars. Since our revenue is also generated in U.S. dollars we are mostly insulated from currency fluctuations. However, since our suppliers often incur a significant amount of their costs by purchasing raw materials and generating operating expenses in foreign currencies, if the value of the U.S. dollar depreciates significantly or for a prolonged period of time against these other currencies, this may cause our suppliers to raise the prices they charge us, which could harm our financial results.

On December 23, 2021, the Uyghur Forced Labor Prevention Act was passed, responding to human rights abuses and forced labor practices in the Xinjian Uyghur Autonomous Region of China (the "Xinjian Region"). It establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Region, or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the United States. Approximately 50% of the global supply of polysilicon, an essential material in conventional solar modules, is from the Xinjian Region, which has caused some delays in the receipt of polysilicon, affecting the solar module supply chain. The presumption applies unless the Commissioner of U.S. Customs and Border Protection determines that the importer of record has complied with specified conditions and, by clear and convincing evidence, that the goods, wares, articles, or merchandise were not produced using forced labor. We are mitigating the effects of this new legislation by procuring products only from those countries and regions that have proper documentation as reviewed and approved by the U.S. Customs and Border Protection.

Any additional supply shortages, delays, quality issues, price changes or other limitations in our ability to obtain components we use, including as a result of our transition to more diverse solar suppliers from various countries, including from domestic providers, and hostilities in the Red Sea, could limit our growth, cause cancellations or adversely affect our profitability, result in loss of market share and damage to our brand, and cause our financial results and operational metrics to suffer.

Although our business has benefited from the declining cost of solar panels in the past, our financial results may be harmed now that the cost of solar panels has increased, and our costs overall may continue to increase in the future, due to increases in the cost of solar panels and tariffs on imported solar panels imposed by the U.S. government.

The declining cost of solar panels and the raw materials necessary to manufacture them in the past has been a key driver in the pricing of our solar energy systems and customer adoption of this form of renewable energy. With the increase of solar panel and raw materials prices and because our costs overall may continue to increase, our growth could slow, and our financial results could suffer. Further, the cost of solar panels and raw materials could increase in the future due to tariffs, the Russia invasion of Ukraine hostilities in the Red Sea, or other factors.

On February 7, 2018, the U.S. government imposed a protective tariff on solar panel components for four years. On February 4, 2022, the U.S. government extended such safeguard measure for four years and doubled the volume of excluded panels from such safeguard measure from 2.5 gigawatts ("GW") to 5 GW, and the U.S. Trade Representative ("USTR") released the following terms of the extended tariff:

	Year 5	Year 6	Year 7	Year 8
	2/7/2022 to 2/6/2023	2/7/2023 to 2/6/2024	2/7/2024 to 2/6/2025	2/7/2025 to 2/6/2026
Safeguard Tariff on Panels and Cells	14.75%	14.5%	14.25%	14%
Cells Exempted from Tariff	5 GW	5 GW	5 GW	5 GW

As indicated in the terms, the tariff will not apply to the first 5 GW of solar cells imported in each of the four years. In addition, the tariff will not apply to bi-facial panels. Panels imported from China and Taiwan previously were subject to tariffs from a 2012 solar trade case. The current tariff applies to all countries. As a result of the protective tariffs, and if additional tariffs are imposed or other disruptions to the supply chain occur, our ability to purchase these products on competitive terms or to access specialized technologies from other countries could be limited. Any of those events could harm our financial results by requiring us to account for the cost of tariffs or to purchase solar panels or other system components from alternative, higher-priced sources.

On February 8, 2022, Auxin Solar, a U.S. module manufacturer petitioned the U.S. Department of Commerce to investigate whether crystalline silicon PV ("CSPV") cells and modules assembled in Malaysia, Thailand, Vietnam and Cambodia from eight solar companies are circumventing US anti-dumping and countervailing duty ("AD/CVD") orders on cells and modules from China, which places a 100% to 250% tariff on such modules. The U.S. Department of Commerce decided to open a country-wide circumvention inquiry investigation and on December 7, 2022, the U.S. Department of Commerce made a preliminary determination that four of the eight companies being investigated are attempting to bypass U.S. duties by doing minor processing in one of the Southeast Asian countries before shipping to the United States. Because the U.S. Department of Commerce preliminarily found that circumvention was occurring through each of the four Southeast Asian countries, the U.S. Department of Commerce is making a "country-wide" circumvention finding, which simply designates the country as one through which solar cells and modules are being circumvented from the PRC. Companies in these countries will be permitted to certify that they are not circumventing the AD/CVD orders, in which case the circumvention findings will not apply. These findings were preliminary, and the U.S. Department of Commerce issued its final determination on August 18, 2023, affirming the preliminary finding that such Chinese companies were shipping their solar products through such Southeast Asian countries to avoid paying anti-dumping and countervailing duties. These AD/CVD orders have impeded our ability to import solar modules from certain suppliers and we are mitigating the effects by diversifying the suppliers from whom we procure our solar modules and entering into long-term flexible supply agreements. which transition may cause delays.

Our market is characterized by rapid technological change, which requires us to continue to develop new products and product innovations. Any delays in such development could adversely affect market adoption of our products and our financial results.

Continuing technological changes in battery and other EV technologies could adversely affect adoption of current EV charging technology and/or our products. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and innovations to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the EV charging market. As new products are introduced, gross margins have historically tended to decline until the products become more mature, with a more efficient manufacturing process. As EV technologies change, we may need to upgrade or adapt our charging station technology and introduce new products and services in order to serve vehicles

that have the latest technology, in particular battery cell technology, which could involve substantial costs. Even if we are able to keep pace with changes in technology and develop new products and services, our research and development expenses could increase, our gross margins could be adversely affected in some periods and our prior products could become obsolete more quickly than expected.

We may not be able to release new products in a timely manner, or at all, and such new products may not achieve market acceptance. Delays in delivering new products that meet customer requirements could damage our relationships with customers and lead them to seek alternative providers. Delays in introducing products and innovations or the failure to offer innovative products or services at competitive prices may cause existing and potential customers to purchase our competitors' products or services. Further, significant developments in alternative technologies, such as advances in other forms of distributed solar power generation, storage solutions such as batteries, the widespread use or adoption of fuel cells for residential or commercial properties or improvements in other forms of centralized power production may materially and adversely affect our business and prospects in ways we do not currently anticipate. Any failure by us to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay deployment of our solar energy systems, which could result in product obsolescence, the loss of competitiveness of our systems, decreased revenue and a loss of market share to competitors.

If we are unable to devote adequate resources to develop products or cannot otherwise successfully develop products or services that meet customer requirements on a timely basis or that remain competitive with technological alternatives, our products and services could lose market share, our revenue will decline, we may experience higher operating losses and our business and prospects will be adversely affected.

The operation and maintenance of our facilities are subject to many operational risks, the consequences of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The operation, maintenance, refurbishment, construction and expansion of our facilities involve risks, including breakdown or failure of equipment or processes, fuel interruption and performance below expected levels of output or efficiency. Some of our facilities were constructed many years ago and may require significant capital expenditures to maintain peak efficiency or to maintain operations. There can be no assurance that our maintenance program will be able to detect potential failures in our facilities before they occur or eliminate all adverse consequences in the event of failure. In addition, weather-related interference, work stoppages and other unforeseen problems may disrupt the operation and maintenance of our facilities and may materially adversely affect us.

We have entered into ongoing maintenance and service agreements with the manufacturers of certain critical equipment. If a manufacturer is unable or unwilling to provide satisfactory maintenance or warranty support, we may have to enter into alternative arrangements with other providers. These arrangements could be more expensive to us than our current arrangements and this increased expense could have a material adverse effect on our business. If we are unable to enter into satisfactory alternative arrangements, our inability to access technical expertise or parts could have a material adverse effect on us.

While we maintain an inventory of, or otherwise make arrangements to obtain, spare parts to replace critical equipment and maintain insurance for property damage to protect against certain operating risks, these protections may not be adequate to cover lost revenues or increased expenses and penalties that could result if we were unable to operate our generation facilities at a level necessary to comply with sales contracts.

Our business, financial condition, results of operations and prospects could suffer if we do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, facilities on schedule or within budget.

Our ability to proceed with projects under development and to complete the construction of, or capital improvements to, facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, lessors, joint venture partners and other third parties, negative publicity, interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or otherwise be recoverable through regulatory mechanisms that may be available, and we could become obligated to make delay or termination payments or become obligated for other damages under contracts, could experience the loss of tax credits or tax incentives, or delayed or diminished returns, and could be required to write off all or a portion of its investment in the project. Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.

We own, develop, construct, manage and operate electric-generation facilities. A key component of our growth is our ability to construct and operate generation facilities to meet customer needs. As part of these operations, we must periodically apply for licenses and permits from various local, state, and federal regulatory authorities and abide by their respective

conditions. If we are unsuccessful in obtaining necessary licenses or permits on acceptable terms or resolving third-party challenges to such licenses or permits, if there is a delay in obtaining or renewing necessary licenses or permits or if regulatory authorities initiate any associated investigations or enforcement actions or impose related penalties or disallowances on us, our business, financial condition, results of operations and prospects could be materially adversely affected. Any failure to negotiate successful project development agreements for new facilities with third parties could have similar results.

Our business is subject to risks associated with construction, such as cost overruns and delays, and other contingencies that may arise in the course of completing installations such as union requirements, and such risks may increase in the future as we expand the scope of such services with other parties.

We do not typically install charging stations at customer sites. These installations are typically performed by our partners or electrical contractors with an existing relationship with the customer and/or knowledge of the site. The installation of charging stations at a particular site is generally subject to oversight and regulation in accordance with state and local laws and ordinances relating to building codes, safety, environmental protection and related matters, and typically requires various local and other governmental approvals and permits that may vary by jurisdiction. In addition, building codes, accessibility requirements or regulations may hinder EV charger installation because they end up costing the developer or installer more in order to meet the code requirements. Meaningful delays or cost overruns may impact our recognition of revenue in certain cases and/or impact customer relationships, either of which could impact our business. In addition, if any of our partners or electrical contractors are unable to provide timely, thorough and quality installation-related services, customers could fall behind their construction schedules leading to liability to us or cause customers to become dissatisfied with the solutions we offer.

We may not be able to effectively manage our growth.

Our future growth may cause a significant strain on our management and our operational, financial, and other resources. Our ability to manage our growth effectively will require us to implement and improve our operational, financial, and management systems and to expand, train, manage, and motivate our employees and develop processes to efficiently integrate our strategic acquisition of portfolio assets, which is a primary part of our future growth strategy. These demands will require the hiring of additional management personnel and the development of additional expertise by management. Any increase in resources used without a corresponding increase in our operational, financial, and management systems could have a negative impact on our business, financial condition, and results of operations.

While our growth strategy includes seeking operating solar power generation assets and portfolios to add to our portfolio, we may not be successful in identifying or marking any acquisitions in the future. We may not realize the anticipated benefits of acquisitions, and integration of these acquisitions may disrupt our business and management.

Our business strategy includes growth through the acquisitions of solar power generation assets and portfolios. We may not be able to continue to identify attractive acquisition opportunities or successfully acquire those opportunities that are identified in our pipeline. There is always the possibility that even if there is success in integrating our current or future acquisitions into the existing operations, we may not derive the benefits, such as administrative or operational synergies or earnings obtained, that were expected from such acquisitions, which may result in the commitment of capital resources without the expected returns on the capital. The competition for acquisition opportunities may increase which in turn would increase our cost of making further acquisitions or causing us to curb our activities of making additional acquisitions.

In pursuing our business strategy, from time to time we evaluate targets and enter into agreements regarding possible acquisitions, divestitures, and joint ventures. To be successful, we conduct due diligence to identify valuation issues and potential loss contingencies, negotiate transaction terms, complete transactions, and manage post-closing matters such as the integration of acquired assets and businesses. Our due diligence reviews are subject to the completeness and accuracy of disclosures made by third parties. We may incur unanticipated costs or expenses following a completed acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities.

We have in the past, and in the future we may, acquire companies, project pipelines, products or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of these acquisitions, and any acquisition has numerous risks. These risks include the following:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with our current technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- difficulty integrating the acquired company's accounting, management information, and other administrative systems;

- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, vendors, and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- potential failure of the due diligence processes to identify significant issues with product quality, intellectual property infringement, and other legal and financial liabilities, among other things;
- misjudging the value of acquired assets to us;
- potential inability to assert that internal controls over financial reporting are effective; and
- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities, which could delay or prevent such acquisitions.

Acquisitions of companies, businesses and assets are inherently risky and, if we do not complete the integration of these acquisitions successfully and in a timely manner, we may not realize the anticipated benefits of the acquisitions to the extent anticipated, which could adversely affect our business, financial condition, or results of operations. In addition, our guidance and estimates for our future operating and financial results assume the completion of certain of our acquisitions that are in our acquisition pipeline. If we are unable to execute on our actionable pipeline and integrate these acquisitions, we may miss our guidance, which could adversely affect the market price of our Class A Common Stock and our business, financial condition, or results of operations.

Our business is concentrated in certain markets, putting us at risk of region-specific disruptions.

As of December 31, 2023, a majority of our solar facilities were in New Jersey, New York, Massachusetts, and California. We have recently expanded to include North Carolina and South Carolina to our list of states we are concentrated in and expect our near-term future growth to occur in states such as Maryland, New York, and New Jersey, and to further expand our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in such markets and in other markets that may become similarly concentrated.

Our acquisition of solar project portfolios may not be as successful as acquiring the assets individually.

We may acquire entire portfolios of solar projects and the performance of individual solar projects in such a portfolio will vary. We may not derive the benefits, such as administrative or operational synergies that were expected and our earnings from the entire portfolio may not exceed the earnings we would have received had we purchased some, but not all, of the solar projects contained in such portfolio.

Our growth depends in part on the success of our relationships with third parties.

A key component of our growth strategy is to develop or expand our relationships with third parties. For example, we are investing resources in establishing strategic relationships with market players across a variety of industries, including large retailers, to generate new customers. These programs may not roll out as quickly as planned or produce the results we anticipated. A significant portion of our business depends on attracting and retaining new and existing solar partners. Negotiating relationships with our solar partners, investing in due diligence efforts with potential solar partners, training such third parties and contractors, and monitoring them for compliance with our standards require significant time and resources and may present greater risks and challenges than expanding a direct sales or installation team. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to grow our business and address our market opportunity could be impaired. Even if we are able to establish and maintain these relationships, we may not be able to execute on our goal of leveraging these relationships to meaningfully expand our business, brand recognition and customer base. This would limit our growth potential and our opportunities to generate significant additional revenue or cash flows.

Our relationship with CBRE is continuing to develop and may not result in profitable long-term contracts with their referred clients.

Our relationship with CBRE is continuing to develop. The Company expects some development opportunities to come from referrals from CBRE and Blackstone. Our success depends on profitable long-term contracts with any referred clients. We cannot assure you that new contracts and clients for our technologies, products and services will develop or that our existing market will grow. If a significant number of referred clients elect not to use our services or purchase our products, it could materially adversely affect our financial condition, business and results of operations.

The principal benefits expected to result from referrals from CBRE and Blackstone may not be fully achieved. Challenges we may face in this regard include, but are not limited to: (i) estimating the capital, personnel and equipment required for proper

integration; (ii) minimizing potential adverse effects on existing business relationships; (iii) enhancing the technology platform; and (iv) successfully developing and marketing the Company's products and services. Any difficulties we may experience in connection with referrals obtained could delay or prevent us from realizing expected benefits and enhancing our business, and our business, financial condition and results of operation could be materially and adversely impacted.

Failure to successfully recruit, hire and retain a sufficient number of employees and service providers in key functions would constrain our growth and our ability to timely complete customers' projects and successfully manage customer accounts.

To support our growth, we need to hire, train, deploy, manage and retain a substantial number of skilled employees, engineers, installers, electricians, sales and project finance specialists. Competition for qualified personnel in our industry is increasing, particularly for skilled personnel involved in the installation of solar energy systems. We have in the past been, and may in the future be, unable to attract or retain qualified and skilled installation personnel or installation companies to be our solar partners, which would have an adverse effect on our business. We and our solar partners also compete with the homebuilding and construction industries for skilled labor. As these industries grow and seek to hire additional workers, our cost of labor may increase. In addition, because we are headquartered in Connecticut, we compete for a limited pool of technical and engineering resources that requires us to pay wages that are competitive with relatively high regional standards for employees in these fields. Further, we need to continue to expand upon the training of our customer service team to provide high-end account management and service to customers before, during and following the point of installation of our solar energy systems. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new customer service team member is fully trained and productive at the standards that we have established. If we are unable to hire, develop and retain talented technical and customer service personnel, we may not be able to realize the expected benefits of this investment or grow our business.

In addition, to support the growth and success of our direct-to-consumer channel, we need to recruit, retain and motivate a large number of sales personnel on a continuing basis. We compete with many other companies for qualified sales personnel, and it could take many months before a new salesperson is fully trained on our solar service offerings. If we are unable to hire, develop and retain qualified sales personnel or if they are unable to achieve desired productivity levels, we may not be able to compete effectively.

We are highly dependent on members of our management and technical staff. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level, and senior managers as well as junior, mid-level, and senior technical personnel. The loss of any of our executive officers, key employees, or consultants and our inability to find suitable replacements could potentially harm our business, financial condition, and prospects. We may be unable to attract and retain personnel on acceptable terms given the competition among solar and energy companies. Certain of our current officers, directors, and/or consultants hereafter appointed may from time to time serve as officers, directors, scientific advisors, and/or consultants of other solar and energy companies. We do not maintain "key man" insurance policies on any of our officers or employees. Other than certain members of our senior management team, all of our employees are employed "at will" and, therefore, each employee may leave our employment and join a competitor at any time.

We plan to grant stock options, restricted stock grants, restricted stock unit grants, or other forms of equity awards in the future as a method of attracting and retaining employees, motivating performance, and aligning the interests of employees with those of our shareholders. If we are unable to implement and maintain equity compensation arrangements that provide sufficient incentives, we may be unable to retain our existing employees and attract additional qualified candidates. If we are unable to retain our existing employees and attract additional qualified candidates, our business and results of operations could be adversely affected. Currently the exercise prices of all outstanding stock options are greater than the current stock price.

As of December 31, 2023, we had 93 employees, all of which were full-time employees. We may be unable to implement and maintain an attractive incentive compensation structure in order to attract and retain the right talent. These actions could lead to disruptions in our business, reduced employee morale and productivity, increased attrition, and problems with retaining existing and recruiting future employees.

Problems with product quality or performance may cause us to incur warranty expenses, damage our market reputation and prevent us from maintaining or increasing our market share.

Customers who enter into customer agreements with us sometimes are covered by production guarantees and roof penetration warranties. As the owners of the solar energy systems, we or our investment funds receive a warranty from the inverter and solar panel manufacturers, and, for those solar energy systems that we do not install directly, we receive workmanship and material warranties as well as roof penetration warranties from our solar partners. One or more of our third-party manufacturers or solar partners could cease operations and no longer honor these warranties, leaving us to fulfill these potential obligations to customers, or such warranties may be limited in scope and amount, and may be inadequate to protect us. We also provide a performance guarantee with certain solar service offerings pursuant to which we compensate customers on an annual basis if their system does not meet the electricity production guarantees set forth in their agreement with us. Customers who enter into customer agreements with us that are covered by production guarantees, typically have such guarantees equal to

the length of the term of these agreements, typically 20 or 25 years. We may suffer financial losses associated if significant performance guarantee payments are triggered.

Because of our limited operating history and the length of the term of our customer agreements, we have been required to make assumptions and apply judgments regarding a number of factors, including the durability, performance and reliability of our solar energy systems. Our assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial expense to repair or replace defective solar energy systems in the future or to compensate customers for systems that do not meet their production guarantees. Product failures or operational deficiencies also would reduce our revenue from power purchase or lease agreements because they are dependent on system production. Any widespread product failures or operating deficiencies may damage our market reputation and adversely impact our financial results.

Our business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require us to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, our physical plants could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, and abnormal levels of precipitation. A disruption or failure of electric generation, or storage systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent us from operating our business in the normal course and could result in any of the adverse consequences described above. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Where cost recovery is available, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred could have a material adverse effect on our business, financial condition, results of operations and prospects. Changes in weather can also affect the production of electricity at power generation facilities.

Threats of terrorism and catastrophic events that could result from terrorism, cyberattacks or individuals and/or groups attempting to disrupt our business, or the businesses of third parties, may materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyberattacks and other disruptive activities of individuals or groups. There have been cyberattacks within the energy industry on energy infrastructure such as substations, gas pipelines and related assets in the past and there may be such attacks in the future and these may increase as a result of the Russia invasion of Ukraine. Our generation and energy storage facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by, such activities.

Terrorist acts, cyberattacks or other similar events affecting our systems and facilities, or those of third parties on which we rely, could harm our business, for example, by limiting our ability to generate, purchase or transmit power, natural gas or other energy-related commodities, by limiting our ability to bill customers and collect and process payments, and by delaying our development and construction of new generation facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), significant fines and penalties, and reputational damage, could materially adversely affect our operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair our ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions may materially adversely affect our business, financial condition, results of operations and prospects.

Our ability to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events or company-specific events, as well as the financial condition of insurers.

Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to us. Our ability to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events or company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, we may be required to pay costs associated with adverse future events.

We may need to raise additional funds and these funds may not be available when needed.

We may need to raise additional capital in the future to further scale our business and expand to additional markets. We may raise additional funds through the issuance of equity, equity-related or debt securities, through tax equity partnerships, or through obtaining credit from government or financial institutions. We cannot be certain that additional funds will be available on favorable terms when required, or at all. If we cannot raise additional funds when needed, our financial condition, results of operations, business and prospects could be materially and adversely affected. If we raise funds through the issuance of debt securities or through loan arrangements, the terms of which could require significant interest payments, contain covenants that restrict our business, or other unfavorable terms. Also, changes in tax law or market conditions could negatively impact the availability of tax equity or the terms on which investors are willing to acquire tax equity and therefore reduce our access to capital on favorable terms for new solar energy projects. In addition, to the extent we raise funds through the sale of additional equity securities, our stockholders would experience dilution.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2023, we had U.S. federal and state net operating loss carryforwards ("NOLs") of approximately \$340.1 million and \$225.7 million, respectively, which begin expiring in varying amounts in 2034 and 2024, respectively, if unused. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOLs and other pre-change tax assets, such as tax credits, to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws.

Additionally, states may impose other limitations on the use of NOLs and tax credit carryforwards. For example, California has recently imposed other limitations on the use of NOLs and limited the use of certain tax credits for taxable years beginning in 2020 through 2022. Our ability to use our NOLs may be limited by an applicable ownership change. Any such limitations on our ability to use our NOLs and other tax assets could adversely impact our business, financial condition, and results of operations. Any limitation may result in the expiration of all or a portion of the net operating loss carryforwards and tax credit carryforwards before utilization.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We will be subject to income taxes in the United States, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by taxing authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

As an emerging growth company within the meaning of the Securities Act, we will utilize certain modified disclosure requirements, and we cannot be certain if these reduced requirements will make our common stock less attractive to investors.

We are an "emerging growth company," within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements that are available to "emerging growth companies," but not to other public companies, including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act");
- reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We plan in filings with the U.S. Securities and Exchange Commission ("SEC"), we plan to continue to utilize the modified disclosure requirements available to emerging growth companies. As a result, our stockholders may not have access to certain information they may deem important. We expect to remain an "emerging growth company" until the earliest of:

- December 31, 2025;
- the last day of the first fiscal year in which our annual gross revenue exceeds \$1.235 billion;
- the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter; and
- the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Our historical financial results may not be indicative of what our actual financial position or results of operations would have been if we were a public company.

Our business has achieved rapid growth since we launched. Our net revenue was \$155.2 million and \$101.2 million for the years ended December 31, 2023 and 2022, respectively. However, our results of operations, financial condition and cash flows reflected in our consolidated financial statements may not be indicative of the results that may be achieved in future periods. Consequently, there can be no assurance that we will be able to generate sufficient income to pay our operating expenses and make satisfactory distributions to our shareholders, or any distributions at all.

Certain estimates of market opportunity and forecasts of market growth may prove to be inaccurate.

From time to time, we make statements with estimates of the addressable market for our solutions and the EV market in general. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. The estimates and forecasts relating to the size and expected growth of the target market, market demand and adoption, capacity to address this demand and pricing may also prove to be inaccurate. In particular, estimates regarding the current and projected market opportunity are difficult to predict. The estimated addressable market may not materialize for many years, if ever, and even if the markets meet the size estimates and growth forecasts, our business could fail to grow at similar rates.

Litigation and Regulatory Risks

Our business, financial condition, results of operations and prospects may be materially adversely affected by the extensive regulation of our business.

Our operations are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, portions of which are more specifically identified in the following risk factors, regulates, among other things and to varying degrees, our industry, businesses, rates and cost structures, operation and licensing of solar power facilities, construction and operation of electricity generation facilities and acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and SRECs trading. In our business planning and in the management of our operations, we must address the effects of regulation on our business and any inability or failure to do so adequately could have a material adverse effect on our business, financial condition, results of operations and prospects. Our business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations, interpretations or ballot or regulatory initiatives.

Our business is influenced by various legislative and regulatory initiatives, including, but not limited to, new or revised laws, including international trade laws, regulations, interpretations or ballot or regulatory initiatives regarding deregulation or restructuring of the energy industry, and regulation of environmental matters, such as environmental permitting. Changes in the nature of the regulation of our business could have a material adverse effect on our business, financial condition, results of operations and prospects. We are unable to predict future legislative or regulatory changes, initiatives or interpretations, although any such changes, initiatives or interpretations may increase costs and competitive pressures on us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to Federal Energy Regulatory Commission ("FERC") rules related to energy generation that are designed to facilitate competition on practically a nationwide basis by providing greater certainty, flexibility and more choices to power customers. We cannot predict the impact of changing FERC rules or the effect of changes in levels of wholesale supply and demand, which are typically driven by factors beyond our control. There can be no assurance that we will be able to respond adequately or sufficiently quickly to such rules and developments, or to any changes that reverse or restrict the competitive

restructuring of the energy industry in those jurisdictions in which such restructuring has occurred. Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are not currently regulated as an electric utility under applicable law in the jurisdictions in which we operate, but we may be subject to regulation as an electric utility in the future.

Most federal, state and municipal laws do not currently regulate us as an electric utility in the jurisdictions in which we operate, such as FERC rules for small power production and cogeneration facilities. As a result, we are not subject to the various regulatory requirements applicable to U.S. utilities. However, any federal, state, local or other applicable regulations could place significant restrictions on our ability to operate our business and execute our business plan by prohibiting or otherwise restricting our sale of electricity. These regulatory requirements could include restricting the structuring of our sale of electricity, as well as regulating the price of our solar service offerings. If we become subject to the same regulatory authorities as utilities in other states or if new regulatory bodies are established to oversee our business, our operating costs could materially increase.

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support solar energy, including, but not limited to, tax laws, policies and incentives, renewable portfolio standards or feed-in-tariffs, or the imposition of additional taxes or other assessments on solar energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new solar energy projects, our abandoning the development of solar energy projects, a loss of our investments in solar energy projects and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating solar energy projects in regions in which we operate or plan to develop and operate renewable energy facilities. The federal government and a majority of state governments in the United States provide incentives, such as tax incentives, renewable portfolio standards or feed-in-tariffs, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, our abandoning the development of renewable energy projects, a loss of our investments in the projects and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (the "IRA"), which extends the availability of investment tax credits ("ITCs") and production tax credits ("PTCs"). We and our tax equity partners have claimed and expect to continue to claim ITCs with respect to qualifying solar energy projects. In structuring tax equity partnerships and determining ITC eligibility, we have relied upon applicable tax law and published Internal Revenue Service ("IRS") guidance. However, the application of law and guidance regarding ITC eligibility to the facts of particular solar energy projects is subject to a number of uncertainties, in particular with respect to the new IRA provisions for which Department of Treasury regulations ("Treasury Regulations") are forthcoming, and there can be no assurance that the IRS will agree with our approach in the event of an audit. The Department of Treasury is expected to issue Treasury Regulations and issue additional guidance with respect to the application of the newly enacted IRA provisions, and the IRS and Department of Treasury may modify existing guidance, possibly with retroactive effect. Any of the foregoing items could reduce the amount of ITCs or, if applicable, PTCs available to us and our tax equity partners. In this event, we could be required to indemnify tax equity partners for disallowed ITCs or, if applicable, PTCs, adjust the terms of future tax equity partnerships, or seek alternative sources of funding for solar energy projects, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The absence of net energy metering and related policies to offer competitive pricing to our customers in our current markets, and adverse changes to net energy metering policies, may significantly reduce demand for electricity from our solar energy systems.

Several of the states where we currently serve customers has adopted a net energy metering policy. Net energy metering typically allows our customers to interconnect their on-site solar energy systems to the utility grid and offset their utility electricity purchases by receiving a bill credit at the utility's retail rate for energy generated by their solar energy system that is exported to the grid in excess of the electric load used by the customers. At the end of the billing period, the customer simply pays for the net energy used or receives a credit at the retail rate if more energy is produced than consumed. Utilities operating in states without a net energy metering policy may receive solar electricity that is exported to the grid when there is no simultaneous energy demand by the customer without providing retail compensation to the customer for this generation. In addition to net metering policies, certain of our primary markets, including Massachusetts, New York, New Jersey and Maryland have adopted programs specifically aimed at providing renewable energy benefits to specific customers, such as community solar and low and moderate income customers. Many of these programs are set-up with a finite capacity of MW installed. Historically, regulators in our primary markets have continuously rolled out new incentive programs as the caps on existing programs begin to fill to

promote continued investment in renewables in order to meet the goals set forth in their renewable portfolio standards, however the continuous roll-out of such programs is not guaranteed.

Our ability to sell solar energy systems and the electricity they generate may be adversely impacted by the failure to expand existing limits on the amount of net energy metering in states that have implemented it, the failure to adopt a net energy metering policy where it currently is not in place, the imposition of new charges that only or disproportionately impact customers that utilize net energy metering, or reductions in the amount or value of credit that customers receive through net energy metering. If such charges are imposed, the cost savings associated with switching to solar energy may be significantly reduced and our ability to attract future customers and compete with traditional utility providers could be impacted. Our ability to sell solar energy systems and the electricity they generate also may be adversely impacted by the unavailability of expedited or simplified interconnection for grid-tied solar energy systems or any limitation on the number of customer interconnections or amount of solar energy that utilities are required to allow in their service territory or some part of the grid.

Limits on net energy metering, interconnection of solar energy systems and other operational policies in key markets could limit the number of solar energy systems installed in those markets. If the caps on net energy metering in jurisdictions are reached, and new caps are not put in place, or if the amount or value of credit that customers receive for net energy metering is significantly reduced, future customers will be unable to recognize the current cost savings associated with net energy metering. We rely substantially on net energy metering when we establish competitive pricing for our prospective customers and the absence of net energy metering for new customers would greatly limit demand for our solar energy systems.

Our business depends in part on the regulatory treatment of third-party-owned solar energy systems.

Our power purchase agreements are third-party ownership arrangements. Sales of electricity by third parties face regulatory challenges in some states and jurisdictions. Other challenges pertain to whether third-party owned systems qualify for the same levels of rebates or other non-tax incentives available for customer-owned solar energy systems, whether third-party owned systems are eligible at all for these incentives, and whether third-party owned systems are eligible for net energy metering and the associated cost savings. Reductions in, or eliminations of, this treatment of these third-party arrangements could reduce demand for our systems, adversely impact our access to capital and could cause us to increase the price we charge our customers for energy.

Existing electric utility industry regulations, and changes to regulations, may present technical, regulatory and economic barriers to the purchase and use of solar energy offerings that may significantly reduce demand for our solar energy offerings.

Federal, state and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned electricity generation. In the U.S., governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing renewable energy, including solar energy systems. This could result in a significant reduction in the potential demand for our solar energy systems. For example, utilities commonly charge fees to larger, industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back-up purposes. These fees could increase our customers' cost to use our systems and make them less desirable, thereby harming our business, prospects, financial condition and results of operations. In addition, depending on the region, electricity generated by solar energy systems competes most effectively with expensive peak-hour electricity from the electric grid, rather than the less expensive average price of electricity. Modifications to the utilities' peak hour pricing policies or rate design, such as to a flat rate, would require us to lower the price of our solar energy systems to compete with the price of electricity from the electric grid.

In addition, any changes to government or internal utility regulations and policies that favor electric utilities could reduce our competitiveness and cause a significant reduction in demand for our products and services. For example, certain jurisdictions have proposed assessing fees on customers purchasing energy from solar energy systems or imposing a new charge that would disproportionately impact solar energy system customers who utilize net energy metering, either of which would increase the cost of energy to those customers and could reduce demand for our solar energy systems. It is possible charges could be imposed on not just future customers but our existing customers, causing a potentially significant consumer relations problem and harming our reputation and business.

Compliance with occupational safety and health requirements and best practices can be costly, and noncompliance with such requirements may result in potentially significant monetary penalties, operational delays and adverse publicity.

The installation of solar energy systems requires our employees to work at heights with complicated and potentially dangerous electrical systems. The evaluation and modification of buildings as part of the installation process requires our employees to work in locations that may contain potentially dangerous levels of asbestos, lead, mold or other materials known or believed to be hazardous to human health. We also maintain a fleet of trucks and other vehicles to support our installers and operations. There is substantial risk of serious injury or death if proper safety procedures are not followed. Our operations are subject to regulation under the U.S. Occupational Safety and Health Act, or OSHA, and equivalent state laws. Changes to OSHA

requirements, or stricter interpretation or enforcement of existing laws or regulations, could result in increased costs. If we fail to comply with applicable OSHA regulations, even if no work-related serious injury or death occurs, we may be subject to civil or criminal enforcement and be required to pay substantial penalties, incur significant capital expenditures or suspend or limit operations. High injury rates could expose us to increased liability. In the past, we have had workplace accidents and received citations from OSHA regulators for alleged safety violations, resulting in fines. Any such accidents, citations, violations, injuries or failure to comply with industry best practices may subject us to adverse publicity, damage our reputation and competitive position and adversely affect our business.

We have previously been, and may in the future be, named in legal proceedings, become involved in regulatory inquiries or be subject to litigation, all of which are costly, distracting to our core business and could result in an unfavorable outcome or a material adverse effect on our business, financial condition, results of operations or the market price for our common stock.

We are involved in legal proceedings and receive inquiries from government and regulatory agencies from time to time. In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time-consuming legal proceedings that could result in any number of outcomes. Although outcomes of such actions vary, any current or future claims or regulatory actions initiated by or against us, whether successful or not, could result in significant costs, costly damage awards or settlement amounts, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of significant operational resources, or otherwise harm our business, financial condition and results of operations or adversely affect the market price for our common stock. If we are not successful in our legal proceedings and litigation, we may be required to pay significant monetary damages, which could hurt our results of operations. Lawsuits are time-consuming and expensive to resolve and divert management's time and attention. Although we carry general liability insurance, our insurance may not cover potential claims or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict how the courts will rule in any potential lawsuit against us. Decisions in favor of parties that bring lawsuits against us could subject us to significant liability for damages, adversely affect our results of operations and harm our reputation.

Further, we may be subject to claims or liabilities arising from the ownership or operation of acquired solar systems for the periods prior to our acquisition of them, including environmental, employee-related, indemnification for tax equity partnerships and other liabilities and claims not covered by insurance. These claims or liabilities could be significant. Our ability to seek indemnification from the former owners of our acquired businesses for these claims or liabilities may be limited by various factors, including the specific time, monetary or other limitations contained in the respective acquisition agreements and the financial ability of the former owners to satisfy our indemnification claims. In addition, insurance companies may be unwilling to cover claims that have arisen from acquired businesses or locations, or claims may exceed the coverage limits that our acquired businesses had in effect prior to the date of acquisition. If we are unable to successfully obtain insurance coverage of third-party claims or enforce our indemnification rights against the former owners, or if the former owners are unable to satisfy their obligations for any reason, including because of their current financial position, we could be held liable for the costs or obligations associated with such claims or liabilities, which could adversely affect our financial condition and results of operations.

Product liability claims against us could result in adverse publicity and potentially significant monetary damages.

If our solar service offerings, including our racking systems, PV modules, batteries, inverters, or other products, injured someone, we would be exposed to product liability claims. Because solar energy systems and many of our other current and anticipated products are electricity-producing devices, it is possible that customers or their property could be injured or damaged by our products, whether by product malfunctions, defects, improper installation or other causes. We rely on third-party manufacturing warranties, warranties provided by our solar partners and our general liability insurance to cover product liability claims and have not obtained separate product liability insurance. Our solar systems, including our PV modules, batteries, inverters, and other products, may also be subject to recalls due to product malfunctions or defects. Any product liability claim we face could be expensive to defend and divert management's attention. The successful assertion of product liability claims against us could result in potentially significant monetary damages that could require us to make significant payments, as well as subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems and other products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions to the industry as a whole, and may have an adverse effect on our ability to attract customers, thus affecting our growth and financial performance.

A failure to comply with laws and regulations relating to our interactions with current or prospective community solar customers could result in negative publicity, claims, investigations and litigation, and adversely affect our financial performance.

As of December 31, 2023, over 25% of our business operates pursuant to contracts and transactions with residential customers via community solar. We must comply with federal, state, and local laws and regulations that govern matters relating to our interactions with residential consumers, including those pertaining to privacy and data security and warranties. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state and local legislative and regulatory bodies may expand current laws or regulations, or enact new laws and regulations, regarding these matters. Changes in

these laws or regulations, or their interpretation, could affect how we do business, acquire customers, and manage and use information we collect from and about current and prospective community solar customers and the costs associated therewith. We strive to comply with all applicable laws and regulations relating to our interactions with residential customers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Our non-compliance with any such law or regulations could also expose us to claims, proceedings, litigation and investigations by private parties and regulatory authorities, as well as fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, expenses to comply with such laws and regulations, and increased regulation of matters relating to our interactions with residential consumers could require us to modify our operations and incur additional expenses, which could have an adverse effect on our business, financial condition and results of operations.

Changes in tax laws, guidance or policies, including, but not limited to, changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect our business, financial condition, results of operations and prospects.

Our provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, guidance or policies, including changes in our corporate income tax rates, our financial condition and results of operations, and the resolution of audit issues raised by taxing authorities. These factors, including the ultimate resolution of income tax matters, may result in material adjustments to tax-related assets and liabilities, which could materially adversely affect our business, financial condition, results of operations and prospects.

Changes in laws, regulations or rules, or a failure to comply with any laws, regulations or rules, may adversely affect our business and results of operations.

We are subject to laws, regulations and rules enacted by national, regional and local governments and the NYSE. In particular, we are required to comply with certain SEC, NYSE and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. Those laws, regulations or rules and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business and results of operations, including a potential delisting on the NYSE. In addition, a failure to comply with applicable laws, regulations or rules, as interpreted and applied, could have a material adverse effect on our business and results of operations.

Intellectual Property and Data Privacy Risks

If we are unsuccessful in developing and maintaining our proprietary technology, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our future growth depends on our ability to continue to develop and maintain our proprietary technology that supports our solar service offerings, including our proprietary software solutions which manage our operation as well as a series of proprietary capture and management tools. In addition, we rely, and expect to continue to rely, on licensing agreements with certain third parties for aerial images that allow us to efficiently and effectively analyze a customer's rooftop for solar energy system specifications. In the event that our current or future products require features that we have not developed or licensed, or we lose the benefit of an existing license, we will be required to develop or obtain such technology through purchase, license or other arrangements. If the required technology is not available on commercially reasonable terms, or at all, we may incur additional expenses in an effort to internally develop the required technology. If we are unable to maintain our existing proprietary technology, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our business may be harmed if we fail to properly protect our intellectual property, and we may also be required to defend against claims or indemnify others against claims that our intellectual property infringes on the intellectual property rights of third parties.

We believe that the success of our business depends in part on our proprietary technology, including our software, information, processes and know-how. We rely on copyright, trade secret and other protections to secure our intellectual property rights. Although we may incur substantial costs in protecting our technology, we cannot be certain that we have adequately protected or will be able to adequately protect it, that our competitors will not be able to utilize our existing technology or develop similar technology independently or that foreign intellectual property laws will adequately protect our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business. In the future, some of our products could be alleged to infringe existing

patents or other intellectual property of third parties, and we cannot be certain that we will prevail in any intellectual property dispute. In addition, any future litigation required to enforce our patents, to protect our trade secrets or know-how or to defend us or indemnify others against claimed infringement of the rights of third parties could harm our business, financial condition, and results of operations.

If we experience a significant disruption in our information technology systems, fail to implement new systems and software successfully or if we experience cyber security incidents or have a deficiency in cybersecurity, our business could be adversely affected.

We depend on information systems to process orders, manage inventory, process and bill customers and collect payments from our customers, respond to customer inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment, and record and pay amounts due to vendors and other creditors. These systems may experience damage or disruption from a number of causes, including power outages, computer and telecommunication failures, computer viruses, malware, ransomware or other destructive software, internal design, manual or usage errors, cyberattacks, terrorism, workplace violence or wrongdoing, catastrophic events, natural disasters and severe weather conditions. We may also be impacted by breaches of our third-party processors.

If we were to experience a prolonged disruption in our information systems that involve interactions with customers and suppliers, it could result in the loss of sales and customers and/or increased costs, which could adversely affect our overall business operation. Although no such incidents have had a direct, material impact on us, we are unable to predict the direct or indirect impact of any future incidents to our business.

In addition, numerous and evolving cybersecurity threats, including advanced and persistent cyberattacks, phishing and social engineering schemes, particularly on internet applications, could compromise the confidentiality, availability, and integrity of data in our systems. The security measures and procedures we and our customers have in place to protect sensitive data and other information may not be successful or sufficient to counter all data breaches, cyberattacks, or system failures. Although we devote resources to our cybersecurity programs and have implemented security measures to protect our systems and data, and to prevent, detect and respond to data security incidents, there can be no assurance that our efforts will prevent these threats.

Because the techniques used to obtain unauthorized access, or to disable or degrade systems change frequently, have become increasingly more complex and sophisticated, and may be difficult to detect for periods of time, we may not anticipate these acts or respond adequately or timely. These threats may increase as a result of the recent banking crisis. As these threats continue to evolve and increase, we may be required to devote significant additional resources in order to modify and enhance our security controls and to identify and remediate any security vulnerabilities.

Any security breach or unauthorized disclosure or theft of personal information we gather, store and use, or other hacking and phishing attacks on our systems, could harm our reputation, subject us to claims or litigation and have an adverse impact on our business.

We receive, store and use personal information of customers, including names, addresses, e-mail addresses, credit information and other housing and energy use information, as well as the personal information of our employees. Unauthorized disclosure of such personal information, whether through breach of our systems by an unauthorized party, employee theft or misuse, or otherwise, could harm our business. In addition, computer malware, viruses, social engineering (predominantly spear phishing attacks), and general hacking have become more prevalent, have occurred on our systems in the past, and could occur on our systems in the future. Inadvertent disclosure of such personal information, or if a third party were to gain unauthorized access to the personal information in our possession, has resulted in, and could result in future claims or litigation arising from damages suffered by such individuals. In addition, we could incur significant costs in complying with the multitude of federal, state and local laws regarding the unauthorized disclosure of personal information. Our efforts to protect such personal information may be unsuccessful due to software bugs or other technical malfunctions; employees, contractor, or vendor error or malfeasance; or other threats that evolve. In addition, third parties may attempt to fraudulently induce employees or users to disclose sensitive information. The risks of these threats may increase due to the recent banking crisis. Although we have developed systems and processes that are designed to protect the personal information we receive, store and use and to prevent or detect security breaches, we cannot assure you that such measures will provide absolute security. Any perceived or actual unauthorized disclosure of such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business.

Our business is subject to complex and evolving laws and regulations regarding privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, increased cost of operations or otherwise harm our business.

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New data protection laws, including recent legislation in a number of states afford consumers of those states an array of new rights, including the right to be informed about what kinds of personal data companies have collected and why it was collected, pose increasingly complex compliance challenges and potentially elevate our costs. Complying with varying

jurisdictional requirements could increase the costs and complexity of compliance, and violations of applicable data protection laws could result in significant penalties. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions brought against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business.

Risks Relating to Our Financial Statements

If we fail to develop and maintain an effective system of internal control over financial reporting and other business practices, and of board-level oversight, we may not be able to report our financial results accurately or prevent and detect fraud and other improprieties. Consequently, investors could lose confidence in our financial reporting, and this may decrease the trading price of our stock.

We must maintain effective internal controls to provide reliable financial reports and to prevent and detect fraud and other improprieties. We are responsible for reviewing and assessing our internal controls and implementing additional controls when improvement is needed. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our results of operations.

The Sarbanes-Oxley Act requirements regarding internal control over financial reporting, and other internal controls over business practices, are costly to implement and maintain, and such costs are relatively more burdensome for smaller companies such as us than for larger companies. We are working to improve all of our controls but, if our controls are not effective, we may not be able to report our financial results accurately or prevent and detect fraud and other improprieties, which could lead to a decrease in the market price of our stock. Failure to implement any required changes to our internal controls or other changes we identify as necessary to maintain an effective system of internal controls could harm our operating results and cause investors to lose confidence in our reported financial information. Any such loss of confidence would have a negative effect on the market price of our common stock.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or otherwise fail to maintain an effective system of internal control over financial reporting, this may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.

As a public company, we are required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in our annual report for the year ended December 31, 2023. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting.

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 the financial statements would not be prevented or detected on a timely basis.

We have identified material weaknesses in our internal control over financial reporting that we are currently working to remediate, which relate to: (a) insufficient qualified personnel, which caused management to be unable to appropriately define responsibilities to create an effective control environment; (b) the lack of a formalized risk assessment process; and (c) selection and development of control activities, including over information technology.

Our management has concluded that these material weaknesses in our internal control over financial reporting are due to the fact that prior to the Merger we were a private company with limited resources and did not have the necessary business processes and related internal controls formally designed and implemented coupled with the appropriate resources with the appropriate level of experience and technical expertise to oversee our business processes and controls.

Our management has developed a remediation plan which we have begun and will continue to implement. These remediation measures are ongoing and include: hiring additional finance department employees with appropriate expertise; progressing towards the completion of our formalized risk assessment for SOX processes, including process mapping; and proceeding with steps intended to remediate the selection and development of control activities material weakness through the documentation of processes and controls in the financial statement close, reporting and disclosure processes while working to further enable our enterprise resource planning system and implement supporting software to improve the accuracy and controls over financial reporting. The material weaknesses will be considered remediated when our management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective. Our management will monitor the effectiveness of its remediation plans and will make changes management

determines to be appropriate, however we may encounter problems or delays in completing the remediation of the material weaknesses. In connection with the material weaknesses identified in our internal controls over financial reporting we determined that our internal controls over financial reporting are not effective and were not effective as of December 31, 2023.

If not remediated, these material weaknesses could result in material misstatements to our annual or interim consolidated financial statements that might not be prevented or detected on a timely basis, or in delayed filing of required periodic reports. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of the internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and our company could become subject to litigation or investigations by NYSE, the SEC, or other regulatory authorities, which could require additional financial and management resources. Each of these material weaknesses could result in a misstatement of account balances or disclosures that would result in a material misstatement in the annual or interim consolidated financial statements that would not be prevented or detected.

In order to maintain and improve the effectiveness of our internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. Our independent registered public accounting firm is not required to formally attest to the effectiveness of its internal control over financial reporting until after it is no longer an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"). At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting, and remediate identified material weaknesses could adversely affect our business and operating results and could cause a decline in the market price of our common stock.

The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal additional deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. A material weakness in internal controls could result in our failure to detect a material misstatement of our annual or quarterly consolidated financial statements or disclosures. We may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal controls over financial reporting, investors could lose confidence in our reported financial information, which could have a material adverse effect on the market price of our common stock.

A significant portion of our activities are conducted through variable interest entities ("VIEs"), and changes to accounting guidance, policies or interpretations thereof could cause us to materially change the presentation of our financial statements.

We fund a significant portion of our activities by means of tax equity partnerships. In many cases, we consolidate these tax equity partnerships as VIEs in which we hold a variable interest and of which we are deemed to be the primary beneficiary. We evaluate whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. We determine the value of noncontrolling interests in VIEs using the HLBV method, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates." Accounting for VIEs and noncontrolling interests is complex, subject to a number of uncertainties, and dependent on assumptions and estimates. Any changes in U.S. generally accepted accounting principles ("GAAP") guidance, policies or interpretation thereof could materially impact the presentation of our financial statements.

Risks Related to Ownership of Our Securities

Concentration of ownership among existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions.

Our directors, executive officers and their affiliates as a group beneficially own approximately 33% of the outstanding shares of our Class A common stock but without giving effect to any conversions of our Alignment Shares. As a result, these stockholders are able to exercise a significant level of influence over all matters requiring stockholder approval, including the election of directors, any amendment of the certificate of incorporation and approval of significant corporate transactions. This influence could have the effect of delaying or preventing a change of control or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

Our stock price will be volatile, which could cause the value of your investment to decline.

The market price of our common stock will be volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include:

- actual or anticipated fluctuations in operating results;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities analysts or changed recommendations for the industry in general;
- announcements of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- operating and share price performance of other companies in the industry or related markets;
- the timing and magnitude of investments in the growth of the business;
- actual or anticipated changes in laws and regulations;
- additions or departures of key management or other personnel;
- increased labor costs;
- disputes or other developments related to intellectual property or other proprietary rights, including litigation;
- the ability to market new and enhanced solutions on a timely basis;
- sales of substantial amounts of the common stock by our board of directors, executive officers or significant stockholders or the perception that such sales could occur;
- changes in capital structure, including future issuances of securities or the incurrence of debt; and
- general economic, political and market conditions.

In addition, the stock market in general, and the stock prices of technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

Anti-takeover provisions contained in our governing documents and applicable laws could impair a takeover attempt.

Our third amended and restated certificate of incorporation and second amended and restated bylaws afford certain rights and powers to the public company board of directors that could contribute to the delay or prevention of an acquisition that it deems undesirable. We are also subject to Section 203 of the Delaware General Corporation Law, or DGCL, and other provisions of Delaware law that limit the ability of stockholders in certain situations to effect certain business combinations. Any of the foregoing provisions and terms that has the effect of delaying or deterring a change in control could limit the opportunity for stockholders to receive a premium for their shares of their common stock, and could also affect the price that some investors are willing to pay for the common stock.

Our Alignment Shares have been accounted for as derivative liabilities and have been recorded at fair value with changes in fair value each period reported in earnings, which may have an adverse effect on the market price of our common stock.

We have 996,188 Alignment Shares outstanding, all of which will be held by the Sponsor, certain officers of CBAH (such officers, together with the Sponsor, the "Sponsor Parties") and existing CBAH directors. The Alignment Shares will automatically convert into shares of Class A common stock based upon the Total Return (as defined in Exhibit 4.4 to this Form) on the Class A common stock as of the relevant measurement date over each of the seven fiscal years following the Merger.

We estimate the fair value of our Alignment Share using a Monte Carlo simulation, which is based on various market inputs (e.g., measurement of our stock price after the consummation of the Merger).

As a result of the estimation processes involved in presenting these instruments at fair value, our financial statements and results of operations may fluctuate quarterly, based on various factors, many of which are outside of our control. If our stock price is volatile, we expect that we will recognize non-cash gains or losses on Alignment Shares for each reporting period and

that the amount of such gains or losses could be material. The impact of changes in fair value on earnings may have an adverse effect on the market price of our Class A common stock.

We may issue additional shares of Class A common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of your shares.

We may issue additional shares of Class A common stock or other equity securities of equal or senior rank in the future without stockholder approval in connection with, among other things, future acquisitions, repayment of outstanding indebtedness or under our equity plans and in a number of other circumstances.

Our issuance of additional shares of Class A common stock or other equity securities of equal or senior rank could have the following effects:

- your proportionate ownership interest will decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; or
- the market price of shares of common stock may decline.

Our charter designates a state court within the State of Delaware, to the fullest extent permitted by law, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit the ability of our stockholders to obtain a favorable judicial forum for disputes with us or with our directors, officers or employees and may discourage stockholders from bringing such claims.

Under our charter, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum will be the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, the federal district court for the District of Delaware) for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by, or any wrongdoing by, any current or former director, officer or employee of the Company or the Company's stockholders;
- any action asserting a claim against us or any current or former director or officer or other employee of ours arising pursuant to any provision of the DGCL or our Certificate of Incorporation or bylaws (as either may be amended, restated, modified, supplemented or waived from time to time); and
- any action asserting a claim against us or any current or former director or officer or other employee of ours governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL.

These provisions of our charter could limit the ability of our stockholders to obtain a favorable judicial forum for certain disputes with us or with our current or former directors, officers or other employees, which may discourage such lawsuits against us and our current or former directors, officers and employees.

If, securities or industry analysts cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our Class A common stock adversely, then the price and trading volume of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business and operations, our market, or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our Class A common stock would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

General Risks

Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our common stock.

Our quarterly results of operations are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past and expect these fluctuations to continue. However, given that we are operating in a rapidly changing industry and one of our primary growth strategies is to acquire strategic portfolio assets, those fluctuations may be masked by our recent growth rates. As a result, these fluctuations may not be readily apparent from our

historical results of operations and our past quarterly results of operations may not be good indicators of likely future performance. In addition to the other risks described in this "Risk factors" section, as well as the factors discussed in this Annual Report on Form 10-K, the following factors, among others, could cause our results of operations and key performance indicators to fluctuate:

- the expiration, reduction or initiation of any governmental tax rebates, tax exemptions, or incentives
- significant fluctuations in customer demand for our solar service offerings or fluctuations in the geographic concentration of installations of solar energy systems;
- changes in financial markets, which could restrict our ability to access available and cost-effective financing sources
- seasonal, environmental or weather conditions that impact sales, energy production, and system installation
- the acquisition of portfolio assets or other companies that we would expect to be able to integrate into our business operations and the costs associated therewith, including the costs of diligence and integration;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure
- announcements by us or our competitors of new products or services, significant acquisitions, strategic partnerships or joint ventures
- capital-raising activities or commitments;
- changes in our pricing policies or terms or those of our competitors, including utilities
- changes in regulatory policy related to solar energy generation
- the loss of one or more key partners or the failure of key partners to perform as anticipated
- our failure to successfully integrate acquired solar facilities;
- actual or anticipated developments in our competitors' businesses or the competitive landscape
- actual or anticipated changes in our growth rate
- general economic, industry and market conditions; and
- changes to our cancellation rate.

In the past, we have experienced seasonal fluctuations in installations in certain states, particularly in the fourth quarter. This has been the result of weather-related installation delays. Our actual revenue or key operating metrics in one or more future quarters may fall short of the expectations of investors and financial analysts. If that occurs, the market price of our common stock could decline and stockholders could lose part or all of their investment.

Adverse economic conditions may have negative consequences on our business, results of operations and financial condition.

Unpredictable and unstable changes in economic conditions, including recession, inflation, increased government intervention, the closure of regional banks which has recently occurred, or other changes, may adversely affect our general business strategy. We rely upon our ability to generate additional sources of liquidity and we may need to raise additional funds through public or private debt or equity financings in order to fund existing operations or to take advantage of opportunities, including acquisitions of complementary businesses or technologies. Any adverse change in economic conditions would have a negative impact on our business, results of operations and financial condition and on our ability to generate or raise additional capital on favorable terms, or at all.

We may not successfully implement our business model.

Our business model is predicated on our ability to provide solar systems at a profit, and through organic growth, geographic expansion, and strategic acquisitions. We intend to continue to operate as we have previously with sourcing and marketing methods that we have used successfully in the past. However, we cannot assure that our methods will continue to attract new customers in the very competitive solar systems marketplace. In the event our customers resist paying the prices projected in our business plan to purchase solar installations, our business, financial condition, and results of operations will be materially and adversely affected.

Regulatory decisions that are important to us may be materially adversely affected by political, regulatory and economic factors.

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on regulatory decisions with negative consequences for us. These decisions may require, for example, us to cancel or delay planned development activities, to reduce or delay other planned capital expenditures or to pay for investments or otherwise incur

costs that we may not be able to recover through rates, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Certain other subsidiaries of ours are subject to similar risks.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Our process for assessing, identifying, and managing material risks from cybersecurity threats alongside other risks is an integral part of our overall risk management system. This process is achieved by implementing specific controls, continuous monitoring, collaborative response plans, and regular reviews. Integration ensures a comprehensive view of risk and facilitates informed decision-making and a proactive approach to risk management. We employ various cybersecurity frameworks to ensure comprehensive protection of our systems and data, such as the NIST Cybersecurity Framework and elements of the CIS Controls Framework. By aligning with these standards and leveraging industry-specific best practices, we create a cybersecurity strategy to address the challenges of the solar power sector.

Regular assessments are conducted to identify potential cybersecurity risks across our organization, ensuring a comprehensive understanding of our risk exposure. To support our capabilities, we engage assessors, consultants, auditors, and other third parties with specialized expertise in cybersecurity. Their assessments cover various aspects of our infrastructure, including penetration testing, vulnerability assessments, and compliance audits, enabling us to strengthen our defenses against current and emerging threats.

Additionally, we have established processes to oversee and identify cybersecurity risks associated with third-party service providers. Thorough evaluations of their cybersecurity practices are conducted before engagement, ensuring our standards are met. Contractual agreements include requirements that enforce compliance with our security protocols, mitigating risks associated with third-party interactions.

Cybersecurity threats have the potential to disrupt our day-to-day operations, compromise sensitive data, and damage our reputation. While we have not experienced any material cybersecurity incidents to date, we acknowledge the potential impact of such threats on our business strategy, operations, and financial status. Additionally, regulatory fines or legal liabilities resulting from data breaches or non-compliance with cybersecurity standards will have a significant financial impact.

The Board of Directors provides supervision of cybersecurity risks to ensure the security of our company's operations. The Board of Directors receives updates quarterly on cybersecurity threats, vulnerabilities, and incidents from management from the Chief Digital Officer and IT Manager. These updates include information on the prevention, detection, and remediation of cybersecurity incidents, as well as monitoring key performance indicators, such as the effectiveness of security controls and overall cybersecurity posture.

Management plays a critical role in assessing and managing the company's material risks from cybersecurity threats. Cybersecurity efforts are overseen by the Chief Digital Officer, supported by a dedicated team. The Chief Digital Officer has over 20 years of experience in leadership roles in the digital domain at renowned organizations such as Nasdaq and TIAA. Their expertise encompasses a deep understanding of cyber threats, risk management strategies, and regulatory compliance requirements which positions the Chief Digital Officer to lead the company against evolving cyber-related threats.

Notwithstanding our efforts described above, the Company cannot guarantee that it will be successful in identifying and preventing all cybersecurity risks. For a discussion of how the occurrence of such risks may impact Altus' business, see the section entitled "Risk Factors" above.

Item 2. Properties

Our corporate headquarters is located in Stamford, Connecticut, where we lease and occupy 33,000 square feet of office space. The current term of our lease expires on May 1, 2032, with an option to continue thereafter for one term of five years. We believe that this facility is adequate to meet our current and near-term needs.

In addition, we own and operate solar generating facilities located in 25 states. We believe that no single solar generating facility is material to our business, results of operations or financial condition.

The following table provides an overview of our solar generating facilities by state as of December 31, 2023:

State	Megawatts installed	Share, percentage	%
New Jersey	160	17.9	%
New York	155	17.3	%
Massachusetts	149	16.6	%
California	120	13.4	%
North Carolina	67	7.5	%
Minnesota	57	6.4	%
South Carolina	42	4.7	%
Hawaii	34	3.8	%
Nevada	21	2.3	%
All others	91	10.1	%
Total	896	100.0	%

Item 3. Legal Proceedings

From time to time, the Company is a party to a number of claims and governmental proceedings which are ordinary, routine matters incidental to its business. In addition, in the ordinary course of business the Company periodically has disputes with vendors and customers. All current pending matters are not expected to have, either individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Class A common stock is listed on New York Stock Exchange under the symbol "AMPS."

Holders

As of March 1, 2024, there were approximately 23 holders of record of our Class A common stock. The actual number of holders of our Class A common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares of our Class A common stock are held in street name by banks, brokers and other nominees.

Dividend Policy

The Company has not paid any cash dividends on shares of our common stock to date. The payment of cash dividends in the future will depend upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our board of directors at such time.

Item 6. [Reserved]

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Overview

We are a developer, owner and operator of large-scale roof, ground and carport-based photovoltaic ("PV") and energy storage systems, serving commercial and industrial, public sector and community solar customers. Our mission is to create a clean electrification ecosystem and drive the clean energy transition of our customers across the United States while simultaneously enabling the adoption of corporate environmental, social and governance ("ESG") targets. In order to achieve our mission, we develop, own and operate a network of solar generation and energy storage facilities. We believe we have the in-house expertise to develop, build and provide operations and maintenance and customer servicing for our assets. The strength of our platform is enabled by premier sponsorship from The Blackstone Group ("Blackstone"), which provides an efficient capital source and access to a network of portfolio companies, and CBRE Group, Inc. ("CBRE"), which provides direct access to its portfolio of owned and managed commercial and industrial ("C&I") properties.

We own systems across the United States from Hawaii to Maine. Our portfolio currently consists of 896 megawatts ("MW") of solar PV. We have long-term power purchase agreements ("PPAs") with over 450 enterprise entities and contracts with over 20,000 residential customers which are serviced by over 240 MW of community solar projects currently in operation. Our community solar projects are currently serving customers in 8 states. We also participate in numerous renewable energy credit ("REC") programs throughout the country. We have experienced significant growth in the last fiscal year as a product of organic growth and targeted acquisitions and operate in 25 states, providing clean electricity to our customers equal to the electricity consumption of over 100,000 homes, displacing over 550,000 tons of CO₂ emissions per annum.

Comparability of Financial Information

Our historical operations and financial position may not be comparable to our current operations and financial position for reasons that include, but are not limited to, recent acquisitions as described in Note 6, "Acquisitions," to our audited consolidated annual financial statements included elsewhere in this Report, the adoption of new accounting standards as described in Note 2, "Significant Accounting Policies," and costs associated with becoming a public company.

Key Factors Affecting Our Performance

Our results of operations and our ability to grow our business over time could be impacted by a number of factors and trends that affect our industry generally, as well as new offerings of services and products we may acquire or seek to acquire in the future. Additionally, our business is concentrated in certain markets, putting us at risk of region-specific disruptions such as adverse economic, regulatory, political, weather and other conditions. See "Risk Factors" elsewhere in this Report for further discussion of risks affecting our business. We believe the factors discussed below are key to our success.

Execution of Growth Strategies

We believe we are in the beginning stages of a market opportunity driven by the broad shift away from traditional energy sources to renewable energy and an increasing emphasis by the C&I sector on their public commitment to decarbonization. We intend to leverage our competitive strengths and market position to become customers' "one-stop-shop" for the clean energy transition by (i) using our existing customer and developer networks to build out our electric vehicle ("EV") charging and energy storage offerings and establish a position comparable to that of our C&I solar market position through our existing cross-sell opportunities and (ii) partnering with Blackstone and CBRE to access their client relationships, portfolio companies, and their strong brand recognition, to increase the number of customers we can support.

Competition

We compete in the C&I scale renewable energy space with utilities, developers, independent power producers, pension funds and private equity funds for new investment opportunities. We expect to grow our market share because of the following competitive strengths:

- **Development Capability:** We have established an innovative approach to the development process. From site identification and customer origination through the construction phase, we've established a streamlined process enabling us to further create the scalability of our platform and significantly reduce the costs and time in the development process. Part of our attractiveness to our customers is our ability to ensure a high level of execution certainty. We anticipate that this ability to originate, source, develop and finance projects will ensure we can continue to grow and meet the needs of our customers.
- **Long-term Revenue Contracts:** Our C&I solar generation contracts have a typical length of 20 years or longer, creating long-term relationships with customers that allow us to cross-sell additional current and future products and services. The weighted-average remaining life of our current contracts is approximately 15 years. These long-term contracts are either structured at a fixed rate, often with an escalator, or floating rate pegged at a discount to the prevailing local

utility rates. We refer to these latter contracts as variable rate, and as of December 31, 2023, these variable rate contracts make up approximately 53% of our current installed portfolio. During the year ended December 31, 2023, overall utility rates have been increasing in states where we have projects under variable rate contracts. The realization of solar power price increases varies depending on region, utility and terms of revenue contract, but generally, we would benefit from such increases in the future as inflationary pressures persist.

- **Flexible Financing Solutions:** We have a market-leading cost of capital in an investment-grade rated scalable credit facility from Blackstone, which enables us to be competitive bidders in asset acquisition and development. In addition to our Blackstone term loan, we also have financing available through a revolving credit facility which has \$200 million of committed capacity with 5-year maturity and interest of SOFR plus spread between 160 - 260 bps on drawn balances, a construction facility which has \$200 million of committed capacity with a 5-year maturity and interest of SOFR plus 350 bps on drawn balances, and a term loan which has \$100 million of additional committed capacity with a 6-year maturity and an initial fixed interest rate of 8.50%, subject to adjustments.
- **Leadership:** We have a strong executive leadership team who has extensive experience in capital markets, solar development and solar construction, with over 20 years of experience each. Moreover, through the transaction structure, management and employees will continue to own a significant interest in the Company.
- **CBRE Partnership:** Our partnership with CBRE, the largest global real estate services company, provides us with a clear path to creating new customer relationships. 90% of the Fortune 100 are CBRE clients, providing a significant opportunity for us to expand our customer base.

Construction of Solar Energy Systems

Although the solar panel market has seen an increase in supply in the past few years, most recently, there has been upward pressure on prices due to lingering issues of supply chain, interconnection and permitting delays (further discussed below), recent inflationary pressures, growth in the solar industry, regulatory policy changes, tariffs and duties (including investigations of potential circumvention of antidumping and countervailing ("AD/CV") duties and bans against imports of solar panel materials tied to forced labor), and an increase in demand. As a result of these developments, we have been experiencing higher prices on imported solar modules. The prices of imported solar modules have increased as a result of these other factors. If there are substantial increases, it may become less economical for us to serve certain markets. Attachment rates for energy storage systems have trended higher while the price to acquire has trended downward making the addition of energy storage systems a potential area of growth for us.

Projects originated by our channel partners which we then develop, engineer and construct benefit from a shorter time from agreed terms to revenues, typically 6 to 9 months based on our historical experience. Projects that we are originating ourselves and self-developing, such as those with a lead from CBRE or Blackstone, would historically take 12 to 15 months from agreed terms to bring to commercial operation. Given the supply chain challenges and permitting and interconnection delays described above, as of December 31, 2023, these historical timelines are currently pushed out by approximately 3 to 6 months.

Seasonality

The amount of electricity our solar energy systems produce is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Because shorter daylight hours in winter months and poor weather conditions due to rain or snow result in less irradiation, the output of solar energy systems will vary depending on the season and the overall weather conditions in a year. While we expect seasonal variability to occur, the geographic diversity in our assets helps to mitigate our aggregate seasonal variability.

Another aspect of seasonality to consider is in our construction program, which is more productive during warmer weather months and generally results in project completion during fourth quarter. This is particularly relevant for our projects under construction in colder climates like the Northeast.

Pipeline

As of December 31, 2023, our pipeline of opportunities totaled over one gigawatt and is comprised of a mix of operating acquisitions and development projects. The operating acquisitions are dynamic with new opportunities being evaluated by our team each quarter.

As of December 31, 2023, with respect to the portion of our pipeline made up of development projects, approximately 105 MW of these projects are currently in construction or pre-construction and approximately 160 MW of these projects are in the contracting or due diligence phase.

As of December 31, 2023, with respect to the portion of our pipeline made up of potential operating acquisitions, approximately 106 MW of these projects are in the closing phase and approximately 7 MW of these projects are in negotiation.

The remainder of the pipeline represents projects that are in the initial engagement phase of either development or acquisition.

On January 31, 2024, the Company, through its wholly-owned subsidiary, Altus Power, LLC, signed and closed on its purchase of approximately 84 MW of solar assets (the “*Vitol Acquisition*”) through an acquisition of the membership interests in various project companies. The Membership Interest Purchase Agreement, by and between Vitol Solar I LLC, a Delaware limited liability company, and Altus Power, LLC, a Delaware limited liability company, is dated as of January 31, 2024. The base purchase price for these assets is approximately \$119.7 million. The base purchase price and associated costs and expenses was funded by cash on hand. The purchase price is also subject to customary adjustments for working capital and other items.

Government Regulations, Policies and Incentives

Our growth strategy depends in significant part on government policies and incentives that promote and support solar energy and enhance the economic viability of distributed solar. These incentives come in various forms, including net metering, eligibility for accelerated depreciation such as modified accelerated cost recovery system, solar renewable energy credits (“SRECs”), tax abatements, rebate and renewable target incentive programs and tax credits, particularly the Section 48(a) investment tax credits (“ITC”). We are a party to a variety of agreements under which we may be obligated to indemnify the counterparty with respect to certain matters. Typically, these obligations arise in connection with contracts and tax equity partnership arrangements, under which we customarily agree to hold the other party harmless against losses arising from a breach of warranties, representations, and covenants related to such matters as title to assets sold, negligent acts, damage to property, validity of certain intellectual property rights, non-infringement of third-party rights, and certain tax matters including indemnification to customers and tax equity investors regarding Commercial ITCs. The sale of SRECs has constituted a significant portion of our revenue historically. A change in the value of SRECs or changes in other policies or a loss or reduction in such incentives could decrease the attractiveness of distributed solar to us and our customers in applicable markets, which could reduce our growth opportunities. Such a loss or reduction could also reduce our willingness to pursue certain customer acquisitions due to decreased revenue or income under our solar service agreements. Additionally, such a loss or reduction may also impact the terms of and availability of third-party financing. If any of these government regulations, policies or incentives are adversely amended, delayed, eliminated, reduced, retroactively changed or not extended beyond their current expiration dates or there is a negative impact from the recent federal law changes or proposals, our operating results and the demand for, and the economics of, distributed solar energy may decline, which could harm our business.

Key Financial and Operational Metrics

We regularly review a number of metrics, including the following key operational and financial metrics, to evaluate our business, measure our performance and liquidity, identify trends affecting our business, formulate our financial projections and make strategic decisions.

Megawatts Installed

Megawatts installed represents the aggregate megawatt nameplate capacity of solar energy systems for which panels, inverters, and mounting and racking hardware have been installed on premises in the period.

	As of December 31,		Change	
	2023	2022	\$	%
Megawatts installed	896	470	426	91 %

Cumulative megawatts installed increased from 470 MW as of December 31, 2022 to 896 MW as of December 31, 2023, a 91% increase.

The following table provides an overview of megawatts installed by state as of December 31, 2023:

State	Megawatts installed	Share, percentage
New Jersey	160	17.9 %
New York	155	17.3 %
Massachusetts	149	16.6 %
California	120	13.4 %
North Carolina	67	7.5 %
Minnesota	57	6.4 %
South Carolina	42	4.7 %
Hawaii	34	3.8 %
Nevada	21	2.3 %
All others	91	10.1 %
Total	896	100.0 %

Megawatt Hours Generated

Megawatt hours ("MWh") generated represents the output of solar energy systems from operating solar energy systems. MWh generated relative to nameplate capacity can vary depending on multiple factors such as design, equipment, location, weather and overall system performance.

	As of December 31,		Change	
	2023	2022	\$	%
Megawatt hours generated	780,943	455,630	325,313	71 %

Megawatt hours generated increased from 455,630 MWh for the year ended December 31, 2022, to 780,943 MWh for the year ended December 31, 2023, a 71% increase.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We define adjusted EBITDA as net income plus net interest expense, depreciation, amortization and accretion expense, income tax expense or benefit, acquisition and entity formation costs, stock-based compensation expense, and excluding the effect of certain non-recurring items we do not consider to be indicative of our ongoing operating performance such as, but not limited to, gain or loss on fair value remeasurement of contingent consideration, gain or loss on disposal of property, plant and equipment, change in fair value of redeemable warrant liability, change in fair value of Alignment Shares liability, loss on extinguishment of debt, net, and other miscellaneous items of other income and expenses.

We define adjusted EBITDA margin as adjusted EBITDA divided by operating revenues.

Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures that we use to measure our performance. We believe that investors and analysts also use adjusted EBITDA and adjusted EBITDA margin in evaluating our operating performance. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The GAAP measure most directly comparable to adjusted EBITDA is net income and to adjusted EBITDA margin is net income over operating revenues. The presentation of adjusted EBITDA and adjusted EBITDA margin should not be construed to suggest that our future results will be unaffected by non-cash or non-recurring items. In addition, our calculation of adjusted EBITDA and adjusted EBITDA margin are not necessarily comparable to adjusted EBITDA and adjusted EBITDA margin as calculated by other companies and investors and analysts should read carefully the components of our calculations of these non-GAAP financial measures.

We believe adjusted EBITDA is useful to management, investors and analysts in providing a measure of core financial performance adjusted to allow for comparisons of results of operations across reporting periods on a consistent basis. Factors in this determination include the exclusion of (1) variability due to gains or losses related to fair value remeasurement of contingent consideration and the change in fair value of redeemable warrant liability and Alignment Shares liability, (2) strategic decisions to acquire businesses, dispose of property, plant and equipment or extinguish debt, and (3) the non-recurring nature of stock-based compensation and other miscellaneous items of income and expense, which affect results in a given period or periods. In addition, adjusted EBITDA represents the business performance of the Company before the application of statutory income tax rates and tax adjustments corresponding to the various jurisdictions in which the Company operates, as well as interest expense and depreciation, amortization and accretion expense, which are not representative of our ongoing operating performance.

Adjusted EBITDA is also used by our management for internal planning purposes, including our consolidated operating budget, and by our board of directors in setting performance-based compensation targets. Adjusted EBITDA should not be

considered an alternative to but viewed in conjunction with GAAP results, as we believe it provides a more complete understanding of ongoing business performance and trends than GAAP measures alone. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Reconciliation of Net (loss) income to Adjusted EBITDA:		
Net (loss) income	\$ (25,973)	\$ 52,167
Income tax (benefit) expense	(683)	1,076
Interest expense, net	47,486	22,162
Depreciation, amortization and accretion expense	53,627	29,600
Stock-based compensation expense	14,984	9,404
Acquisition and entity formation costs	4,508	3,629
Loss on fair value remeasurement of contingent consideration	2,207	79
Loss (gain) on disposal of property, plant and equipment	649	(2,222)
Change in fair value of redeemable warrant liability	—	5,647
Change in fair value of Alignment Shares liability	(5,632)	(61,314)
Loss on extinguishment of debt, net	116	2,303
Other expense (income), net	1,784	(3,926)
Adjusted EBITDA	<u><u>\$ 93,073</u></u>	<u><u>\$ 58,605</u></u>

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Reconciliation of Adjusted EBITDA Margin:		
Adjusted EBITDA	93,073	58,605
Operating revenues, net	155,162	101,163
Adjusted EBITDA margin	<u><u>60 %</u></u>	<u><u>58 %</u></u>

Components of Results of Operations

The Company derives its operating revenues principally from power purchase agreements, net metering credit agreements, solar renewable energy credits, and performance based incentives.

Power sales under PPAs. A portion of the Company's power sales revenues is earned through the sale of energy (based on kilowatt hours) pursuant to the terms of PPAs. The Company's PPAs typically have fixed or floating rates and are generally invoiced monthly. The Company applied the practical expedient allowing the Company to recognize revenue in the amount that the Company has a right to invoice which is equal to the volume of energy delivered multiplied by the applicable contract rate. As of December 31, 2023, PPAs have a weighted-average remaining life of 11 years.

Power sales under net metering credit agreements. A portion of the Company's power sales revenues are obtained through the sale of net metering credits under net metering credit agreements ("NMCA"). Net metering credits are awarded to the Company by the local utility based on kilowatt hour generation by solar energy facilities, and the amount of each credit is determined by the utility's applicable tariff. The Company currently receives net metering credits from various utilities including Eversource Energy, National Grid Plc, and Xcel Energy. There are no direct costs associated with net metering credits, and therefore, they do not receive an allocation of costs upon generation. Once awarded, these credits are then sold to third party offtakers pursuant to the terms of the offtaker agreements. The Company views each net metering credit in these arrangements as a distinct performance obligation satisfied at a point in time. Generally, the customer obtains control of net metering credits at the point in time when the utility assigns the generated credits to the Company account, who directs the utility to allocate to the customer based upon a schedule. The transfer of credits by the Company to the customer can be up to one month after the underlying power is generated. As a result, revenue related to NMCA is recognized upon delivery of net metering credits by the Company to the customer. As of December 31, 2023, NMCA have a weighted-average remaining life of 18 years.

SREC revenue. The Company applies for and receives SRECs in certain jurisdictions for power generated by solar energy systems it owns. The quantity of SRECs is based on the amount of energy produced by the Company's qualifying generation facilities. SRECs are sold pursuant to agreements with third parties, who typically require SRECs to comply with state-imposed

renewable portfolio standards. Holders of SRECs may benefit from registering the credits in their name to comply with these state-imposed requirements, or from selling SRECs to a party that requires additional SRECs to meet its compliance obligations. The Company receives SRECs from various state regulators including New Jersey Board of Public Utilities, Massachusetts Department of Energy Resources, and Maryland Public Service Commission. There are no direct costs associated with SRECs and therefore, they do not receive an allocation of costs upon generation. The majority of individual SREC sales reflect a fixed quantity and fixed price structure over a specified term. The Company typically sells SRECs to different customers from those purchasing the energy under PPAs. The Company believes the sale of each SREC is a distinct performance obligation satisfied at a point in time and that the performance obligation related to each SREC is satisfied when each SREC is delivered to the customer.

Power sales on wholesale markets. A portion of the Company's power sales revenues is earned through the sale of energy (based on kilowatt hours) on the wholesale market operated by PJM Interconnection at floating spot prices. The promise to sell energy on a wholesale market is a separate distinct performance obligation and revenue is recognized as energy is delivered at the interconnection point.

Rental income. Rental income is primarily derived from long-term PPAs accounted for as operating leases under ASC 842. The Company's leases include various renewal options which are included in the lease term when the Company has determined it is reasonably certain of exercising the options based on consideration of all relevant factors that create an economic incentive for the Company as lessor. Certain leases include variable lease payments associated with production of solar facilities, which are recognized as rental income in period the energy is delivered.

Performance based incentives. Many state governments, utilities, municipal utilities and co-operative utilities offer a rebate or other cash incentive for the installation and operation of a renewable energy facility. Up-front rebates provide funds based on the cost, size or expected production of a renewable energy facility. Performance based incentives provide cash payments to a system owner based on the energy generated by its renewable energy facility during a pre-determined period, and they are paid over that time period. The Company recognizes revenue from state and utility incentives at the point in time in which they are earned.

In 2023, performance based incentives are primarily represented by cash awards granted to the Company by the New York State Energy Research & Development Authority ("NYSERDA") for the development of distributed solar facilities in the State of New York.

Revenue recognized on contract liabilities. The Company recognizes contract liabilities related to long-term agreements to sell SRECs that are prepaid by customers before SRECs are delivered. The Company will recognize revenue associated with the contract liabilities as SRECs are delivered to customers through 2037.

Cost of operations (Exclusive of depreciation and amortization). Cost of operations primarily consists of operations and maintenance expense, site lease expense, insurance premiums, property taxes and other miscellaneous costs associated with the operations of solar energy facilities. Altus expects its cost of operations to continue to grow in conjunction with its business growth. These costs as a percentage of revenue will decrease over time, offsetting efficiencies and economies of scale with inflationary increases of certain costs.

General and administrative expense. General and administrative expense consists primarily of salaries, bonuses, benefits and all other employee-related costs, including stock-based compensation, professional fees related to legal, accounting, human resources, finance and training, information technology and software services, marketing and communications, travel, rent, and other office-related expenses.

Altus expects increased general and administrative expenses as it continues to grow its business but to decrease over time as a percentage of revenue. Altus 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 U.S. Securities and Exchange Commission ("SEC"). Further, Altus expects to incur higher expenses for investor relations, accounting advisory, directors' and officers' insurance, and other professional services.

Depreciation, amortization and accretion expense. Depreciation expense represents depreciation on solar energy systems that have been placed in service. Depreciation expense is computed using the straight-line composite method over the estimated useful lives of assets. Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining term of the lease. Amortization includes third party costs necessary to enter into site lease agreements, third party costs necessary to acquire PPA and NMCA customers and favorable and unfavorable rate revenues contracts. Third party costs necessary to enter into site lease agreements are amortized using the straight-line method ratably over 15-30 years based upon the term of the individual site leases. Third party costs necessary to acquire PPAs and NMCA customers are amortized using the straight-line method ratably over 15-25 years based upon the term of the customer contract. Estimated fair value allocated to the favorable and unfavorable rate PPAs and REC agreements are amortized using the straight-line method over the remaining non-cancelable

terms of the respective agreements. Accretion expense includes over time increase of asset retirement obligations associated with solar energy facilities.

Acquisition and entity formation costs. Acquisition and entity formation costs represent costs incurred to acquire businesses and form new legal entities. Such costs primarily consist of professional fees for banking, legal, accounting and appraisal services.

Fair value remeasurement of contingent consideration. In connection with various acquisitions, contingent consideration may be payable upon achieving certain conditions. The Company estimates the fair value of contingent consideration using a Monte Carlo simulation model or an expected cash flow approach. Significant assumptions used in the measurement of fair value of contingent consideration associated with various acquisitions include market power rates, estimated volumes of power generation of acquired solar energy facilities, percentage of completion of in-development solar energy facilities, and the risk-adjusted discount rate associated with the business.

Gain or loss on disposal of property, plant and equipment. In connection with the disposal of assets, the Company recognizes a gain or loss on disposal of property, plant and equipment, which represents the difference between the consideration received and the carrying value of the disposed asset.

Stock-based compensation expense. Stock-based compensation expense is recognized for awards granted under the Legacy Incentive Plans and Omnibus Incentive Plan, as defined in Note 17, "Stock-Based Compensation," to our consolidated financial statements included elsewhere in this Report.

Change in fair value of redeemable warrant liability. In connection with the our business combination with CBRE Acquisition Holdings, Inc. as described in Note 1, "General," to our audited consolidated annual financial statements included elsewhere in this Report (the "Merger"), the Company assumed a redeemable warrant liability composed of publicly listed warrants (the "Redeemable Warrants") and warrants issued to CBRE Acquisition Sponsor, LLC in the private placement (the "Private Placement Warrants"). In October 2022, the Company redeemed all outstanding Redeemable Warrants. The redeemable warrant liability was remeasured through the date all outstanding Redeemable Warrants were redeemed, and the resulting loss was included in the consolidated statements of operations.

Change in fair value of Alignment Shares liability. Alignment Shares represent Class B common stock of the Company which were issued in connection with the Merger. Class B common stock, par value \$0.0001 per share ("Alignment Shares") are accounted for as liability-classified derivatives, which were remeasured as of December 31, 2023, and the resulting gain was included in the consolidated statements of operations. The Company estimates the fair value of outstanding Alignment Shares using a Monte Carlo simulation valuation model utilizing a distribution of potential outcomes based on a set of underlying assumptions such as stock price, volatility, and risk-free interest rates.

Other expense (income), net. Other income and expenses primarily represent interest income, state grants, and other miscellaneous items.

Interest expense, net. Interest expense, net represents interest on our borrowings under our various debt facilities, amortization of debt discounts and deferred financing costs, and gains and losses on interest rate swaps.

Loss on extinguishment of debt, net. When the repayment of debt is accounted for as an extinguishment of debt, loss or gain on extinguishment of debt represents the difference between the reacquisition price of debt and the net carrying amount of the extinguished debt.

Income tax (expense) benefit. We account for income taxes under ASC 740, Income Taxes. As such, we determine deferred tax assets and liabilities based on temporary differences resulting from the different treatment of items for tax and financial reporting purposes. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Additionally, we must assess the likelihood that deferred tax assets will be recovered as deductions from future taxable income. We have a partial valuation allowance on our deferred state tax assets because we believe it is more likely than not that a portion of our deferred state tax assets will not be realized. We evaluate the recoverability of our deferred tax assets on an annual basis.

Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests. Net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests represents third-party interests in the net income or loss of certain consolidated subsidiaries based on Hypothetical Liquidation Book Value.

Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

	For the Year Ended		Change	
	December 31,			
	2023	2022	\$	%
(in thousands)				
Operating revenues, net	\$ 155,162	\$ 101,163	\$ 53,999	53.4 %
Operating expenses				
Cost of operations (exclusive of depreciation and amortization shown separately below)	29,636	17,532	12,104	69.0 %
General and administrative	32,453	25,026	7,427	29.7 %
Depreciation, amortization and accretion expense	53,627	29,600	24,027	81.2 %
Acquisition and entity formation costs	4,508	3,629	879	24.2 %
Loss on fair value remeasurement of contingent consideration	2,207	79	2,128	*
Loss (gain) on disposal of property, plant and equipment	649	(2,222)	2,871	(129.2)%
Stock-based compensation	14,984	9,404	5,580	59.3 %
Total operating expenses	<u>\$ 138,064</u>	<u>\$ 83,048</u>	<u>\$ 55,016</u>	<u>66.2 %</u>
Operating income	17,098	18,115	(1,017)	(5.6)%
Other (income) expenses				
Change in fair value of redeemable warrant liability	—	5,647	(5,647)	(100.0)%
Change in fair value of Alignment Shares liability	(5,632)	(61,314)	55,682	(90.8)%
Other expense (income), net	1,784	(3,926)	5,710	(145.4)%
Interest expense, net	47,486	22,162	25,324	114.3 %
Loss on extinguishment of debt, net	116	2,303	(2,187)	(95.0)%
Total other expense (income)	<u>\$ 43,754</u>	<u>\$ (35,128)</u>	<u>\$ 78,882</u>	<u>(224.6)%</u>
(Loss) income before income tax expense	<u>\$ (26,656)</u>	<u>\$ 53,243</u>	<u>\$ (79,899)</u>	<u>(150.1)%</u>
Income tax benefit (expense)	683	(1,076)	1,759	(163.5)%
Net (loss) income	<u>\$ (25,973)</u>	<u>\$ 52,167</u>	<u>\$ (78,140)</u>	<u>(149.8)%</u>
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(16,618)	(3,270)	(13,348)	408.2 %
Net (loss) income attributable to Altus Power, Inc.	<u>\$ (9,355)</u>	<u>\$ 55,437</u>	<u>\$ (64,792)</u>	<u>(116.9)%</u>
Net (loss) income per share attributable to common stockholders				
Basic	\$ (0.06)	\$ 0.36	\$ (0.42)	(116.7)%
Diluted	\$ (0.06)	\$ 0.35	\$ (0.41)	(117.1)%
Weighted average shares used to compute net (loss) income per share attributable to common stockholders				
Basic	158,699,959	154,648,788	4,051,171	2.6 %
Diluted	158,699,959	155,708,993	2,990,966	1.9 %

* Percentage is not meaningful

Operating revenues, net

	For the Year Ended				
	December 31,		Change	Change	
	2023	2022		%	
(in thousands)					
Power sales under PPAs	\$ 53,516	\$ 24,906	\$ 28,610	114.9 %	
Power sales under NMCAs	42,006	27,162	14,844	54.6 %	
Power sales on wholesale markets	1,756	4,146	(2,390)	(57.6)%	
Total revenue from power sales	97,278	56,214	41,064	73.0 %	
Solar renewable energy credit revenue	45,542	40,502	5,040	12.4 %	
Rental income	2,784	3,038	(254)	(8.4)%	
Performance based incentives	6,155	1,409	4,746	336.8 %	
Revenue recognized on contract liabilities	3,403	—	3,403	100.0 %	
Total	\$ 155,162	\$ 101,163	\$ 53,999	53.4 %	

Operating revenues, net increased by \$54.0 million, or 53.4%, for the year ended December 31, 2023, compared to the year ended December 31, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio. We have three main sources of revenue including via PPAs, NMCAAs, and the sale of solar renewable energy credits. The revenue streams from PPAs and NMCAAs vary slightly in how the customers are billed and in which states the projects earn credits, but both are products of long-term contracts with our customers who purchase power from our projects.

Cost of operations

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Cost of operations (exclusive of depreciation and amortization shown separately below)	\$ 29,636	\$ 17,532	\$ 12,104	69.0 %

Cost of operations increased by \$12.1 million, or 69.0%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

General and administrative

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
General and administrative	\$ 32,453	\$ 25,026	\$ 7,427	29.7 %

General and administrative expense increased by \$7.4 million, or 29.7%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to increase in general personnel costs resulting from increased headcount in multiple job functions.

Depreciation, amortization and accretion expense

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Depreciation, amortization and accretion expense	\$ 53,627	\$ 29,600	\$ 24,027	81.2 %

Depreciation, amortization and accretion expense increased by \$24.0 million, or 81.2%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

Acquisition and entity formation costs

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Acquisition and entity formation costs	\$ 4,508	\$ 3,629	\$ 879	24.2 %

Acquisition and entity formation increased by \$0.9 million, or 24.2%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to costs associated with the True Green II Acquisition and the Caldera Acquisition (as defined in Note 6, "Acquisitions," to our audited consolidated annual financial statements included elsewhere in this Report) completed during 2023.

Loss on fair value remeasurement of contingent consideration

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Loss on fair value remeasurement of contingent consideration	\$ 2,207	\$ 79	\$ 2,128	*

* Percentage is not meaningful

Loss on fair value remeasurement of contingent consideration is primarily associated with the True Green II Acquisition (as defined in Note 6, "Acquisitions," to our audited consolidated financial statements included elsewhere in this Report) completed on February 15, 2023. Loss on fair value remeasurement was recorded for the years ended December 31, 2023 and 2022, due to changes in the values of significant assumptions used in the measurement of fair value.

Loss (gain) on disposal of property, plant and equipment

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Loss (gain) on disposal of property, plant and equipment	\$ 649	\$ (2,222)	\$ 2,871	(129.2)%

Loss (gain) on disposal of property, plant and equipment is associated with the disposal of land and solar facilities that occurred in 2022 and 2023, respectively (refer to Note 4, "Property, Plant and Equipment," to our audited consolidated financial statements included elsewhere in this Report for further details). The gain or loss was calculated as the difference between the consideration received and the carrying value of the disposed asset.

Stock-based compensation

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Stock-based compensation	\$ 14,984	\$ 9,404	\$ 5,580	59.3 %

Stock-based compensation expense increased by \$5.6 million, or 59.3%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to restricted stock units granted in 2023 under the Omnibus Incentive Plan (as defined in Note 17, "Stock-Based Compensation," to our audited consolidated financial statements included elsewhere in this Report).

Change in fair value of redeemable warrant liability

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Change in fair value of redeemable warrant liability	\$ —	\$ 5,647	\$ (5,647)	(100.0)%

In connection with the Merger, the Company assumed a redeemable warrant liability. As discussed in Note 9, "Fair Value Measurements," to our audited consolidated financial statements included elsewhere in this Report, all outstanding warrants were redeemed on October 17, 2022, thus no gain or loss on remeasurement of redeemable warrant liability was recognized for the year ended December 31, 2023.

Change in fair value of Alignment Shares liability

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Change in fair value of Alignment Shares liability	\$ (5,632)	\$ (61,314)	\$ 55,682	(90.8)%

In connection with the Merger, the Company assumed a liability related to Alignment Shares, which was remeasured as of December 31, 2023 and 2022, and the resulting gain was included in the consolidated statements of operations. The gain was primarily driven by the decrease in the Company's stock price during each period.

Other expense (income), net

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Other expense (income), net	\$ 1,784	\$ (3,926)	\$ 5,710	(145.4)%

Other expense was \$1.8 million during the year ended December 31, 2023, primarily consisting of debt modification fees of \$2.2 million, partially offset by interest income of \$1.2 million, as well as other miscellaneous income and expense items. Other income was \$3.9 million for the year ended December 31, 2022, primarily consisting of a Hawaii state grant of \$1.5 million, interest income of \$2.4 million, and other miscellaneous income and expense items.

Interest expense, net

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Interest expense, net	\$ 47,486	\$ 22,162	\$ 25,324	114.3 %

Interest expense increased by \$25.3 million, or 114.3%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to the increase of outstanding debt held by the Company during 2023.

Loss on extinguishment of debt, net

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Loss on extinguishment of debt, net	\$ 116	\$ 2,303	\$ (2,187)	(95.0)%

Loss on extinguishment of debt recognized by the Company during the year ended December 31, 2023, was associated with an amendment to the APAF III Term Loan (as defined in Note 8, "Debt," to our audited consolidated financial statements included elsewhere in this Report), partially offset by a gain associated with extinguishing certain financing obligations recognized in failed sale leaseback transactions. Loss on extinguishment of debt recognized by the Company during the year ended December 31, 2022, was associated with the repayment of loans assumed in the DESRI acquisition.

Income tax benefit (expense)

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Income tax benefit (expense)	\$ 683	\$ (1,076)	\$ 1,759	(163.5)%

For the year ended December 31, 2023, the Company recorded an income tax benefit of \$0.7 million in relation to a pretax loss of \$26.7 million, which resulted in an effective income tax rate of 2.6%. The effective income tax rate was primarily impacted by \$3.5 million of income tax expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, \$2.5 million of tax expense associated with nondeductible compensation, \$1.2 million of income tax benefit related to fair value remeasurement of Alignment Shares liability, \$0.3 million of income tax benefit related to investment tax credits, and \$0.2 million of state income tax expense.

For the year ended December 31, 2022, the Company recorded an income tax expense of \$1.1 million in relation to a pretax income of \$53.2 million, which resulted in an effective income tax rate of 2.0%. The effective income tax rate was primarily impacted by \$11.7 million of income tax benefit related to fair value remeasurement of redeemable warrants and Alignment Shares liabilities, \$1.6 million of tax expense associated with nondeductible compensation, \$0.7 million of income tax expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, and \$0.7 million of income tax benefit on transaction costs associated with the Merger return to provision adjustment.

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests

	For the Year Ended		Change	
	December 31,		\$	%
	2023	2022		
(in thousands)				
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	\$ (16,618)	\$ (3,270)	\$ (13,348)	408.2 %

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests was \$16.6 million and \$3.3 million during the years ended December 31, 2023 and 2022, respectively. The overall increase in attributable loss was primarily due to changes in funding provided by a tax equity investor and reduced recapture periods for investment tax credits. Overall loss was

partially offset by acquisitions of tax equity partnerships with non-controlling interests, and changes in income and loss allocations in accordance with agreements.

Liquidity and Capital Resources

As of December 31, 2023, the Company had total cash and restricted cash of \$218.9 million. For a discussion of our restricted cash, see Note 2, "Significant Accounting Policies, Cash, Cash Equivalents, and Restricted Cash," to our audited consolidated annual financial statements included elsewhere in this Report.

We seek to maintain diversified and cost-effective funding sources to finance and maintain our operations, fund capital expenditures, including customer acquisitions, and satisfy obligations arising from our indebtedness. Historically, our primary sources of liquidity included proceeds from the issuance of redeemable preferred stock, borrowings under our debt facilities, third party tax equity investors and cash from operations. Additionally, the Company received cash proceeds of \$293 million as a result of the Merger. Our business model requires substantial outside financing arrangements to grow the business and facilitate the deployment of additional solar energy facilities. We will seek to raise additional required capital from borrowings under our existing debt facilities, third party tax equity investors, and cash from operations.

The solar energy systems that are in service are expected to generate a positive return rate over the useful life, typically 32 years. After solar energy systems commence operations, they typically do not require significant additional capital expenditures to maintain operating performance. However, in order to grow, we are currently dependent on financing from outside parties. The Company will have sufficient cash and cash flows from operations to meet working capital, debt service obligations, contingencies and anticipated required capital expenditures for at least the next 12 months. However, we are subject to business and operational risks that could adversely affect our ability to raise additional financing. If financing is not available to us on acceptable terms if and when needed, we may be unable to finance installation of our new customers' solar energy systems in a manner consistent with our past performance, our cost of capital could increase, or we may be required to significantly reduce the scope of our operations, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our tax equity funds and debt instruments impose restrictions on our ability to draw on financing commitments. If we are unable to satisfy such conditions, we may incur penalties for non-performance under certain tax equity funds, experience installation delays, or be unable to make installations in accordance with our plans or at all. Any of these factors could also impact customer satisfaction, our business, operating results, prospects and financial condition.

Contractual Obligations and Commitments

We enter into service agreements in the normal course of business. These contracts do not contain any minimum purchase commitments. Certain agreements provide for termination rights subject to termination fees or wind down costs. Under such agreements, we are contractually obligated to make certain payments to vendors, mainly, to reimburse them for their unrecoverable outlays incurred prior to cancellation. The exact amounts of such obligations are dependent on the timing of termination, and the exact terms of the relevant agreement and cannot be reasonably estimated. As of December 31, 2023, we do not expect to cancel these agreements.

The Company has operating leases for land and buildings and has contractual commitments to make payments in accordance with site lease agreements.

Off-Balance Sheet Arrangements

The Company enters into letters of credit and surety bond arrangements with lenders, local municipalities, government agencies, and land lessors. These arrangements relate to certain performance-related obligations and serve as security under the applicable agreements. As of December 31, 2023 and 2022, the Company had outstanding letters of credit and surety bonds totaling \$60.1 million and \$14.7 million, respectively. Our outstanding letters of credit are primarily used to fund the debt service reserve account associated with the Amended Rated Term Loan. We believe the Company will fulfill the obligations under the related arrangements and do not anticipate any material losses under these letters of credit or surety bonds.

ATM Program

On April 6, 2023, the Company entered into a Controlled Equity Offering Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor"), Nomura Securities International, Inc. ("Nomura") and Truist Securities, Inc. ("Truist" and, together with Cantor and Nomura, the "Agents," and each, an "Agent"). The Sales Agreement provides for the offer and sale of our Class A common stock from time to time through an "at the market offering" ("ATM") program under which the Agents act as sales agent or principal, subject to certain limitations, including the maximum aggregate dollar amount registered pursuant to the applicable prospectus supplement. Pursuant to the prospectus supplement filed by the Company on dated April 6, 2023, the Company may offer and sell up to \$200 million of shares of Class A common stock pursuant to the Sales Agreement. For the year ended December 31, 2023, no shares of common stock were sold through the ATM equity program.

Debt

APAF Term Loan

On August 25, 2021, APA Finance, LLC ("APAF"), a wholly owned subsidiary of the Company, entered into a \$503 million term loan facility with Blackstone Insurance Solutions ("B/S") through a consortium of lenders, which consists of investment grade-rated Class A and Class B notes (the *APAF Term Loan*). The APAF Term Loan has a weighted average 3.51% annual fixed interest rate and matures on February 29, 2056 ("Final Maturity Date").

The APAF Term Loan amortizes at an initial rate of 2.5% of initial outstanding principal per annum for a period of 8 years at which point the amortization steps up to 4% per annum until September 30, 2031 ("Anticipated Repayment Date"). After the Anticipated Repayment Date, the loan becomes fully-amortizing, and all available cash is used to pay down principal until the Final Maturity Date. The APAF Term Loan is secured by membership interests in the Company's subsidiaries.

As of December 31, 2023, the outstanding principal balance of the APAF Term Loan was \$474.6 million less unamortized debt discount and loan issuance costs totaling \$6.7 million. As of December 31, 2022, the outstanding principal balance of the APAF Term Loan was \$487.2 million less unamortized debt discount and loan issuance costs totaling \$7.6 million.

As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APAF II Term Loan

On December 23, 2022, APA Finance II, LLC ("APAF II"), a wholly owned subsidiary of the Company, entered into a \$125.7 million term loan facility (the *APAF II Term Loan*) with KeyBank National Association ("KeyBank") and The Huntington Bank ("Huntington") as lenders. The proceeds of the APAF II Term Loan were used to repay the outstanding amounts under certain project-level loans. The APAF II Term Loan matures on December 23, 2027, and has a variable interest rate based on SOFR plus a spread of 1.475%. Simultaneously with entering into the Term Loan, the Company entered into interest rate swaps for 100% of the amount of debt outstanding, which effectively fixed the interest rate at 4.885%. The APAF II Term Loan is secured by membership interests in the Company's subsidiaries.

As of December 31, 2023, the outstanding principal balance of the APAF II Term Loan was \$112.8 million, less unamortized debt issuance costs of \$2.2 million. As of December 31, 2022, the outstanding principal balance of the APAF II Term Loan was \$125.7 million, less unamortized debt issuance costs of \$2.7 million. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APAF III Term Loan

On February 15, 2023, the Company, through its subsidiaries, APA Finance III Borrower, LLC (the "Borrower") and APA Finance III Borrower Holdings, LLC ("Holdings"), entered into a new long-term funding facility under the terms of a credit agreement among the Borrower, Holdings, Blackstone Asset Based Finance Advisors LP, which is an affiliate of the Company, U.S. Bank Trust Company, N.A., as administrative agent, U.S. Bank N.A., as document custodian, and the lenders party thereto (the *APAF III Term Loan*).

This funding facility provides for a term loan of \$204.0 million at a fixed rate of 5.62%. The APAF III term Loan amortizes at a rate of 2.5% of outstanding principal per annum until the anticipated repayment date of June 30, 2033. The maturity date of the term loan is October 31, 2047. Upon lender approval, the Borrower has the right to increase the funding facility to make additional draws for certain solar generating facilities, as set forth in the Credit Agreement. On February 15, 2023, the Company borrowed \$193.0 million from this facility to fund the True Green II Acquisition and the associated costs and expenses. The principal balance borrowed under the APAF III Term Loan was offset by \$4.0 million of debt issuance costs and \$6.3 million of issuance discount, which have been deferred and will be recognized as interest expense through June 30, 2033. The APAF III Term Loan is secured by membership interests in the Company's subsidiaries.

On June 15, 2023, and July 21, 2023, the Company amended the APAF III Term Loan to add \$47.0 million and \$28.0 million of additional borrowings, respectively, the proceeds of which were used to repay outstanding term loans under the Construction to Term Loan Facility (as defined below), and to provide long-term financing for new solar projects. The principal balance borrowed under the amendments was offset by \$0.3 million and \$0.2 million of issuance costs, respectively, and \$1.5 million and \$1.1 million of issuance discount, respectively, which have been deferred and will be recognized as interest expense through June 30, 2033. Additionally, in conjunction with the amendments of the facility, the Company expensed \$1.0 million of financing costs, which are included in Other expense, net in the consolidated statement of operations for the year ended December 31, 2023.

On December 20, 2023, the Company amended the APAF III Term Loan to add \$163.0 million of additional borrowings, the proceeds of which were used to fund the Caldera Acquisition. The amendment increased the weighted average fixed interest rate for all borrowings under the APAF III Term Loan to 6.03%, and increased the rate of amortization for the new borrowings under the amendment to 3.25% per annum until June 30, 2033. The principal balance borrowed under the amendment was offset by \$1.3 million of issuance costs and \$0.8 million of issuance discount, which have been deferred and will be recognized as

interest expense through June 30, 2033. Additionally, in conjunction with the amendments of the facility, the Company expensed \$0.8 million of financing costs, which are included in Other expense, net in the consolidated statements of operations for the year ended December 31, 2023, and recognized a loss on extinguishment of debt of \$0.2 million in the consolidated statements of operations for the year ended December 31, 2023.

As of December 31, 2023, the outstanding principal balance of the APAF III Term Loan was \$426.6 million, less unamortized debt issuance costs and discount of \$14.3 million. As of December 31, 2023, the Company was in compliance with all covenants.

APAGH Term Loan

On December 27, 2023, APA Generation Holdings, LLC ("APAGH" or the "Borrower"), a wholly owned subsidiary of the Company, entered into a credit agreement (the "APAGH Term Loan") with an affiliate of Goldman Sachs Asset Management and CPPIB Credit Investments III Inc., a subsidiary of Canada Pension Plan Investment Board, as "Lenders." The total commitment under the credit agreement is \$100.0 million. The Company can also allow for the funding of additional incremental loans in an amount not to exceed \$100.0 million over the term of the credit agreement at the discretion of the Lenders. Subject to certain exceptions, the Borrower's obligations to the Lenders are secured by the assets of the Borrower, its parent, Altus Power, LLC ("Holdings") and the Company and are further guaranteed by Holdings and the Company.

Interest accrues on any outstanding balance at an initial fixed rate equal to 8.50%, subject to adjustments. The maturity date of the term loan is December 27, 2029.

On December 27, 2023, the Company borrowed \$100.0 million under the APAGH Term Loan to fund future growth needs, which was partially offset by \$3.0 million of issuance discount. The Company incurred \$1.0 million of debt issuance costs related to the APAGH Term Loan, which have been deferred and will be recognized as interest expense through December 27, 2029.

As of December 31, 2023, the outstanding principal balance of the APAGH Term Loan was \$100.0 million, less unamortized debt issuance costs and discount of \$4.0 million. As of December 31, 2023, the Company was in compliance with all covenants.

APAG Revolver

On December 19, 2022, APA Generation, LLC ("APAG"), a wholly owned subsidiary of the Company, entered into revolving credit facility with Citibank, N.A. with a total committed capacity, including letters of credit, of \$200.0 million (the "APAG Revolver"). Outstanding amounts under the APAG Revolver have a variable interest rate based on a base rate and an applicable margin. The APAG Revolver is secured by membership interests in the Company's subsidiaries. The APAG Revolver matures on December 19, 2027. As of December 31, 2023 and 2022, amounts outstanding under the APAG Revolver were \$65.0 million and zero, respectively. As of December 31, 2023 and 2022, unamortized loan issuance costs were \$2.7 million and \$3.4 million, respectively, which are recorded in Other current assets on the consolidated balance sheets. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

Other Term Loans - Construction to Term Loan Facility

On January 10, 2020, APA Construction Finance, LLC ("APACF") a wholly-owned subsidiary of the Company, entered into a credit agreement with Fifth Third Bank, National Association and Deutsche Bank AG New York Branch to fund the development and construction of future solar facilities ("Construction Loan to Term Loan Facility"). The Construction Loan to Term Loan Facility included a construction loan commitment of \$187.5 million, which expired on January 10, 2023.

The construction loan commitment can convert to a term loan upon commercial operation of a particular solar energy facility. In addition, the Construction Loan to Term Loan Facility accrued a commitment fee at a rate equal to .50% per year of the daily unused amount of the commitment. On June 15, 2023, the Company repaid all outstanding term loans of \$15.8 million and terminated the facility. In conjunction with the repayment, the Company incurred a loss on extinguishment of debt of \$0.1 million.

As of December 31, 2022, the outstanding principal balances of the construction loan and term loan were zero and \$15.9 million, respectively, and the Company had an unused borrowing capacity of \$171.6 million. Outstanding amounts under the Construction to Term Loan Facility were secured by a first priority security interest in all of the property owned by APACF and each of its project companies. The Construction Loan to Term Loan Facility included various financial and other covenants for APACF and the Company, as guarantor. As of December 31, 2022, the Company was in compliance with all covenants under the Construction to Term Loan Facility.

Other Term Loans - Project-Level Term Loan

In conjunction with an acquisition of assets on August 29, 2022, the Company assumed a project-level term loan with an outstanding principal balance of \$14.1 million and a fair value discount of \$2.2 million. The term loan is subject to scheduled semi-annual amortization and interest payments, and matures on September 1, 2029.

As of December 31, 2023, the outstanding principal balance of the term loan was \$11.0 million, less unamortized debt discount of \$1.8 million. As of December 31, 2022, the outstanding principal balance of the term loan was \$12.6 million, less unamortized debt discount of \$2.1 million.

The term loan is secured by an interest in the underlying solar project assets and the revenues generated by those assets. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APACF II Facility

On November 10, 2023, APACF II, LLC ("APACF II" or the "Borrower") a wholly-owned subsidiary of the Company, entered into a credit agreement among the Borrower, APACF II Holdings, LLC, Pass Equipment Co., LLC, each of the project companies from time to time party thereto, each of the tax equity holdcos from time to time party thereto, U.S. Bank Trust Company, National Association, U.S. Bank National Association, each lender from time to time party thereto (collectively, the "Lenders") and Blackstone Asset Based Finance Advisors LP, as Blackstone representative ("APACF II Facility").

The aggregate amount of the commitments under the credit agreement is \$200.0 million. The APACF II Facility matures on November 10, 2027, and bears interest at an annual rate of SOFR plus 3.25%. Borrowings under the credit agreement may be used by the Borrower to fund construction costs including equipment, labor, interconnection, as well as other development costs. The Company incurred \$0.3 million of debt issuance costs related to the APACF II Facility, which have been deferred and will be recognized as interest expense through November 10, 2027.

As of December 31, 2023, no amounts were outstanding under the APACF II Facility.

Financing Obligations Recognized in Failed Sale Leaseback Transactions

From time to time, the Company sells equipment to third parties and enters into master lease agreements to lease the equipment back for an agreed-upon term. The Company has assessed these arrangements and determined that the transfer of assets should not be accounted for as a sale in accordance with ASC 842. Therefore, the Company accounts for these transactions using the financing method by recognizing the consideration received as a financing obligation, with the assets subject to the transaction remaining on the balance sheet of the Company and depreciated based on the Company's normal depreciation policy. The aggregate proceeds have been recorded as long-term debt within the consolidated balance sheets.

As of December 31, 2023 and 2022, the Company's recorded financing obligations were \$41.8 million, net of \$0.9 million of deferred transaction costs, and \$35.6 million, net of \$1.1 million of deferred transaction costs, respectively. Payments of \$5.5 million and \$2.2 million were made under the financing obligation for the years ended December 31, 2023 and 2022, respectively. Interest expense, inclusive of the amortization of deferred transaction costs for the years ended December 31, 2023 and 2022, was \$1.7 million and \$1.5 million, respectively.

Cash Flows

For the Years Ended December 31, 2023 and 2022

The following table sets forth the primary sources and uses of cash, cash equivalents, and restricted cash for each of the periods presented:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Net cash provided by (used for):		
Operating activities	\$ 79,357	\$ 35,242
Investing activities	(586,813)	(163,212)
Financing activities	526,985	(2,953)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 19,529	\$ (130,923)

Operating Activities

During the year ended December 31, 2023, cash provided by operating activities of \$79.4 million consisted primarily of net loss of \$26.0 million adjusted for net non-cash expense of \$71.6 million and decrease in net assets of \$33.7 million.

During the year ended December 31, 2022, cash provided by operating activities of \$35.2 million consisted primarily of net income of \$52.2 million adjusted for the net non-cash expense of \$12.4 million and off-set by an increase in net assets of \$4.5 million.

Investing Activities

During the year ended December 31, 2023, net cash used in investing activities was \$586.8 million, consisting of \$117.8 million of capital expenditures, \$432.4 million of payments to acquire businesses, net of cash and restricted cash acquired, and \$38.9 million of payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired, partially off-set by \$2.4 million of proceeds from the disposal of property, plant and equipment.

During the year ended December 31, 2022, net cash used in investing activities was \$163.2 million, consisting of \$77.2 million of capital expenditures, \$76.2 million of payments to acquire businesses, net of cash and restricted cash acquired, and \$13.9 million of payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired, partially off-set by \$3.6 million of proceeds from the disposal of property, plant and equipment and \$0.5 million of proceeds from other investing activities.

Financing Activities

During the year ended December 31, 2023, net cash provided by financing activities was \$527.0 million, consisting of \$579.6 million of proceeds from issuance of long-term debt and \$35.3 million of contributions from noncontrolling interests. Cash provided by financing activities was partially off-set by \$51.1 million to repay long-term debt, \$17.6 million of paid deferred purchase price payable, \$5.0 million of debt issuance costs, \$0.1 million of debt extinguishment costs, \$3.9 million paid to redeem noncontrolling interests, and \$4.9 million of distributions to noncontrolling interests.

During the year ended December 31, 2022, net cash used for financing activities was \$3.0 million, consisting of \$123.4 million to repay long-term debt, \$5.3 million of debt issuance costs, \$1.3 million of debt extinguishment costs, \$2.6 million of distributions to noncontrolling interests, \$0.7 million of transaction costs related to the Merger, \$0.5 million paid to redeem noncontrolling interests, and \$0.1 million of paid contingent consideration. Cash used for financing activities was partially offset by \$124.7 million of proceeds from issuance of long-term debt, \$6.1 million of contributions from noncontrolling interests, and \$0.1 million of proceeds from the exercise of warrants.

Critical Accounting Policies and Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to inventories, long-lived assets, goodwill, identifiable intangibles, contingent consideration liabilities and deferred income tax valuation allowances. We base our estimates on historical experience and on appropriate and customary assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Some of these accounting estimates and assumptions are particularly sensitive because of their significance to our consolidated financial statements and because of the possibility that future events affecting them may differ markedly from what had been assumed when the financial statements were prepared.

While the Company's significant accounting policies are described in more detail in Note 2, "Significant Accounting Policies," to the audited consolidated financial statements included elsewhere in this Report, it believes the following accounting policies and estimates to be most critical to the preparation of its consolidated financial statements.

Business Combinations and Acquisitions of Assets

The Company applies the definition of a business in ASC 805, Business Combinations, to determine whether it is acquiring a business or a group of assets. When the Company acquires a business, the purchase price is allocated to (i) the acquired tangible assets and liabilities assumed, primarily consisting of solar energy facilities and land, (ii) the identified intangible assets and liabilities, primarily consisting of favorable and unfavorable rate PPAs and SREC agreements, (iii) asset retirement obligations (iv) non-controlling interests, and (v) other working capital items based in each case on their estimated fair values. The excess of the purchase price, if any, over the estimated fair value of net assets acquired is recorded as goodwill. The fair value measurements of the assets acquired and liabilities assumed are derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. In addition, acquisition costs related to business combinations are expensed as incurred.

When an acquired group of assets does not constitute a business, the transaction is accounted for as an asset acquisition. The cost of assets acquired and liabilities assumed in asset acquisitions is allocated based upon relative fair value. The fair value measurements of the solar facilities acquired and asset retirement obligations assumed are derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of

future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. Transaction costs incurred on an asset acquisition are capitalized as a component of the assets acquired.

Power Sales under PPAs

A portion of the Company's power sales revenues is earned through the sale of energy (based on kilowatt hours) pursuant to terms of PPAs. PPAs that do not qualify as leases under ASC 842, *Leases*, or derivatives under ASC 815, *Derivatives and Hedging*, are accounted for under ASC 606, *Revenue from Contracts with Customers*. A portion of PPAs that qualify as derivatives is not material. The Company's PPAs typically have fixed or floating rates and are generally invoiced on a monthly basis. The Company typically sells energy and related environmental attributes (e.g., SRECs) separately to different customers and considers the delivery of power energy under PPAs to represent a series of distinct goods that is substantially the same and has the same pattern of transfer measured by the output method. The Company applied the practical expedient allowing the Company to recognize revenue in the amount that the Company has a right to invoice which is equal to the volume of energy delivered multiplied by the applicable contract rate. For certain of the Company's rooftop solar energy facilities revenue is recognized net of immaterial pass-through lease charges collected on behalf of building owners.

Power Sales under NMCA

A portion of the Company's power sales revenues are obtained through the sale of net metering credits under NMCA. Net metering credits are awarded to the Company by the local utility based on kilowatt hour generation by solar energy facilities, and the amount of each credit is determined by the utility's applicable tariff. The Company currently receives net metering credits from various utilities including Eversource Energy, National Grid Plc, and Xcel Energy. There are no direct costs associated with net metering credits, and therefore, they do not receive an allocation of costs upon generation. Once awarded, these credits are then sold to third party offtakers pursuant to the terms of the offtaker agreements. The Company views each net metering credit in these arrangements as a distinct performance obligation satisfied at a point in time. Generally, the customer obtains control of net metering credits at the point in time when the utility assigns the generated credits to the Company, who directs the utility to allocate to the customer based upon a schedule. The transfer of credits by the Company to the customer can be up to one month after the underlying power is generated. As a result, revenue related to NMCA is recognized upon delivery of net metering credits by the Company to the customer. The Company's customers apply net metering credits as a reduction to their utility bills.

SREC Revenue

The Company applies for and receives SRECs in certain jurisdictions for power generated by solar energy systems it owns. The quantity of SRECs is based on the amount of energy produced by the Company's qualifying generation facilities. SRECs are sold pursuant to agreements with third parties, who typically require SRECs to comply with state-imposed renewable portfolio standards. Holders of SRECs may benefit from registering the credits in their name to comply with these state-imposed requirements, or from selling SRECs to a party that requires additional SRECs to meet its compliance obligations. The Company receives SRECs from various state regulators including: New Jersey Board of Public Utilities, Massachusetts Department of Energy Resources, and Maryland Public Service Commission. There are no direct costs associated with SRECs, and therefore, they do not receive an allocation of costs upon generation. Generally, individual SREC sales reflect a fixed quantity and fixed price structure over a specified term. The contracts related to SREC sales with a fixed price and quantity have maturity dates ranging from 2024 to 2027. The Company typically sells SRECs to different customers from those purchasing the energy under PPAs. The Company believes the sale of each SREC is a distinct performance obligation satisfied at a point in time and that the performance obligation related to each SREC is satisfied when each SREC is delivered to the customer.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rate on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In evaluating if a valuation allowance is warranted, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, refer to Note 18, "Income Taxes," for further details.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires the Company to report information regarding its exposure to various tax positions taken by the Company. The Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. The

uncertain tax position to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement, which could result in the Company recording a tax liability that would reduce net assets. The Company reviews and evaluates tax positions and determines whether or not there are uncertain tax positions that require financial statement recognition. Generally, tax authorities can examine all tax returns filed for the last three years.

Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. As a result, no income tax liability or expense related to uncertain tax positions have been recorded in the accompanying consolidated financial statements.

The Company's income tax expense, deferred tax assets and liabilities reflect management's best assessment of estimated future taxes to be paid.

Noncontrolling Interests and Redeemable Noncontrolling Interests in Solar Facility Subsidiaries

Noncontrolling interests and redeemable noncontrolling interests represent third parties' equity interests in the net assets of certain consolidated Solar Facility Subsidiaries. Third party equity interests are primarily represented by tax equity partnerships which were created to finance the costs of solar energy facilities under long-term operating agreements. The tax equity interests are generally entitled to receive substantially all the accelerated depreciation tax deductions and investment tax credits arising from Solar Facility Subsidiaries pursuant to their contractual shareholder agreements, together with a portion of these ventures' distributable cash. The tax equity interests' claim to tax attributes and distributable cash from Solar Facility Subsidiaries decreases to a small residual interest after a predefined 'flip point' occurs, typically the expiration of a time period or upon the tax equity investor's achievement of a target yield. Because the tax equity interests' participation in tax attributes and distributable cash from each Solar Facility Subsidiary is not consistent over time with their initial capital contributions or percentage interest, the Company has determined that the provisions in the contractual arrangements represent substantive profit-sharing arrangements. In order to reflect the substantive profit-sharing arrangements, the Company has determined that the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach referred to as the Hypothetical Liquidation at Book Value ("HLBV") method. Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the third parties would hypothetically receive at each balance sheet date based on the liquidation provisions of the respective operating partnership agreements. HLBV assumes that the proceeds available for distribution are equivalent to the unadjusted, stand-alone net assets of each respective partnership, as determined under U.S. GAAP. The third parties' noncontrolling interest in the results of operations of these subsidiaries is determined as the difference in the noncontrolling interests' and redeemable noncontrolling interests' claims under the HLBV method at the start and end of each reporting period, after considering any capital transactions, such as contributions or distributions, between the subsidiaries and third parties. The application of HLBV generally results in the attribution of pre-tax losses to tax equity interests in connection with their receipt of accelerated tax benefits from the Solar Facility Subsidiaries, as the third-party investors' receipt of these benefits typically reduces their claim on the partnerships' net assets.

Attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests under the HLBV method requires the use of significant assumptions and estimates to calculate the amounts that third parties would receive upon a hypothetical liquidation. Changes in these assumptions and estimates can have a significant impact on the amount that third parties would receive upon a hypothetical liquidation. The use of the HLBV methodology to allocate income to the noncontrolling and redeemable noncontrolling interest holders may create volatility in the Company's consolidated statements of operations as the application of HLBV can drive changes in net income available and loss attributable to noncontrolling interests and redeemable noncontrolling interests from quarter to quarter.

The Company classifies certain noncontrolling interests with redemption features that are not solely within the control of the Company outside of permanent equity on its consolidated balance sheets. Estimated redemption value is calculated as the discounted cash flows attributable to the third parties subsequent to the reporting date. Redeemable noncontrolling interests are reported using the greater of their carrying value at each reporting date as determined by the HLBV method or their estimated redemption value in each reporting period. Estimating the redemption value of the redeemable noncontrolling interests requires the use of significant assumptions and estimates. Changes in these assumptions and estimates can have a significant impact on the calculation of the redemption value. See Note 11, "Redeemable Noncontrolling Interest," to the Company's audited consolidated financial statements included elsewhere in this Report.

Emerging Growth Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company," or an EGC, can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Altus has elected to use the extended transition period for new or revised accounting standards during the period in which we remain an EGC.

We expect to remain an EGC until the earliest to occur of: (1) the last day of the fiscal year in which we, as applicable, have more than \$1.235 billion in annual revenue; (2) the date we qualify as a "large accelerated filer," with at least \$700 million of equity securities held by non-affiliates; (3) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period; and (4) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2, "Significant Accounting Policies," to our audited consolidated financial statements included elsewhere in this Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks in our normal business activities. Market risk is the potential loss that may result from market changes associated with our business or with an existing or forecasted financial or commodity transactions.

Interest Rate Risk

A significant portion of our outstanding debt has a fixed interest rate (for further details refer to Note 8, "Debt," in our audited consolidated financial statements included elsewhere in this Report). However, changes in interest rates create a modest risk because certain borrowings bear interest at floating rates based on LIBOR plus a specified margin. We sometimes manage our interest rate exposure on floating-rate debt by entering into derivative instruments to hedge all or a portion of our interest rate exposure on certain debt facilities. We do not enter into any derivative instruments for trading or speculative purposes. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and operating expenses and reducing funds available for capital investments, operations, and other purposes. A hypothetical 10% increase in our interest rates on our variable debt facilities would not have a material impact on the value of the Company's cash, cash equivalents, debt, net income, or cash flows.

Credit Risk

Financial instruments which potentially subject Altus to significant concentrations of credit risk consist principally of cash and restricted cash. Our investment policy requires cash and restricted cash to be placed with high-quality financial institutions and limits the amount of credit risk from any one issuer. We additionally perform ongoing credit evaluations of our customers' financial condition whenever deemed necessary and generally do not require collateral. The Company has no exposure to Silicon Valley Bank, Signature Bank or First Republic Bank or their affiliates because the Company holds its cash and equivalents, and marketable securities at diverse institutions and the Company is not party to any financing agreement with any of these institutions or their affiliates.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Altus Power, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of Altus Power, Inc. and subsidiaries (the "Company") as of December 31, 2023, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2023.

Iselin, New Jersey
March 14, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Altus Power, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Altus Power, Inc. and subsidiaries (the "Company") as of December 31, 2022, the related consolidated statements of operations, changes in stockholders' equity and cash flows, for the year ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Stamford, CT

March 30, 2023

We began serving as the Company's auditor in 2015. In 2023 we became the predecessor auditor.

Altus Power, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	For the Year Ended December 31,	
	2023	2022
Operating revenues, net	\$ 155,162	\$ 101,163
Operating expenses		
Cost of operations (exclusive of depreciation and amortization shown separately below)	29,636	17,532
General and administrative	32,453	25,026
Depreciation, amortization and accretion expense	53,627	29,600
Acquisition and entity formation costs	4,508	3,629
Loss on fair value remeasurement of contingent consideration	2,207	79
Loss (gain) on disposal of property, plant and equipment	649	(2,222)
Stock-based compensation	14,984	9,404
Total operating expenses	<u>\$ 138,064</u>	<u>\$ 83,048</u>
Operating income	\$ 17,098	\$ 18,115
Other (income) expenses		
Change in fair value of redeemable warrant liability	—	5,647
Change in fair value of Alignment Shares liability	(5,632)	(61,314)
Other expense (income), net	1,784	(3,926)
Interest expense, net	47,486	22,162
Loss on extinguishment of debt, net	116	2,303
Total other expense (income)	<u>\$ 43,754</u>	<u>\$ (35,128)</u>
(Loss) income before income tax expense	\$ (26,656)	\$ 53,243
Income tax benefit (expense)	683	(1,076)
Net (loss) income	\$ (25,973)	\$ 52,167
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(16,618)	(3,270)
Net (loss) income attributable to Altus Power, Inc.	<u>\$ (9,355)</u>	<u>\$ 55,437</u>
Net (loss) income per share attributable to common stockholders		
Basic	\$ (0.06)	\$ 0.36
Diluted	\$ (0.06)	\$ 0.35
Weighted average shares used to compute net (loss) income per share attributable to common stockholders		
Basic	158,699,959	154,648,788
Diluted	158,699,959	155,708,993

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

Altus Power, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	For the Year Ended	
	December 31,	
	2023	2022
Net (loss) income	\$ (25,973)	\$ 52,167
Other comprehensive income		
Foreign currency translation adjustment	6	—
Gain on forward starting interest rate swap designated as cash flow hedge	17,267	—
Other comprehensive income	<u>\$ 17,273</u>	<u>\$ —</u>
Total comprehensive (loss) income	\$ (8,700)	\$ 52,167
Comprehensive loss attributable to the noncontrolling and redeemable noncontrolling interests	(16,618)	(3,270)
Comprehensive income attributable to Altus Power, Inc.	<u>\$ 7,918</u>	<u>\$ 55,437</u>

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

Altus Power, Inc.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	As of December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 160,817	\$ 193,016
Current portion of restricted cash	45,358	2,404
Accounts receivable, net	17,100	13,443
Other current assets	5,522	6,206
Total current assets	228,797	215,069
Restricted cash, noncurrent portion	12,752	3,978
Property, plant and equipment, net	1,619,047	1,005,147
Intangible assets, net	47,588	47,627
Operating lease asset	173,804	94,463
Derivative assets	530	3,953
Other assets	7,831	6,651
Total assets	<u>\$ 2,090,349</u>	<u>\$ 1,376,888</u>
Liabilities, redeemable noncontrolling interests, and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,338	\$ 2,740
Construction payable	14,108	9,038
Interest payable	8,685	4,436
Purchase price payable, current	9,514	12,077
Due to related parties	51	112
Current portion of long-term debt	39,611	29,959
Operating lease liability, current	6,861	3,339
Contract liability, current	2,940	2,590
Other current liabilities	17,402	3,937
Total current liabilities	106,510	68,228
Alignment Shares liability	60,502	66,145
Long-term debt, net of unamortized debt issuance costs and current portion	1,163,307	634,603
Intangible liabilities, net	18,945	12,411
Purchase price payable, noncurrent	—	6,940
Asset retirement obligations	17,014	9,575
Operating lease liability, noncurrent	180,701	94,819
Contract liability	5,620	5,397
Deferred tax liabilities, net	9,831	11,011
Other long-term liabilities	2,908	4,700
Total liabilities	<u>\$ 1,565,338</u>	<u>\$ 913,829</u>
Commitments and contingent liabilities (Note 13)		
Redeemable noncontrolling interests	26,044	18,133
Stockholders' equity		
Common stock \$0.0001 par value; 988,591,250 shares authorized as of December 31, 2023 and 2022; 158,999,886 and 158,904,401 shares issued and outstanding as of December 31, 2023 and 2022, respectively	16	16
Additional paid-in capital	485,063	470,004
Accumulated deficit	(55,274)	(45,919)
Accumulated other comprehensive income	17,273	—
Total stockholders' equity	<u>\$ 447,078</u>	<u>\$ 424,101</u>
Noncontrolling interests	51,889	20,825
Total equity	<u>\$ 498,967</u>	<u>\$ 444,926</u>
Total liabilities, redeemable noncontrolling interests, and stockholders' equity	<u>\$ 2,090,349</u>	<u>\$ 1,376,888</u>

The following table presents the assets and liabilities of the consolidated variable interest entities (Refer to Note 7).

(In thousands)	As of December 31,	
	2023	2022
Assets of consolidated VIEs, included in total assets above:		
Cash	\$ 12,191	\$ 11,652
Current portion of restricted cash	1,066	1,152
Accounts receivable, net	8,068	2,952
Other current assets	973	678
Restricted cash, noncurrent portion	4,002	1,762
Property, plant and equipment, net	845,024	401,711
Intangible assets, net	5,507	5,308
Operating lease asset	79,597	36,211
Other assets	2,228	591
Total assets of consolidated VIEs	\$ 958,656	\$ 462,017
Liabilities of consolidated VIEs, included in total liabilities above:		
Accounts payable	1,056	454
Operating lease liability, current	2,542	2,742
Current portion of long-term debt	3,021	2,336
Contract liability, current	484	—
Other current liabilities	1,473	199
Long-term debt, net of unamortized debt issuance costs and current portion	38,958	33,332
Intangible liabilities, net	4,522	1,899
Asset retirement obligations	9,185	4,438
Operating lease liability, noncurrent	82,913	33,204
Contract liability	4,011	—
Other long-term liabilities	1,771	565
Total liabilities of consolidated VIEs	\$ 149,936	\$ 79,169

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

Altus Power, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Class A Common Stock		Accumulated			Total Stockholders' Equity	Non Controlling Interests	Total Equity
	Shares	Amount	Additional Paid-in Capital	Other Comprehensive Income	Accumulated Deficit			
As of December 31, 2021	153,648,830	\$ 15	\$ 406,259	\$ —	\$ (101,356)	\$ 304,918	\$ 21,093	\$ 326,011
Stock-based compensation	75,000	—	9,404	—	—	9,404	—	9,404
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(1,549)	(1,549)
Cash contributions from noncontrolling interests	—	—	—	—	—	—	5,010	5,010
Equity issuance costs	—	—	(1,165)	—	—	(1,165)	—	(1,165)
Conversion of Alignment Shares to Class A common stock	2,021	—	15	—	—	15	—	15
Exchange of warrants into common stock	1,111,243	—	7,779	—	—	7,779	—	7,779
Exercised warrants	4,067,307	1	47,836	—	—	47,837	—	47,837
Redemption of redeemable noncontrolling interests	—	—	(124)	—	—	(124)	—	(124)
Noncontrolling interests assumed through acquisitions	—	—	—	—	—	—	184	184
Net income (loss)	—	—	—	—	55,437	55,437	(3,913)	51,524
As of December 31, 2022	158,904,401	\$ 16	\$ 470,004	\$ —	\$ (45,919)	\$ 424,101	\$ 20,825	\$ 444,926
Stock-based compensation	154,023	—	14,938	—	—	14,938	—	14,938
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(2,618)	(2,618)
Cash contributions from noncontrolling interests	—	—	—	—	—	—	35,282	35,282
Conversion of Alignment Shares to Class A common stock	2,011	—	11	—	—	11	—	11
Forfeited and cancelled restricted shares	(60,549)	—	(13)	—	—	(13)	—	(13)
Redemption of noncontrolling interests	—	—	123	—	—	123	787	910
Noncontrolling interests assumed through acquisitions	—	—	—	—	—	—	13,500	13,500
Other comprehensive income	—	—	—	17,273	—	17,273	—	17,273
Net loss	—	—	—	—	(9,355)	(9,355)	(15,887)	(25,242)
As of December 31, 2023	158,999,886	\$ 16	\$ 485,063	\$ 17,273	\$ (55,274)	\$ 447,078	\$ 51,889	\$ 498,967

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

Altus Power, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31,	
	2023	2022
Cash flows from operating activities		
Net (loss) income	\$ (25,973)	\$ 52,167
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Depreciation, amortization and accretion expense	53,627	29,600
Deferred tax (benefit) expense	(715)	1,078
Non-cash lease expense	2,036	443
Amortization of debt discount and financing costs	3,617	3,018
Loss on extinguishment of debt, net	116	2,303
Change in fair value of redeemable warrant liability	—	5,647
Change in fair value of Alignment Shares liability	(5,632)	(61,315)
Remeasurement of contingent consideration	2,207	79
Loss (gain) on disposal of property, plant and equipment	649	(2,222)
Stock-based compensation	14,938	9,404
Other	764	(174)
Changes in assets and liabilities, excluding the effect of acquisitions		
Accounts receivable	1,493	(2,122)
Due from related parties	(61)	112
Derivative assets	20,690	(1,247)
Other assets	2,098	(280)
Accounts payable	3,504	(1,126)
Interest payable	4,249	(58)
Contract liability	438	562
Other liabilities	1,312	(627)
Net cash provided by operating activities	<u>79,357</u>	<u>35,242</u>
Cash flows used for investing activities		
Capital expenditures	(117,791)	(77,223)
Payments to acquire renewable energy businesses, net of cash and restricted cash acquired	(432,441)	(76,166)
Payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired	(38,931)	(13,924)
Proceeds from disposal of property, plant and equipment	2,350	3,605
Other	—	496
Net cash used for investing activities	<u>(586,813)</u>	<u>(163,212)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	579,627	124,697
Repayments of long-term debt	(51,114)	(123,362)
Payment of debt issuance costs	(5,000)	(5,257)
Payment of debt extinguishment costs	(85)	(1,335)
Payment of deferred purchase price payable	(17,632)	—
Payment of transaction costs related to the Merger	—	(742)
Proceeds from exercise of warrants	—	65
Payment of contingent consideration	(5,298)	(72)
Contributions from noncontrolling interests	35,282	6,097
Redemption of noncontrolling interests	(3,855)	(473)
Distributions to noncontrolling interests	(4,940)	(2,571)
Net cash provided by (used for) financing activities	<u>526,985</u>	<u>(2,953)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>19,529</u>	<u>(130,923)</u>
Cash, cash equivalents, and restricted cash, beginning of year	199,398	330,321
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 218,927</u>	<u>\$ 199,398</u>

	Year ended December 31,	
	2023	2022
Supplemental cash flow disclosure		
Cash paid for interest, net of amounts capitalized	\$ 36,946	\$ 21,605
Cash paid for taxes	69	73
Non-cash investing and financing activities		
Asset retirement obligations	\$ 6,312	\$ 1,840
Debt assumed through acquisitions	7,900	117,295
Initial recording of noncontrolling interest	13,500	183
Redeemable noncontrolling interest assumed through acquisitions	15,541	2,126
Accrued distributions to noncontrolling interests	278	—
Accrued deferred financing costs	203	—
Acquisitions of property and equipment included in construction payable	5,588	8,371
Construction loan conversion	—	(4,186)
Term loan conversion	—	4,186
Exchange of warrants into common stock	—	7,779
Warrants exercised on a cashless basis	—	47,836
Conversion of Alignment Shares into common stock	11	15
Deferred purchase price payable	7,656	18,548

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

Altus Power, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands, except per share data, unless otherwise noted)

1. General

Company Overview

Altus Power, Inc., a Delaware corporation (the "Company" or "Altus Power"), headquartered in Stamford, Connecticut, develops, owns, constructs and operates large-scale roof, ground and carport-based photovoltaic solar energy generation and storage systems, for the purpose of producing and selling electricity to credit worthy counterparties, including commercial and industrial, public sector and community solar customers, under long-term contracts. The solar energy facilities are owned by the Company in project-specific limited liability companies (the "Solar Facility Subsidiaries").

On December 9, 2021 (the "Closing Date"), CBRE Acquisition Holdings, Inc. ("CBAH"), a special purpose acquisition company, consummated the business combination pursuant to the terms of the business combination agreement entered into on July 12, 2021 (the "Business Combination Agreement"), whereby, among other things, CBAH Merger Sub I, Inc. ("First Merger Sub") merged with and into Altus Power, Inc. (f/k/a Altus Power America, Inc.) ("Legacy Altus") with Legacy Altus continuing as the surviving corporation, and immediately thereafter Legacy Altus merged with and into CBAH Merger Sub II, Inc. ("Second Merger Sub") with Second Merger Sub continuing as the surviving entity and as a wholly owned subsidiary of CBAH (together with the merger with the First Merger Sub, the "Merger"). In connection with the closing of the Merger, CBAH changed its name to "Altus Power, Inc." and Second Merger Sub (after merger with Legacy Altus) changed its name to "Altus Power, LLC."

2. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and pursuant to the regulations of the U.S. Securities and Exchange Commission (SEC). The Company's consolidated financial statements include the results of wholly-owned and partially-owned subsidiaries in which the Company has a controlling interest with all intercompany balances and transactions eliminated in consolidation.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year financial statement presentation. Such reclassifications have no impact on previously reported net income, stockholders' equity, or cash flows. As of December 31, 2022, \$2.6 million was reclassified from other current liabilities to contract liability, current on the consolidated balance sheets. This change had no impact on total current liabilities reported in the consolidated balance sheets.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available. Estimates are used for such items as the fair value of net assets acquired in connection with accounting for business combinations, the useful lives of the solar energy facilities, and inputs and assumptions used in the valuation of asset retirement obligations ("AROs"), contingent consideration, derivative instruments, and Class B common stock, par value \$0.0001 per share ("Alignment Shares").

Variable Interest Entities

The Company consolidates all variable interest entities ("VIEs") in which it holds a variable interest and is deemed to be the primary beneficiary of the variable interest entity. Generally, a VIE is an entity with at least one of the following conditions: (a) the total equity investment at risk is insufficient to allow the entity to finance its activities without additional subordinated financial support, or (b) the holders of the equity investment at risk, as a group, lack the characteristics of having a controlling financial interest. The primary beneficiary of a VIE is an entity that has a variable interest or a combination of variable interests that provide that entity with a controlling financial interest in the VIE. An entity is deemed to have a controlling financial interest in a VIE if it has both of the following characteristics: (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company evaluates whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. See Note 7, "Variable Interest Entities."

Segment Information

Operating segments are defined as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in

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assessing performance. The Company's chief operating decision makers are the co-chief executive officers. Based on the financial information presented to and reviewed by the chief operating decision makers in deciding how to allocate the resources and in assessing the performance of the Company, the Company has determined it operates as a single operating segment and has one reportable segment which includes revenue under power purchase agreements, revenue from net metering credit agreements, performance based incentives, solar renewable energy credit revenue, rental income, and revenue recognized on contract liabilities. The Company's principal operations, revenue and decision-making functions are located in the United States.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include all cash balances on deposit with financial institutions and readily marketable securities with original maturity dates of three months or less at the time of acquisition that are denominated in U.S. dollars. Pursuant to the budgeting process, the Company maintains certain cash and cash equivalents on hand for possible equipment replacement related costs.

The Company records cash that is restricted as to withdrawal or use under the terms of certain contractual agreements as restricted cash. Restricted cash is included in current portion of restricted cash and restricted cash, noncurrent portion on the consolidated balance sheets and includes cash held with financial institutions for cash collateralized letters of credit pursuant to various financing and construction agreements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets. Cash, cash equivalents, and restricted cash consist of the following:

	As of December 31,	
	2023	2022
Cash and cash equivalents	\$ 160,817	\$ 193,016
Current portion of restricted cash	45,358	2,404
Restricted cash, noncurrent portion	12,752	3,978
Total	\$ 218,927	\$ 199,398

Accounts Receivable

Management considers the carrying value of accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounts receivable is recorded net of an allowance for credit losses, which is based on our assessment of the collectability of customer accounts based on the best available data at the time. We review the allowance by considering factors such as historical experience, customer credit rating, contractual term, and current economic conditions that may affect a customer's ability to pay to identify customers with potential collection issues. As of December 31, 2023 and 2022, the Company determined that the allowance for credit losses was \$0.9 million and \$0.4 million, respectively.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

The Company had no customers that individually accounted for over 10% of total accounts receivable, net as of December 31, 2023. The Company had one customer that individually accounted for over 10% (i.e., 11.0%) of total operating revenues, net for the year ended December 31, 2023.

The Company had one customer that individually accounted for over 10% (i.e. 28.0%) of total accounts receivable, net as of December 31, 2022. The Company had one customer that individually accounted for over 10% (i.e., 16.2%) of total operating revenues, net for the year ended December 31, 2022.

Economic Concentrations

The Company and its subsidiaries own and operate solar generating facilities installed on buildings and land located across the United States. Future operations could be affected by changes in the economy, other conditions in those geographic areas or by changes in the demand for renewable energy.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value, which is defined as the price that would be received from the sale of an asset or paid to transfer a liability (i.e., an exit price) on the measurement date in an orderly transaction between market

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participants in the principal or most advantageous market for the asset or liability. Our fair value measurements use the following hierarchy, which prioritizes valuation inputs based on the extent to which the inputs are observable in the market.

- Level 1 - Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.
- Level 2 - Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs are observable in active markets are Level 2 valuation techniques.
- Level 3 - Valuation techniques in which one or more significant inputs are unobservable. Such inputs reflect our estimate of assumptions that market participants would use to price an asset or liability.

The Company holds various financial instruments that are not required to be recorded at fair value. For cash, restricted cash, accounts receivable, accounts payable, and short-term debt the carrying amounts approximate fair value due to the short maturity of these instruments. Refer to Note 9, "Fair Value Measurements" for further information on assets and liabilities measured at fair value.

Interest Rate Swap Agreements

The Company is exposed to interest rate risk on its floating-rate debt. The Company periodically enters into interest rate swap agreements to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. The Company may designate interest rate swap agreements as hedging instruments for accounting purposes from time to time. Changes in the fair value of interest rate swap agreements that are not designated as hedging instruments are reported in the consolidated statements of operations as part of interest expense, and changes in the fair value of interest rate swap agreements that are designated as hedging instruments are reported in the consolidated statements of comprehensive income.

Property, Plant and Equipment

The Company reports property, plant and equipment at cost, less accumulated depreciation. Costs include all costs incurred during the construction and development of the solar energy facilities, including land, development costs and site work. Repairs and maintenance are expensed as incurred. The Company begins depreciating the property, plant and equipment when the assets are placed in service. Depreciation expense is computed using the straight-line composite method over the estimated useful lives of assets. Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining term of the lease. The estimated useful life of an asset is reassessed whenever applicable facts and circumstances indicate a change in the estimated useful life of such asset has occurred.

Business Combinations and Acquisitions of Assets

The Company applies the definition of a business in ASC 805, *Business Combinations*, to determine whether it is acquiring a business or a group of assets. When the Company acquires a business, the purchase price is allocated to (i) the acquired tangible assets and liabilities assumed, primarily consisting of solar energy facilities and land, (ii) the identified intangible assets and liabilities, primarily consisting of favorable and unfavorable rate power purchase agreements ("PPAs") and solar renewable energy credit ("SREC") agreements, (iii) asset retirement obligations (iv) non-controlling interests, and (v) other working capital items based in each case on their estimated fair values. The excess of the purchase price, if any, over the estimated fair value of net assets acquired is recorded as goodwill. The fair value measurements of assets acquired and liabilities assumed are derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. In addition, acquisition costs related to business combinations are expensed as incurred.

When an acquired group of assets does not constitute a business, the transaction is accounted for as an asset acquisition. The cost of assets acquired and liabilities assumed in asset acquisitions is allocated based upon relative fair value. The fair value measurements of the solar facilities acquired and asset retirement obligations assumed are derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. Transaction costs incurred on an asset acquisition are capitalized as a component of the assets acquired.

Intangible Assets, Intangible Liabilities and Amortization

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Intangible assets and intangible liabilities include favorable and unfavorable rate PPAs, net metering credit agreements ("NMCAs"), and SREC agreements as well as value ascribed to in-place leases and fees paid to third parties for acquiring customers. PPAs, NMCAs and SREC agreements obtained through acquisitions, which are recorded at the estimated fair value as of the acquisition date and the difference between the contract price and current market price is recorded as an intangible asset or liability.

Amortization of intangible assets and liabilities is recorded within depreciation, amortization and accretion in the consolidated statements of operations. Values ascribed to in-place leases are amortized using the straight-line method ratably over 15-30 years based upon the term of the individual site leases. Third party costs necessary to acquire PPAs and NMCA customers are amortized using the straight-line method ratably over 15-25 years based upon the term of the customer contract. Estimated fair value allocated to the favorable and unfavorable rate PPAs and SREC agreements are amortized using the straight-line method over the remaining non-cancelable terms of the respective agreements. The straight-line method of amortization is used because it best reflects the pattern in which the economic benefits of the intangibles are consumed or otherwise used up. The amounts and useful lives assigned to intangible assets acquired and liabilities assumed impact the amount and timing of future amortization. See Note 5, "Intangible Assets and Intangible Liabilities."

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. These events and changes in circumstances may include a significant decrease in the market price of a long-lived asset; a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition; a significant adverse change in the business climate that could affect the value of a long-lived asset; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset; a current-period operating or cash flow loss combined with a history of such losses or a projection of future losses associated with the use of a long-lived asset; or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. For purposes of recognition and measurement of an impairment loss, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

When impairment indicators are present, recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair market value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. For the years ended December 31, 2023 and 2022, the Company recognized loss on impairment of \$0.4 million and zero, respectively, which is recorded in depreciation, amortization and accretion expense in the consolidated statements of operations.

Leases

The Company has lease agreements for land and building rooftops on which our solar energy facilities operate, as well as a lease agreement for a corporate office. The leases expire on various terms through 2059.

At the inception of a contractual arrangement, the Company determines whether it contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset in exchange for consideration over a period of time. If both criteria are met, the Company calculates the associated lease liability and corresponding right-of-use asset upon lease commencement. The Company's leases include various renewal options which are included in the lease term when the Company has determined it is reasonably certain of exercising the options based on consideration of all relevant factors that create an economic incentive for the Company as lessee. Operating lease assets and liabilities are recognized based on the present value of lease payments over the lease term using an appropriate discount rate. Right-of-use assets include any lease payments made at or before lease commencement and any initial direct costs incurred and exclude any lease incentives received. Right-of-use assets also include an adjustment to reflect favorable or unfavorable terms of the lease when compared to market terms, when applicable. Certain leases include variable lease payments associated with production of the solar facility or other variable payments such as real estate taxes and common area maintenance. As the Company has elected not to separate lease and non-lease components for all classes of underlying assets, all variable costs associated with leases are expensed in the period incurred and presented and disclosed as variable lease expense.

The Company's lease agreements do not contain any residual value guarantees or restrictive financial covenants. The Company does not have any leases that have not yet commenced that create significant rights and obligations for the lessee.

A lessee is required to use the rate implicit in the lease when the assumptions are readily determinable. When the assumptions are not readily determinable, it is required to use its incremental borrowing rate. As the assumptions to determine the rate implicit in the lease are not readily determinable for any of the Company's leases, the incremental borrowing rate is used.

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The discount rate used is the rate that the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. At the lease commencement date, the Company's incremental borrowing rate is used as the discount rate. Discount rates are reassessed when there is a new lease or a modification to an existing lease.

The Company records operating lease liabilities within current liabilities or long-term liabilities based upon the length of time associated with the lease payments. The Company records its operating lease right-of-use assets as long-term assets. The Company does not have any material short-term leases and, and such, has not presented or disclosed any amounts related to short-term leases in its financial statements. See Note 12, "Leases."

Deferred Financing Costs

Deferred financing costs are capitalized and amortized to interest expense, net over the term of the related debt using the effective interest method for term loans or the straight-line method for revolving credit facilities. The unamortized balance of deferred financing costs is recorded in long-term debt, net of unamortized debt issuance costs and current portion for term loans, and other assets for revolving credit facilities and debt and equity transactions not yet completed, in the consolidated balance sheets (see Note 8, "Debt").

Asset Retirement Obligations

Asset retirement obligations are retirement obligations associated with long-lived assets for which a legal obligation exists under enacted laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing and/or method of settlement may be conditional on a future event. The Company recognizes the fair value of a liability for an ARO in the period in which it is incurred and when a reasonable estimate of fair value can be made.

Upon initial recognition of a liability for an ARO, the asset retirement cost is capitalized by increasing the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. The Company's AROs are primarily related to the future dismantlement of equipment on leased property. The Company records AROs as part of other non-current liabilities on its balance sheet. See Note 16, "Asset Retirement Obligations."

Revenue Recognition

The Company derives its operating revenues principally from power purchase agreements, net metering credit agreements, SRECs, and performance based incentives.

Power sales under PPAs

A portion of the Company's power sales revenues is earned through the sale of energy (based on kilowatt hours) pursuant to terms of PPAs. PPAs that do not qualify as leases under ASC 842, *Leases*, or derivatives under ASC 815, *Derivatives and Hedging*, are accounted for under ASC 606, *Revenue from Contracts with Customers*. A portion of PPAs that qualify as derivatives is not material. The Company's PPAs typically have fixed or floating rates and are generally invoiced on a monthly basis and as of December 31, 2023 have a weighted-average remaining life of 11 years. The Company typically sells energy and related environmental attributes (e.g., SRECs) separately to different customers and considers the delivery of power energy under PPAs to represent a series of distinct goods that is substantially the same and has the same pattern of transfer measured by the output method. The Company applied the practical expedient allowing the Company to recognize revenue in the amount that the Company has a right to invoice which is equal to the volume of energy delivered multiplied by the applicable contract rate. For certain of the Company's rooftop solar energy facilities revenue is recognized net of immaterial pass-through lease charges collected on behalf of building owners.

Power sales under NMCAs

A portion of the Company's power sales revenues are obtained through the sale of net metering credits under NMCAs which have a weighted-average remaining life of 18 years as of December 31, 2023. Net metering credits are awarded to the Company by the local utility based on kilowatt hour generation by solar energy facilities, and the amount of each credit is determined by the utility's applicable tariff. The Company currently receives net metering credits from various utilities including Eversource Energy, National Grid Plc, and Xcel Energy. There are no direct costs associated with net metering credits, and therefore, they do not receive an allocation of costs upon generation. Once awarded, these credits are then sold to third party offtakers pursuant to the terms of the offtaker agreements. The Company views each net metering credit in these arrangements as a distinct performance obligation satisfied at a point in time. Generally, the customer obtains control of net metering credits at the point in time when the utility assigns the generated credits to the Company, who directs the utility to allocate to the customer based upon a schedule. The transfer of credits by the Company to the customer can be up to one month after the underlying power is

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generated. As a result, revenue related to NMCA is recognized upon delivery of net metering credits by the Company to the customer. The Company's customers apply net metering credits as a reduction to their utility bills.

Solar renewable energy credit revenue

The Company applies for and receives SRECs in certain jurisdictions for power generated by solar energy systems it owns. The quantity of SRECs is based on the amount of energy produced by the Company's qualifying generation facilities. SRECs are sold pursuant to agreements with third parties, who typically require SRECs to comply with state-imposed renewable portfolio standards. Holders of SRECs may benefit from registering the credits in their name to comply with these state-imposed requirements, or from selling SRECs to a party that requires additional SRECs to meet its compliance obligations. The Company receives SRECs from various state regulators including: New Jersey Board of Public Utilities, Massachusetts Department of Energy Resources, and Maryland Public Service Commission. There are no direct costs associated with SRECs, and therefore, they do not receive an allocation of costs upon generation. Generally, individual SREC sales reflect a fixed quantity and fixed price structure over a specified term. The contracts related to SREC sales with a fixed price and quantity have maturity dates ranging from 2024 to 2027. The Company typically sells SRECs to different customers from those purchasing the energy under PPAs. The Company believes the sale of each SREC is a distinct performance obligation satisfied at a point in time and that the performance obligation related to each SREC is satisfied when each SREC is delivered to the customer.

Power sales on wholesale markets

A portion of the Company's power sales revenues is earned through the sale of energy (based on kilowatt hours) on the wholesale market operated by PJM Interconnection at floating spot prices. The promise to sell energy on a wholesale market is a separate distinct performance obligation and revenue is recognized as energy is delivered at the interconnection point.

Rental income

Rental income is primarily derived from long-term PPAs accounted for as operating leases under ASC 842. The Company's leases include various renewal options which are included in the lease term when the Company has determined it is reasonably certain of exercising the options based on consideration of all relevant factors that create an economic incentive for the Company as lessor. Certain leases include variable lease payments associated with production of solar facilities, which are recognized as rental income in period the energy is delivered.

Performance based incentives

Many state governments, utilities, municipal utilities and co-operative utilities offer a rebate or other cash incentive for the installation and operation of a renewable energy facility. Up-front rebates provide funds based on the cost, size or expected production of a renewable energy facility. Performance based incentives provide cash payments to a system owner based on the energy generated by their renewable energy facility during a pre-determined period, and they are paid over that time period. The Company recognizes revenue from state and utility incentives at the point in time in which they are earned.

In 2023, performance based incentives are primarily represented by cash awards granted to the Company by the New York State Energy Research & Development Authority ("NYSERDA") for the development of distributed solar facilities in the State of New York. The Company applies ASC 958-605, Not-for-Profit Entities - Revenue Recognition, by analogy to account for these incentives, and recognizes awards within Operating revenues, net, in the consolidated statements of operations when incentive is awarded by NYSERDA. Incentives are normally collected within 30 days after the award. There are no recapture provisions or other contingencies associated with the awarded incentives for the years ended December 31, 2023 and 2022.

Revenue recognized on contract liabilities

The Company recognizes contract liabilities related to long-term agreements to sell SRECs that are prepaid by customers before SRECs are delivered. The Company will recognize revenue associated with the contract liabilities as SRECs are delivered to customers through 2037.

Cost of Operations (Exclusive of Depreciation and Amortization)

Cost of operations primarily consists of operations and maintenance expense, site lease expense, insurance premiums, property taxes and other miscellaneous costs associated with the operations of solar energy facilities. Costs are charged to expense as incurred.

Stock-based Compensation

Stock-based compensation expense for equity instruments issued to employees is measured based on the grant-date fair value of the awards. The fair value of each time-based restricted stock unit is determined based on the valuation of the Company's stock on the date of grant. The fair value of each restricted stock unit with market conditions is estimated using the Monte Carlo model

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utilizing a distribution of potential outcomes based on expected volatility and risk-free interest rate. The Company recognizes compensation costs using the straight-line method for all equity compensation awards over the requisite service period of the awards, which is generally the awards' vesting period. The Company accounts for forfeitures of awards in the period they occur. See Note 17, "Stock-based Compensation."

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rate on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In evaluating if a valuation allowance is warranted, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, refer to Note 18, "Income Taxes," for further details.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires the Company to report information regarding its exposure to various tax positions taken by the Company. The Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. The uncertain tax position to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement, which could result in the Company recording a tax liability that would reduce net assets. The Company reviews and evaluates tax positions and determines whether or not there are uncertain tax positions that require financial statement recognition. Generally, tax authorities can examine all tax returns filed for the last three years.

Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. As a result, no income tax liability or expense related to uncertain tax positions have been recorded in the accompanying consolidated financial statements.

The Company's income tax expense, deferred tax assets and liabilities reflect management's best assessment of estimated future taxes to be paid.

Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) attributable to the common stockholder by the weighted average number of shares of common stock outstanding for the period.

Diluted net income (loss) per share attributable to common stockholder is computed by giving effect to all potential common stock equivalents outstanding for the period determined using the treasury stock method or the if-converted method, as applicable. During periods in which the Company incurs a net loss attributable to common stockholder, stock options are considered to be common stock equivalents but are excluded from the calculation of diluted net loss per share attributable to common stockholder as the effect is antidilutive. See Note 15, "Earnings per Share."

Noncontrolling Interests and Redeemable Noncontrolling Interests in Solar Facility Subsidiaries

Noncontrolling interests and redeemable noncontrolling interests represent third parties' equity interests in the net assets of certain consolidated Solar Facility Subsidiaries. Third party equity interests are primarily represented by tax equity partnerships which were created to finance the costs of solar energy facilities under long-term operating agreements. The tax equity interests are generally entitled to receive substantially all the accelerated depreciation tax deductions and investment tax credits arising from Solar Facility Subsidiaries pursuant to their contractual shareholder agreements, together with a portion of these ventures' distributable cash. The tax equity interests' claim to tax attributes and distributable cash from Solar Facility Subsidiaries decreases to a small residual interest after a predefined 'flip point' occurs, typically the expiration of a time period or upon the tax equity investor's achievement of a target yield. Because the tax equity interests' participation in tax attributes and distributable cash from each Solar Facility Subsidiary is not consistent over time with their initial capital contributions or percentage interest, the Company has determined that the provisions in the contractual arrangements represent substantive profit-sharing arrangements. In order to reflect the substantive profit-sharing arrangements, the Company has determined that the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach referred to as the Hypothetical Liquidation at Book Value ("HLBV") method. Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the third parties would hypothetically receive at each

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balance sheet date based on the liquidation provisions of the respective operating partnership agreements. HLBV assumes that the proceeds available for distribution are equivalent to the unadjusted, stand-alone net assets of each respective partnership, as determined under U.S. GAAP. The third parties' noncontrolling interest in the results of operations of these subsidiaries is determined as the difference in the noncontrolling interests' and redeemable noncontrolling interests' claims under the HLBV method at the start and end of each reporting period, after considering any capital transactions, such as contributions or distributions, between the subsidiaries and third parties. The application of HLBV generally results in the attribution of pre-tax losses to tax equity interests in connection with their receipt of accelerated tax benefits from the Solar Facility Subsidiaries, as the third-party investors' receipt of these benefits typically reduces their claim on the partnerships' net assets.

Attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests under the HLBV method requires the use of significant assumptions and estimates to calculate the amounts that third parties would receive upon a hypothetical liquidation. Changes in these assumptions and estimates can have a significant impact on the amount that third parties would receive upon a hypothetical liquidation. The use of the HLBV methodology to allocate income to the noncontrolling and redeemable noncontrolling interest holders may create volatility in the Company's consolidated statements of operations as the application of HLBV can drive changes in net income available and loss attributable to noncontrolling interests and redeemable noncontrolling interests from quarter to quarter.

The Company classifies certain noncontrolling interests with redemption features that are not solely within the control of the Company outside of permanent equity on its consolidated balance sheets. Estimated redemption value is calculated as the discounted cash flows attributable to the third parties subsequent to the reporting date. Redeemable noncontrolling interests are reported using the greater of their carrying value at each reporting date as determined by the HLBV method or their estimated redemption value in each reporting period. Estimating the redemption value of the redeemable noncontrolling interests requires the use of significant assumptions and estimates. Changes in these assumptions and estimates can have a significant impact on the calculation of the redemption value. See Note 11, "Redeemable Noncontrolling Interest."

Accounting Pronouncements

As a public company, the Company is provided the option to adopt new or revised accounting guidance as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") either (1) within the same periods as those otherwise applicable to public business entities, or (2) within the same time periods as non-public business entities, including early adoption when permissible. The Company expects to elect to adopt new or revised accounting guidance within the same time period as non-public business entities, as indicated below.

Recent Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and has since released various amendments including ASU No. 2019-04. The new standard generally applies to financial assets and requires those assets to be reported at the amount expected to be realized. The ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company has adopted this standard as of January 1, 2023, utilizing the modified retrospective transition method, and the adoption did not have a material impact on the 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 entities to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 2014-09, Revenue from Contracts with Customers (Topic 606). The update will generally result in an entity recognizing contract assets and liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The new standard is effective on a prospective basis for fiscal years beginning after December 15, 2022, and was adopted by the Company on January 1, 2023. The Company applied the provisions of ASU 2021-08 to account for the True Green II Acquisition (defined in Note 6, "Acquisitions"), and recognized \$.5 million of contract liability assumed through the business combination.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this update require disclosure of incremental segment information and the title and position of the chief operating decision maker ("CODM"). Registrants will be required to disclose significant segment expenses that are regularly provided to the CODM, as well as additional information on segment profit and loss measures and how such information is used by the CODM to assess segment performance and allocate resources. This ASU is effective for fiscal periods beginning after December 15, 2023, with early adoption permitted. The Company will apply the guidance upon the effective date.

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In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this update require enhanced income tax disclosures, particularly related to a reporting entity's effective tax rate reconciliation and income taxes paid. For the rate reconciliation table, the update requires additional categories of information about federal, state, and foreign taxes and details about significant reconciling items, subject to a quantitative threshold. Income taxes paid must be similarly disaggregated by federal, state, and foreign based on a quantitative threshold. This ASU is effective for fiscal periods beginning after December 15, 2024, with early adoption permitted. The guidance shall be applied on a prospective basis with the option to apply retrospectively. The Company will apply the guidance upon the effective date.

3. Revenue and Accounts Receivable

Disaggregation of operating revenues

The following table presents the detail of revenues as recorded in the consolidated statements of operations:

	For the Year Ended December 31,	
	2023	2022
Power sales under PPAs	\$ 53,516	\$ 24,906
Power sales under NMCAs	42,006	27,162
Power sales on wholesale markets	1,756	4,146
Total revenue from power sales	97,278	56,214
Solar renewable energy credit revenue	45,542	40,502
Rental income	2,784	3,038
Performance based incentives	6,155	1,409
Revenue recognized on contract liabilities	3,403	—
Total	\$ 155,162	\$ 101,163

Transaction price allocated to the remaining performance obligation

In accordance with optional exemptions available under Topic 606, the Company does not disclose the value of unsatisfied performance obligations for (1) contracts with an original expected length of one year or less, (2) with the exception of fixed consideration, contracts for which revenue is recognized at the amount to which the Company have the right to invoice for goods provided and services performed, and (3) contracts for which variable consideration relates entirely to an unsatisfied performance obligation.

Contracts with fixed consideration consist primarily of performance obligations to supply fixed quantities of SRECs. Contracts with variable volumes and/or variable pricing, including those with pricing provisions tied to a consumer price or other index, have also been excluded as the related consideration under the contract is variable at inception of the contract. Most of the Company's solar renewable energy credit revenue is related to contracts with variable consideration.

The Company expects to recognize revenue for the following amounts related to fixed consideration associated with remaining performance obligations in each of the future periods noted:

2024	\$	14,927
2025	10,682	
2026	5,474	
2027	2,088	
Total	\$	33,171

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Accounts receivable, net

The following table presents the detail of receivables as recorded in accounts receivable, net in the consolidated balance sheets:

	As of December 31,		
	2023	2022	2021
Power sales under PPAs	\$ 3,582	\$ 4,092	\$ 1,678
Power sales under NMCAs	8,094	3,183	3,322
Power sales on wholesale markets	249	223	75
Total power sales	11,925	7,498	5,075
Solar renewable energy credits	3,379	5,387	3,789
Rental income	450	429	350
Performance based incentives	1,346	129	4
Total	<u>\$ 17,100</u>	<u>\$ 13,443</u>	<u>\$ 9,218</u>

Payments for all accounts receivable in the above table are typically received within 30 days from invoicing.

Contract liabilities

The Company recognizes contract liabilities related to long-term agreements to sell SRECs that are prepaid by customers before SRECs are delivered. As of December 31, 2023, the Company had current and non-current contract liabilities of \$2.9 million and \$5.6 million, respectively. As of December 31, 2022, the Company had current and non-current contract liabilities of \$2.6 million and \$5.4 million, respectively. For the years December 31, 2023, and December 31, 2022, the Company recognized \$3.1 million and zero of revenue that was included in the contract liability at the beginning of the period, respectively. The Company does not have any other significant contract asset or liability balances related to revenues.

Rental income

Maturities of fixed rental payments as of December 31, 2023, are as follows:

2024	\$ 558
2025	455
2026	420
2027	420
2028	420
Thereafter	4,795
Total	<u>\$ 7,068</u>

4. Property, Plant and Equipment

As of December 31, 2023 and 2022, property, plant and equipment consisted of the following:

	Estimated Useful Lives (in Years)	As of December 31,	
		2023	2022
Land	—	\$ 9,377	\$ 6,173
Solar energy facilities	25 - 32	1,581,463	979,358
Battery energy storage systems	20	12,513	3,873
Site work	15	5,471	5,801
Leasehold improvements	15 - 30	7,138	7,113
Vehicles and other equipment	3 - 5	930	609
Construction in progress	—	139,452	88,717
Property, plant and equipment		1,756,344	1,091,644
Less: Accumulated depreciation		(137,297)	(86,497)
Property, plant and equipment, net		<u>\$ 1,619,047</u>	<u>\$ 1,005,147</u>

For the years ended December 31, 2023 and 2022, depreciation expense was \$1.2 million and \$31.0 million, respectively, and is recorded in depreciation, amortization and accretion expense in the accompanying consolidated statements of operations.

Altus Power, Inc.
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Disposal of Property, Plant and Equipment

On June 30, 2023, the Company disposed of a solar energy facility located in New Jersey for cash consideration of \$3.4 million. As of that date, the carrying amount of the net assets and liabilities of the solar energy facility was \$3.0 million. As a result of the transaction, the Company recognized a loss on disposal of property, plant and equipment of \$0.6 million in the consolidated statement of operations for the year ended December 31, 2023.

On August 15, 2022, the Company, through its wholly-owned subsidiary, sold land to a third party for cash consideration of \$1.4 million. As of that date, the carrying amount of the land was \$1.4 million. As a result of the transaction, the Company recognized a \$2.2 million gain on disposal of property, plant and equipment in the consolidated statement of operations for the year ended December 31, 2022.

5. Intangible Assets and Intangible Liabilities

As of December 31, 2023 and 2022, intangible assets consisted of the following:

	Weighted Average Amortization Period (in Years)	As of December 31,	
		2023	2022
Cost:			
Customer acquisition costs	16 years	\$ 6,681	\$ 6,008
In-place lease contracts	21 years	819	819
Favorable rate revenue contracts	9 years	45,564	43,604
Favorable operation and maintenance contracts	4 years	60	135
Software in development	N/A	3,972	1,237
Other	5 years	112	55
Total intangible assets		\$ 57,208	\$ 51,858
Accumulated amortization:			
Customer acquisition costs		(1,754)	(1,384)
In-place lease contracts		(241)	(201)
Favorable rate revenue contracts		(7,565)	(2,602)
Favorable operation and maintenance contracts		(60)	(44)
Total accumulated amortization		(9,620)	(4,231)
Total intangible assets, net		\$ 47,588	\$ 47,627

As of December 31, 2023 and 2022, intangible liabilities consisted of the following:

	Weighted Average Amortization Period (in Years)	As of December 31,	
		2023	2022
Cost:			
Unfavorable rate revenue contracts	5 years	\$ 29,306	\$ 19,215
Accumulated amortization:			
Unfavorable rate revenue contracts		(10,361)	(6,804)
Total intangible liabilities, net		\$ 18,945	\$ 12,411

For the years ended December 31, 2023 and 2022, amortization expense was \$4 million and \$1.9 million, respectively, and was recorded in depreciation, amortization and accretion expense in the accompanying consolidated statements of operations.

For the years ended December 31, 2023 and 2022, amortization benefit was \$3.6 million and \$3.6 million, respectively, and was recorded in depreciation, amortization and accretion expense in the accompanying consolidated statements of operations.

Altus Power, Inc.
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Over the next five years, excluding any amortization expense related to software currently in development, the Company expects to recognize annual amortization on its intangibles as follows:

	2024	2025	2026	2027	2028
Favorable rate revenue contracts	\$ 4,850	\$ 4,642	\$ 4,584	\$ 4,584	\$ 3,415
In-place lease contracts	40	40	40	40	40
Customer acquisition costs	370	353	353	353	353
Unfavorable rate revenue contracts	(4,326)	(4,157)	(2,864)	(1,591)	(1,492)
Total net amortization expense	\$ 934	\$ 878	\$ 2,113	\$ 3,386	\$ 2,316

6. Acquisitions

2023 Acquisitions

Caldera Acquisition

On December 20, 2023, Altus Power, LLC, a wholly-owned subsidiary of the Company, acquired a 121 MW portfolio of 35 operating solar energy facilities located across six US states (the "Caldera Acquisition"). The portfolio was acquired from Project Hyperion Holdco LP (the 'Seller') for total consideration of \$121.7 million. The purchase price and associated transaction costs were funded by the proceeds from an amendment of the APAF III Term Loan (as defined in Note 8, "Debt") and cash on hand. The Caldera Acquisition was made pursuant to the purchase and sale agreement (the "PSA") dated October 27, 2023, and entered into by the Company to grow its portfolio of solar energy facilities. Pursuant to the PSA, the Company acquired 100% ownership interest in Project Hyperion, LLC, a holding entity that owns the acquired solar energy facilities.

The Company accounted for the Caldera Acquisition under the acquisition method of accounting for business combinations. Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on December 20, 2023, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed, including the noncontrolling interests, were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the estimates of future power generation, commodity prices, operating costs, and appropriate discount rates.

The assets acquired and liabilities assumed are recognized provisionally on the consolidated balance sheet at their estimated fair values as of the acquisition date. The initial accounting for the business combination is not complete as the Company is in the process of obtaining additional information for the valuation of acquired tangible and intangible assets as well as inputs utilized in the valuation of noncontrolling interests. The provisional amounts are subject to change to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Under U.S. GAAP, the measurement period shall not exceed one year from the acquisition date and the Company will finalize these amounts no later than December 20, 2024.

The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values on December 20, 2023:

Assets	
Accounts receivable	876
Property, plant and equipment	131,728
Intangible assets	350
Operating lease asset	15,557
Other assets	2,079
Total assets acquired	150,590
Liabilities	
Intangible liabilities	5,200
Asset retirement obligation	1,920
Operating lease liability	17,567
Other liabilities	1,275
Total liabilities assumed	25,962

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Non-controlling interests	2,900
Total fair value of consideration transferred, net of cash acquired	<u><u>\$ 121,728</u></u>

The fair value of consideration transferred, net of cash acquired, as of December 20, 2023, is determined as follows:

Cash consideration paid to seller on closing	\$ 80,942
Cash consideration paid to settle debt on behalf of seller	38,966
Purchase price payable ⁽¹⁾	4,189
Contingent consideration payable	<u>2,600</u>
Total fair value of consideration transferred	<u>126,697</u>
Cash and restricted cash acquired	4,969
Total fair value of consideration transferred, net of cash acquired	<u><u>\$ 121,728</u></u>

⁽¹⁾ The Company paid the entire purchase price payable amount after the acquisition date but prior to December 31, 2023.

The contingent consideration is related to the estimated earnout cash payment of a maximum of \$8 million dependent on actual power generation of the acquired solar generating facilities during the 12-month period following the acquisition date. Refer to the Contingent Consideration section of Note 9, "Fair Value Measurements" for further information.

The Company incurred approximately \$0.9 million of acquisition related costs related to the Caldera Acquisition, which are recorded as part of Acquisition and entity formation costs in the consolidated statement of operations for the year ended December 31, 2023. Acquisition related costs include legal, consulting, and other transaction-related costs.

The impact of the Caldera Acquisition on the Company's revenue in the consolidated statement of operations was an increase of \$0.2 million for the year ended December 31, 2023. The impact of the Caldera Acquisition on the Company's net income was not material for the year ended December 31, 2023.

Intangibles at Acquisition Date

The Company attributed the intangible asset and liability values to favorable and unfavorable rate revenue contracts to sell SRECs. The following table summarizes the estimated fair values and the weighted average amortization periods of the acquired intangible assets and assumed intangible liabilities as of the acquisition date:

	Fair Value (thousands)	Weighted Average Amortization Period
Favorable rate revenue contracts – SREC	350	4 years
Unfavorable rate revenue contracts – SREC	(5,200)	3 years

Unaudited Pro Forma Combined Results of Operations

The following unaudited pro forma combined results of operations give effect to the Caldera Acquisition as if it had occurred on January 1, 2022. The unaudited pro forma combined results of operations are provided for informational purposes only and do not purport to represent the Company's actual consolidated results of operations had the Caldera Acquisition occurred on the date assumed, nor are these financial statements necessarily indicative of the Company's future consolidated results of operations. The unaudited pro forma combined results of operations do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies.

	For the year ended December 31, 2023 (unaudited)	For the year ended December 31, 2022 (unaudited)
Operating revenues, net	\$ 172,829	\$ 118,871
Net (loss) income	(13,451)	64,530

Marshall Street Acquisition

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On July 13, 2023, the Company acquired a solar energy facility and a battery energy storage system located in Massachusetts with nameplate capacities of 10.3 MW and 5 MW, respectively, for a total purchase price of \$24.4 million ("Marshall Street Acquisition"). The Marshall Street Acquisition was made pursuant to the membership interest purchase agreement dated July 13, 2023, through which the Company acquired 100% ownership interest in SRD Marshall MM, LLC, and was entered into by the Company to grow its portfolio of solar energy facilities.

The Company accounted for the Marshall Street Acquisition under the acquisition method of accounting for business combinations. Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on July 13, 2023, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed, including the noncontrolling interests, were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the estimates of future power generation, commodity prices, operating costs, and appropriate discount rates.

The accounting for the Marshall Street Acquisition was finalized on December 31, 2023. Subsequent to the acquisition date, no measurement period adjustments were recognized.

The following table presents the final allocation of the purchase price to the assets acquired and liabilities assumed, based on their fair values on July 13, 2023:

Assets		
Accounts receivable		\$ 273
Property, plant and equipment		28,798
Operating lease asset		891
Total assets acquired		29,962
Liabilities		
Construction payable		1,885
Asset retirement obligation		256
Operating lease liability		391
Total liabilities assumed		2,532
Redeemable non-controlling interests		3,040
Total fair value of consideration transferred	\$ 24,390	

The fair value of consideration transferred as of July 13, 2023, is determined as follows:

Cash consideration paid to seller on closing	\$ 2,820
Cash consideration paid to settle debt on behalf of seller	21,570
Total fair value of consideration transferred	24,390

The Company incurred approximately \$0.1 million of acquisition related costs related to the Marshall Street Acquisition, which are recorded as part of Acquisition and entity formation costs in the consolidated statement of operations for the year ended December 31, 2023. Acquisition related costs include legal, consulting, and other transaction-related costs.

The impact of the Marshall Street Acquisition on the Company's revenue and net income in the consolidated statement of operations was an increase of \$0.8 million and \$0.1 million, respectively, for the year ended December 31, 2023.

It is impracticable for the Company to determine the impact the Marshall Street Acquisition would have had on the Company's revenue or net (loss) income as if it had occurred on January 1, 2022, because the project was placed in service in April 2023.

Asset Acquisitions

During the year ended December 31, 2023, the Company acquired solar energy facilities located in Rhode Island, California, Massachusetts, and New York with a total nameplate capacity of 13.2 MW from third parties for a total purchase price of \$24.5 million. As of December 31, 2023, \$0.4 million of total consideration remained payable to sellers and was included as purchase price payable on the consolidated balance sheet. The acquisitions were accounted for as acquisitions of assets, whereby the Company acquired \$27.4 million of property, plant and equipment and \$6.0 million of operating lease assets, and assumed \$7.9 million of operating lease liabilities, \$0.5 million of intangible liabilities, \$2.1 million of financing lease obligations, and \$0.3 million of asset retirement obligations. The intangible liabilities are associated with unfavorable rate power purchase agreements and have a weighted average amortization period of 5 years. During the year ended December 31, 2023, the Company also acquired land in California and Massachusetts from third parties for a total purchase price of \$2.8 million.

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Acquisitions of VIEs that do not constitute a business

During the year ended December 31, 2023, the Company acquired solar energy facilities located in Massachusetts, Maine, and New Jersey with a total nameplate capacity of 8.0 MW from third parties for a total purchase price of \$11.9 million. As of December 31, 2023, \$0.3 million of total consideration remained payable to sellers and was included as purchase price payable on the consolidated balance sheet. The acquisitions were accounted for as acquisitions of variable interest entities that do not constitute a business. The Company acquired \$14.8 million of property, plant and equipment and \$8.0 million of operating lease assets, and assumed \$2.9 million of operating lease liabilities, \$0.5 million of intangible liabilities, \$0.1 million of asset retirement obligations, and \$0.2 million of redeemable noncontrolling interests. The intangible liabilities are associated with an unfavorable SREC agreement and has a weighted average amortization period of 5 years.

True Green II Acquisition

On February 15, 2023, APA Finance III, LLC ("APAF III"), a wholly-owned subsidiary of the Company, acquired a 220 MW portfolio of 55 operating and 3 in-development solar energy facilities located across eight US states (the "True Green II Acquisition"). The portfolio was acquired from True Green Capital Fund III, L.P. ("True Green" or the "Seller") for total consideration of approximately \$308.5 million. The purchase price and associated transaction costs were funded by the proceeds from the APAF III Term Loan (as defined in Note 8, "Debt") and cash on hand. The True Green II Acquisition was made pursuant to the purchase and sale agreement (the "PSA") dated December 23, 2022, and entered into by the Company to grow its portfolio of solar energy facilities. Pursuant to the PSA, the Company acquired 100% ownership interest in APAF III Operating, LLC, a holding entity that owns the acquired solar energy facilities.

The Company accounted for the True Green II Acquisition under the acquisition method of accounting for business combinations. Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on February 15, 2023, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed, including the noncontrolling interests, were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the estimates of future power generation, commodity prices, operating costs, and appropriate discount rates.

The accounting for the True Green II Acquisition was finalized as of December 31, 2023. Subsequent to the acquisition date, the Company made certain measurement period adjustments to provisional accounting as a result of clarification of information utilized to determine fair value of assets acquired and liabilities assumed, and reconciling working capital adjustments with the seller. The following table presents the final allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values on February 15, 2023, and inclusive of measurement period adjustments:

	Provisional accounting as of February 15, 2023	Measurement period adjustments	Final accounting as of February 15, 2023
Assets			
Accounts receivable	\$ 4,358	\$ (357)	\$ 4,001
Property, plant and equipment	334,958	9,265	344,223
Intangible assets	850	—	850
Operating lease asset	32,053	198	32,251
Other assets	1,739	835	2,574
Total assets acquired	373,958	9,941	383,899
Liabilities			
Long-term debt ⁽¹⁾	8,100	(200)	7,900
Intangible liabilities	4,100	—	4,100
Asset retirement obligation	3,795	—	3,795
Operating lease liability	37,723	(1,932)	35,791
Contract liability ⁽²⁾	3,534	—	3,534
Other liabilities	—	1,932	1,932
Total liabilities assumed	57,252	(200)	57,052
Redeemable non-controlling interests	8,100	1,300	9,400
Non-controlling interests	13,296	204	13,500
Total fair value of consideration transferred, net of cash acquired	\$ 295,310	\$ 8,637	\$ 303,947

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The fair value of consideration transferred, net of cash acquired, as of February 15, 2023, is determined as follows:

	Provisional accounting as of February 15, 2023	Measurement period adjustments	Final accounting as of February 15, 2023
Cash consideration paid to True Green on closing	\$ 212,850	\$ —	\$ 212,850
Cash consideration paid to settle debt and interest rate swaps on behalf of True Green	76,046	—	76,046
Cash consideration in escrow accounts ⁽³⁾	3,898	—	3,898
Purchase price payable ⁽⁴⁾	7,069	663	7,732
Contingent consideration payable ⁽⁵⁾	—	7,974	7,974
Total fair value of consideration transferred	299,863	8,637	308,500
Restricted cash acquired	4,553	—	4,553
Total fair value of consideration transferred, net of cash acquired	<u>\$ 295,310</u>	<u>\$ 8,637</u>	<u>\$ 303,947</u>

⁽¹⁾ Acquired long-term debt relates to financing obligations recognized in failed sale leaseback transactions. Refer to Note 8, "Debt" for further information.

⁽²⁾ Acquired contract liabilities relate to long-term agreements to sell renewable energy credits that were fully prepaid by the customer prior to the acquisition date. The Company will recognize revenue associated with the contract liabilities as renewable energy credits are delivered to the customer through 2036.

⁽³⁾ Represents the portion of the consideration transferred that is held in escrow accounts as security for general indemnification claims.

⁽⁴⁾ Purchase price payable represents the portion of the total holdback amount that was earned by True Green as of February 15, 2023, based on the completion of construction milestones related to assets in development.

⁽⁵⁾ Contingent consideration represents amounts that may be payable upon the Seller's completion of in-development solar energy facilities and the Company obtaining tax equity financing. Refer to the Contingent Consideration section of Note 9, "Fair Value Measurements" for further information.

The Company incurred approximately \$2.8 million of acquisition related costs related to the True Green II Acquisition, which are recorded as part of Acquisition and entity formation costs in the consolidated statement of operations for the year ended December 31, 2023. Acquisition related costs include legal, consulting, and other transaction-related costs, as well as \$0.8 million of costs to acquire SRECs available for sale that were sold by the Company to its customers during the year ended December 31, 2023, which was recorded in Other current assets in the purchase price allocation.

The impact of the True Green II Acquisition on the Company's revenue and net income in the consolidated statement of operations was an increase of \$9.3 million and \$14.0 million, respectively, for the year ended December 31, 2023.

Intangibles at Acquisition Date

The Company attributed the intangible asset and liability values to favorable and unfavorable rate revenue contracts to sell power and SRECs. The following table summarizes the estimated fair values and the weighted average amortization periods of the acquired intangible assets and assumed intangible liabilities as of the acquisition date:

	Fair Value (thousands)	Weighted Average Amortization Period
Favorable rate revenue contracts – PPA	\$ 800	19 years
Favorable rate revenue contracts – SREC	50	16 years
Unfavorable rate revenue contracts – PPA	(800)	17 years
Unfavorable rate revenue contracts – SREC	(3,300)	3 years

Unaudited Pro Forma Combined Results of Operations

The following unaudited pro forma combined results of operations give effect to the True Green II Acquisition as if it had occurred on January 1, 2022. The unaudited pro forma combined results of operations are provided for informational purposes

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only and do not purport to represent the Company's actual consolidated results of operations had the True Green II Acquisition occurred on the date assumed, nor are these financial statements necessarily indicative of the Company's future consolidated results of operations. The unaudited pro forma combined results of operations do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies.

	For the year ended December 31, 2023 (unaudited)	For the year ended December 31, 2022 (unaudited)
Operating revenues, net	\$ 158,632	\$ 133,962
Net (loss) income	(24,277)	65,021

2022 Acquisitions

Acquisition of DESRI II & DESRI V

On November 11, 2022, APA Finance II, LLC, a wholly-owned subsidiary of the Company, acquired a 88 MW portfolio of nineteen solar energy facilities operating across eight US states. The portfolio was acquired from D.E. Shaw Renewables Investments L.L.C. ("DESRI") for total consideration of \$100.8 million ("DESRI Acquisition"). The DESRI Acquisition was made pursuant to membership interest purchase agreements (the "MIPAs") dated September 26, 2022, and entered into by the Company to grow its portfolio of solar energy facilities. Pursuant to the MIPAs, the Company acquired 100% ownership interest in holding entities that own the acquired solar energy facilities. The Company accounted for the DESRI Acquisition under the acquisition method of accounting for business combinations. Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on November 11, 2022, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed, including the noncontrolling interests, were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the estimates of future power generation, commodity prices, operating costs, and appropriate discount rates.

The accounting for the DESRI Acquisition was finalized as of November 11, 2023. Subsequent to the acquisition date, the Company made certain measurement period adjustments to provisional accounting recognized. These adjustments consist of a decrease in Operating lease asset of \$0.7 million, an increase in Intangible assets of \$0.8 million, and an increase in Intangible liabilities of \$0.1 million.

The following table presents the final allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values on November 11, 2022, and inclusive of the measurement period adjustments discussed above (in thousands):

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	Provisional accounting as of November 11, 2022	Measurement period adjustments	Final accounting as of November 11, 2022
Assets			
Accounts receivable	\$ 2,001	\$ —	\$ 2,001
Derivative assets	2,462	—	2,462
Other assets	432	—	432
Property, plant and equipment	179,500	—	179,500
Operating lease asset	17,831	(740)	17,091
Intangible assets	29,479	760	30,239
Total assets acquired	231,705	20	231,725
Liabilities			
Accounts payable	275	—	275
Accrued liabilities	746	—	746
Long-term debt	105,346	—	105,346
Intangible liabilities	771	20	791
Operating lease liability	20,961	—	20,961
Contract liability ⁽¹⁾	7,200	—	7,200
Asset retirement obligation	1,508	—	1,508
Total liabilities assumed	136,807	20	136,827
Non-controlling interests	\$ 184	\$ —	\$ 184
Total fair value of consideration transferred, net of cash acquired	\$ 94,714	\$ —	\$ 94,714

The fair value of consideration transferred, net of cash acquired, as of November 11, 2022, is determined as follows:

	Provisional accounting as of November 11, 2022	Measurement period adjustments	Final accounting as of November 11, 2022
Cash consideration to the seller on closing	\$ 82,235	\$ —	\$ 82,235
Fair value of purchase price payable ⁽²⁾	19,017	—	19,017
Post-closing purchase price true-up	(469)	—	(469)
Total fair value of consideration transferred	100,783	—	100,783
Cash acquired	1,220	—	1,220
Restricted cash acquired	4,849	—	4,849
Total fair value of consideration transferred, net of cash acquired	\$ 94,714	\$ —	\$ 94,714

⁽¹⁾ Acquired contract liabilities related to long-term agreements to sell renewable energy credits that were fully prepaid by the customer prior to the acquisition date. The Company will recognize revenue associated with the contract liabilities as renewable energy credits are delivered to the customer through December 31, 2028.

⁽²⁾ Purchase price outstanding as of December 31, 2022, is payable in three installments into, twelve and eighteen months following the acquisition date, subject to the accuracy of general representations and warranty provisions included in MIPAs. During the year ended December 31, 2023, the Company paid DESRI \$12.5 million of the outstanding purchase price payable net of \$0.5 million working capital adjustment.

Intangibles at Acquisition Date

The Company attributed the intangible asset and liability values to favorable and unfavorable rate revenue contracts to sell power. The following table summarizes the estimated fair values and the weighted average amortization periods of the acquired intangible assets and assumed intangible liabilities as of the acquisition date:

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	Fair Value (thousands)	Weighted Average Amortization Period
Favorable rate revenue contracts – PPA	\$ 30,239	8 years
Unfavorable rate revenue contracts – PPA	(791)	12 years

Stellar NJ Acquisition

On April 1, 2022, the Company acquired a 1.0 MW solar energy facility located in New Jersey (the 'Stellar NJ Acquisition') from a third party for a total purchase price of \$1.3 million. The transaction was accounted for as an acquisition of assets, whereby the Company acquired \$1.3 million of property, plant and equipment and assumed \$0.4 million of intangible liabilities and \$0.6 million of construction payable. The intangible liability assumed is associated with an unfavorable rate power purchase agreement and has a weighted average amortization period of 15 years.

Stellar HI 2 Acquisition

On June 10, 2022, the Company acquired a 4.6 MW portfolio of six solar energy facilities located in Hawaii (the "Stellar HI 2 Acquisition") from a third party for a total purchase price of \$9.9 million, including \$0.2 million of transaction related costs. This transaction was accounted for as an acquisition of assets, whereby the Company acquired \$7.3 million of property, plant and equipment, \$2.9 million of intangible assets, and \$0.2 million of operating lease assets, and assumed \$0.5 million of intangible liabilities and \$0.1 million of asset retirement obligations.

The Company attributed intangible asset and liability values to favorable and unfavorable rate revenue contracts to sell power generated by the acquired solar energy facilities. The following table summarizes the estimated fair values and the weighted average amortization periods of the acquired intangible assets and assumed intangible liabilities as of the acquisition date:

	Fair Value (thousands)	Weighted Average Amortization Period
Favorable rate revenue contracts	\$ 2,903	10 years
Unfavorable rate revenue contracts	(464)	15 years

Stellar NJ 2 Acquisition

On August 29, 2022, the Company acquired an 8.3 MW portfolio of five solar energy facilities located in New Jersey (the 'Stellar NJ 2 Acquisition') from a third party for a total purchase price of \$3.4 million, including \$1.2 million to be paid over the next two years and \$0.2 million of transaction related costs. Four of the acquired solar energy facilities in the transaction were accounted for as an acquisition of assets, and one solar energy facility was accounted for as an acquisition of a variable interest entity that does not constitute a business, refer to Note 7, "Variable Interest Entities." The Company acquired \$17.7 million of property, plant and equipment, \$0.1 million of accounts receivable, and \$0.4 million of cash, and assumed \$11.9 million of long-term debt, \$0.6 million of intangible liabilities, \$0.2 million of asset retirement obligations, and \$2.1 million of noncontrolling interests associated with the acquired variable interest entity. The intangible liabilities assumed are associated with unfavorable rate power purchase agreements and have a weighted average amortization period of 11 years.

7. Variable Interest Entities

The Company consolidates all VIEs in which it holds a variable interest and is deemed to be the primary beneficiary of the variable interest entity. Generally, a VIE is an entity with at least one of the following conditions: (a) the total equity investment at risk is insufficient to allow the entity to finance its activities without additional subordinated financial support, or (b) the holders of the equity investment at risk, as a group, lack the characteristics of having a controlling financial interest. The primary beneficiary of a VIE is required to consolidate the VIE and to disclose certain information about its significant variable interests in the VIE. The primary beneficiary of a VIE is the entity that has both 1) the power to direct the activities that most significantly impact the entity's economic performance and 2) the obligations to absorb losses or receive benefits that could potentially be significant to the VIE.

The Company participates in certain partnership arrangements that qualify as VIEs. Consolidated VIEs consist primarily of tax equity financing arrangements and partnerships in which an investor holds a noncontrolling interest and does not have substantive kick-out or participating rights. The Company, through its subsidiaries, is the primary beneficiary of such VIEs because as the manager, it has the power to direct the day-to-day operating activities of the entity. In addition, the Company is exposed to economics that could potentially be significant to the entity given its ownership interest and, therefore, has consolidated the VIEs as of December 31, 2023 and 2022. No VIEs were deconsolidated during the years ended December 31, 2023 and 2022.

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The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Company. In certain instances where the Company establishes a new tax equity structure, the Company is required to provide liquidity in accordance with the contractual agreements. The Company has no requirement to provide liquidity to purchase assets or guarantee performance of the VIEs unless further noted in the following paragraphs. The Company made certain contributions during the years ended December 31, 2023 and 2022 as determined in the respective operating agreement.

The carrying amounts and classification of the consolidated VIE assets and liabilities included in consolidated balance sheets are as follows:

	As of December 31,	
	2023	2022
Current assets	\$ 22,298	\$ 16,434
Non-current assets	936,358	445,583
Total assets	\$ 958,656	\$ 462,017
Current liabilities	\$ 8,576	\$ 5,731
Non-current liabilities	141,360	73,438
Total liabilities	\$ 149,936	\$ 79,169

The amounts shown in the table above exclude intercompany balances which are eliminated upon consolidation. All of the assets in the table above are restricted for settlement of the VIE obligations, and all of the liabilities in the table above can only be settled using VIE resources.

The Company has not identified any VIEs during the years ended December 31, 2023 and 2022 for which the Company determined that it is not the primary beneficiary and thus did not consolidate.

The Company considered qualitative and quantitative factors in determining which VIEs are deemed significant. During the years ended December 31, 2023 and December 31, 2022, the Company consolidated thirty-five and twenty-six VIEs, respectively. No VIEs were deemed significant as of December 31, 2023 and December 31, 2022.

On January 11, 2023, the Company completed an acquisition through obtaining a controlling financial interest in a VIE which owns and operates a single 2.7 MW solar generating facility. The Company acquired a controlling financial interest by entering into an asset management agreement which provides the Company with the power to direct the operating activities of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. Concurrent with the asset management agreement, the Company entered into a Membership Interest Purchase Agreement ("MIPA") to acquire all of the outstanding equity interests in the VIE on May 30, 2023. The entire purchase price of \$3.8 million was paid on January 11, 2023. As a result of this acquisition, the Company recognized property, plant and equipment of \$3.9 million, \$0.7 million of operating lease asset, \$0.7 million of operating lease liability, and asset retirement obligations of \$0.1 million in the consolidated balance sheet. Pursuant to the MIPA, the Company acquired all of the outstanding equity interests in the entity on May 30, 2023.

On August 3, 2023, the Company completed an acquisition through obtaining a controlling financial interest in two VIEs which own and operate two solar generating facilities totaling 1.4MW of installed capacity. The Company acquired a controlling financial interest by entering into asset management agreements which provide the Company with the power to direct the operating activities of the VIEs and the obligation to absorb losses or receive benefits that could potentially be significant to the VIEs. Concurrent with the asset management agreements, the Company entered into a fixed-price option to acquire 100% of equity interest in these VIEs in 2026, whereby \$2.0 million was paid on August 3, 2023 and \$0.2 million will be paid when the options are exercised. As a result of this acquisition, the Company recognized property, plant, and equipment of \$2.1 million, \$0.5 million of operating lease asset, \$0.1 million of asset retirement obligations, \$0.4 million of operating lease liability, and \$0.2 million of noncontrolling interests in the consolidated balance sheet.

On August 29, 2022, the Company completed the Stellar NJ 2 Acquisition, including the acquisition of a controlling financial interest in a VIE which owns and operates a single 1.1 MW solar generating facility. The Company acquired a controlling financial interest by entering into an asset management agreement which provides the Company with the power to direct the operating activities of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. The asset management agreement also includes a call and put option to acquire the equity interest in June 2023 and January 2024, respectively. As a result of this acquisition, the Company recognized property, plant and equipment of \$2.6 million, intangible liability \$0.2 million, and noncontrolling interest of \$2.1 million in the consolidated balance sheet. On June 14, 2023, the Company paid \$2.1 million to acquire all of the outstanding equity interests in the entity.

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8. Debt

	As of December 31,		Interest Type	Weighted average interest rate
	2023	2022		
Long-term debt				
APAF Term Loan	\$ 474,609	\$ 487,179	Fixed	3.51 %
APAF II Term Loan	112,810	125,668	Floating*	SOFR + 1.475%
APAF III Term Loan	426,619	—	Fixed	6.03 %
APAGH Term Loan	100,000	—	Fixed	8.50 %
APAG Revolver	65,000	—	Floating	SOFR + 1.60%
Other term loans	11,000	28,483	Fixed	3.04 %
Financing obligations recognized in failed sale leaseback transactions	42,767	36,724	Imputed	3.97 %
Total principal due for long-term debt	1,232,805	678,054		
Unamortized discounts and premiums	(13,722)	(2,088)		
Unamortized deferred financing costs	(16,165)	(11,404)		
Less: Current portion of long-term debt	39,611	29,959		
Long-term debt, less current portion	\$ 1,163,307	\$ 634,603		

* Interest rate is effectively fixed by interest rate swap, see discussion below.

APAF Term Loan

On August 25, 2021, APA Finance, LLC ("APAF"), a wholly owned subsidiary of the Company, entered into a \$503.0 million term loan facility with Blackstone Insurance Solutions ("B/S") through a consortium of lenders, which consists of investment grade-rated Class A and Class B notes (the *APAF Term Loan*). The APAF Term Loan has a weighted average 3.51% annual fixed interest rate and matures on February 29, 2056 (*Final Maturity Date*).

The APAF Term Loan amortizes at an initial rate of 2.5% of initial outstanding principal per annum for a period of 8 years at which point the amortization steps up to 4% per annum until September 30, 2031 (*Anticipated Repayment Date*). After the Anticipated Repayment Date, the loan becomes fully-amortizing, and all available cash is used to pay down principal until the Final Maturity Date. The APAF Term Loan is secured by membership interests in the Company's subsidiaries.

As of December 31, 2023, the outstanding principal balance of the APAF Term Loan was \$174.6 million less unamortized debt discount and loan issuance costs totaling \$6.7 million. As of December 31, 2022, the outstanding principal balance of the APAF Term Loan was \$187.2 million less unamortized debt discount and loan issuance costs totaling \$7.6 million.

As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APAF II Term Loan

On December 23, 2022, APA Finance II, LLC ("APAF II"), a wholly owned subsidiary of the Company, entered into a \$125.7 million term loan facility (the *APAF II Term Loan*) with KeyBank National Association ("KeyBank") and The Huntington Bank ("Huntington") as lenders. The proceeds of the APAF II Term Loan were used to repay the outstanding amounts under certain project-level loans. The APAF II Term Loan matures on December 23, 2027, and has a variable interest rate based on SOFR plus a spread of 1.475%. Simultaneously with entering into the Term Loan, the Company entered into interest rate swaps for 100% of the amount of debt outstanding, which effectively fixed the interest rate at 4.885% (see Note 9, "Fair Value Measurements," for further details). The APAF II Term Loan is secured by membership interests in the Company's subsidiaries.

As of December 31, 2023, the outstanding principal balance of the APAF II Term Loan was \$12.8 million, less unamortized debt issuance costs of \$2.2 million. As of December 31, 2022, the outstanding principal balance of the APAF II Term Loan was \$125.7 million, less unamortized debt issuance costs of \$2.7 million. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APAF III Term Loan

On February 15, 2023, the Company, through its subsidiaries, APA Finance III Borrower, LLC (the *'Borrower'*) and APA Finance III Borrower Holdings, LLC ("Holdings"), entered into a new long-term funding facility under the terms of a credit agreement among the Borrower, Holdings, Blackstone Asset Based Finance Advisors LP, which is an affiliate of the Company, U.S. Bank Trust Company, N.A., as administrative agent, U.S. Bank N.A., as document custodian, and the lenders party thereto (the *APAF III Term Loan*).

This funding facility provides for a term loan of \$204.0 million at a fixed rate of 5.62%. The APAF III term Loan amortizes at a rate of 2.5% of outstanding principal per annum until the anticipated repayment date of June 30, 2033. The maturity date of the

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term loan is October 31, 2047. Upon lender approval, the Borrower has the right to increase the funding facility to make additional draws for certain solar generating facilities, as set forth in the Credit Agreement. On February 15, 2023, the Company borrowed \$193.0 million from this facility to fund the True Green II Acquisition and the associated costs and expenses. The principal balance borrowed under the APAF III Term Loan was offset by \$4.0 million of debt issuance costs and \$6.3 million of issuance discount, which have been deferred and will be recognized as interest expense through June 30, 2033. The APAF III Term Loan is secured by membership interests in the Company's subsidiaries.

On June 15, 2023, and July 21, 2023, the Company amended the APAF III Term Loan to add \$7.0 million and \$28.0 million of additional borrowings, respectively, the proceeds of which were used to repay outstanding term loans under the Construction to Term Loan Facility (as defined below), and to provide long-term financing for new solar projects. The principal balance borrowed under the amendments was offset by \$0.3 million and \$0.2 million of issuance costs, respectively, and \$1.5 million and \$1.1 million of issuance discount, respectively, which have been deferred and will be recognized as interest expense through June 30, 2033. Additionally, in conjunction with the amendments of the facility, the Company expensed \$1.0 million of financing costs, which are included in Other expense, net in the consolidated statement of operations for the year ended December 31, 2023.

On December 20, 2023, the Company amended the APAF III Term Loan to add \$63.0 million of additional borrowings, the proceeds of which were used to fund the Caldera Acquisition. The amendment increased the weighted average fixed interest rate for all borrowings under the APAF III Term Loan to 6.03%, and increased the rate of amortization for the new borrowings under the amendment to 3.25% per annum until June 30, 2033. The principal balance borrowed under the amendment was offset by \$1.3 million of issuance costs and \$0.8 million of issuance discount, which have been deferred and will be recognized as interest expense through June 30, 2033. Additionally, in conjunction with the amendments of the facility, the Company expensed \$0.8 million of financing costs, which are included in Other expense, net in the consolidated statements of operations for the year ended December 31, 2023, and recognized a loss on extinguishment of debt of \$0.2 million in the consolidated statements of operations for the year ended December 31, 2023.

As of December 31, 2023, the outstanding principal balance of the APAF III Term Loan was \$126.6 million, less unamortized debt issuance costs and discount of \$14.3 million. As of December 31, 2023, the Company was in compliance with all covenants.

APAGH Term Loan

On December 27, 2023, APA Generation Holdings, LLC ("APAGH" or the "Borrower"), a wholly owned subsidiary of the Company, entered into a credit agreement (the "APAGH Term Loan") with an affiliate of Goldman Sachs Asset Management and CPPIB Credit Investments III Inc., a subsidiary of Canada Pension Plan Investment Board, as "Lenders." The total commitment under the credit agreement is \$100.0 million. The Company can also allow for the funding of additional incremental loans in an amount not to exceed \$100.0 million over the term of the credit agreement at the discretion of the Lenders. Subject to certain exceptions, the Borrower's obligations to the Lenders are secured by the assets of the Borrower, its parent, Altus Power, LLC ("Holdings") and the Company and are further guaranteed by Holdings and the Company.

Interest accrues on any outstanding balance at an initial fixed rate equal to 8.50%, subject to adjustments. The maturity date of the term loan is December 27, 2029.

On December 27, 2023, the Company borrowed \$100.0 million under the APAGH Term Loan to fund future growth needs, which was partially offset by \$0.0 million of issuance discount. The Company incurred \$1.0 million of debt issuance costs related to the APAGH Term Loan, which have been deferred and will be recognized as interest expense through December 27, 2029.

As of December 31, 2023, the outstanding principal balance of the APAGH Term Loan was \$0.0 million, less unamortized debt issuance costs and discount of \$4.0 million. As of December 31, 2023, the Company was in compliance with all covenants.

APAG Revolver

On December 19, 2022, APA Generation, LLC ("APAG"), a wholly owned subsidiary of the Company, entered into revolving credit facility with Citibank, N.A. with a total committed capacity, including letters of credit, of \$200.0 million (the "APAG Revolver"). Outstanding amounts under the APAG Revolver have a variable interest rate based on a base rate and an applicable margin. The APAG Revolver is secured by membership interests in the Company's subsidiaries. The APAG Revolver matures on December 19, 2027. As of December 31, 2023 and 2022, amounts outstanding under the APAG Revolver were \$65.0 million and zero, respectively. As of December 31, 2023 and 2022, unamortized loan issuance costs were \$2.7 million and \$3.4 million, respectively, which are recorded in Other current assets on the consolidated balance sheets. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

Other Term Loans - Construction to Term Loan Facility

On January 10, 2020, APA Construction Finance, LLC ("APACF") a wholly-owned subsidiary of the Company, entered into a credit agreement with Fifth Third Bank, National Association and Deutsche Bank AG New York Branch to fund the development and construction of future solar facilities ("Construction Loan to Term Loan Facility"). The Construction Loan to Term Loan Facility included a construction loan commitment of \$187.5 million, which expired on January 10, 2023.

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The construction loan commitment can convert to a term loan upon commercial operation of a particular solar energy facility. In addition, the Construction Loan to Term Loan Facility accrued a commitment fee at a rate equal to .50% per year of the daily unused amount of the commitment. On June 15, 2023, the Company repaid all outstanding term loans of \$15.8 million and terminated the facility. In conjunction with the repayment, the Company incurred a loss on extinguishment of debt of \$0.1 million.

As of December 31, 2022, the outstanding principal balances of the construction loan and term loan were zero and \$15.9 million, respectively, and the Company had an unused borrowing capacity of \$171.6 million. Outstanding amounts under the Construction to Term Loan Facility were secured by a first priority security interest in all of the property owned by APACF and each of its project companies. The Construction Loan to Term Loan Facility included various financial and other covenants for APACF and the Company, as guarantor. As of December 31, 2022, the Company was in compliance with all covenants under the Construction to Term Loan Facility.

Other Term Loans - Project-Level Term Loan

In conjunction with an acquisition of assets on August 29, 2022, the Company assumed a project-level term loan with an outstanding principal balance of \$4.1 million and a fair value discount of \$2.2 million. The term loan is subject to scheduled semi-annual amortization and interest payments, and matures on September 1, 2029.

As of December 31, 2023, the outstanding principal balance of the term loan was \$1.0 million, less unamortized debt discount of \$1.8 million. As of December 31, 2022, the outstanding principal balance of the term loan was \$12.6 million, less unamortized debt discount of \$2.1 million.

The term loan is secured by an interest in the underlying solar project assets and the revenues generated by those assets. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

APACF II Facility

On November 10, 2023, APACF II, LLC ("APACF II" or the "Borrower") a wholly-owned subsidiary of the Company, entered into a credit agreement among the Borrower, APACF II Holdings, LLC, Pass Equipment Co., LLC, each of the project companies from time to time party thereto, each of the tax equity holdcos from time to time party thereto, U.S. Bank Trust Company, National Association, U.S. Bank National Association, each lender from time to time party thereto (collectively, the "Lenders") and Blackstone Asset Based Finance Advisors LP, as Blackstone representative ("APACF II Facility").

The aggregate amount of the commitments under the credit agreement is \$200.0 million. The APACF II Facility matures on November 10, 2027, and bears interest at an annual rate of SOFR plus 3.25%. Borrowings under the credit agreement may be used by the Borrower to fund construction costs including equipment, labor, interconnection, as well as other development costs. The Company incurred \$0.3 million of debt issuance costs related to the APACF II Facility, which have been deferred and will be recognized as interest expense through November 10, 2027.

As of December 31, 2023, no amounts were outstanding under the APACF II Facility.

Letter of Credit Facilities and Surety Bond Arrangements

The Company enters into letters of credit and surety bond arrangements with lenders, local municipalities, government agencies, and land lessors. These arrangements relate to certain performance-related obligations and serve as security under the applicable agreements. As of December 31, 2023, the Company had \$54.7 million of letters of credit outstanding and \$54.4 million of unused capacity. As of December 31, 2022, the Company had \$3.4 million of letters of credit outstanding and \$102.4 million of unused capacity. Additionally, as of December 31, 2023 and 2022, the Company had outstanding surety bonds of \$4 million and \$2.0 million, respectively.

To the extent liabilities are incurred as a result of the activities covered by the letters of credit or surety bonds, such liabilities are included on the accompanying consolidated balance sheets. From time to time, the Company is required to post financial assurances to satisfy contractual and other requirements generated in the normal course of business. Some of these assurances are posted to comply with federal, state or other government agencies' statutes and regulations. The Company sometimes uses letters of credit to satisfy these requirements and these letters of credit reduce the Company's borrowing facility capacity.

Principal Maturities of Long-Term Debt

As of December 31, 2023, the principal maturities of the Company's long-term debt, excluding financing obligations recognized in failed sale leaseback transactions discussed below, were as follows:

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2024	\$ 36,484
2025	36,588
2026	37,176
2027	172,859
2028	26,523
Thereafter	880,408
Total principal payments	\$ 1,190,038

Financing Obligations Recognized in Failed Sale Leaseback Transactions

From time to time, the Company sells equipment to third parties and enters into master lease agreements to lease the equipment back for an agreed-upon term. The Company has assessed these arrangements and determined that the transfer of assets should not be accounted for as a sale in accordance with ASC 842. Therefore, the Company accounts for these transactions using the financing method by recognizing the consideration received as a financing obligation, with the assets subject to the transaction remaining on the balance sheet of the Company and depreciated based on the Company's normal depreciation policy. The aggregate proceeds have been recorded as long-term debt within the consolidated balance sheets.

As of December 31, 2023 and 2022, the Company's recorded financing obligations were \$11.8 million, net of \$0.9 million of deferred transaction costs, and \$35.6 million, net of \$1.1 million of deferred transaction costs, respectively. Payments of \$5.5 million and \$2.2 million were made under the financing obligation for the years ended December 31, 2023 and 2022, respectively. Interest expense, inclusive of the amortization of deferred transaction costs for the years ended December 31, 2023 and 2022, was \$1.7 million and \$1.5 million, respectively.

During the year ended December 31, 2023, the Company paid \$2.6 million to extinguish financing obligations of \$2.7 million, resulting in a gain on extinguishment of debt of \$0.1 million.

The table below shows the payments required under the failed sale-leaseback financing obligations for the years ended:

2024	\$ 3,128
2025	3,023
2026	2,995
2027	2,986
2028	2,967
Thereafter	14,143
Total	\$ 29,242

The difference between the outstanding financing obligation of \$42.8 million and \$29.2 million of contractual payments due, including the residual value guarantee, is due to \$13.2 million of investment tax credits claimed by the respective counterparties, less \$2.6 million of the implied interest on financing obligation included in the contractual payments. The remaining difference is due to \$3.4 million of interest accrued and a \$0.4 million difference between the required contractual payments and the fair value of financing obligations acquired.

9. Fair Value Measurements

The Company holds various financial instruments that are not required to be recorded at fair value. For cash, restricted cash, accounts receivable, accounts payable, and short-term debt, the carrying amounts approximate fair value due to the short maturity of these instruments. The Company's money market funds are classified as Level 1 because they are valued using quoted market prices.

The following table provides the financial instruments measured at fair value on a recurring basis:

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	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets:				
Interest rate swaps	—	530	—	530
Total assets at fair value	<u>—</u>	<u>530</u>	<u>—</u>	<u>530</u>
Liabilities				
Alignment Shares liability	—	—	60,502	60,502
Other current liabilities:				
True Green II Acquisition - contingent liability	—	—	4,658	4,658
Caldera Acquisition - contingent liability	—	—	2,600	2,600
Total liabilities at fair value	<u>—</u>	<u>—</u>	<u>67,760</u>	<u>67,760</u>

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	\$ 101,842	\$ —	\$ —	\$ 101,842
Derivative assets:				
Interest rate swaps	—	3,953	—	3,953
Total assets at fair value	<u>101,842</u>	<u>3,953</u>	<u>—</u>	<u>105,795</u>
Liabilities				
Alignment Shares liability	—	—	66,145	66,145
Other current liabilities:				
Solar Acquisition - contingent liability	—	—	2,875	2,875
Total liabilities at fair value	<u>—</u>	<u>—</u>	<u>69,020</u>	<u>69,020</u>

Long-term debt

The estimated fair value of long-term debt, including current portion, as of December 31, 2023 and 2022, was \$1,101.0 million and \$588.8 million, respectively, using a discounted cash flow analysis of both outstanding principal and future interest payments until such time the Company has the ability to repay the loan. The long-term debt is considered a Level 2 financial liability under the fair value hierarchy.

Alignment Shares Liability

As of December 31, 2023, the Company has 996,188 Alignment Shares outstanding, all of which are held by the Sponsor, certain former officers of CBAH (such officers, together with the Sponsor, the "Sponsor Parties") and former CBAH directors. The Alignment Shares will automatically convert into shares of Class A common stock based upon the Total Return (as defined in Exhibit 4.2 to this Form 10-K) on the Class A common stock as of the relevant measurement date over each of the seven fiscal years following the Merger.

Upon the consummation of the Merger, Alignment Shares have no continuing service requirement and do not create an unconditional obligation requiring the Company to redeem the instruments by transferring assets. In addition, the shares convert to a variable number of Class A common stock depending on the trading price of the Class A common stock and dividends paid/payable to the holders of Class A common stock. Therefore, the shares do not represent an obligation or a conditional obligation to issue a variable number of shares with a monetary value based on any of the criteria in ASC 480, Distinguishing Liabilities From Equity. The Company determined that the Alignment Shares meet the definition of a derivative because they contain (i) an underlying (Class A common stock price), (ii) a notional amount (a fixed number of Class B common stock), (iii) no or minimal initial net investment (the Sponsor paid a de minimis amount which is less than the estimated fair value of the shares), and (iv) net settleable through a conversion of the Alignment Shares into Class A shares. As such, the Company concluded that the

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Alignment Shares meet the definition of a derivative, which will be presented at fair value each reporting period, with changes in fair value recorded through earnings.

The Company estimates the fair value of outstanding Alignment Shares using a Monte Carlo simulation model utilizing a distribution of potential outcomes based on a set of underlying assumptions such as stock price, volatility, and risk-free interest rate. As volatility of 67% and risk-free interest rate of 3.9% are not observable inputs, the overall fair value measurement of Alignment Shares is classified as Level 3. Unobservable inputs can be volatile and a change in those inputs might result in a significantly higher or lower fair value measurement of Alignment Shares.

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Shares	\$	Shares	\$
Beginning balance	1,207,500	\$ 66,145	1,408,750	\$ 127,474
Alignment Shares converted	(201,250)	(11)	(201,250)	(15)
Alignment Shares forfeited	(10,062)	(432)	—	—
Fair value remeasurement	—	(5,200)	—	(61,314)
Ending balance	<u>996,188</u>	<u>\$ 60,502</u>	<u>1,207,500</u>	<u>\$ 66,145</u>

Interest Rate Swaps

The Company's derivative instruments consist of interest rate swaps that are not designated as cash flow hedges or fair value hedges under accounting guidance. The Company uses interest rate swaps to manage its net exposure to interest rate changes. These instruments are custom, over-the-counter contracts with various bank counterparties that are not traded on an active market but valued using readily observable market inputs and the overall fair value measurement is classified as Level 2. As of December 31, 2023 and 2022, the notional amounts were \$112.8 million and \$141.6 million, respectively. The change in fair value of interest rate swaps resulted in a loss of \$1.2 million for the year ended December 31, 2023, and gain of \$0.0 million for the year ended December 31, 2022. The change in fair value of interest rate swaps was recorded as interest expense in the consolidated statements of operations.

Forward Starting Interest Rate Swap

The Company entered into a forward starting interest rate swap on January 31, 2023, with an effective date of January 31, 2025 and a termination date of January 31, 2035. This transaction had a notional amount of \$250.0 million and was designated as a cash flow hedge of the Company's forecasted fixed-rate or floating-rate debt issuances.

Later in 2023, the Company terminated the forward starting interest rate swap for the total cash proceeds of \$6.7 million, which is reported in the Cash flows from operating activities section of the consolidated statements of cash flows. The total gain of \$17.3 million, was recorded as a component of Other comprehensive income in the consolidated statements of comprehensive income for the year ended December 31, 2023. The Company allocated \$238.0 million of the notional amount to the incremental debt issuances under the APAF III Term Loan and the remaining \$12.0 million to a future debt issuance that is probable of occurrence prior to January 31, 2025.

Other comprehensive income of \$16.1 million associated with the incremental debt issuances under the APAF III Term Loan is recognized as an adjustment to *Interest expense, net* over the term of the debt. For the year ended December 31, 2023, the adjustment to *Interest expense, net* was not material. The Company also incurred \$0.6 million of transaction fees associated with the swap termination and recorded them as a component of *Interest expense, net* in the consolidated statements of operations for the year ended December 31, 2023. Approximately \$1.6 million of the gain in other comprehensive income will be reclassified into earnings during the next 12 months.

The cash flow hedge was determined to be fully effective during the year ended December 31, 2023. As such, no amount of ineffectiveness has been included in net income. The amount included in other comprehensive income would be reclassified to current earnings should all or a portion of the hedge no longer be considered effective. The Company expects the hedge to remain fully effective during the remaining term of the swap.

Contingent Consideration

Caldera Acquisition

In connection with the Caldera Acquisition on December 20, 2023, contingent consideration of \$0.0 million may be payable upon achieving certain power volumes generated by the acquired solar energy facilities. The Company estimated the fair value of contingent consideration for future earnout payments using a Monte Carlo simulation model. Significant assumptions used in the measurement include the estimated volumes of power generation of acquired solar energy facilities during the 12-month period

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since the acquisition date and the risk-adjusted discount rate associated with the business. As the inputs are not observable, the overall fair value measurement of the contingent consideration is classified as Level 3. As of December 31, 2023, the fair value of the contingent consideration was \$2.6 million and was included in Other current liabilities in the consolidated balance sheets. No gain or loss on remeasurement of contingent liability was reported for the year ended December 31, 2023.

True Green II Acquisition

In connection with the True Green II acquisition on February 15, 2023, contingent consideration of \$10.0 million may be payable upon the seller's completion of in-development solar energy facilities and the Company obtaining tax equity financing. The Company estimated the fair value of the contingent consideration by using the expected cash flow approach. These cash flows were then discounted to present value using the risk-adjusted discount rate associated with the business. As the inputs are not observable, the overall fair value measurement of the contingent consideration is classified as Level 3. As of the acquisition date and December 31, 2023, the fair value of the contingent consideration was \$8.0 million and \$4.7 million, respectively, and was included in Other current liabilities in the consolidated balance sheets. During the year ended December 31, 2023, the Company paid \$5.3 million to settle a portion of the contingent liability and the remaining contingency is expected to be resolved and settled in 2024. For the year ended December 31, 2023, the Company recorded \$2.0 million loss on fair value remeasurement of contingent liability associated with the True Green II Acquisition in the consolidated statements of operations. The loss was recorded due to changes in significant assumptions used in the measurement, including the percentage of completion of in-development solar energy facilities.

Solar Acquisition

In connection with the acquisition of a portfolio of sixteen solar energy facilities with a combined nameplate capacity of 61.5 MW on December 22, 2020 (the 'Solar Acquisition'), contingent consideration of \$3.1 million may be payable upon achieving certain market power rates and \$7.4 million upon achieving certain power volumes generated by the acquired solar energy facilities. The Company estimated the fair value of the contingent consideration for future earnout payments using a Monte Carlo simulation model. Significant assumptions used in the measurement include the estimated volumes of power generation of acquired solar energy facilities during the 18-36-month period since the acquisition date, market power rates during the 36-month period, and the risk-adjusted discount rate associated with the business. As the inputs are not observable, the overall fair value measurement of the contingent consideration is classified as Level 3. Liability for the contingent consideration associated with production volumes expired on June 30, 2022 and the Company remeasured its fair value to zero with \$1.1 million gain on fair value remeasurement recognized in the consolidated statement of operations for the year ended December 31, 2022. Liability for the contingent consideration associated with power rates is included in other long-term liabilities in the consolidated balance sheets at the estimated fair value of \$3.1 million and \$2.9 million as of December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, the Company recorded a loss on fair value remeasurement of contingent consideration associated with power rates of \$0.2 million within operating income in the consolidated statements of operations. For the year ended December 31, 2022, the Company recorded \$1.7 million loss and \$1.1 million gain on fair value remeasurement of contingent consideration associated with power rates and production volumes, respectively, in the consolidated statements of operations. Gain and loss was recorded due to changes in significant assumptions used in the measurement, including the actual versus estimated volumes of power generation of acquired solar energy facilities and market power rates. As of December 31, 2023, the 36-month measurement period for the contingent liability associated with market power rates has ended and the contingency was resolved with \$3.1 million payable in 2024.

Other

There were no other contingent consideration liabilities recorded during the year ended December 31, 2023. Gain on fair value remeasurement of other contingent consideration of \$0.5 million was recorded within operating income in the consolidated statements of operations for the year ended December 31, 2022.

Redeemable Warrant Liability

As part of the Merger, the Company assumed the Redeemable Warrant Liability of \$47.6 million. On October 17, 2022, the Company redeemed all outstanding Redeemable Warrants. Prior to the redemption, Redeemable Warrants were recorded as liabilities in the consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the consolidated statements of operations at each reporting date. There were no Redeemable Warrants outstanding during the year ended December 31, 2023. For the year ended December 31, 2022, the Company recorded a loss from fair value remeasurement of \$5.6 million in the consolidated statements of operations.

10. Equity

As of December 31, 2023, the Company had 988,591,250 authorized and 158,999,886 issued and outstanding shares of Class A common stock. As of December 31, 2022, the Company had 988,591,250 authorized and 158,904,401 issued and outstanding shares of Class A common stock. Class A common stock entitles the holder to one vote on all matters submitted to a vote of the

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Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2023 and 2022, no common stock dividends have been declared.

As of December 31, 2023, and 2022, the Company had 996,188 and 1,207,500 authorized and issued shares of Class B common stock, respectively, also referred to as Alignment Shares. Refer to Note 9, "Fair Value Measurements," for further details.

ATM Program

On April 6, 2023, the Company entered into a Controlled Equity Offering Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor"), Nomura Securities International, Inc. ("Nomura") and Truist Securities, Inc. ("Truist" and, together with Cantor and Nomura, the "Agents," and each, an "Agent"). The Sales Agreement provides for the offer and sale of Class A common stock from time to time through an "at the market offering" ("ATM") program under which the Agents act as sales agent or principal, subject to certain limitations, including the maximum aggregate dollar amount registered pursuant to the applicable prospectus supplement. Pursuant to the prospectus supplement filed by the Company on April 6, 2023, the Company may offer and sell up to \$200 million of shares of Class A common stock pursuant to the Sales Agreement. For the year ended December 31, 2023, no shares of common stock were sold through the ATM equity program.

Unless otherwise indicated in any applicable prospectus supplement, the Company currently intends to use the net proceeds from the sale of securities under this prospectus for general corporate purposes. The Company's general corporate purposes include, but are not limited to, repayment or refinancing of debt, capital expenditures, funding possible acquisitions, working capital and satisfaction of other obligations. The Company has not determined the amount of net proceeds to be used specifically for the foregoing purposes. As a result, the Company's management will have broad discretion over the allocation of the net proceeds.

Preferred Stock

The Company has authorized for issuance 10,000,000 shares of preferred stock. As of December 31, 2023 and 2022, no shares of preferred stock were issued.

11. Redeemable Noncontrolling Interests

The changes in the components of redeemable noncontrolling interests are presented in the table below:

	For the year ended December 31,	
	2023	2022
Redeemable noncontrolling interest, beginning balance	\$ 18,133	\$ 15,527
Cash contributions	—	1,087
Cash distributions	(2,320)	(1,022)
Accrued distributions to noncontrolling interests	(278)	—
Assumed noncontrolling interest through business combination	15,340	—
Assumed noncontrolling interest through asset acquisitions	201	2,126
Redemption of redeemable noncontrolling interests	(4,301)	(228)
Net (loss) income attributable to noncontrolling interest	(731)	643
Redeemable noncontrolling interest, ending balance	<u>\$ 26,044</u>	<u>\$ 18,133</u>

12. Leases

The following table presents the components of operating lease cost for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
	2023	2022
Operating lease expense	\$ 10,890	\$ 6,798
Variable lease expense	1,742	1,185
Total lease expense	<u>\$ 12,632</u>	<u>\$ 7,983</u>

The following table presents supplemental information related to our operating leases:

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	For the year ended December 31,	
	2023	2022
Operating cash flows from operating leases	\$ 10,738	\$ 6,501
Operating lease assets obtained in exchange for new operating lease liabilities	\$ 88,109	\$ 21,123
Weighted-average remaining lease term, years	23.4 years	19.7 years
Weighted average discount rate	5.59%	4.78%

Maturities of operating lease liabilities as of December 31, 2023, are as follows:

2024	\$ 16,603	
2025	15,052	
2026	15,170	
2027	15,261	
2028	15,308	
Thereafter	271,113	
Total	\$ 348,507	
Less: Present value discount	(160,945)	
Lease liability	\$ 187,562	

13. Commitments and Contingencies

Legal

The Company is a party to a number of claims and governmental proceedings which are ordinary, routine matters incidental to its business. In addition, in the ordinary course of business the Company periodically has disputes with vendors and customers. The outcomes of these matters are not expected to have, either individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

Performance Guarantee Obligations

The Company guarantees certain specified minimum solar energy production output under the Company's PPA agreements, generally over a term of 10, 15 or 25 years. The solar energy systems are monitored to ensure these outputs are achieved. The Company evaluates if any amounts are due to customers based upon not meeting the guaranteed solar energy production outputs at each reporting period end. As of December 31, 2023 and 2022, the guaranteed minimum solar energy production has been met and the Company has recorded no performance guarantee obligations.

Purchase Commitments

In the ordinary course of business, the Company makes various commitments to purchase goods and services from specific suppliers. As of December 31, 2023 and 2022, the Company had zero and \$29.5 million, respectively, of outstanding non-cancellable commitments to purchase solar modules.

14. Related Party Transactions

There was \$0.1 million due to related parties, as discussed below, and no amounts due from related parties as of December 31, 2023. There were \$0.1 million due to related parties, as discussed below, and no amounts due from related parties as of December 31, 2022. Additionally, in the normal course of business, the Company conducts transactions with affiliates, including:

Blackstone Credit Facilities

Under the APAF Term Loan, APAF III Term Loan, and APACF II Facility, subsidiaries of The Blackstone Group (*Blackstone*"), a related party, serve as agents between the Company and a consortium of third-party lenders. See Note 8, "Debt" for further details.

During the years ended December 31, 2023 and 2022, the Company paid \$1.3 million and zero, respectively, of loan issuance costs to Blackstone.

Commercial Collaboration Agreement with CBRE

In connection with the Merger, the Company and CBRE entered into a commercial collaboration agreement (the *Commercial Collaboration Agreement*) effective upon the Merger, pursuant to which, among other things, CBRE will invite the Company to

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join CBRE's strategic supplier program and CBRE will promote the Company as its preferred clean energy renewable provider/partner, CBRE and the Company will create a business opportunity referral program with CBRE's brokers, CBRE will reasonably collaborate with the Company to develop and bring to market new products and/or bundles for Company's customers, the Company will consider in good faith inviting CBRE to become a solar tax equity partner for the Company, on a non-exclusive basis, on market terms to be mutually agreed and CBRE will provide, at no cost to the Company, reasonable access to data-driven research and insights prepared by CBRE (subject to certain exceptions). The Commercial Collaboration Agreement continues for a period of seven years, with automatic one-year renewal period, unless earlier terminated by either party in accordance with the terms set forth therein.

On December 9, 2022, the Company amended the Commercial Collaboration Agreement to update the business arrangement and associated fee approach, which provides that CBRE employees, including brokers, non-brokers and other employees who partnered with the Company to bring clean electrification solutions to CBRE's client base, who met certain minimum criteria ("Qualified Referral") and who documented such Qualified Referral via an executed Development Agreement, would receive a development fee of between \$0.015/watt to \$0.030/watt depending on the business segment and teams of such CBRE employees. For the year ended December 31, 2023 and 2022, the Company incurred and paid zero and \$0.3 million, respectively, associated with the development of specific solar energy facilities and recorded them as part of property, plant, and equipment on the consolidated balance sheets. As of December 31, 2023 and 2022, there were no amounts due to CBRE associated with the Commercial Collaboration Agreement.

Master Services Agreement with CBRE

On June 13, 2022, the Company, through its wholly-owned subsidiary, entered into a Master Services Agreement ("MSA") with CBRE under which CBRE assists the Company in developing solar energy facilities. For the years ended December 31, 2023 and 2022, the Company incurred \$0.5 million and \$0.1 million, respectively, for development services provided under the MSA. As of December 31, 2023 and 2022, there was \$0.1 million due to CBRE for development services provided under the MSA.

Lease Agreements with Link Logistics

During the year ended December 31, 2023, the Company obtained a right to use rooftops to develop and operate solar facilities under lease agreements with subsidiaries of Link Logistics Real Estate Management LLC ("Link Logistics"), a Blackstone portfolio company. As of December 31, 2023, the Company recognized operating lease assets and operating lease liabilities of \$24.3 million in the consolidated balance sheet related to these leases, which have a weighted average remaining lease term of 30 years. During the year ended December 31, 2023, lease expense and payments made under these leases were not material.

15. Earnings per Share

The calculation of basic and diluted earnings per share for the years ended December 31, 2023 and 2022, respectively, was as follows (in thousands, except share and per share amounts):

	For the year ended December 31,	
	2023	2022
Net (loss) income attributable to Altus Power, Inc.	\$ (9,355)	\$ 55,437
Income attributable to participating securities ⁽¹⁾	—	(433)
Net (loss) income attributable to common stockholders - basic and diluted	(9,355)	55,004
Class A Common Stock		
Weighted average shares of common stock outstanding - basic ⁽²⁾	158,699,959	154,648,788
Dilutive RSUs	—	536,284
Dilutive restricted stock	—	523,921
Weighted average shares of common stock outstanding - diluted	158,699,959	155,708,993
Net (loss) income attributable to common stockholders per share - basic	\$ (0.06)	\$ 0.36
Net (loss) income attributable to common stockholders per share - diluted	\$ (0.06)	\$ 0.35

⁽¹⁾ Represents the income attributable to 996,188 and 1,207,500 Alignment Shares outstanding as of December 31, 2023 and 2022, respectively.

⁽²⁾ For the years ended December 31, 2023 and 2022, the calculation of basic weighted average shares of common stock outstanding exclude 210,710 and 542,511 shares, respectively, of the Company's Class A common stock provided to holders of Legacy Altus common stock, including shares that were subject to vesting conditions.

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16. Asset Retirement Obligations

AROs consist primarily of costs to remove solar energy system assets at the end of their useful lives and costs to restore the solar energy system sites to the original condition, which are estimated based on current market rates. The following table presents the changes in AROs as recorded in other long-term liabilities in the consolidated balance sheets:

	For the year ended December 31,	
	2023	2022
Balance at beginning of year	\$ 9,575	\$ 7,628
Additional obligations incurred	6,929	1,681
Accretion expense	536	266
Liabilities settled or disposed in the current year	(26)	—
Balance at end of year	<u>\$ 17,014</u>	<u>\$ 9,575</u>

17. Stock-based Compensation

The Company recognized \$15.0 million and \$9.4 million of stock-based compensation expense for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company had \$33.6 million of unrecognized stock-based compensation expense related to unvested restricted units, which the Company expects to recognize over a weighted-average remaining period of approximately 2 years.

Legacy Incentive Plans

Prior to the Merger, Legacy Altus maintained the APAM Holdings LLC Restricted Units Plan, adopted in 2015 (the "APAM Plan") and APAM Holdings LLC adopted the 2021 Profits Interest Incentive Plan (the "Holdings Plan", and together with the APAM Plan, the "Legacy Incentive Plans"), which provided for the grant of restricted units that were intended to qualify as profits interests to employees, officers, directors and consultants. In connection with the Merger, vested restricted units previously granted under the Legacy Incentive Plans were exchanged for shares of Class A Common Stock, and unvested shares of Legacy Altus common stock under each of the Legacy Incentive Plans were exchanged for restricted Class A Common Stock with the same vesting conditions. During the years ended December 31, 2023 and 2022, 60,549 and zero shares were forfeited under the Holdings Plan. As of December 31, 2023 and 2022, 210,710 and 542,511 shares of Class A Common Stock were restricted under the Holdings Plan, respectively. During the years ended December 31, 2023 and 2022, no shares were granted and no further awards will be made under the Legacy Incentive Plans.

The fair value of the granted units was determined using the Black-Scholes Option Pricing model and relied on assumptions and inputs provided by the Company. All option models utilize the same assumptions with regard to (i) current valuation, (ii) volatility, (iii) risk-free interest rate, and (iv) time to maturity. The models, however, use different assumptions with regard to the strike price which vary by award.

Omnibus Incentive Plan

On July 12, 2021, the Company entered into the Management Equity Incentive Letter with each of Mr. Felton and Mr. Norell pursuant to which, on February 5, 2022, the Compensation Committee granted to Mr. Felton and Mr. Norell, together with other senior executives, including Anthony Savino, Chief Construction Officer, and Dustin Weber, Chief Financial Officer, restricted stock units ("RSUs") under the Omnibus Incentive Plan (the "Incentive Plan") that are subject to time-based and, for the named executive officers and certain other executives, eighty percent (80%) of such RSUs also further subject to performance-based vesting, with respect to an aggregate five percent (5%) of the Company's Class A common stock on a fully diluted basis, excluding the then-outstanding shares of the Company's Class B common stock or any shares of the Company's Class A common stock into which such shares of the Company's Class B common stock are or may be convertible. Subject to continued employment on each applicable vesting date, the time-based RSUs generally vest 33 1/3% on each of the third, fourth and fifth anniversaries of the Closing, and the performance-based RSUs vest with respect to 33 1/3% of the award upon the achievement of the above time-based requirement and the achievement of a hurdle representing a 25% annual compound annual growth rate measured based on an initial value of \$10.00 per share (i.e., on each of the third anniversary, the fourth anniversary, and the fifth anniversary of the date of grant, the stock price performance hurdle shall be \$19.53, \$24.41, \$30.51, respectively).

As of December 31, 2023 and 2022, there were 30,992,545 and 23,047,325 shares of the Company's Class A common stock authorized for issuance under the Incentive Plan, respectively. The number of shares authorized for issuance under the Incentive Plan will increase on January 1 of each year from 2024 to 2031 by the lesser of (i) 5% of the number of shares outstanding as of the close of business on the immediately preceding December 31 and (ii) the number of shares determined by the Company's board of directors. The number of shares authorized for issuance under the Incentive Plan increased by 5% of outstanding shares as described in the foregoing on January 1, 2022, and January 1, 2023.

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For the years ended December 31, 2023 and 2022, the Company recognized \$14.9 million and \$9.4 million of stock compensation expense in relation to the Incentive Plan, respectively. The following table summarizes the RSU activity during the years ended December 31, 2023 and 2022:

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share	
Balances as of December 31, 2021	—	—	
RSUs granted	8,105,539	\$	5.27
RSUs forfeited	(65,650)		7.40
Balances as of December 31, 2022	8,039,889	5.25	
RSUs granted	3,104,600	\$	5.52
RSUs vested	(154,023)		7.25
RSUs forfeited	(300,655)		5.45
Balances as of December 31, 2023	<u>10,689,811</u>	<u>\$</u>	<u>5.29</u>

RSUs granted includes 259,662 RSUs that are subject to market-based vesting conditions, each of which represents the right to receive one share of the Company's Class A Common Stock and which vest in one installment on the third anniversary of the grant date based upon the Company's total stockholder return when compared to the Invesco Solar ETF ("TAN"), subject to certain adjustments, and the Russell 2000 index, assigning a weight of 50% to each.

The fair value of performance-based RSUs was estimated on the dates of the grants using the Monte Carlo simulation of potential outcomes with the following key inputs:

	For the year ended December 31,	
	2023	2022
Expected volatility	60 %	70 %
Risk-free interest rate	3.73 %	1.94 %
Expected term	2.9 years	5.0 years

Employee Stock Purchase Plan

On December 9, 2021, we adopted the 2021 Employee Stock Purchase Plan ("ESPP"), which provides a means by which eligible employees may be given an opportunity to purchase shares of the Company's Class A common stock. As of December 31, 2023 and 2022, there were 4,662,020 and 3,072,976 shares of the Company's Class A common stock authorized for issuance under the ESPP, respectively. The number of shares authorized for issuance under the ESPP will increase on January 1 of each year from 2024 to 2031 by the lesser of (i) 1% of the number of shares outstanding as of the close of business on the immediately preceding December 31 and (ii) the number of shares determined by the Company's board of directors. For the years ended December 31, 2023 and 2022, no shares of the Company's Class A common stock were issued and no stock-based compensation expense was recognized in relation to the ESPP. The number of shares authorized for issuance under the ESPP increased by 1% of outstanding shares as described in the foregoing on January 1, 2022, and January 1, 2023.

18. Income Taxes

Income tax expense (benefit) is composed of the following:

	For the year ended December 31,	
	2023	2022
Current:		
Federal	\$ —	\$ —
State	32	(2)
Total current expense (benefit)	32	(2)
Deferred:		
Federal	(959)	1,051
State	244	27
Total deferred tax (benefit) expense	\$ (715)	\$ 1,078
Income tax (benefit) expense	<u>\$ (683)</u>	<u>\$ 1,076</u>

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The following table presents a reconciliation of the income tax (benefit) expense computed at the U.S. federal statutory rate and the Company's income tax (benefit) expense:

	For the year ended December 31,	
	2023	2022
Income tax (benefit) expense – computed as 21% of pretax (loss) income	\$ (5,598)	\$ 11,181
Effect of noncontrolling interests and redeemable noncontrolling interests	3,490	691
State tax, net of federal benefit	169	(138)
State valuation allowance	73	158
Transaction costs related to the Merger	—	(12)
Transaction costs related to the Merger (return to provision)	—	(678)
Effect of tax credits	(254)	(75)
Stock-based compensation	2,480	1,614
Change in fair value of redeemable warrant and Alignment Shares liability	(1,183)	(11,690)
Other	140	25
Income tax (benefit) expense	<u>\$ (683)</u>	<u>\$ 1,076</u>
Effective income tax rate	2.6%	2.0%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of December 31, 2023 and 2022, the Company's deferred tax assets and liabilities are comprised of the following:

	As of December 31,	
	2023	2022
Deferred tax assets:		
Net operating losses	\$ 86,078	\$ 65,128
Intangible liabilities	397	594
Deferred financing costs	6,334	3,029
Tax credits	945	690
Operating lease liability	24,813	17,830
Asset retirement obligation	4,453	2,490
Stock-based compensation	1,096	609
Derivative liability	1,973	—
Sec. 163(j) interest limitation	27,567	16,749
Total deferred tax assets	<u>\$ 153,656</u>	<u>\$ 107,119</u>
Valuation allowance	(868)	(795)
Net deferred tax assets	<u>\$ 152,788</u>	<u>\$ 106,324</u>
Deferred tax liabilities:		
Property, plant and equipment	\$ (94,286)	\$ (58,040)
Intangible assets	(617)	(692)
Operating lease asset	(22,224)	(16,868)
Derivative asset	—	(876)
Investments in partnerships	(45,492)	(40,859)
Total deferred tax liabilities	<u>(162,619)</u>	<u>(117,335)</u>
Net deferred tax liability	<u>\$ (9,831)</u>	<u>\$ (11,011)</u>

As of December 31, 2023 and 2022, the Company had US federal net operating loss carryforwards of \$40.1 million and \$262.4 million, respectively, available to offset future federal taxable income which will begin to expire in 2034. The Company has federal net operating loss carryforwards of \$303.1 million, which can be carried forward indefinitely. As of December 31, 2023 and 2022, the Company had \$47.6 million of US federal net operating loss subject to limitation under Internal Revenue Code Section 382. As of December 31, 2023 and 2022, the Company had state net operating losses of \$225.7 million and \$155.4 million, respectively, of which \$0.2 million will expire in 2024, if not utilized.

The Company regularly assesses the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all of its deferred tax assets will not be realized. The Company evaluates and weighs all available

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positive and negative evidence such as historic results, future reversals of existing deferred tax liabilities, projected future taxable income, as well as prudent and feasible tax-planning strategies. As of December 31, 2023 and 2022, the Company has recorded a valuation allowance of \$0.9 million and \$0.8 million, respectively, for its deferred tax assets associated with state net operating losses that are more likely than not to expire.

As of December 31, 2023 and 2022, the Company had, under IRC Sec. 163(j), a gross interest expense limitation carryforward of \$08.5 million and \$66.1 million, respectively with an indefinite carryforward period.

The Company applies the applicable authoritative guidance which prescribes a comprehensive model for a manner in which a company should recognize, measure, present and disclose in its financial statements all material uncertain tax positions that the Company has taken or expects to take on a tax return. As of December 31, 2023, the Company has no uncertain tax positions. No amounts of interest and penalties were recognized in the Company's financial statements and the Company's policy is to present interest and penalties as a component of income tax expense.

The Inflation Reduction Act (*the "IRA Act"*) was passed into law on August 16, 2022. The key provisions from the IRA include the implementation of a 15% alternative book income minimum tax, an excise tax on stock buybacks, and significant tax incentives for energy and climate initiatives. The Company evaluated the key provisions under the IRA and concluded that the provisions are not applicable for year ended December 31, 2023 and will continue to monitor their impact on future periods.

The Company files federal income tax returns and state income tax returns in multiple jurisdictions. The statute of limitation remains open for tax years after 2014.

19. Subsequent Events

The Company has evaluated subsequent events from December 31, 2023 through March 14, 2024, which is the date the audited consolidated financial statements were available to be issued. Other than the subsequent event disclosed below, there are no subsequent events requiring recording or disclosure in the consolidated financial statements.

Vitol Acquisition

On January 31, 2024, the Company, through its wholly-owned subsidiary, Altus Power, LLC, acquired an 84 MW portfolio of 20 operating solar energy facilities located across five US states (the "*Vitol Acquisition*"). The portfolio was acquired from Vitol Solar I LLC (*Vitol*) through an acquisition of 100% of the membership interests in various project companies for the total purchase price of approximately \$119.7 million, and was entered into by the Company to grow its portfolio of solar energy facilities. The purchase price and associated transaction costs were funded by cash on hand. The purchase price is also subject to customary adjustments for working capital and other items.

The transaction will be accounted for as a business combination under ASC 805. The Company is in the process of completing its appraisals of tangible and intangible assets relating to this acquisition and the allocation of the purchase price to the assets acquired and liabilities assumed will be completed once the appraisal process has been finalized.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Co-Chief Executive Officers and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act, as amended (the "Exchange Act").

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation of our disclosure controls and procedures, our management, including our Co-Chief Executive Officers and Chief Financial Officer, have concluded that our disclosure controls and procedures were not effective as of December 31, 2023, because of the material weaknesses in our internal control over financial reporting described below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Based on our management's evaluation (with the participation of our Co-Chief Executive Officers and Chief Financial Officer), of the effectiveness of our internal controls over financial reporting as of December 31, 2023, which was based on the framework in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of December 31, 2023, our internal control over financial reporting were not effective as of December 31, 2023, because of the material weaknesses in our internal control over financial reporting described below.

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can only provide reasonable assurance with respect to the preparation and fair presentation of financial statements.

In connection with the preparation of our financial statements for the years ended December 31, 2021, and 2020, prior to our initial public offering, we identified material weaknesses in our internal control over financial reporting. 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 our financial statements will not be prevented or detected on a timely basis.

We have identified material weaknesses in internal control over financial reporting that we are currently working to remediate, which relate to: (a) insufficient qualified personnel, which caused management to be unable to appropriately define responsibilities to create an effective control environment; (b) the lack of a formalized risk assessment process; and (c) selection and development of control activities, including over information technology. These material weaknesses result in an increased risk of material misstatement in the financial statements.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting due to an exemption established by the JOBS Act for "emerging growth companies".

Remediation Plan

With the oversight of senior management and our audit committee, we are taking the steps below and plan to take additional measures to remediate the underlying causes of the material weaknesses:

- We have proceeded with steps intended to remediate the insufficient qualified personnel material weakness, including the verification that sufficient resources are maintained to operate an effective control environment;
- We have performed an initial formalized risk assessment for SOX processes, and are remediating identified control gaps; and

- We have proceeded with steps intended to remediate the selection and development of control activities material weakness through the implementation of numerous controls over systems, process, governance and people to improve the broader effectiveness of internal controls over financial reporting.

We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses.

Changes in Internal Control over Financial Reporting

As discussed above, we implemented certain measures to remediate the material weaknesses identified in the design and operation of our internal controls over financial reporting. Other than those measures, there have been no changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

(a) None.

(b) None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item 10 of Form 10-K regarding Directors, Executive Officers and Corporate Governance is incorporated by reference to the information set forth in our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

We adopted a code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officers, principal financial officer and principal accounting officer, which is available on our website. Our code of business conduct is a "code of ethics," as defined in Item 406(b) of Regulation S-K. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on the investors' section of our website, <https://investors.altuspower.com/>.

Item 11. Executive Compensation.

The information required by this Item 11 of Form 10-K regarding Executive Compensation is incorporated by reference to the information set forth in our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 of Form 10-K regarding Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters is incorporated by reference to the information set forth in our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 of Form 10-K regarding Certain Relationships and Related Transactions, and Director Independence is incorporated by reference to the information set forth in our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item 14 of Form 10-K regarding Principal Accounting Fees and Services is incorporated by reference to the information set forth in our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) and (a)(2) Financial Statements and Financial Statement Schedules:

Reference is made to the Index to Financial Statements of the Company under Item 8 of Part II. All financial statement schedules are omitted because they are not applicable, or the amounts are immaterial, not required, or the required information is presented in the financial statements and notes thereto in Item 8 of Part II above.

(b) Exhibits.

Exhibits: The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K. Exhibits not incorporated by reference to a prior filing are designated by an asterisk (*); all exhibits not so designated are incorporated by reference to a prior filing as indicated.

Exhibit No.	Description
2.1	Business Combination Agreement, dated July 12, 2021, by and among CBRE Acquisition Holdings, Inc., CBAH Merger Sub I, Inc., CBAH Merger Sub II, LLC, Altus Power America Holdings, LLC, APAM Holdings LLC and Altus Power, Inc. (incorporated by reference to Exhibit 2.1 of CBAH's Current Report on Form 8-K, filed with the SEC on July 13, 2021).
2.2	Membership Interest Purchase Agreement by and between APA Finance II, LLC, as Buyer, and DESRI V, L.L.C as Seller, dated as of September 26, 2022 (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2022).
2.3	Membership Interest Purchase Agreement by and between APA Finance II, LLC, as Buyer, and DESRI II, L.L.C as Seller, dated as of September 26, 2022 (incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2022).
2.4	Purchase and Sale Agreement, by and among True Green Capital Fund III, L.P., APA Finance III, LLC, and solely for the purposes of Article V, Section 6.04, Section 6.05 and Article X thereof, Altus Power, LLC, dated as of December 23, 2022 (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 16, 2023).
2.5#	Purchase and Sale Agreement, by and among Project Hyperion Holdco LLC, a Delaware limited liability company ("Hyperion Holdco"), Soltage Hyperion MGTCO, LLC, a Delaware limited liability company ("Soltage Hyperion," and together with Hyperion Holdco, "Sellers", and each, a "Seller"), and Altus Power, LLC, a Delaware limited liability company ("Buyer"), and solely for the purposes of Section 6.12, Altus Power, Inc., a Delaware corporation ("Buyer Guarantor"), dated as of October 27, 2023 (incorporated by reference as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 21, 2023).
2.6*	Side Letter to Purchase and Sale Agreement, by and among Project Hyperion Holdco LLC, a Delaware limited liability company ("Hyperion Holdco"), Soltage Hyperion MGTCO, LLC, a Delaware limited liability company ("Soltage Hyperion," and together with Hyperion Holdco, "Sellers", and each, a "Seller"), and Altus Power, LLC, a Delaware limited liability company ("Buyer"), and solely for the purposes of Section 6.12, Altus Power, Inc., a Delaware corporation ("Buyer Guarantor"), dated December 19, 2023
2.7#	Membership Interest Purchase Agreement, between Vitol Solar I LLC, a Delaware limited liability company ("Vitol" or "Seller"), and Altus Power, LLC, a Delaware limited liability company ("Buyer"), dated as of January 31, 2024 (incorporated by reference as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 31, 2024).
3.1	Third Amended and Restated Certificate of Incorporation of Altus Power, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
3.2	Second Amended and Restated Bylaws of Altus Power, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 of CBAH's Registration Statement on Form S-1/A (Reg. No. 333-249958), filed with the SEC on November 20, 2020).
4.2	Description of Securities (incorporated by reference as Exhibit 10.21 to the Company' Annual Report on Form 10-K for the Year Ended December 31, 2022, filed with the SEC on March 30, 2023)
10.1	Commercial Collaboration Agreement, dated July 12, 2021 (incorporated by reference to Exhibit 10.3 of CBAH's Current Report on Form 8-K, filed with the SEC on July 13, 2021).
10.2+	Management Equity Incentive Letter, dated July 12, 2021 (incorporated by reference to Exhibit 10.4 of CBAH's Current Report on Form 8-K, filed with the SEC on July 13, 2021).
10.3	Class B Letter Agreement, dated July 12, 2021 (incorporated by reference to Exhibit 10.5 of CBAH's Current Report on Form 8-K, filed with the SEC on July 13, 2021).

10.4	Investor Rights Agreement, dated July 12, 2021 (incorporated by reference to Exhibit 10.7 of CBAH's Current Report on Form 8-K, filed with the SEC on July 13, 2021).
10.5	Second Amended and Restated Promissory Note, dated as of February 16, 2021, by and between CBRE Acquisition Holdings, Inc., a Delaware corporation and CBRE Acquisition Sponsor, LLC (incorporated by reference to Exhibit 10.1 of CBAH's Annual Report on Form 10-K, filed with the SEC on March 31, 2021).
10.6+	Altus Power, Inc. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
10.7+	Altus Power, Inc. 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.11 of the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
10.8+	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.12 of the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
10.9	Amended and Restated Credit Agreement, dated August 25, 2021, by and among APA Finance, LLC, as the borrower, APA Finance Holdings, LLC, as the Equity Holder (as defined therein), BISF Agent LLC, as administrative agent, U.S. Bank National Association, as Collateral Agent, Paying Agent and Document Custodian (each as defined therein) and each lender from time to time party thereto (incorporated by reference to Exhibit 10.12 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on September 23, 2021).
10.10+	Employment Agreement, dated February 15, 2017, by and between Altus Power America Management, LLC and Dustin Weber (incorporated by reference to Exhibit 10.13 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on September 23, 2021).
10.11+	Employment Agreement, dated October 21, 2021, by and between Altus Power, Inc. and Lars Norell (incorporated by reference to Exhibit 10.16 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on October 28, 2021).
10.12+	Employment Agreement, dated October 21, 2021, by and between Altus Power, Inc. and Gregg Felton (incorporated by reference to Exhibit 10.17 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on October 28, 2021).
10.13+	Confidential Information, Inventions and Proprietary Rights Agreement, dated October 21, 2021, by and between Altus Power America Management, LLC and Lars Norrell (incorporated by reference to Exhibit 10.18 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on October 28, 2021).
10.14+	Confidential Information, Inventions and Proprietary Rights Agreement, dated October 21, 2021, by and between Altus Power America Management, LLC and Gregg Felton (incorporated by reference to Exhibit 10.19 of CBAH's Registration Statement on Form S-4/A (Reg. No. 333-258700), filed with the SEC on October 28, 2021).
10.15+	Form of Director Offer Letters (incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2021).
10.16+	Confidential Information, Inventions and Proprietary Rights Agreement, dated December 29, 2021, by and between Altus Power, Inc. and Anthony Savino (incorporated by reference to Exhibit 10.20 of the Company's Registration Statement on Form S-1, filed with the SEC on January 10, 2022).
10.17+	Confidential Information, Inventions and Proprietary Rights Agreement, dated December 31, 2021, by and between Altus Power, Inc. and Dustin Weber (incorporated by reference to Exhibit 10.21 of the Company's Registration Statement on Form S-1, filed with the SEC on January 10, 2022).
10.18+	Form of Restricted Stock Unit Award Agreement, pursuant to Altus Power, Inc. 2021 Omnibus Incentive Plan, by and between Altus Power, Inc. and employees, dated as of February 15, 2022 (incorporated by reference as Exhibit 10.21 to the Company's Annual Report on Form 10-K for the Year Ended December 31, 2022, filed with the SEC on March 30, 2023)
10.19	Agency Development and Project Management Services Agreement by and between Park Avenue Solar Solutions, LLC and CBRE, Inc. ("CBRE"), dated as of June 13, 2022 (incorporated by reference as Exhibit 10.22 to the Company's Annual Report on Form 10-K for the Year Ended December 31, 2022, filed with the SEC on March 30, 2023)
10.20	Amendment dated December 9, 2022 to Commercial Collaboration Agreement dated July 12, 2021 by and between Altus Power, LLC and CBRE, Inc. (incorporated by reference as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the Year Ended December 31, 2022, filed with the SEC on March 30, 2023)
10.21	Credit Agreement, dated December 19, 2022, among APA Generation, LLC, the several lenders from time to time parties thereto, Citibank, N.A., Bank of America, N.A., JPMorgan Chase Bank, N.A., KeyBank National Association and Truist Securities, Inc. and the other Letter of Credit Issuers party hereto from time to time, and Citibank, N.A. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on December 19, 2022).
10.22	Financing Agreement, dated December 23, 2022, among APA Finance II, LLC, KeyBanc Capital Markets Inc., KeyBanc National Association, the Huntington National Bank and the lenders thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on December 27, 2022).

10.23	Credit Agreement, dated as of February 15, 2023, among APA Finance III Borrower, LLC, APA Finance III Borrower Holdings, LLC, Blackstone Asset Based Finance Advisors LP, U.S. Bank Trust Company, National Association, U.S. Bank National Association, and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 16, 2023).
10.24	Amendment No. 1, dated as of June 15, 2023, by and among APA Finance III Borrower, LLC, APA Finance III Borrower Holdings, LLC, the Guarantors party thereto, Altus Power, Inc., Blackstone Asset Based Finance Advisors LP, U.S. Bank Trust Company, National Association, U.S. Bank National Association, and the Lenders party thereto, which amends the Credit Agreement, dated as of February 15, 2023, by and among the parties thereto (incorporated by reference as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2023, filed with the SEC on August 14, 2023)
10.25*	Amendment No. 2, dated as of July 21, 2023, by and among APA Finance III Borrower, LLC, APA Finance III Borrower Holdings, LLC, the Guarantors party thereto, Altus Power, Inc., Blackstone Asset Based Finance Advisors LP, U.S. Bank Trust Company, National Association, U.S. Bank National Association, and the Lenders party thereto, which amends the Credit Agreement, dated as of February 15, 2023, by and among the parties thereto
10.26#	Amendment No. 3 to Credit Agreement, dated December 20, 2023, among APA Finance III Borrower, LLC, APA Finance III Borrower Holdings, LLC, Blackstone Asset Based Finance Advisors LP, U.S. Bank Trust Company, National Association, U.S. Bank National Association, and the lenders party thereto (incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 21, 2023)
10.27#	Credit Agreement, dated November 10, 2023, APACF II, LLC (the "Borrower"), APACF II HOLDINGS, LLC, as Equity Holder, Pass Equipment Co, LLC, the project companies from time to time party thereto, the tax equity holdcos from time to time party thereto, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Administrative Agent and Collateral Agent, U.S. BANK NATIONAL ASSOCIATION, as Document Custodian, each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender") and Blackstone Asset Based Finance Advisors LP ("Blackstone"), as Blackstone representative for the Lenders, (incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 13, 2023)
10.28#	Credit Agreement, dated as of December 27, 2023, among the Borrower, the lenders party thereto, including Goldman Sachs Asset Management and CPPIB Credit Investments III Inc., a subsidiary of Canada Pension Plan Investment Board (collectively, the "Lenders") and Wilmington Trust, National Association, as administrative agent (incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 2, 2024)
10.29*	Amendment No. 1 to Credit Agreement, dated December 22, 2023, among APA Generation, LLC, the several lenders from time to time parties thereto, Citibank, N.A., Bank of America, N.A., JPMorgan Chase Bank, N.A., KeyBank National Association and Truist Securities, Inc. and the other Letter of Credit Issuers party hereto from time to time, and Citibank, N.A., which amends the Credit Agreement dated as of December 19, 2022 by and among the parties thereto
10.30	Class A Note, dated December 20, 2023, by APA Finance III Borrower, LLC, in favor of Security Life of Denver Insurance Company (incorporated by reference as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on December 21, 2023).
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Grant Thornton LLP, independent registered public accounting firm for Altus Power, Inc.
23.2*	Consent of Deloitte & Touche LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002
32**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002
97*	Altus Power Clawback Policy
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its 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 (embedded within the inline XBRL document).

- * Filed herewith.
- ** Furnished herewith.
- + Exhibit relates to a management contract or other compensatory plan arrangement.
- # The schedules and similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company undertakes to promptly provide a copy of the omitted schedules and similar attachments on a supplemental basis to the SEC or its staff, if requested.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Altus Power, Inc.

Date: March 14, 2024

By: /s/ Gregg J. Felton
 Name: Gregg J. Felton
 Title: Co-Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Position	Date
<u>/s/ Gregg J. Felton</u> Gregg J. Felton	Co-Chief Executive Officer and Director	March 14, 2024
<u>/s/ Lars R. Norell</u> Lars R. Norell	Co-Chief Executive Officer and Director	March 14, 2024
<u>/s/ Dustin L. Weber</u> Dustin L. Weber	Chief Financial Officer	March 14, 2024
<u>/s/ Christine R. Detrick</u> Christine R. Detrick	Chairperson of the Board	March 14, 2024
<u>/s/ Richard N. Peretz</u> Richard N. Peretz	Director	March 14, 2024
<u>/s/ Diane D. Brink</u> Diane D. Brink	Director	March 14, 2024
<u>/s/ Robert C. Bernard</u> Robert C. Bernard	Director	March 14, 2024
<u>/s/ Robert M. Horn</u> Robert M. Horn	Director	March 14, 2024
<u>/s/ Tina C. Reich</u> Tina C. Reich	Director	March 14, 2024

Certain information, marked using “[**]”, has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

December 19, 2023

via E-Mail

Altus Power, LLC
2200 Atlantic Street, Floor 6
Stamford, CT 06902
Attn.: Legal
Email: legal@altuspower.com

Re: Purchase and Sale Agreement, dated as of October 27, 2023

Dear All Concerned:

Reference is made to the Purchase and Sale Agreement, dated as of October 27, 2023 (the Purchase Agreement”), between Project Hyperion Holdco LP and Soltage Hyperion MGTCO, LLC, as Sellers, and Altus Power, LLC, as Buyer and solely for the purposes of Section 6.12 thereof, Altus Power, Inc. Capitalized terms used herein and not otherwise defined have the definitions ascribed to them in the Purchase Agreement.

The Parties confirm, acknowledge and agree that in connection with the transactions contemplated by the Purchase Agreement, Swap Amounts resulting from the termination of Hedging Arrangements to which certain Company Entities are parties are to be payable to or for the account of Sellers. Further, the Parties recognize that the proceeds of such Swap Amounts may not be available as of the Closing, and that such proceeds will be paid by the applicable Hedging Arrangement counterparties to bank accounts maintained by or on behalf of the applicable Company Entities (collectively, the “Bank Accounts”).

In addition to the above, the Parties have agreed that an aggregate amount of Cash equal to [**] shall be distributed by the Company Entities to or for the benefit of Sellers in lieu of being included in the Closing Cash, and that following the Closing Sellers may cause the Distributable Cash to be paid to or for the benefit of Sellers directly from any bank accounts maintained by or on behalf of the Company Entities in which Cash is on deposit (collectively, the Cash Accounts”).

In view of the foregoing, the Parties hereby agree as follows:

1. Sellers or their Representatives shall be entitled to all Swap Amounts deposited into the Bank Accounts, and in connection therewith, Buyer agrees that from and after the Closing, Sellers and their Representatives shall be, and hereby are, fully and irrevocably authorized to withdraw from the Bank Accounts all Swap Amounts as such amounts are so deposited. Buyer shall advise Sellers promptly of each deposit of any such amounts into the Bank Accounts, including the amounts of each such deposit and the Hedging Arrangement counterparty making such deposit.
2. Buyer agrees to cause each of the Company Entities to maintain Seller's Representatives as authorized persons with full authority to withdraw all Swap Amounts from the

applicable Bank Accounts until the earlier of (x) three (3) Business Days following notice to Sellers from Buyer of the final deposit of Swap Amounts into the applicable Bank Accounts and (y) the withdrawal by or on behalf of Sellers of the full amount of all Swap Amounts payable under all Hedging Arrangements.

3. The provisions of this letter agreement shall supersede and replace Section 2.3(c) of the Purchase Agreement in its entirety.
4. If any Swap Amount shall be paid by the applicable Hedging Arrangement counterparty to Buyer or its Affiliates other than to a Bank Account, Buyer shall promptly cause such Swap Amount to be paid to Sellers.
5. If either Sellers or Seller's Representatives withdraw from the Bank Accounts any amount that is not a Swap Amount, then Buyer may deem such amount to be included in the calculation of "Swap Amount" for the purposes of its Adjustment Statement under the terms of the Purchase Agreement.
6. Sellers or their Representatives shall be entitled to withdraw the Distributable Cash from the Cash Accounts at any time on or before the fifth Business Day following the Closing Date, and in connection therewith, Buyer agrees that from and after the Closing, Sellers and their Representatives shall be, and hereby are, fully and irrevocably authorized to withdraw from the Cash Accounts Cash in an aggregate amount not in excess of the Distributable Cash.
7. Buyer agrees to cause each of the Company Entities to maintain Sellers' Representatives as authorized persons with full authority to withdraw Cash from the applicable Cash Accounts until the earlier of (x) the close of business on the fifth Business Day following the Closing Date and (y) the withdrawal by or on behalf of Sellers of the full amount of Distributable Cash.
8. If either (a) Sellers or Sellers' Representatives withdraw from the Cash Accounts any amount in excess of the Distributable Cash or (b) the aggregate amount of Cash on deposit in the Cash Accounts is insufficient to permit the withdrawal by Sellers or Sellers' Representatives of the full amount of the Distributable Cash, then for the purposes of Buyer's Adjustment Statement under the terms of the Purchase Agreement, in the case of (a) such excess amount shall be deducted from the Closing Cash amount, and in the case of (b) such insufficient amount shall be added to the Closing Cash amount.
9. The Parties agree to cooperate and take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary to give effect to the provisions and intent of this letter agreement.

This letter agreement shall constitute a Transaction Document.

The provisions in Sections 10.1, 10.2, 10.3, 10.4, 10.7, 10.9, 10.11, 10.12, 10.13, 10.14, 10.15, and 10.17 of the Purchase Agreement are hereby incorporated by reference to this letter agreement and shall apply to this letter agreement, *mutatis mutandis*, as though fully set forth herein. Each of the Parties agrees that it shall be liable for the acts of any Non-Recourse Persons acting on its behalf under this letter agreement. For the avoidance of doubt, any Seller Representative shall be acting on behalf of Sellers regardless of whether it signs any documentation in the name of a Company Entity as contemplated under the terms of this letter agreement.

Except as expressly provided in this letter agreement, nothing contained in this letter agreement shall be deemed to modify the Purchase Agreement or the rights and liabilities of the Parties thereunder.

Please acknowledge your agreement with the foregoing by executing a copy of this letter agreement in the space provided below.

[Signature Pages Follow]

Very truly yours,

PROJECT HYPERION HOLDCO LP
By: Basalt Infrastructure Partners GP Limited,
its general partner

By: /s/ Chris McErlane
Name: Chris McErlane
Title: Director

SOLTAGE HYPERION MGTCO, LLC

By: /s/ Jesse M. Grossman
Name: Jesse M. Grossman
Title: Authorized Person

THE FOREGOING IS ACKNOWLEDGED
AND AGREED:

ALTUS POWER, LLC
By: Altus Power, Inc., its Managing Member

By: /s/ Gregg Felton
Name: Gregg Felton
Title: co-CEO and co-Founder

[Signature Page to Swap Termination Letter Agreement]

AMENDMENT NO. 2

This AMENDMENT NO. 2, dated as of July 21, 2023 (this ***'Amendment'***), is entered into by and among APA FINANCE III BORROWER, LLC, a Delaware limited liability company (the ***"Borrower"***), APA FINANCE III BORROWER HOLDINGS, LLC, a Delaware limited liability company (the ***"Equity Holder"***), the Guarantors party hereto, BLACKSTONE ASSET BASED FINANCE ADVISORS LP (the ***"Blackstone Representative"***), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION as Administrative Agent (the ***"Administrative Agent"***) and Collateral Agent (the ***"Collateral Agent"***), U.S. BANK NATIONAL ASSOCIATION, as Document Custodian (the ***"Document Custodian"***), and the Lenders party hereto.

RECITALS

WHEREAS, the Borrower, the Equity Holder, the Blackstone Representative, the Administrative Agent, the Collateral Agent, the Document Custodian and the Lenders from time to time party thereto are parties to that certain Credit Agreement, dated as of February 15, 2023 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the ***"Credit Agreement"***; capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement).

WHEREAS, in accordance with Section 11.01 of the Credit Agreement, the Loan Parties have requested that the undersigned Lenders amend the Credit Agreement in certain respects, in each case as provided for herein. The Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to agree to such amendments.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Amendment to Credit Agreement.** Subject to the satisfaction of the conditions set forth in Section 3, the Credit Agreement is hereby amended as follows:

A. The definition of "Interest Rate" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Interest Rate" means:

(i) In the case of Class A Loans made during the Initial Draw Period, a rate per annum equal to 5.62%;

(ii) In the case of Class A Loans made during the Subsequent Draw Period (other than the Class A Loans made on the First Amendment Date and the Second Amendment Date), a rate per annum (determined by Blackstone Asset Based Finance in good faith) equal to the ten (10) year Treasury Rate on the date that is seven (7) Business Days prior to such Borrowing Date plus 2.75%;

(iii) In the case of Class A Loans made on the First Amendment Date, a rate per annum equal to 5.62%;

(iv) In the case of Class A Loans made on the Second Amendment Date, a rate per annum equal to 5.62 %; and

(v) In the case of Class B Loans, a rate per annum (determined by Blackstone Asset Based Finance in good faith) equal to the 10 year Treasury Rate on the date that is seven (7) Business Days prior to such Borrowing Date plus an amount to be determined by Blackstone Asset Based Finance in its sole and absolute discretion.

B. The definition of "Loan Documents" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Loan Documents" means, collectively, (a) this Agreement, (b) the Collateral Management Agreement, (c) the Notes, (d) the Collateral Documents, (e) the Limited Guarantee, (f) the Agent Fee Letter, (g) the Upfront Fee Letter, (h) the First Amendment Upfront Fee Letter, (i) the Second Amendment Upfront Fee Letter, (j) the Blackstone Representative Side Letter and (k) the Contribution Agreement.

C. The definition of "Pro Rata Share" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Pro Rata Share" means, with respect to each Lender, at any time a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitments and, if applicable and without duplication, Loans of such Lender under the applicable Facility or Facilities at such time and the denominator of which is the amount of the Aggregate Commitments under the applicable Facility or Facilities and, if applicable and without duplication, Loans under the applicable Facility or Facilities at such time; *provided*, that (x) solely for purposes of funding the First Amendment Date Class A Loans, such Loans shall be made by the Class A Lenders with a First Amendment Date Commitment ratably based on such First Amendment Date Commitments and (y) solely for purposes of funding the Second Amendment Date Class A Loans, such Loans shall be made by the Class A Lenders with a Second Amendment Date Commitment ratably based on such Second Amendment Date Commitments.

D. The definition of "Term Loan Commitment Expiration Date" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Term Loan Commitment Expiration Date" means the earliest of (i) the date on which the full Commitment has been drawn, (ii)(a) with respect to Commitments in existence on the Closing Date in the aggregate amount up to \$193,000,000, the date that is one (1) month after the Closing Date (the **"Initial Draw Period"**), (b) with respect to the remaining Commitments in existence on the Closing Date in the aggregate amount up to \$11,000,000, the date that is six (6) months after the Closing Date (or such later date as the Blackstone Representative may agree in its sole and absolute discretion) (the **"Subsequent Draw Period"**), (c) with respect to the First Amendment Date Commitments in the aggregate amount up to \$47,000,000, the First Amendment Date; *provided* that the Garrett Asset Funding Amount shall be funded to the Reinvestment Account on the First Amendment Date and released in accordance with the provisions of this Agreement, (d) with respect to the Second Amendment

Date Commitments in the aggregate amount up to \$22,567,375, the Second Amendment Date and (iii) the Maturity Date.

E. Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in the appropriate alphabetical location:

"Second Amendment Date" means July 21, 2023.

"Second Amendment Date Class A Loans" means the Class A Loans made to the Borrower on the Second Amendment Date by the Lenders with Second Amendment Date Commitments.

"Second Amendment Date Commitment" means the additional Commitments made available on the Second Amendment Date, in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule 1.01A under the caption "Commitments (Class A) (Second Amendment Date)".

"Second Amendment Upfront Fee Letter" means the letter agreement dated as of the Second Amendment Date among the Borrower, the Lenders who have a Commitment to make Class A Loans on the Second Amendment Date and the Blackstone Representative.

F. Section 2.07(a) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

(a) *Upfront Fees.* (i) On the Initial Borrowing Date, the Borrower agrees to pay to the Lenders the initial upfront fees as set forth in the Upfront Fee Letter, (ii) on the First Amendment Date, the Borrower agrees to pay to the Lenders the additional upfront fees as set forth in the First Amendment Upfront Fee Letter and (iii) on the Second Amendment Date, the Borrower agrees to pay to the Lenders the additional upfront fees as set forth in the Second Amendment Upfront Fee Letter (collectively, the "**Upfront Fees**"). Such Upfront Fees will be in all respects fully earned, due and payable on the Initial Borrowing Date, the First Amendment Date or the Second Amendment Date, as applicable, and non-refundable and non-creditable thereafter.

G. Section 6.16 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Maintenance of Insurance. Maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and the Subsidiaries) as are customarily carried under similar circumstances by such other Persons. For the avoidance of doubt, such insurance shall include (i) insurance required for any Projects or solar systems and (ii) tax loss insurance for any amounts of tax equity contested by the Internal Revenue Service, in each case in such amounts to be calculated in a manner consistent with the methodology approved by the Blackstone Representative prior to the Closing Date

(which tax loss insurance on the Second Amendment Date shall provide for up to \$4,724,212 of coverage).

H. The last sentence of Section 9.02(d) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

In addition, (i) on the Closing Date, the Borrower shall be entitled to instruct the Collateral Agent to withdraw amounts from the Collection Account to remit to the Administrative Agent for distribution of Upfront Fees payable to the Lenders, (ii) on the First Amendment Date, the Borrower shall be entitled to instruct the Collateral Agent to withdraw amounts from the Collection Account to remit to the Administrative Agent for distribution of Upfront Fees payable to the Lenders who have a Commitment to make Class A Loans on the First Amendment Date, (iii) on the Second Amendment Date, the Borrower shall be entitled to instruct the Collateral Agent to withdraw amounts from the Collection Account to remit to the Administrative Agent for distribution of Upfront Fees payable to the Lenders who have a Commitment to make Class A Loans on the Second Amendment Date and (iv) on each date of a Borrowing, the Borrower shall be entitled to instruct the Collateral Agent to withdraw amounts from the Collection Account to remit such amounts in accordance with the flow of funds memorandum providing with the related Committed Loan Notice.

I. The last sentence of the first paragraph in Section 10.01(a) of the Credit Agreement is hereby amended to read in its entirety as follows:

The Borrower agrees to compensate the Lenders for their fees as set forth herein, in the Upfront Fee Letter, the First Amendment Upfront Fee Letter and the Second Amendment Upfront Fee Letter, as applicable.

J. The Credit Agreement is hereby amended by amending and restating Schedules 1.01A, 1.01E, 1.01F, 1.01H and 7.02(e) thereto as set forth in Schedules 1.01A, 1.01E, 1.01F, 1.01H and 7.02(e) hereto.

2. Lender Consent and Instruction. The Blackstone Representative and each Lender party hereto hereby (a) consents to the amendments set forth in Section 1 and (b) instructs each of the Administrative Agent, the Collateral Agent and the Document Custodian to execute this Amendment.

3 . Conditions to Amendment. This Amendment shall become effective upon satisfaction of the following conditions precedent (the "**Effective Date**"):

(a) the due execution and delivery of a counterpart signature page to this Amendment by the Borrower, the Guarantors, the Blackstone Representative, the Lenders and the Administrative Agent;

(b) the representations and warranties of the Borrower set forth herein shall be true and correct in all material respects (except to the extent such representations and warranties are already qualified by materiality or Material Adverse Effect, which representations and warranties shall be true and correct in all respects) on and as of the Effective Date (or, to the extent that any such representation or warranty is expressly stated to have been made as of an earlier date, as of such earlier date);

(c) payment of the Upsize Fee, in accordance with the terms of, and as such term is defined in Second Amendment Upfront Fee Letter;

(d) the Required Ratings Test shall be satisfied and, in connection therewith, the Administrative Agent and the Blackstone Representative shall have received (a) an updated Private Rating Letter issued by the Rating Agency setting forth the Debt Rating for the Loans (after giving effect to the to the additional Commitments made available on the Second Amendment Date), which shall have the Required Rating applicable thereto, and (b) an updated related Private Rating Rationale Report with respect to such Debt Rating; and

(e) the Administrative Agent and the Blackstone Representative shall have received (i) a Notice of New Project with respect to the New Projects set forth in Schedule 1.01E hereto and all documents required to be delivered in connection with each such New Project and related Permitted Acquisitions, including a Guarantee Assumption Agreement and a Contribution Agreement as required pursuant to the terms of the Loan Documents, and (ii) each other document listed on the closing checklist delivered to Borrower on or prior to the date of this Amendment in form and substance reasonably satisfactory to the Blackstone Representative.

4. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed counterpart hereof by facsimile or other electronic transmission shall be as effective as delivery of any original executed counterpart hereof.

5. Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that as of the date of this Amendment, no Default, Event of Default or Early Amortization Event has occurred and is continuing.

6. Extent of Amendment. Except as otherwise expressly provided herein, the Credit Agreement and the other Loan Documents remain unchanged and in full force and effect. The Borrower hereby ratifies and confirms that (a) except as expressly contemplated herein, all of the terms, conditions, covenants, representations, warranties, and all other provisions of the Credit Agreement remain in full force and effect and (b) each of the other Loan Documents are and remain in full force and effect in accordance with their respective terms. This Amendment shall for all purposes be considered a Loan Document.

7. Reaffirmation of Limited Guarantee and Security Agreement. Each Guarantor and the Limited Guarantor (each a “**Reaffirming Guarantor**” and collectively, the “**Reaffirming Guarantors**”) consents to the execution and delivery of this Amendment and the consummation of the transactions described herein, and ratifies and confirms the terms of the Limited Guarantee and the Security Agreement to which such Reaffirming Guarantor is a party with respect to the indebtedness now or hereafter outstanding under the Credit Agreement as amended hereby (including with respect to the increased Commitments) and all promissory notes issued thereunder. Each Reaffirming Guarantor acknowledges that, notwithstanding anything to the contrary contained herein or in any other document evidencing any indebtedness of the Loan Parties to the Lenders or any other obligation of the Loan Parties, or any actions now or hereafter taken by the Lenders with respect to any obligation of the Loan Parties, the Limited Guarantee and the Security Agreement to which such Reaffirming Guarantor is a party (i) is and shall continue to be a primary obligation of such Reaffirming Guarantor, (ii) is and shall continue to be an absolute, unconditional, continuing and irrevocable guaranty of payment, and (iii) is and shall continue to be in full force and effect in accordance with its terms. Nothing contained herein to the contrary shall release, discharge, modify, change or affect the original liability of

any Reaffirming Guarantor under the Limited Guarantee or Security Agreement to which such Reaffirming Guarantor is a party.

8. Post-Closing Covenants.

A. Within ten (10) days of the Second Amendment Date, the Borrower hereby agrees to deliver to the Blackstone Representative reasonably satisfactory evidence that its obligations under Section 6.16 of the Credit Agreement have been satisfied.

B. Within ten (10) Business Days of the Second Amendment Date, the Administrative Agent and Lenders shall have received legal opinions (addressed to each of the Secured Parties and KBRA) from counsel to SRD Marshall MM, LLC (the "Sponsor") in form and substance reasonably satisfactory to the Blackstone Representative and its legal counsel.

C. With respect to the Project operated by Marshall Street Solar, LLC (the Marshall Street Project"), at least five (5) Business Days prior to the making of any intercompany loan in which any Person related to such Marshall Street Project, including the Sponsor and Marshall Street Solar, LLC (the "Intercompany Loan"), and in any event prior to the first tax equity distribution date after the date hereof with respect to such Marshall Street Project, Borrower shall deliver to the Blackstone Representative substantively final drafts of all loan documents related to such Intercompany Loan (the "Intercompany Loan Documents"), which Intercompany Loan Documents shall be satisfactory to the Blackstone Representative in its reasonable discretion. All of Sponsor's (or any other lender's) right, title and interest in and to the Intercompany Loan, including all collateral pledged thereunder, shall be pledged to the Collateral Agent pursuant to the terms of the Credit Agreement.

9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

10. Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby (it being understood that the invalidity, illegality or unenforceability of a particular provision in a particular jurisdiction shall not in and of itself affect the validity, legality or enforceability of such provision in any other jurisdiction). The parties hereto shall endeavor in good faith negotiations to replace any invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions the economic effect of which comes as close as reasonably possible to that of the invalid, illegal or unenforceable provisions.

11. Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

12. Applicable Law. This Amendment, and the rights and obligations of the parties hereunder, shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

APA FINANCE III BORROWER, LLC as Borrower

By: /s/ Gregg Felton
Name: Gregg Felton
Title: Authorized Signatory

APA FINANCE III BORROWER HOLDINGS, LLC as Equity Holder

By: /s/ Gregg Felton
Name: Gregg Felton
Title: Authorized Signatory

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GALAXY HOLDCO LLC
SOLAR STAR HP I, LLC
SOLAR STAR LC I, LLC
SOLAR STAR ATI FOUNTAIN GROVE, LLC
MARSHALL STREET HOLDCO, LLC
ABUNDANT SOLAR POWER (CC3) LLC
SRD MARSHALL MM, LLC
as Guarantor

By: /s/ Gregg Felton
Name: Gregg Felton
Title: Authorized Signatory

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BLACKSTONE ASSET BASED FINANCE ADVISORS LP, as Blackstone Representative

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

Signature Page to Amendment No. 2

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION as Administrative Agent

By: /s/ Prital K. Patel

Name: Prital K. Patel

Title: Vice President

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U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Nicholas Kennedy
Name: Nicholas Kennedy
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as Document Custodian

By: /s/ Kenneth Brandt
Name: Kenneth Brandt
Title: Vice President

Signature Page to Amendment No. 2

AMERICAN GENERAL LIFE INSURANCE COMPANY, as a Lender

By: Blackstone ISG-I Advisors L.L.C., pursuant to powers of attorney now and hereafter granted to it

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho
Title: Authorized Signatory

By: Blackstone Liquid Credit Advisors I LLC, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho
Title: Authorized Signatory

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho
Title: Authorized Signatory

USAA LIFE INSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

SECURITY LIFE OF DENVER INSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

FIDELITY & GUARANTY LIFE INSURANCE COMPANY, as a Lender

By: Blackstone ISG-I Advisors L.L.C., pursuant to powers of attorney now and hereafter granted to it

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

EVEREST REINSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

EMPLOYERS REASSURANCE CORPORATION, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

EVERLAKE LIFE INSURANCE COMPANY, as a Lender

By: Blackstone ISG-I Advisors L.L.C., pursuant to powers of attorney now and hereafter granted to it

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

SHELTER MUTUAL INSURANCE COMPANY, as a Lender

By: Blackstone Asset Based Finance Advisors LP, pursuant to powers of attorney now and hereafter granted to it

By: /s/ Robert Camacho

Name: Robert Camacho

Title: Authorized Signatory

Address for notices:
345 Park Avenue, 24th Floor
New York, NY 10154
Email: abf-pm@blackstone.com

AMENDMENT NO. 1 AND WAIVER TO CREDIT AGREEMENT

AMENDMENT NO. 1 AND WAIVER TO CREDIT AGREEMENT, dated as of December 22 2023 (this "**Amendment and Waiver**"), by and among APA Generation, LLC, a Delaware limited liability company (the "**Borrower**"), Citibank, N.A., as the revolver administrative agent (the "**Revolver Administrative Agent**") and each Lender (as defined below) party hereto.

W I T N E S S E T H:

WHEREAS, the Borrower, the Revolver Administrative Agent, each lender from time to time party thereto (the "**Lenders**"), the letter of credit issuers from time to time parties thereto and the other Credit Parties from time to time parties thereto, have entered into that certain Credit Agreement dated as of December 19, 2022 (as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time prior to the date hereof, the "**Credit Agreement**") (capitalized terms used herein and not otherwise defined in this Amendment and Waiver shall have the same meanings assigned thereto in the Credit Agreement);

WHEREAS, the Borrower has requested that the Revolver Administrative Agent and the Lenders (i) waive the Specified Defaults and (ii) amend certain terms of the Credit Agreement;

WHEREAS, the Borrower hereby requests that the Collateral Agent consent to an amendment to the Pledge Agreement whereby APA Generation Holdings, LLC will replace Altus Power, LLC as (i) pledgor of 100% of the equity interests of the Borrower and (ii) a Guarantor of the Secured Obligations.

WHEREAS, the Revolver Administrative Agent (acting at the direction of the undersigned Lenders under the Credit Agreement, who collectively constitute the Required Lenders) has agreed to grant such waiver and make such amendments on the terms expressly set forth herein;

WHEREAS, the parties understand and agree that the execution of this Amendment and Waiver by the parties shall not constitute or be construed as an admission of an Event of Default by any party;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Waiver of the Specified Defaults. Pursuant to Section 14.1 of the Credit Agreement, any Event of Default that has occurred and is continuing as a result of the actions or events by a Credit Party described in Annex A attached hereto (collectively, the "**Specified Defaults**"), as of the Amendment and Waiver Effective Date, is hereby waived by the Revolver Administrative Agent (acting at the direction of the undersigned Lenders). The Revolver Administrative Agent hereby agrees and acknowledges that the Borrower has satisfied any notice obligation with respect to the matters set forth herein.

SECTION 2. Amendment. Pursuant to Section 14.1 of the Credit Agreement, as of the Amendment and Waiver Effective Date, the parties hereto agree to amend the Credit Agreement as follows:

(a) The following defined terms are added to Section 1 in the appropriate alphabetical order:

"Non-MC Project Ratio" means the ratio of (a) the aggregate nameplate capacity (measured in megawatts of direct current) of all Non-Mechanical Completion Project directly or indirectly owned by the Borrower to (b) the aggregate nameplate capacity (measured in megawatts of direct current) of all Projects directly or indirectly owned by the Borrower.

"Non-Mechanical Completion Project" means any Project that has not achieved mechanical completion.

"Pledgor Parent" means Altus Power, LLC, a Delaware limited liability company.

"Permitted Non-Mechanical Completion Project" means any Non-Mechanical Completion Project that (a) is directly or indirectly wholly owned by the Borrower and a tax equity investor or a tax equity joint venture, as applicable, (b) has incurred substantial costs as reasonably determined by the Borrower in good faith and (c) is reasonably expected to achieve mechanical completion within 12 months of such Non-Mechanical Completion Project being contributed to the Borrower or its Subsidiaries.

(b) Clause (i) of the definition of "Permitted Investments" is amended and restated in its entirety with the following:

"(i) Investments in any Project Company in the ordinary course of business of the Borrower and its Subsidiaries, to extent any Projects owned by such Project Company have (A) achieved mechanical completion or (B) are Permitted Non-Mechanical Completion Projects; provided that with respect to clause (B), Investments in Permitted Non-Mechanical Completion Projects shall only be permitted to the extent that such Investment does not result in the Non-MC Project Ratio exceeding 10%, and"

(c) Section 8.23 is amended and restated in its entirety with the following:

"8.23 No Construction Projects.

(a) The Borrower only owns, directly or indirectly, (1) Projects that have reached mechanical completion (except with respect to any "mechanical completion" for any expansion or re-powering of a Project the Capital Expenditure of which is funded in accordance with Section 11.8) and (2) Permitted Non-Mechanical Completion Projects.

(b) The Non-MC Project Ratio does not exceed 10%.

(c) No Project requires any further Capital Expenditures to be made with respect to such Project other than those permitted in accordance with Section 11.8."

(d) Section 11.8 is amended and restated in its entirety with the following:

"11.8 Capital Expenditures. The Borrower will not, and will not permit any Subsidiary to, make any Capital Expenditures, except for Capital Expenditures that (i)(A) are required in connection with the ordinary maintenance of any Project and (B) are not incurred in connection with the construction, development or expansion of any Project, (ii) are incurred in connection with the expansion or re-powering of any Project that has already reached substantial completion and commercial operation prior to incurring such Capital Expenditure and such Capital Expenditure is funded in full (A) solely with the cash proceeds of a Specified Equity Contribution into the Borrower using the net proceeds of any issuance of Equity Interests by, or any Indebtedness incurred or issued by, the Ultimate Parent or the Pledgor Parent from third parties; provided that, the Borrower shall deliver notice to the Revolver Administrative Agent at least five (5) Business Days prior to making such Specified Equity Contribution and such notice shall specifically designate such Specified Equity Contribution as being made pursuant to this Section 11.8(ii)(A) or (B) solely by using Borrower Available Cash up to an amount of \$25,000,000 in the aggregate or (iii) are incurred in connection with the construction of a Permitted Non-Mechanical Completion Project and such Capital Expenditure is funded in full solely with (A) the cash proceeds of a Specified Equity Contribution into the Borrower using the net proceeds of any issuance of Equity Interests by, or any Indebtedness incurred or issued by, the Ultimate Parent or the Pledgor Parent from third parties or (B) solely with the proceeds of committed tax equity financings permitted by Section 11.6; provided, all Capital Expenditures permitted hereunder shall be subject to Section 10.12. Any Specified Equity Contributions made to fund Capital Expenditure

pursuant to Section 11.8(ii)(A) or Section 11.8(iii)(A) above shall not count as Specified Equity Contributions (or equity contributions of any other type) for any other purpose (including any baskets, growers or other thresholds) under this Agreement, including, without limitation, that such Specified Equity Contribution shall not constitute a Designated Equity Contribution under Section 12.2."

(e) The Required Lenders hereby approve of this Amendment and consent, authorize and direct the Collateral Agent to enter into the amended and restated Pledge Agreement (the "A&R Pledge Agreement") substantially in the form of Exhibit A hereto.

SECTION 3. Conditions of Effectiveness of this Amendment and Waiver. This Amendment and Waiver shall become effective (the "**Amendment and Waiver Effective Date**") immediately when the following conditions shall have been satisfied:

(a) the Revolver Administrative Agent (or its counsel) shall have received an executed counterpart (or written evidence satisfactory to the Revolver Administrative Agent (which may include a facsimile or other electronic transmission) that such party has signed a counterpart) of this Amendment and Waiver from the Revolver Administrative Agent, the Borrower and the Lenders party hereto (constituting the Required Lenders);

(b) representations and warranties made by the Borrower in Section 8 of the Credit Agreement and in any other Revolving Credit Document (other than as it relates to any Specified Defaults) are true and correct in all material respects (except where such representations and warranties are already qualified by materiality, in which case, such representation and warranty shall be accurate in all respects) on and as of the Amendment and Waiver Effective Date; it being understood and agreed, however, that for the avoidance of doubt, the Revolving Credit Documents shall include this Amendment and Waiver; and

(c) no Default or Event of Default (other than any Specified Defaults) shall have occurred and be continuing on the date hereof prior to and after giving effect to this Amendment and Waiver.

SECTION 4. Reference to and Effect on the Credit Agreement and the other Loan Documents

On and after the Amendment and Waiver Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended and otherwise modified by this Amendment and Waiver.

Except as otherwise specifically provided herein, all provisions of the Credit Agreement shall remain in full force and effect and be unaffected hereby. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Credit Agreement, which shall remain in full force and effect, except to any extent modified hereby or by instruments executed concurrently herewith and except to the extent repaid as provided herein.

SECTION 5. Execution in Counterparts. This Amendment and Waiver may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Amendment and Waiver. Delivery of an electronic signature to, or a signed copy of, this Amendment and Waiver by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and Waiver shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Borrower and the Revolver Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a

manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 6. Governing Law. THIS AMENDMENT AND WAIVER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 7. Headings. Section and subsection headings in this Amendment and Waiver are included herein for convenience of reference only and shall not constitute a part of this Amendment and Waiver for any other purpose or be given any substantive effect.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Waiver to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

APA GENERATION, LLC,
as Borrower

By: APA Generation Holdings, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: /s/ Gregg Felton
Name: Gregg Felton
Title: Co-Chief Executive Officer

[Signature Page to Amendment No. 1]

CITIBANK N.A., as Revolver Administrative Agent

By: /s/ Derrick Lenz

Name: Derrick Lenz

Title: Director / Authorized Signatory

[Signature Page to Amendment No. 1]

CITIBANK N.A., as Lender

By: /s/ Derrick Lenz

Name: Derrick Lenz

Title: Director / Authorized Signatory

[Signature Page to Amendment No. 1]

KEYBANK NATIONAL ASSOCIATION, as Lender

By:/s/ Bahar Lotfalian

Name: Bahar Lotfalian

Title: Senior Vice President

[Signature Page to Amendment No. 1]

BANK OF AMERICA, N.A., as Lender

By:/s/ Victor F. Cruz
Name: Victor F. Cruz
Title: Director

[Signature Page to Amendment No. 1]

TRUIST BANK as Lender

By:/s/ Justin Lien

Name: Justin Lien

Title: Director

[Signature Page to Amendment No. 1]

JPMORGAN CAHSE BANK, N.A., as Lender

By:/s/ Santiago Gascon
Name: Santiago Gascon
Title: Vice President

List of Subsidiaries of Altus Power, Inc. as of December 31, 2023

Name of Subsidiary	Jurisdiction of Incorporation
Altus Power, LLC	Delaware
APA Generation, LLC	Delaware
APA Finance Holdings, LLC	Delaware
APA Finance, LLC	Delaware
Altus ZS Holdings, LLC	Delaware
APA Finance II, LLC	Delaware
APA Finance III, LLC	Delaware
APAF III Operating, LLC	Delaware
TGCOP Holdco, LLC	Delaware
DESRI V Acquisition Holdings, LLC	Delaware
NY Community Solar (Fund III) Borrower, LLC	Delaware
Project Hyperion, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 14, 2024, with respect to the consolidated financial statements included in the Annual Report of Altus Power, Inc. on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statements of Altus Power, Inc. on Forms S-3 (File No. 333-269337 and File No. 333-262072) and Form S-8 (File No. 333-262695).

/s/ GRANT THORNTON LLP

Iselin, New Jersey
March 14, 2024

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No's. 333- 269337 and 333- 262072 on Form S-3 and Registration Statement No. 333-262695 on Form S-8 of our report dated March 30, 2023, relating to the financial statements of Altus Power, Inc. as of and for the year ended December 31, 2022, appearing in the Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche, LLP

Stamford, CT

March 14, 2024

EXHIBIT 31.1

CERTIFICATIONS

I, Gregg J. Felton, certify that:

- 1) I have reviewed this Annual Report on Form 10-K of Altus Power, 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)) for the registrant and have:
 - a) [omitted];
 - b) [omitted];
 - 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: March 14, 2024

/s/ Gregg J. Felton

Co-Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATIONS

I, Dustin L. Weber, certify that:

- 1) I have reviewed this Annual Report on Form 10-K of Altus Power, 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)) for the registrant and have:
 - a) [omitted];
 - b) [omitted];
 - 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: March 14, 2024

/s/ Dustin L. Weber

Chief Financial Officer

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

The undersigned, Gregg J. Felton, Co-Chief Executive Officer, and Dustin L. Weber, Chief Financial Officer of Altus Power, Inc. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

- (i) the Annual Report on Form 10-K for the period ended December 31, 2023, of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: March 14, 2024

/s/ Gregg J. Felton

Co-Chief Executive Officer and Director

/s/ Dustin L. Weber

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

ALTUS POWER, INC.
CLAWBACK POLICY

Introduction

The Board of Directors (the “**Board**”) of the Altus Power, Inc. (the “**Company**”) believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this Clawback Policy (this “**Policy**”), which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and Section 303A.14 of the New York Stock Exchange (“**NYSE**”) Listed Company Manual.

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company’s securities are listed, and such other senior employees who may from time to time be deemed subject to the Policy by the Board (“**Covered Executives**”). Notwithstanding the foregoing, Appendix A to this Policy applies to Incentive Compensation and certain other compensation described in Appendix A hereto that is received while the Company has a class of securities listed on NYSE by persons listed on Schedule 1 hereto (“**Covered Persons**”).

Recoupment; Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement (as defined below) of its financial statements due to the Company’s material¹ noncompliance with any financial reporting requirement under the securities laws, the Board will require reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

For purposes of this Policy, “Accounting Restatement” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Notwithstanding the foregoing, the following

¹ A company’s clawback policy will be triggered in the event that the company is required to prepare an accounting restatement due to the material noncompliance by the company with any financial reporting requirement under the securities laws, regardless of whether company or officer misconduct was the cause for such accounting restatement. Specifically, recovery is required with respect to both (i) restatements that correct errors that are material to previously issued financial statements (commonly referred to as “Big R” restatements), and (ii) restatements that correct errors that are not material to previously issued financial statements, but would result in a material misstatement if (a) the errors were left uncorrected in the current report or (b) the error correction was recognized in the current period (commonly referred to as “little r” restatements).

types of changes to the Company's financial statements do not represent error corrections, and therefore would likewise not trigger application of this Policy:

- Retrospective application of a change in accounting principle;
- Retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization;
- Retrospective reclassification due to a discontinued operation;
- Retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and
- Retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

Incentive Compensation

For purposes of this Policy, "**Incentive Compensation**" means any of the following, provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.

Financial reporting measures include, but are not limited to:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Adjusted EBITDA.
- Adjusted EBITDA margin.
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.
- Exit portfolio annualized rate.

For purposes of this Policy, Incentive Compensation is "received" in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period. All conditions to an award for Incentive Compensation need not be satisfied for the Incentive Compensation to be deemed

received under this Policy. Incentive Compensation is deemed received even if there is a contingent right to payment at that time or payment remains subject to ministerial acts, such as calculating the amount earned or obtaining the approval of the Board.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Off-setting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board. Notwithstanding the foregoing, the Company must comply with this Policy beginning on October 2, 2023 (the "Effective Date"). The terms of this Policy shall apply to any Incentive Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company

pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Dated: November 9, 2023