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DELTA REPORT

10-Q

ALTUS POWER, INC.

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1486
CHANGES	267
DELETIONS	335
ADDITIONS	884

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023 June 30, 2023

OR

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

For the transition period from to

Commission file number 001-04321

ALTUS POWER, INC.
(Exact name of registrant as specified in its charter)

Delaware	**85-3448396**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Atlantic Street, Sixth Floor	
Stamford, CT	**06902**
(Address of Principal Executive Offices)	(Zip Code)

(203)-698-0090
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	AMPS	New York Stock Exchange

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. (Check one):

Large accelerated filer		Accelerated filer	
Non-accelerated filer		Smaller reporting company	
		Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of May 13, 2023 August 11, 2023, there were 158,989,953 shares of Class A common stock outstanding and 1,006,250 shares of Class B common stock outstanding.

Table of Contents

Table of Contents

Part I. Financial Statements

Item 1. Financial Statements

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

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022		2023	2022	2023	2022
Operating revenues, net	Operating revenues, net	$ 29,378	$ 19,199	Operating revenues, net	$ 46,513	$ 24,762	$ 75,891	$ 43,961
Operating expenses	Operating expenses			Operating expenses				

Cost of operations (exclusive of depreciation and amortization shown separately below)	Cost of operations (exclusive of depreciation and amortization shown separately below)	5,976	4,064	Cost of operations (exclusive of depreciation and amortization shown separately below)	7,581	4,290	13,557	8,354
General and administrative	General and administrative	7,362	6,384	General and administrative	8,291	6,558	15,653	12,942
Depreciation, amortization and accretion expense	Depreciation, amortization and accretion expense	11,376	6,822	Depreciation, amortization and accretion expense	12,959	6,863	24,335	13,685
Acquisition and entity formation costs	Acquisition and entity formation costs	1,491	294	Acquisition and entity formation costs	1,369	52	2,860	346
Loss on fair value remeasurement of contingent consideration		50	169					
Loss (gain) on fair value remeasurement of contingent consideration				Loss (gain) on fair value remeasurement of contingent consideration	50	(1,140)	100	(971)
Stock-based compensation	Stock-based compensation	2,872	1,305	Stock-based compensation	4,256	2,657	7,128	3,962
Total operating expenses	Total operating expenses	$ 29,127	$ 19,038	Total operating expenses	$ 34,506	$ 19,280	$ 63,633	$ 38,318
Operating income	Operating income	251	161	Operating income	12,007	5,482	12,258	5,643
Other (income) expense	Other (income) expense			Other (income) expense				
Change in fair value of redeemable warrant liability	Change in fair value of redeemable warrant liability	—	(18,458)	Change in fair value of redeemable warrant liability	—	(4,659)	—	(23,117)
Change in fair value of alignment shares liability		(17,018)	(46,346)					
Other expense, net		90	15					
Change in fair value of Alignment Shares liability				Change in fair value of Alignment Shares liability	(2,805)	(16,705)	(19,823)	(63,051)
Other expense (income), net				Other expense (income), net	1,789	(608)	1,879	(593)
Interest expense, net	Interest expense, net	12,446	4,938	Interest expense, net	8,524	5,173	20,970	10,111
Total other income		$ (4,482)	$ (59,851)					
Income before income tax (expense) benefit		$ 4,733	$ 60,012					
Income tax (expense) benefit		(888)	123					
Total other expense (income)				Total other expense (income)	$ 7,508	$ (16,799)	$ 3,026	$ (76,650)
Income before income tax expense				Income before income tax expense	$ 4,499	$ 22,281	$ 9,232	$ 82,293
Income tax expense				Income tax expense	(1,129)	(707)	(2,017)	(584)

Net income	Net income	$ 3,845	$ 60,135	Net income	$ 3,370	$ 21,574	$ 7,215	$ 81,709
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(1,772)	(284)	Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(3,455)	(2,541)	(5,227)	(2,825)
Net income attributable to Altus Power, Inc.	Net income attributable to Altus Power, Inc.	$ 5,617	$ 60,419	Net income attributable to Altus Power, Inc.	$ 6,825	$ 24,115	$ 12,442	$ 84,534
Net income per share attributable to common stockholders	Net income per share attributable to common stockholders			Net income per share attributable to common stockholders				
Basic	Basic	$ 0.04	$ 0.39	Basic	$ 0.04	$ 0.16	$ 0.08	$ 0.55
Diluted	Diluted	$ 0.03	$ 0.39	Diluted	$ 0.04	$ 0.16	$ 0.08	$ 0.55
Weighted average shares used to compute net income per share attributable to common stockholders	Weighted average shares used to compute net income per share attributable to common stockholders			Weighted average shares used to compute net income per share attributable to common stockholders				
Basic	Basic	158,621,674	152,662,512	Basic	158,719,684	153,310,068	158,670,950	152,988,078
Diluted	Diluted	161,003,402	153,586,538	Diluted	158,978,275	153,954,843	160,747,045	153,771,992

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

Table of Contents

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

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022		2023	2022	2023	2022
Net income	Net income	$ 3,845	$ 60,135	Net income	$ 3,370	$ 21,574	$ 7,215	$ 81,709
Other comprehensive income (loss)								
Other comprehensive income				Other comprehensive income				
Foreign currency translation adjustment	Foreign currency translation adjustment	9	—	Foreign currency translation adjustment	—	—	9	—
Unrealized loss on a cash flow hedge, net of tax		(771)	—					
Other comprehensive loss, net of tax		$ (762)	$ —					
Unrealized gain on a cash flow hedge, net of tax				Unrealized gain on a cash flow hedge, net of tax	3,770	—	2,999	—
Other comprehensive income, net of tax				Other comprehensive income, net of tax	$ 3,770	$ —	$ 3,008	$ —
Total comprehensive income	Total comprehensive income	$ 3,083	$ 60,135	Total comprehensive income	$ 7,140	$ 21,574	$ 10,223	$ 81,709

Comprehensive loss attributable to the noncontrolling and redeemable noncontrolling interests	Comprehensive loss attributable to the noncontrolling and redeemable noncontrolling interests	(1,772)	(284)	Comprehensive loss attributable to the noncontrolling and redeemable noncontrolling interests	(3,455)	(2,541)	(5,227)	(2,825)
Comprehensive income attributable to Altus Power, Inc.	Comprehensive income attributable to Altus Power, Inc.	$ 4,855	$ 60,419	Comprehensive income attributable to Altus Power, Inc.	$ 10,595	$ 24,115	$ 15,450	$ 84,534

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

Table of Contents

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

		As of March 31, 2023	As of December 31, 2022		As of June 30, 2023	As of December 31, 2022
Assets	**Assets**			**Assets**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 69,450	$ 193,016	Cash and cash equivalents	$ 69,114	$ 193,016
Current portion of restricted cash	Current portion of restricted cash	3,376	2,404	Current portion of restricted cash	3,700	2,404
Accounts receivable, net	Accounts receivable, net	16,116	13,443	Accounts receivable, net	27,041	13,443
Other current assets	Other current assets	4,440	6,206	Other current assets	6,451	6,206
Total current assets	Total current assets	93,382	215,069	Total current assets	106,306	215,069
Restricted cash, noncurrent portion	Restricted cash, noncurrent portion	11,355	3,978	Restricted cash, noncurrent portion	11,321	3,978
Property, plant and equipment, net	Property, plant and equipment, net	1,371,674	1,005,147	Property, plant and equipment, net	1,405,497	1,005,147
Intangible assets, net	Intangible assets, net	47,770	47,627	Intangible assets, net	47,429	47,627
Operating lease asset	Operating lease asset	122,719	94,463	Operating lease asset	151,653	94,463
Derivative assets	Derivative assets	2,184	3,953	Derivative assets	5,134	3,953
Other assets	Other assets	8,277	6,651	Other assets	8,047	6,651
Total assets	Total assets	$ 1,657,361	$ 1,376,888	Total assets	$ 1,735,387	$ 1,376,888
Liabilities, redeemable noncontrolling interests, and stockholders' equity	**Liabilities, redeemable noncontrolling interests, and stockholders' equity**			**Liabilities, redeemable noncontrolling interests, and stockholders' equity**		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	$ 5,568	$ 2,740	Accounts payable	$ 5,664	$ 2,740
Construction payable	Construction payable	19,720	9,038	Construction payable	14,972	9,038
Interest payable	Interest payable	5,640	4,436	Interest payable	7,473	4,436
Purchase price payable, current	Purchase price payable, current	14,454	12,077	Purchase price payable, current	22,400	12,077
Due to related parties	Due to related parties	213	112	Due to related parties	153	112
Current portion of long-term debt, net	Current portion of long-term debt, net	32,549	29,959	Current portion of long-term debt, net	32,071	29,959
Operating lease liability, current	Operating lease liability, current	3,704	3,339	Operating lease liability, current	3,568	3,339
Contract liability, current	Contract liability, current	4,223	2,590	Contract liability, current	3,807	2,590
Other current liabilities	Other current liabilities	10,210	3,937	Other current liabilities	7,322	3,937
Total current liabilities	Total current liabilities	96,281	68,228	Total current liabilities	97,430	68,228
Alignment shares liability		49,116	66,145			

		March 31, 2023	December 31, 2022		June 30, 2023	December 31, 2022
Alignment Shares liability				Alignment Shares liability	46,311	66,145
Long-term debt, net of unamortized debt issuance costs and current portion	Long-term debt, net of unamortized debt issuance costs and current portion	835,729	634,603	Long-term debt, net of unamortized debt issuance costs and current portion	878,465	634,603
Intangible liabilities, net	Intangible liabilities, net	15,461	12,411	Intangible liabilities, net	14,631	12,411
Purchase price payable, noncurrent	Purchase price payable, noncurrent	7,287	6,940	Purchase price payable, noncurrent	—	6,940
Asset retirement obligations	Asset retirement obligations	13,512	9,575	Asset retirement obligations	13,931	9,575
Operating lease liability, noncurrent	Operating lease liability, noncurrent	129,609	94,819	Operating lease liability, noncurrent	157,876	94,819
Contract liability, noncurrent	Contract liability, noncurrent	7,036	5,397	Contract liability, noncurrent	6,518	5,397
Deferred tax liabilities, net	Deferred tax liabilities, net	11,329	11,011	Deferred tax liabilities, net	13,581	11,011
Other long-term liabilities	Other long-term liabilities	1,805	4,700	Other long-term liabilities	3,526	4,700
Total liabilities	Total liabilities	$ 1,167,165	$ 913,829	Total liabilities	$ 1,232,269	$ 913,829
Commitments and contingent liabilities (Note 11)	Commitments and contingent liabilities (Note 11)			Commitments and contingent liabilities (Note 11)		
Redeemable noncontrolling interests	Redeemable noncontrolling interests	24,343	18,133	Redeemable noncontrolling interests	20,667	18,133
Stockholders' equity	**Stockholders' equity**			**Stockholders' equity**		
Common stock $0.0001 par value; 988,591,250 shares authorized as of March 31, 2023, and December 31, 2022; 158,989,953 and 158,904,401 shares issued and outstanding as of March 31, 2023, and December 31, 2022		16	16			
Common stock $0.0001 par value; 988,591,250 shares authorized as of June 30, 2023, and December 31, 2022; 158,989,953 and 158,904,401 shares issued and outstanding as of June 30, 2023, and December 31, 2022				Common stock $0.0001 par value; 988,591,250 shares authorized as of June 30, 2023, and December 31, 2022; 158,989,953 and 158,904,401 shares issued and outstanding as of June 30, 2023, and December 31, 2022	16	16
Additional paid-in capital	Additional paid-in capital	474,202	470,004	Additional paid-in capital	478,458	470,004
Accumulated deficit	Accumulated deficit	(40,302)	(45,919)	Accumulated deficit	(33,477)	(45,919)
Accumulated other comprehensive loss		(762)	—			
Accumulated other comprehensive income				Accumulated other comprehensive income	3,008	—
Total stockholders' equity	Total stockholders' equity	$ 433,154	$ 424,101	Total stockholders' equity	$ 448,005	$ 424,101
Noncontrolling interests	Noncontrolling interests	32,699	20,825	Noncontrolling interests	34,446	20,825
Total equity	Total equity	$ 465,853	$ 444,926	Total equity	$ 482,451	$ 444,926
Total liabilities, redeemable noncontrolling interests, and stockholders' equity	Total liabilities, redeemable noncontrolling interests, and stockholders' equity	$ 1,657,361	$ 1,376,888	Total liabilities, redeemable noncontrolling interests, and stockholders' equity	$ 1,735,387	$ 1,376,888

Table of Contents

The following table presents the assets and liabilities of the consolidated variable interest entities (Refer to Note 4).

(In thousands)	**(In thousands)**	**As of March 31, 2023**	**As of December 31, 2022**	**(In thousands)**	**As of June 30, 2023**	**As of December 31, 2022**
Assets of consolidated VIEs, included in total assets above:	**Assets of consolidated VIEs, included in total assets above:**			**Assets of consolidated VIEs, included in total assets above:**		
Cash	Cash	$ 14,034	$ 11,652	Cash	$ 12,842	$ 11,652

Current portion of restricted cash	Current portion of restricted cash	861	1,152	Current portion of restricted cash	2,377	1,152
Accounts receivable, net	Accounts receivable, net	7,569	2,952	Accounts receivable, net	9,941	2,952
Other current assets	Other current assets	1,930	678	Other current assets	587	678
Restricted cash, noncurrent portion	Restricted cash, noncurrent portion	1,762	1,762	Restricted cash, noncurrent portion	2,800	1,762
Property, plant and equipment, net	Property, plant and equipment, net	705,171	401,711	Property, plant and equipment, net	689,897	401,711
Intangible assets, net	Intangible assets, net	6,011	5,308	Intangible assets, net	5,861	5,308
Operating lease asset	Operating lease asset	60,154	36,211	Operating lease asset	59,016	36,211
Other assets	Other assets	591	591	Other assets	2,039	591
Total assets of consolidated VIEs	Total assets of consolidated VIEs	$ 798,083	$ 462,017	Total assets of consolidated VIEs	$ 785,360	$ 462,017
Liabilities of consolidated VIEs, included in total liabilities above:	**Liabilities of consolidated VIEs, included in total liabilities above:**			**Liabilities of consolidated VIEs, included in total liabilities above:**		
Accounts payable	Accounts payable	$ 787	$ 454	Accounts payable	$ 669	$ 454
Construction payable	Construction payable	1,447	—	Construction payable	2,053	—
Purchase price payable, current	Purchase price payable, current	1,636	—	Purchase price payable, current	219	—
Operating lease liability, current	Operating lease liability, current	1,266	2,742	Operating lease liability, current	1,264	2,742
Current portion of long-term debt, net	Current portion of long-term debt, net	3,027	2,336	Current portion of long-term debt, net	3,025	2,336
Contract liability	Contract liability	475	—	Contract liability	484	—
Other current liabilities	Other current liabilities	2	199	Other current liabilities	186	199
Long-term debt, net of unamortized debt issuance costs and current portion	Long-term debt, net of unamortized debt issuance costs and current portion	40,323	33,332	Long-term debt, net of unamortized debt issuance costs and current portion	39,791	33,332
Intangible liabilities, net	Intangible liabilities, net	2,374	1,899	Intangible liabilities, net	2,130	1,899
Asset retirement obligations	Asset retirement obligations	7,431	4,438	Asset retirement obligations	7,595	4,438
Operating lease liability, noncurrent	Operating lease liability, noncurrent	64,608	33,204	Operating lease liability, noncurrent	62,455	33,204
Contract liability	Contract liability	3,999	—	Contract liability	3,950	—
Other long-term liabilities	Other long-term liabilities	1	565	Other long-term liabilities	1,890	565
Total liabilities of consolidated VIEs	Total liabilities of consolidated VIEs	$ 127,376	$ 79,169	Total liabilities of consolidated VIEs	$ 125,711	$ 79,169

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

Table of Contents

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non Controlling Interests	Total Equity
As of December 31, 2021	**153,648,830**	**$ 15**	**$406,259**	**$ —**	**$(101,356)**	**$ 304,918**	**$ 21,093**	**$326,011**
Stock-based compensation	—	—	1,305	—	—	1,305	—	1,305
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(330)	(330)
Equity issuance costs	—	—	(712)	—	—	(712)	—	(712)
Cash contributions from noncontrolling interests								
Conversion of alignment shares to Class A Common Stock and exercised warrants	—	—	15	—	—	15	—	15
Exchange of warrants into common stock								
Net income (loss)	—	—	—	—	60,419	60,419	(402)	60,017
As of March 31, 2022	**153,648,830**	**15**	**406,867**	**—**	**(40,937)**	**365,945**	**20,361**	**386,306**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income
As of March 31, 2022	**153,648,830**	**$15**	**$406,867**	**$ —**
Stock-based compensation	—	—	2,657	—
Cash distributions to noncontrolling interests	—	—	—	—
Cash contributions from noncontrolling interests	—	—	—	—
Conversion of alignment shares to Class A Common Stock and exercised warrants	2,021	—	—	—
Exchange of warrants into common stock	1,067,417	—	7,308	—
Net income (loss)	—	—	—	—
As of June 30, 2022	**154,718,268**	**15**	**416,832**	**—**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non Controlling Interests	Amount	Total Equity
As of December 31, 2022	**158,904,401**	**$ 16**	**$470,004**	**$ —**	**$ (45,919)**	**$ 424,101**	**$ 20,825**		**$444,926**
Stock-based compensation	83,541	—	2,813	—	—	2,813	—		2,813
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(526)		(526)
Cash contributions from noncontrolling interests	—	—	—	—	—	—	1,737		1,737

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital
As of March 31, 2023	**158,989,953**	**$16**	**$474,202 $**
Stock-based compensation	—	—	4,256
Cash distributions to noncontrolling interests	—	—	—
Cash contributions from noncontrolling interests	—	—	—

Conversion of alignment shares to Class A Common Stock and exercised warrants	2,011	—	11	—	—	11	—	11				
Noncontrolling interests assumed through acquisitions Noncontrolling interests assumed through acquisitions	—	—	—	—	—	—	13,296	13,296	Noncontrolling interests assumed through acquisitions	—	—	—
Redemption of redeemable noncontrolling interests	—	—	1,374	—	—	1,374	—	1,374				
Other comprehensive loss	—	—	—	(762)	—	(762)	—	(762)				
Other comprehensive income									Other comprehensive income	—	—	—
Net income (loss) Net income (loss)	—	—	—	—	5,617	5,617	(2,633)	2,984	Net income (loss)	—	—	—
As of March 31, 2023	**158,989,953**	**$ 16**	**$474,202**	**$ (762)**	**$ (40,302)**	**$ 433,154**	**$ 32,699**	**$465,853**				
As of June 30, 2023									**As of June 30, 2023**	**158,989,953**	**$16**	**$478,458**	**$**

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

Table of Contents

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

	Common Stock		Additional	Accumulated Other Comprehensive		Total Stockholders'	Non Controlling	
	Shares	Amount	Paid-in Capital	Income	Accumulated Deficit	Equity	Interests	Total Equity
As of December 31, 2021	**153,648,830**	**$ 15**	**$ 406,259**	**$ —**	**$ (101,356)**	**$ 304,918**	**$ 21,093**	**$ 326,011**
Stock-based compensation	—	—	3,962	—	—	3,962	—	3,962
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(666)	(666)
Cash contributions from noncontrolling interests	—	—	—	—	—	—	1,064	1,064
Equity issuance costs	—	—	(712)	—	—	(712)	—	(712)
Conversion of Alignment Shares to Class A Common Stock and exercised warrants	2,021	—	15	—	—	15	—	15
Exchange of warrants into common stock	1,067,417	—	7,308	—	—	7,308	—	7,308
Net income (loss)	—	—	—	—	84,534	84,534	(2,796)	81,738
As of June 30, 2022	**154,718,268**	**15**	**416,832**	**—**	**(16,822)**	**400,025**	**18,695**	**418,720**

	Common Stock		Additional	Accumulated Other Comprehensive	Accumulated	Total Stockholders'	Non Controlling	
	Shares	Amount	Paid-in Capital	Income	Deficit	Equity	Interests	Total Equity
As of December 31, 2022	**158,904,401**	**$ 16**	**$ 470,004**	**$ —**	**$ (45,919)**	**$ 424,101**	**$ 20,825**	**$ 444,926**
Stock-based compensation	83,541	—	7,069	—	—	7,069	—	7,069
Cash distributions to noncontrolling interests	—	—	—	—	—	—	(1,015)	(1,015)
Cash contributions from noncontrolling interests	—	—	—	—	—	—	6,274	6,274

Conversion of Alignment Shares to Class A Common Stock and exercised warrants	2,011	—	11	—	—	11	—	11
Noncontrolling interests assumed through acquisitions	—	—	—	—	—	—	13,500	13,500
Redemption of redeemable non-controlling interests	—	—	1,374	—	—	1,374	—	1,374
Other comprehensive income	—	—	—	3,008	—	3,008	—	3,008
Net income (loss)	—	—	—	—	12,442	12,442	(5,138)	7,304
As of June 30, 2023	**158,989,953**	**$ 16**	**$ 478,458**	**$ 3,008**	**$ (33,477)**	**$ 448,005**	**$ 34,446**	**$ 482,451**

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

Table of Contents

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

		Three Months Ended March 31,			Six Months Ended June 30,	
		2023	2022		2023	2022
Cash flows from operating activities	**Cash flows from operating activities**			**Cash flows from operating activities**		
Net income	Net income	$ 3,845	$ 60,135	Net income	$ 7,215	$ 81,709
Adjustments to reconcile net income to net cash from operating activities:	Adjustments to reconcile net income to net cash from operating activities:			Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization and accretion	Depreciation, amortization and accretion	11,376	6,822	Depreciation, amortization and accretion	24,335	13,685
Non-cash lease expense	Non-cash lease expense	112	—	Non-cash lease expense	499	—
Deferred tax expense (benefit)		888	(130)			
Deferred tax expense				Deferred tax expense	2,011	550
Amortization of debt discount and financing costs	Amortization of debt discount and financing costs	753	711	Amortization of debt discount and financing costs	1,683	1,428
Change in fair value of redeemable warrant liability	Change in fair value of redeemable warrant liability	—	(18,458)	Change in fair value of redeemable warrant liability	—	(23,117)
Change in fair value of alignment shares liability		(17,018)	(46,346)			
Change in fair value of Alignment Shares liability				Change in fair value of Alignment Shares liability	(19,823)	(63,051)
Remeasurement of contingent consideration	Remeasurement of contingent consideration	50	169	Remeasurement of contingent consideration	100	(971)
Stock-based compensation	Stock-based compensation	2,813	1,305	Stock-based compensation	7,069	3,962
Other	Other	138	283	Other	1,350	(189)
Changes in assets and liabilities, excluding the effect of acquisitions	**Changes in assets and liabilities, excluding the effect of acquisitions**			**Changes in assets and liabilities, excluding the effect of acquisitions**		

Accounts receivable	Accounts receivable	1,685	724	Accounts receivable	(9,597)	(3,940)
Due to related parties	Due to related parties	101	—	Due to related parties	41	—
Derivative assets	Derivative assets	1,769	(901)	Derivative assets	2,676	(1,777)
Other assets	Other assets	1,206	769	Other assets	1,607	2,712
Accounts payable	Accounts payable	2,828	(1,197)	Accounts payable	2,924	(722)
Interest payable	Interest payable	1,204	(99)	Interest payable	3,037	(78)
Contract liability	Contract liability	152	—	Contract liability	243	—
Other liabilities	Other liabilities	2,323	(288)	Other liabilities	121	1,668
Net cash provided by operating activities	Net cash provided by operating activities	14,225	3,499	Net cash provided by operating activities	25,491	11,869
Cash flows used for investing activities	**Cash flows used for investing activities**			**Cash flows used for investing activities**		
Capital expenditures	Capital expenditures	(24,844)	(6,571)	Capital expenditures	(61,982)	(23,338)
Payments to acquire businesses, net of cash and restricted cash acquired	Payments to acquire businesses, net of cash and restricted cash acquired	(288,241)	—	Payments to acquire businesses, net of cash and restricted cash acquired	(288,903)	—
Payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired	Payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired	(6,350)	—	Payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired	(22,433)	(11,572)
Net cash used for investing activities	Net cash used for investing activities	(319,435)	(6,571)	Net cash used for investing activities	(373,318)	(34,910)
Cash flows used for financing activities	**Cash flows used for financing activities**			**Cash flows used for financing activities**		
Proceeds from issuance of long-term debt	Proceeds from issuance of long-term debt	204,687	—	Proceeds from issuance of long-term debt	269,850	—
Repayment of long-term debt	Repayment of long-term debt	(7,724)	(3,411)	Repayment of long-term debt	(31,068)	(8,120)
Payment of debt issuance costs	Payment of debt issuance costs	(1,976)	(29)	Payment of debt issuance costs	(2,548)	(42)
Payment of deferred purchase price payable	Payment of deferred purchase price payable	(4,531)	—	Payment of deferred purchase price payable	(4,531)	—
Payment of equity issuance costs	Payment of equity issuance costs	—	(712)	Payment of equity issuance costs	—	(744)
Payment of contingent consideration				Payment of contingent consideration	—	(45)
Contributions from noncontrolling interests	Contributions from noncontrolling interests	1,737	—	Contributions from noncontrolling interests	6,274	2,151
Redemption of redeemable noncontrolling interests	Redemption of redeemable noncontrolling interests	(1,098)	—	Redemption of redeemable noncontrolling interests	(3,224)	—
Distributions to noncontrolling interests	Distributions to noncontrolling interests	(1,102)	(568)	Distributions to noncontrolling interests	(2,189)	(1,148)
Net cash provided by (used for) financing activities	Net cash provided by (used for) financing activities	189,993	(4,720)	Net cash provided by (used for) financing activities	232,564	(7,948)

Net decrease in cash, cash equivalents, and restricted cash	Net decrease in cash, cash equivalents, and restricted cash	(115,217)	(7,792)	Net decrease in cash, cash equivalents, and restricted cash	(115,263)	(30,989)
Cash, cash equivalents, and restricted cash, beginning of period	Cash, cash equivalents, and restricted cash, beginning of period	199,398	330,321	Cash, cash equivalents, and restricted cash, beginning of period	199,398	330,321
Cash, cash equivalents, and restricted cash, end of period	Cash, cash equivalents, and restricted cash, end of period	$ 84,181	$ 322,529	Cash, cash equivalents, and restricted cash, end of period	$ 84,135	$ 299,332

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

[Table of Contents](#)

		Three Months Ended March 31,			Six Months Ended June 30,	
		2023	**2022**		**2023**	**2022**
Supplemental cash flow disclosure	**Supplemental cash flow disclosure**			**Supplemental cash flow disclosure**		
Cash paid for interest	Cash paid for interest	$ 6,509	$ 4,935	Cash paid for interest	$ 15,299	$ 9,804
Cash paid for taxes				Cash paid for taxes	—	39
Non-cash investing and financing activities	**Non-cash investing and financing activities**			**Non-cash investing and financing activities**		
Asset retirement obligations	Asset retirement obligations	$ 3,847	$ —	Asset retirement obligations	$ 3,943	$ 96
Debt assumed through acquisitions	Debt assumed through acquisitions	8,100	—	Debt assumed through acquisitions	7,883	—
Noncontrolling interest assumed through acquisitions	Noncontrolling interest assumed through acquisitions	13,296	—	Noncontrolling interest assumed through acquisitions	13,500	—
Redeemable noncontrolling interest assumed through acquisitions	Redeemable noncontrolling interest assumed through acquisitions	8,100	—	Redeemable noncontrolling interest assumed through acquisitions	8,100	—
Acquisitions of property and equipment included in construction payable	Acquisitions of property and equipment included in construction payable	10,872	—	Acquisitions of property and equipment included in construction payable	6,125	—
Acquisitions of property, plant and equipment included in other current liabilities	Acquisitions of property, plant and equipment included in other current liabilities	—	1,066	Acquisitions of property, plant and equipment included in other current liabilities	—	1,334
Conversion of alignment shares into common stock		11				
Conversion of Alignment Shares into common stock				Conversion of Alignment Shares into common stock	11	15
Deferred purchase price payable	Deferred purchase price payable	7,069	—	Deferred purchase price payable	7,606	—
Construction loan conversion				Construction loan conversion	—	(4,186)
Term loan conversion				Term loan conversion	—	4,186
Exchange of warrants into common stock				Exchange of warrants into common stock	—	7,303

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 CBAH Merger Sub II (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 unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("*U.S. GAAP*") and regulations of the U.S. Securities and Exchange Commission ("*SEC*") for interim financial reporting. The Company's condensed consolidated financial statements include the results of wholly-owned and partially-owned subsidiaries in which the Company has a controlling interest. All intercompany balances and transactions have been eliminated in consolidation.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, filed with the Company's 2022 annual report on Form 10-K on March 30, 2023, and the related notes which provide a more complete discussion of the Company's accounting policies and certain other information. The information as of December 31, 2022, included in the condensed consolidated balance sheets was derived from the Company's audited consolidated financial statements. The condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, including normal recurring adjustments, which are, in the opinion of management, necessary for a fair statement of the Company's financial position as of March 31, 2023June 30, 2023, and the results of operations and cash flows for the three and six months ended March 31, 2023June 30, 2023, and 2022. The results of operations for the three and six months ended March 31, 2023June 30, 2023, are not necessarily indicative of the results that may be expected for the full year or any other future interim or annual period.

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. For the year ended December 31, 2022, $2.6 million was reclassified from other current liabilities to contract liability, current on the condensed consolidated balance sheet. This change had no impact on total current liabilities reported in the consolidated balance sheet. Further, for the threesix months ended March 31, 2022June 30, 2022, $0.9 million$1.8 million was reclassified from unrealized gain on interest rate swaps in the adjustments to reconcile net income to net cash from operating activities section of the condensed consolidated statements of cash flows to derivative assets in the changes in assets, and liabilities, excluding the effect of acquisitions section of the condensed consolidated cash flows. This change had no impact on cash provided by operating activities in the consolidated statement of cash flows.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed 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 alignment shares. Class B common stock, par value $0.0001 per share ("*Alignment Shares*").

(Dollar amounts in thousands, except per share data, unless otherwise noted)

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 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, solar renewable energy credit revenue, rental income, performance based incentives and other revenue. 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 includes 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 and 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 condensed 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 condensed consolidated balance sheets. Cash, cash equivalents, and restricted cash consist of the following:

		As of March 31, 2023	As of December 31, 2022		As of June 30, 2023	As of December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	$ 69,450	$ 193,016	Cash and cash equivalents	$ 69,114	$ 193,016
Current portion of restricted cash	Current portion of restricted cash	3,376	2,404	Current portion of restricted cash	3,700	2,404
Restricted cash, noncurrent portion	Restricted cash, noncurrent portion	11,355	3,978	Restricted cash, noncurrent portion	11,321	3,978
Total	Total	$ 84,181	$ 199,398	Total	$ 84,135	$ 199,398

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 one customer that individually accounted for 15.6% over 10% (i.e., 22.6%) of total accounts receivable as of March 31, 2023 June 30, 2023, one customer that individually accounted over 10% (i.e. 14.4%,) of total revenue for the three months ended June 30, 2023, and one customer that individually accounted for 15.0% over 10% (i.e., 14.7%) of total revenue for the three six months ended March 31, 2023.

The Company had one customer that individually accounted for 28.0% of total accounts receivable as of December 31, 2022, and one customer that individually accounted for 11.7% of total revenue for the three months ended March 31, 2022 June 30, 2023.

[Table of Contents](#)

The Company had one customer that individually accounted for over 10% (i.e., 28.0%) of total accounts receivable as of December 31, 2022, and no customers that individually accounted for 10% of total revenue for the three and six months ended June 30, 2022.

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 and the adoption did not have a material impact on the condensed consolidated financial statements.

(Dollar amounts in thousands, except per share data, unless otherwise noted)

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 5, "Acquisitions"), and recognized $3.5 million of contract liability assumed through the business combination.

3. Revenue and Accounts Receivable

Disaggregation of Revenue

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

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022		2023	2022	2023	2022
Power sales under PPAs	Power sales under PPAs	$ 8,986	$ 4,182	Power sales under PPAs	$ 16,641	$ 6,730	$ 25,627	$ 10,912
Power sales under NMCAs	Power sales under NMCAs	6,836	3,910	Power sales under NMCAs	13,297	7,822	20,133	11,722
Power sales on wholesale markets	Power sales on wholesale markets	356	573	Power sales on wholesale markets	568	1,155	924	1,738
Total revenue from power sales	Total revenue from power sales	16,178	8,665	Total revenue from power sales	30,506	15,707	46,684	24,372
Solar renewable energy credit revenue	Solar renewable energy credit revenue	10,067	9,531	Solar renewable energy credit revenue	13,526	7,975	23,593	17,506
Rental income	Rental income	626	644	Rental income	986	785	1,612	1,429
Performance based incentives	Performance based incentives	2,098	359	Performance based incentives	464	295	2,562	654
Revenue recognized on contract liabilities	Revenue recognized on contract liabilities	409	—	Revenue recognized on contract liabilities	1,031	—	1,440	—
Total	Total	$ 29,378	$ 19,199	Total	$ 46,513	$ 24,762	$ 75,891	$ 43,961

[Table of Contents](#)

Accounts receivable

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

		As of March 31, 2023	As of December 31, 2022		As of June 30, 2023	As of December 31, 2022
Power sales under PPAs	Power sales under PPAs	$ 4,127	$ 4,092	Power sales under PPAs	$ 7,467	$ 4,092
Power sales under NMCAs	Power sales under NMCAs	6,088	3,183	Power sales under NMCAs	9,371	3,183
Power sales on wholesale markets	Power sales on wholesale markets	143	223	Power sales on wholesale markets	134	223
Total power sales	Total power sales	10,358	7,498	Total power sales	16,972	7,498
Solar renewable energy credits	Solar renewable energy credits	4,988	5,387	Solar renewable energy credits	8,980	5,387
Rental income	Rental income	582	429	Rental income	750	429

(Dollar amounts in thousands, except per share data, unless otherwise noted)

Performance based incentives	Performance based incentives		188		129	Performance based incentives		339		129
Total	Total	$	16,116	$	13,443	Total	$	27,041	$	13,443

Payment is typically received within 30 days for invoiced revenue as part of power purchase agreements ("*PPAs*") and net metering credit agreements ("*NMCAs*"). Receipt of payment relative to invoice date varies by customer for renewable energy credits ("*SRECs*"). As of both March 31, 2023 June 30, 2023, and December 31, 2022, the Company determined that the allowance for uncollectible accounts is $0.4 million.

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. As of March 31, 2023 June 30, 2023, the Company had current and non-current contract liabilities of $4.2 million $3.8 million and $7.0 million $6.5 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. The Company does not have any other significant contract asset or liability balances related to revenues.

4. 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 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, therefore, has consolidated the VIEs as of March 31, 2023 June 30, 2023, and December 31, 2022. No VIEs were deconsolidated during the three six months ended March 31, 2023 June 30, 2023 and 2022.

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 three six months ended March 31, 2023 June 30, 2023 and 2022, as determined in the respective operating agreement.

Table of Contents

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

			As of March 31, 2023		As of December 31, 2022			As of June 30, 2023		As of December 31, 2022
Current assets	Current assets	$	24,394	$	16,434	Current assets	$	25,748	$	16,434
Non-current assets	Non-current assets		773,689		445,583	Non-current assets		759,612		445,583
Total assets	Total assets	$	798,083	$	462,017	Total assets	$	785,360	$	462,017
Current liabilities	Current liabilities	$	8,640	$	5,731	Current liabilities	$	7,900	$	5,731
Non-current liabilities	Non-current liabilities		118,736		73,438	Non-current liabilities		117,811		73,438
Total liabilities	Total liabilities	$	127,376	$	79,169	Total liabilities	$	125,711	$	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 three six months ended March 31, 2023 June 30, 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 each of the three six months ended March 31, 2023 June 30, 2023 and the year ended December 31, 2022, the Company consolidated thirty-five thirty-three and twenty-six VIEs, respectively. No VIEs were deemed significant as of March 31, 2023 June 30, 2023 and December 31, 2022.

As discussed in Note 5, on On January 11, 2023, the Company completed the Stellar MA Acquisition 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 "*Closing Date*"). The entire purchase price of $3.8 million was paid on January 11, 2023 and the equity interests in the entity will transfer to the Company on the Closing Date. . 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 unaudited condensed consolidated balance sheet. Pursuant to the MIPA, the Company acquired all of the outstanding equity interests in the entity on May 30, 2023.

As discussed in Note 5, on February 15, 2023 the Company completed the True Green II Acquisition through its purchase of all outstanding membership interests in APAF III Operating, LLC from True Green Capital Fund III, L.P. Through the True Green II Acquisition, the Company acquired eleven VIEs that 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 these VIEs because as the manager, it has the power to direct the day-to-day operating activities of the entity, and is exposed to economics that could potentially be significant to the entities through its ownership interests. As of March 31, 2023 June 30, 2023 the VIEs acquired through the True Green II Acquisition comprised of $10.7 $9.4 million of current assets, $336.6 $328.8 million of non-current assets, $4.5 $4.0 million of current liabilities, and $46.0 $45.3 million of non-current liabilities.

5. Acquisitions

2023 Acquisitions

Stellar MA Acquisition Asset Acquisitions

On January 11, 2023, During 2023, the Company acquired a 2.7 MW solar energy facility facilities located in Massachusetts (the "*Stellar MA Acquisition*") Rhode Island and California with a total nameplate capacity of 8.5 MW from a third party parties for a total purchase price of $3.8 million $11.4 million. As of June 30, 2023, $0.3 million of total consideration remained payable to sellers and was included as purchase price payable on the condensed consolidated balance sheet. The acquisition was acquisitions were accounted for as an acquisition acquisitions of a variable interest entity that does not constitute a business, refer to Note 4, "Variable Interest Entities." The assets, whereby the Company acquired $12.2 million of property,

$3.9 million plant and equipment and $1.4 million of operating lease assets, and assumed $1.4 million of operating lease liabilities, $0.4 million of intangible liabilities, and $0.2 million of asset retirement obligations.

Acquisitions of VIEs

During 2023, the Company acquired solar energy facilities located in Massachusetts and Maine with a total nameplate capacity of 4.1 MW from third parties for a total purchase price of $8.7 million. As of June 30, 2023, $0.2 million of total consideration remained payable to sellers and was included as purchase price payable on the condensed consolidated balance sheet. The acquisitions were accounted for as acquisitions of variable interest entities that do not constitute a business (refer to Note 4, "Variable Interest Entities"). The Company acquired $8.8 million of property, plant and equipment and $0.7 million $1.0 million of operating lease asset, assets, and assumed $1.0 million of operating lease liabilities and $0.1 million of asset retirement obligations and $0.7 million of operating lease liability, noncurrent. obligations.

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*") for total consideration of approximately $299.9 million. The purchase price and associated transaction costs were funded by the proceeds from the APAF III Term Loan (as defined in Note 6, "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 assets acquired and liabilities assumed are recognized provisionally on the condensed 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. 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 February 15, 2024.

Subsequent to the acquisition date, the Company made certain measurement period adjustments to provisional accounting recognized. These adjustments consist of an increase in Property, plant, and equipment of $0.8 million, a decrease in Operating lease asset of $0.7 million, an increase in Other assets of $0.8 million, a decrease in Long-term debt of $0.2 million, a decrease in Operating lease liability of $1.9 million, an increase in Other liabilities of $1.9 million, and an increase in Non-controlling interests of $0.2 million due to the clarification of information utilized to determine fair value during the measurement period. Additionally, the Company recorded a measurement period adjustment of $0.7 million to increase the fair value of consideration transferred, $0.4 million to decrease Accounts receivable, and $0.1 million to increase Property, plant, and equipment as a result of reconciling working capital adjustments with the seller. The following table presents the updated preliminary 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 the measurement period adjustments discussed above:

(Dollar amounts in thousands, except per share data, unless otherwise noted)

Assets		
Accounts receivable	$	4,358
Property, plant and equipment		334,958
Intangible assets		850
Operating lease asset		32,053
Other assets		1,739
Total assets acquired		373,958
Liabilities		
Long-term debt(1)		8,100
Intangible liabilities		4,100
Asset retirement obligation		3,795
Operating lease liability		37,723
Contract liability(2)		3,534
Total liabilities assumed		57,252
Redeemable non-controlling interests		8,100
Non-controlling interests		13,296
Total fair value of consideration transferred, net of cash acquired	$	295,310

	Provisional accounting as of February 15, 2023	Measurement period adjustments	Adjusted provisional accounting as of February 15, 2023
Assets			
Accounts receivable	$ 4,358	$ (357)	$ 4,001
Property, plant and equipment	334,958	914	335,872
Intangible assets	850	—	850
Operating lease asset	32,053	(742)	31,311
Other assets	1,739	835	2,574
Total assets acquired	373,958	650	374,608
Liabilities			
Long-term debt(1)	8,100	(217)	7,883
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	(217)	57,035
Redeemable non-controlling interests	8,100	—	8,100
Non-controlling interests	13,296	204	13,500
Total fair value of consideration transferred, net of cash acquired	$ 295,310	$ 663	$ 295,973

(Dollar amounts in thousands, except per share data, unless otherwise noted)

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

Cash consideration paid to True Green on closing	$	212,850
Cash consideration paid to settle debt and interest rate swaps on behalf of True Green		76,046
Cash consideration in escrow accounts(3)		3,898
Purchase price payable(4)		7,069
Total fair value of consideration transferred		299,863
Restricted cash acquired		4,553
Total fair value of consideration transferred, net of cash acquired	$	295,310

	Provisional accounting as of February 15, 2023		Measurement period adjustments		Adjusted provisional 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
Total fair value of consideration transferred		299,863		663		300,526
Restricted cash acquired		4,553		—		4,553
Total fair value of consideration transferred, net of cash acquired	$	295,310	$	663		295,973

(1) Acquired long-term debt relates to financing obligations recognized in failed sale leaseback transactions. Refer to Note 6, "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 hold back amount that was earned by True Green as of February 15, 2023, based on the completion of construction milestones related to assets in development.

The Company incurred approximately $1.5 million in $2.3 million of acquisition related costs related to the True Green III Acquisition, which are recorded as part of Acquisition and entity formation costs in the condensed consolidated statement of operations for the six months ended June 30, 2023. Acquisition related costs include legal, consulting, and other transaction-related costs, as well as

Table of Contents

$0.8 million of costs to acquire SRECs available for sale that were sold by the Company to its customers during the three months ended March 31, 2023. June 30, 2023, which was recorded in Other current assets in the preliminary purchase price allocation.

The impact of the True Green III Acquisition on the Company's revenue and net income in the condensed consolidated statement of operations was an increase of $5.4 million $13.8 million and $3.6 million $7.9 million, respectively, for the three six months ended March 31, 2023 June 30, 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 RECs. 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 – REC	50	16 years
Unfavorable rate revenue contracts – PPA	(800)	17 years
Unfavorable rate revenue contracts – REC	(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 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.

Table of Contents

		For the three months ended March 31, 2023 (unaudited)	For the three months ended March 31, 2022 (unaudited)		For the three months ended June 30, 2023 (unaudited)	For the three months ended June 30, 2022 (unaudited)	For the six months ended June 30, 2023 (unaudited)	For the six months ended June 30, 2022 (unaudited)
Operating revenues	Operating revenues	$ 32,848	$ 29,472	Operating revenues	$ 46,513	$ 35,035	$ 79,361	$ 64,508
Net income	Net income	6,429	62,568	Net income	3,370	25,463	8,911	88,030

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 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 process of obtaining additional information for the valuation of acquired tangible and intangible assets. The provisional amounts are subject to change to the extent that additional information is obtained about the facts and circumstances that existed

Table of Contents

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 November 11, 2023.

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 November 11, 2022 (in thousands):

Table of Contents

Assets	**Assets**			**Assets**		
Accounts receivable	Accounts receivable	$	2,001	Accounts receivable	$	2,001
Derivative assets	Derivative assets		2,462	Derivative assets		2,462
Other assets	Other assets		432	Other assets		432
Property, plant and equipment	Property, plant and equipment		179,500	Property, plant and equipment		179,500
Operating lease asset	Operating lease asset		17,831	Operating lease asset		17,831

Intangible assets	Intangible assets		29,479	Intangible assets		29,479
Total assets acquired	Total assets acquired		231,705	Total assets acquired		231,705
Liabilities	**Liabilities**			**Liabilities**		
Accounts payable	Accounts payable		275	Accounts payable		275
Accrued liabilities	Accrued liabilities		746	Accrued liabilities		746
Long-term debt	Long-term debt		105,346	Long-term debt		105,346
Intangible liabilities	Intangible liabilities		771	Intangible liabilities		771
Operating lease liability	Operating lease liability		20,961	Operating lease liability		20,961
Contract liability(1)			7,200			
Contract Liability(1)				Contract Liability(1)		7,200
Asset retirement obligation	Asset retirement obligation		1,508	Asset retirement obligation		1,508
Total liabilities assumed	Total liabilities assumed		136,807	Total liabilities assumed		136,807
Non-controlling interests	Non-controlling interests		184	Non-controlling interests		184
Total fair value of consideration transferred, net of cash acquired	Total fair value of consideration transferred, net of cash acquired	$	94,714	Total fair value of consideration transferred, net of cash acquired	$	94,714

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

Cash consideration to the seller on closing	$	82,235
Fair value of purchase price payable(2)		19,017
Working capital adjustment Post-closing purchase price true-up		(469)
Total fair value of consideration transferred		100,783
Cash acquired		1,220
Restricted cash acquired		4,849
Total fair value of consideration transferred, net of cash acquired	$	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 in two, twelve and eighteen months following the acquisition date, subject to the accuracy of general representations and warranty provisions included in MIPAs. During the three months ended March 31, 2023 June 30, 2023, the Company paid DESRI $5.0 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:

Table of Contents

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

		Fair Value (thousands)	Weighted Average Amortization Period
Favorable rate revenue contracts – PPA	$	29,479	8 years
Unfavorable rate revenue contracts – PPA		(771)	12 years

6. Debt

		As of March 31, 2023	As of December 31, 2022	Interest Type	Weighted average interest rate		As of June 30, 2023	As of December 31, 2022	Interest Type	Weighted average interest rate
Long-term debt	**Long-term debt**					**Long-term debt**				
APAF Term Loan	APAF Term Loan	$ 484,037	$ 487,179	Fixed	3.51 %	APAF Term Loan	$ 480,894	$ 487,179	Fixed	3.51 %
APAF II Term Loan	APAF II Term Loan	121,745	125,668	Floating	SOFR + 1.475%	APAF II Term Loan	118,752	125,668	Floating*	SOFR + 1.475%
APAF III Term Loan	APAF III Term Loan	193,000	—	Fixed	5.62 %	APAF III Term Loan	238,794	—	Fixed	5.62 %
APAG Revolver	APAG Revolver	20,000	—	Floating	SOFR + 2.60%	APAG Revolver	40,000	—	Floating	SOFR + 2.60%
Other term loans	Other term loans	28,384	28,483	Fixed and floating	5.18 %	Other term loans	12,595	28,483	Fixed	3.04 %
Financing obligations recognized in failed sale leaseback transactions	Financing obligations recognized in failed sale leaseback transactions	44,344	36,724	Imputed	3.98 %	Financing obligations recognized in failed sale leaseback transactions	43,811	36,724	Imputed	3.98 %
Total principal due for long-term debt	Total principal due for long-term debt	891,510	678,054			Total principal due for long-term debt	934,846	678,054		
Unamortized discounts and premiums	Unamortized discounts and premiums	(8,207)	(2,088)			Unamortized discounts and premiums	(9,507)	(2,088)		
Unamortized deferred financing costs	Unamortized deferred financing costs	(15,025)	(11,404)			Unamortized deferred financing costs	(14,803)	(11,404)		
Less: Current portion of long-term debt	Less: Current portion of long-term debt	32,549	29,959			Less: Current portion of long-term debt	32,071	29,959		
Long-term debt, less current portion	Long-term debt, less current portion	$ 835,729	$ 634,603			Long-term debt, less current portion	$ 878,465	$ 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 ("*BIS*") 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 rate and matures on February 29, 2056 ("*Final Maturity Date*").

The APAF Term Loan amortizes at an initial rate of 2.5% of 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 March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF Term Loan was $484.0 million $480.9 million less unamortized debt discount and loan issuance costs totaling $7.4 million $7.1 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 March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAF Term Loan.

Table of Contents

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 APAF II 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 7, "Fair Value Measurements," for further details).

As of March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF II Term Loan was $121.7 million $118.8 million, less unamortized debt issuance costs of $2.6 million $2.4 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 March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAF II Term Loan.

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 term loan has an 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, and expects to borrow the remaining $10.6 million $11.0 million upon the completion of certain development assets of the True Green II Acquisition when they are placed in service. 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 are recognized as interest expense through June 30, 2033.

On June 15, 2023, the Company amended the APAF III Term Loan to add an additional $47.0 million of borrowings, the proceeds of which were used to repay outstanding term loans under the Construction to Term Loan Facility, and to provide long-term financing for new solar projects. The principal balance borrowed under the amendment was offset by $0.3 million of issuance costs and $1.5 million of issuance discount, which have been deferred and are recognized as interest expense through June 30, 2033. Additionally, in conjunction with the amendment of the facility, the Company expensed $0.6 million of financing costs, which are included in Other expense, net in the condensed consolidated statements of operations.

As of March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF III Term Loan was $193.0 million $238.8 million, less unamortized debt issuance costs and discount of $10.2 million $11.9 million. As of March 31, 2023 June 30, 2023, the Company was in compliance with all covenants under the APAF III Term Loan.

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 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 matures on December 19, 2027. As of March 31, 2023 June 30, 2023, and December 31, 2022, outstanding under the APAG Revolver were $20.0 million $40.0 million and zero, respectively. As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAG Revolver.

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 0.50% per year of the daily unused amount of the commitment. As of March 31, 2023 On June 15, 2023, the Company repaid all outstanding principal balances term loans of $15.8 million and terminated the construction loan and term loan were zero and $15.8 million, respectively. 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. As of March 31, 2023, respectively, and December 31, 2022, the Company had an unused borrowing capacity of zero and $171.6 million, respectively. . Outstanding amounts under the Construction to Term Loan Facility are 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 includes included various financial and other covenants for APACF and the Company, as guarantor. As of March 31, 2023, and December 31, 2022, the Company was in compliance with all covenants under the Construction to Term Loan Facility.

Table of Contents

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 March 31, 2023 June 30, 2023, the outstanding principal balance of the term loan is $12.6 million, less unamortized debt discount of $2.1 million $1.9 million. As of December 31, 2022, the outstanding principal balance of the term loan is $12.6 million, less unamortized debt discount of $2.2 million.

The term loan is secured by an interest in the underlying solar project assets and the revenues generated by those assets. As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the Project-Level Term Loan.

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. The table below shows the total letters of credit outstanding and unused capacities under our letter of credit facilities as of March 31, 2023 June 30, 2023, and December 31, 2022 (in millions):

		As of March 31, 2023		As of December 31, 2022			As of June 30, 2023		As of December 31, 2022	
		Letters of Credit Outstanding	Unused Capacity	Letters of Credit Outstanding	Unused Capacity		Letters of Credit Outstanding	Unused Capacity	Letters of Credit Outstanding	Unused Capacity
Deutsche Bank	Deutsche Bank	$ 0.7	$ 11.8	$ 0.7	$ 11.8	Deutsche Bank	$ —	$ —	$ 0.7	$ 11.8
Fifth Third Bank	Fifth Third Bank	12.1	—	12.1	—	Fifth Third Bank	12.1	—	12.1	—
CIT Bank, N.A.	CIT Bank, N.A.	0.5	—	0.6	—	CIT Bank, N.A.	0.3	—	0.6	—
KeyBank and Huntington	KeyBank and Huntington	0.2	15.6	—	15.6	KeyBank and Huntington	15.6	—	—	15.6
Citibank, N.A.	Citibank, N.A.	5.5	69.5	—	75.0	Citibank, N.A.	6.8	68.2	—	75.0
Total	**Total**	**$ 19.0**	**$ 96.9**	**$ 13.4**	**$ 102.4**	**Total**	**$ 34.8**	**$ 68.2**	**$ 13.4**	**$ 102.4**

Additionally, as of March 31, 2023 June 30, 2023, and December 31, 2022, the Company had outstanding surety bonds of $4.4 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 condensed 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.

Table of Contents

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 condensed consolidated balance sheets.

(Dollar amounts in thousands, except per share data, unless otherwise noted)

As of March 31, 2023 June 30, 2023, the Company's recorded financing obligations were $43.3 million $42.8 million, net of $1.0 million of deferred transaction costs. As of December 31, 2022, the Company's recorded financing obligations were $35.6 million, net of $1.1 million of deferred transaction costs. Payments of $0.2 million $0.8 million and $0.6 million were made under financing obligations for the three months ended March 31, 2023 June 30, 2023, and 2022. 2022, respectively. Payments of $1.0 million and $0.8 million were made under financing obligations for the six months ended June 30, 2023 and 2022, respectively. Interest expense, inclusive of the amortization of deferred transaction costs for the three months ended March 31, 2023 June 30, 2023 and 2022, was $0.4 million.

Table and $0.4 million, respectively. Interest expense, inclusive of Contents

the amortization of deferred transaction costs for the six months ended June 30, 2023 and 2022, was $0.8 million and $0.7 million, respectively.

During the three six months ended March 31, 2023 June 30, 2023, the Company paid $0.5 million to extinguish financing obligations of $0.6 million, resulting in a gain on extinguishment of debt of $0.1 million. During the three months ended June 30, 2023, the Company extinguished no financing obligations.

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

2023	2023	$	2,795	2023	$	2,037
2024	2024		3,021	2024		3,021
2025	2025		3,023	2025		3,023
2026	2026		2,995	2026		2,995
2027	2027		2,986	2027		2,986
Thereafter	Thereafter		17,111	Thereafter		17,111
Total	Total	$	31,931	Total	$	31,173

The difference between the outstanding sale-leaseback financing obligation of $44.3 million $43.8 million and $31.9 million $31.2 million of contractual payments due, including residual value guarantees, is due to $13.2 million of investment tax credits claimed by the counterparty, respective counterparties, less $2.2 million $2.6 million of the implied interest on financing obligation included in minimum lease payments. The remaining difference is due to $2.3 million $2.5 million of interest accrued and a $0.4 million $0.5 million difference between the required contractual payments and the fair value of financing obligations acquired.

7. 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 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.

Table of Contents

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total

(Dollar amounts in thousands, except per share data, unless otherwise noted)

Assets				
Derivative assets:				
Interest rate swaps	$ —	$ 1,840	$ —	$ 1,840
Forward starting interest rate swap	—	3,294	—	3,294
Total assets at fair value	—	5,134	—	5,134
Liabilities				
Alignment Shares liability	—	—	46,311	46,311
Other long-term liabilities:				
Contingent consideration liability	—	—	2,975	2,975
Total liabilities at fair value	—	—	49,286	49,286

Table of Contents

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets:				
Interest rate swaps	$ —	$ 2,184	$ —	$ 2,184
Total assets at fair value	—	2,184	—	2,184
Liabilities				
Other current liabilities				
Interest rate swaps	—	922	—	922
Forward starting interest rate swap	—	1,042	—	1,042
Alignment shares liability	—	—	49,116	49,116
Other long-term liabilities:				
Contingent consideration liability	—	—	2,925	2,925
Total liabilities at fair value	—	1,964	52,041	54,005

		December 31, 2022					December 31, 2022			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Assets	Assets					Assets				
Cash equivalents:	Cash equivalents:					Cash equivalents:				
Money market fund	Money market fund	$ 101,842	$ —	$ —	$ 101,842	Money market fund	$ 101,842	$ —	$ —	$ 101,842
Derivative assets:	Derivative assets:					Derivative assets:				
Interest rate swaps	Interest rate swaps	—	3,953	—	3,953	Interest rate swaps	—	3,953	—	3,953
Total assets at fair value	Total assets at fair value	101,842	3,953	—	105,795	Total assets at fair value	101,842	3,953	—	105,795
Liabilities	Liabilities					Liabilities				
Alignment shares liability		—	—	66,145	66,145					
Alignment Shares liability						Alignment Shares liability	—	—	66,145	66,145
Other long-term liabilities:	Other long-term liabilities:					Other long-term liabilities:				
Contingent consideration liability	Contingent consideration liability	—	—	2,875	2,875	Contingent consideration liability	—	—	2,875	2,875

Total liabilities at fair value	Total liabilities at fair value	—	—	69,020	69,020	Total liabilities at fair value	—	—	69,020	69,020

Alignment Shares Liability

As of March 31, 2023 June 30, 2023, the Company had 1,006,250 alignment shares Alignment Shares outstanding, all of which are held by CBRE Acquisition Sponsor, LLC (the "Sponsor" "*Sponsor*"), certain former officers of CBAH (such officers, together with the Sponsor, the "Sponsor Parties" "*Sponsor Parties*") and former CBAH directors. The alignment shares Alignment Shares will automatically convert into shares of Class A common stock based upon the Total Return (as defined in Exhibit 4.4 to our 2022 Annual Report on 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 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

Table of Contents

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

Liabilities From Equity. The Company determined that the alignment shares 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 Alignment Shares into Class A shares. As such, the Company

Table of Contents

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

concluded that the alignment shares 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 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 rate. As volatility of 69% 68% and risk-free interest rate of 3.60% 4.18% are not observable inputs, the overall fair value measurement of alignment shares 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. Alignment Shares.

		For the three months ended March 31, 2023		For the three months ended March 31, 2022			For the six months ended June 30, 2023		For the six months ended June 30, 2022	
		Shares	$	Shares	$		Shares	$	Shares	$
Beginning balance	Beginning balance	1,207,500	$ 66,145	1,408,750	$ 127,474	Beginning balance	1,207,500	$ 66,145	1,408,750	$ 127,474
Alignment shares converted		(201,250)	(11)	(201,250)	(15)					
Alignment Shares converted						Alignment Shares converted	(201,250)	(11)	(201,250)	(15)
Fair value remeasurement	Fair value remeasurement	—	(17,018)	—	(46,346)	Fair value remeasurement	—	(19,823)	—	(63,051)
Ending balance	Ending balance	1,006,250	$ 49,116	1,207,500	$ 81,113	Ending balance	1,006,250	$ 46,311	1,207,500	$ 64,408

Interest Rate Swaps

The Company holds interest rate swaps that are considered derivative instruments, and 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 March 31, 2023 June 30, 2023 and December 31, 2022, the notional amounts were $137.5 $118.8 million and $141.6 million, respectively. The For the three and six months ended June 30, 2023, the change in fair value of interest rate swaps resulted in a loss gain of $2.7 $2.8 million and a gain of $0.1 million, respectively, which was recorded as interest expense in the condensed consolidated statements of operations for the three months ended March 31, 2023. . The change in fair value of interest rate swaps for three six months ended March 31, 2022 June 30, 2022 was not material.

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, was designated as a cash flow hedge of the Company's forecasted fixed-rate or floating-rate debt issuances issuances. On June 15, 2023, the Company partially terminated the forward starting interest rate swap reducing the notional amount by $47.0 million associated with the incremental debt issuance under the APAF III Term Loan. Partial termination resulted in proceeds of $0.5 million which were recorded as a component of other comprehensive income and will be recognized as an adjustment to interest expense over the term of the debt. The cash flow hedge was determined to be fully effective during the three and six months ended March 31, 2023 June 30, 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. We expect the hedge to remain fully effective during the remaining term of the swap. The change in fair value of the forward starting interest rate swap resulted in a loss gain of $0.8 $3.8 million and $3.0 million, net of tax, which was recorded in the condensed consolidated statements of comprehensive income for the three and six months ended March 31, 2023. June 30, 2023, respectively.

Contingent Consideration

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 The liability for the contingent consideration associated with production volumes expired on June 30, 2022. Liability The liability for the contingent consideration associated with power rates is included in other long-term liabilities in the condensed consolidated

Table of Contents

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

balance sheets at the estimated fair value of $3.0 million and $2.9 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.. For the three and six months ended March 31, 2023 June 30, 2022, the Company recorded a loss on fair value remeasurement of contingent consideration associated with power rates of $0.1 million within operating income in the condensed consolidated statements of operations. For the three and six months ended March 31, 2022 June 30, 2022, the Company recorded $0.2 $1.1 million and $0.5 million loss on fair value remeasurement of contingent consideration associated with power rates and production volumes, respectively, in the condensed consolidated statements of operations. Loss The 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.

Other

There were no other contingent consideration liabilities recorded during the three six months ended March 31, 2023 June 30, 2023. Gain on fair value remeasurement of other contingent consideration of $0.5 million was recorded within operating income in the condensed consolidated statements of operations for the three six months ended March 31, 2022 June 30, 2022.

Redeemable Warrant Liability

As part of the Merger with CBAH in December 2021, 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 on the condensed 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 three months ended March 31, 2023 June 30, 2023. For the three and six months ended March 31, 2022 June 30, 2022, the Company recorded $18.5 million a gain from fair value remeasurement of $4.7 million and $23.1 million, respectively, in the condensed consolidated statements of operations.

8. Equity

As of March 31, 2023 June 30, 2023, the Company had authorized and issued 988,591,250 and 158,989,953 of Class A common stock, respectively. As of December 31, 2022, the Company had authorized and issued 988,591,250 and 158,904,401 Class A common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of March 31, 2023 June 30, 2023, and December 31, 2022, no common stock dividends have been declared.

(Dollar amounts in thousands, except per share data, unless otherwise noted)

As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company had 1,006,250 and 1,207,500 authorized and issued shares of Class B common stock, respectively, also referred to as the alignment shares. Alignment Shares. Refer to Note 7, "Fair Value Measurements," for further details.

9. On April 6, 2023, Redeemable Noncontrolling Interests 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 six months ended June 30, 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 changes in 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 components amount of redeemable noncontrolling interests are presented in the table below:

	For the three months ended March 31,	
	2023	2022
Redeemable noncontrolling interest, beginning balance	$ 18,133	$ 15,527
Cash distributions	(576)	(238)
Redemption of redeemable noncontrolling interests	(2,175)	—
Assumed noncontrolling interest through business combination	8,100	—
Net income attributable to redeemable noncontrolling interest	861	118
Redeemable noncontrolling interest, ending balance	$ 24,343	$ 15,407

net proceeds to be used

Table of Contents

specifically for the foregoing purposes. As a result, the Company's management will have broad discretion over the allocation of the net proceeds.

9. Redeemable Noncontrolling Interests

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

	For the six months ended June 30,	
	2023	2022
Redeemable noncontrolling interest, beginning balance	$ 18,133	$ 15,527
Cash distributions	(1,176)	(482)
Cash contributions	—	1,087
Redemption of redeemable noncontrolling interests	(4,301)	—
Assumed noncontrolling interest through business combination	8,100	—
Net loss attributable to redeemable noncontrolling interest	(89)	(29)
Redeemable noncontrolling interest, ending balance	$ 20,667	$ 16,103

10. 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 2058.

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.

(Dollar amounts in thousands, except per share data, unless otherwise noted)

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.

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 following table presents the components of operating lease cost for the three and six months ended March 31, 2023June 30, 2023, and 2022:

	For the three months ended March 31,			
	2023		2022	
Operating lease expense	$	2,391	$	1,636
Variable lease expense		357		128
Total lease expense	$	2,748	$	1,764

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

	For the three months ended March 31,			
	2023		2022	
Operating cash flows from operating leases	$	2,238	$	1,245
Operating lease assets obtained in exchange for new operating lease liabilities	$	32,722	$	—
Weighted-average remaining lease term, years		22.0 years		18.5 years
Weighted average discount rate		5.15%		4.07%

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

Table of Contents

2023	$	7,754
2024		10,678
2025		10,680
2026		10,773
2027		10,834
Thereafter		183,670
Total	$	234,389
Less: Present value discount		(101,076)
Lease liability	$	133,313

	For the three months ended June 30,				For the six months ended June 30,			
	2023		2022		2023		2022	
Operating lease expense	$	2,783	$	1,636	$	5,175	$	3,272
Variable lease expense		415		322		772		429
Total lease expense	$	3,198	$	1,958	$	5,947	$	3,701

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

	For the six months ended June 30,	
	2023	2022

Operating cash flows from operating leases	$	4,495	$	2,142
Operating lease assets obtained in exchange for new operating lease liabilities	$	62,984	$	2,514
Weighted-average remaining lease term, years		23.4 years		18.6 years
Weighted average discount rate		5.31%		4.07%

Maturities of operating lease liabilities as of June 30, 2023, are as follows:

2023	$	6,145
2024		12,816
2025		12,818
2026		12,911
2027		12,972
Thereafter		235,819
Total	$	293,481
Less: Present value discount		(130,105)
Lease liability	$	163,376

11. 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 March 31, 2023 June 30, 2023, and December 31, 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 March 31, 2023 June 30, 2023, and December 31, 2022, the Company had approximately $11.0 million zero and $29.5 million, respectively, of outstanding non-cancellable commitments to purchase solar modules, which are all expected to be completed during the year ended December 31, 2023. modules.

Table of Contents

12. Related Party Transactions

There was $0.2 million and $0.1 million due to related parties, as discussed below, and no amounts due from related parties as of March 31, 2023 June 30, 2023, and December 31, 2022, respectively. Additionally, in the normal course of business, the Company conducts transactions with affiliates, such as:

Blackstone Subsidiaries as Lender

The Company incurs interest expense on the APAF Term Loan and the APAF III Term Loan. During the three months ended March 31, 2023 June 30, 2023 and 2022 the total related party interest expense associated with the APAF Term Loan and APAF III Term Loan was $5.6 million $7.1 million and $4.4 million, respectively, and is recorded as interest expense in the accompanying condensed consolidated statements of operations. During the six months ended June 30, 2023 and 2022 the total related party interest expense associated with the APAF Term Loan and APAF III Term Loan was $12.7 million and $8.8 million, respectively, and is recorded as interest expense in the accompanying condensed consolidated statements of operations. As of March 31, 2023 June 30, 2023, and December 31, 2022, interest payable of $5.6 million $7.1 million and $4.4 million, respectively, due under the APAF Term Loan and APAF III Term Loan was recorded as interest payable on the accompanying condensed consolidated balance sheets.

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 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 three six months ended March 31, 2023 June 30, 2023, the Company did not incur any costs associated with the Commercial Collaboration Agreement. As of December 31, 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 three months ended March 31, 2023, June 30, 2023 and 2022, the Company incurred $0.1 million and zero, respectively, for development services provided under the MSA which were accrued PSA. For the six months ended June 30, 2023 and 2022, the Company incurred $0.2 million and zero, respectively, for as development services provided under the MSA. As of March 31, 2023. As of June 30, 2023 and December 31, 2022, there was $0.2 million and $0.1 million due to CBRE for development services provided under the MSA.

Table of Contents

13. Earnings per Share

The calculation of basic and diluted earnings per share for the three and six months ended March 31, 2023 June 30, 2023 and 2022 was as follows (in thousands, except share and per share amounts):

		For the three months ended March 31,			For the three months ended June 30,		For the six months ended June 30,	
		2023	2022		2023	2022	2023	2022
Net income attributable to Altus Power, Inc.	Net income attributable to Altus Power, Inc.	5,617	60,419	Net income attributable to Altus Power, Inc.	6,825	24,115	12,442	84,534
Income attributable to participating securities(1)	Income attributable to participating securities(1)	(36)	(558)	Income attributable to participating securities(1)	(43)	(190)	(79)	(667)
Net income attributable to common stockholders - basic and diluted	Net income attributable to common stockholders - basic and diluted	5,581	59,861	Net income attributable to common stockholders - basic and diluted	6,782	23,925	12,363	83,867
Class A Common Stock	Class A Common Stock			Class A Common Stock				
Weighted average shares of common stock outstanding - basic(2)	Weighted average shares of common stock outstanding - basic(2)	158,621,674	152,662,512	Weighted average shares of common stock outstanding - basic(2)	158,719,684	153,310,068	158,670,950	152,988,078
Dilutive restricted stock	Dilutive restricted stock	258,789	690,875	Dilutive restricted stock	258,591	644,775	258,708	645,019
Dilutive RSUs	Dilutive RSUs	2,120,928	231,140	Dilutive RSUs	—	—	1,817,387	138,895
Dilutive conversion of alignment shares		2,011	2,011					

(Dollar amounts in thousands, except per share data, unless otherwise noted)

Weighted average shares of common stock outstanding - diluted	Weighted average shares of common stock outstanding - diluted	161,003,402	153,586,538	Weighted average shares of common stock outstanding - diluted	158,978,275	153,954,843	160,747,045	153,771,992
Net income attributable to common stockholders per share - basic	Net income attributable to common stockholders per share - basic	$ 0.04	$ 0.39	Net income attributable to common stockholders per share - basic	$ 0.04	$ 0.16	$ 0.08	$ 0.55
Net income attributable to common stockholders per share - diluted	Net income attributable to common stockholders per share - diluted	$ 0.03	$ 0.39	Net income attributable to common stockholders per share - diluted	$ 0.04	$ 0.16	$ 0.08	$ 0.55

(1) Represents the income attributable to 1,006,250 and 1,207,500 Alignment Shares outstanding as of March 31, 2023 June 30, 2023 and 2022, respectively.

(2) For the three months ended March 31, 2023 June 30, 2023 and 2022, the calculation of basic weighted average shares of common stock outstanding excludes 271,259 and 714,750 669,101 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.

For the six months ended June 30, 2023 and 2022, the calculation of basic weighted average shares of common stock outstanding excludes 271,259 and 669,101 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.

Table of Contents

14. Stock-Based Compensation

The Company recognized $2.9 million $4.3 million and $1.3 million $2.7 million of stock-based compensation expense for the three months ended March 31, 2023 June 30, 2023, and 2022, respectively. The Company recognized $7.1 million and $4.0 million of stock-based compensation expense for the six months ended June 30, 2023, and 2022, respectively. As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company had $46.8 million $42.4 million and $33.2 million of unrecognized share-based compensation expense related to unvested restricted units, respectively, which the Company expects to recognize over a weighted-average period of approximately three 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 Altus Restricted Shares under each of the Legacy Incentive Plans were exchanged for restricted Class A Common Stock with the same vesting conditions. As of March 31, 2023 June 30, 2023, and December 31, 2022, 271,259 and 542,511 shares of Class A Common Stock were restricted under the Holdings Plan, respectively. 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).

During the three and three six months ended March 31, 2023 June 30, 2023, the Company granted under the Incentive Plan an additional 2,751,486 10,000 and 2,761,486RSUs, respectively, that are subject to time-based vesting as described above, with a weighted average grant date fair value per share of $4.98 and $5.42, respectively, and 259,662 RSUs that are subject to performance-based vesting ("*PSUs*"), 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 PSUs have a grant date fair value per share of $6.66.

As of March 31, 2023 June 30, 2023, and December 31, 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 2022 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.

For the three months ended March 31, 2023June 30, 2023, and 2022,, the Company granted 3,011,148 10,000 and 7,903,789 15,000 RSUs, respectively, and recognized $2.9 million $4.3 million and $1.3 million, $2.7 million, respectively, of stock-based compensation expense expenses in relation to the Incentive Plan. For the three months ended March 31, 2023 and 2022, 5,700 and zero RSUs were forfeited.

Table of Contents

For thesix months ended June 30, 2023 and 2022, the Company granted 3,021,148 and 7,918,789 RSUs, respectively, and recognized $7.1 million and $4.0 million, respectively, of stock-based compensation expense in relation to the Incentive Plan. For the three months ended June 30, 2023, and 2022, 5,354 and zero RSUs were forfeited, respectively. For thesix months ended June 30, 2023 and 2022, 11,054 and zero RSUs were forfeited, respectively.

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 March 31, 2023 June 30, 2023, and December 31, 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 2022 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.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 for for the three six months ended March 31, 2023 June 30, 2023, and 2022. 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.

15. Income Taxes

The income tax provision for interim periods is determined using an estimate of the Company's annual effective tax rate as adjusted for discrete items arising in that quarter.

For the three months ended March 31, 2023 June 30, 2023, and 2022, the Company had income tax expense of $0.9 million $1.1 million and income tax benefit of $0.1 million $0.7 million, respectively. For the three six months ended March 31, 2023 June 30, 2023, and 2022, the Company had income tax expense of $2.0 million and $0.6 million, respectively. For the six months ended June 30, 2023, the effective tax rate differs from the U.S. statutory rate primarily due to effects of non-deductible compensation, noncontrolling interests, redeemable noncontrolling interests, fair value adjustments for alignment shares, Alignment Shares, as well as state and local income taxes. For the three months ended March 31, 2022 June 30, 2022, the effective tax rate differs from the U.S. statutory rate primarily due to effects of non-deductible compensation, noncontrolling interests, redeemable noncontrolling interests, fair value adjustments for warrant liabilities and alignment shares, Alignment Shares, as well as state and local income taxes.

16. Subsequent Events

The Company has evaluated subsequent events from March 31, 2023 June 30, 2023, through May 15, 2023 August 14, 2023, which is the date the unaudited condensed consolidated financial statements were available to be issued. There Other than the subsequent event disclosed below, there are no subsequent events requiring recording or disclosure in the condensed consolidated financial statements.

On July 21, 2023, the Company amended the APAF III Term Loan to add an additional $28.0 million of borrowings, the proceeds of which will be used to provide long-term financing for new solar projects.

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

The following discussion and analysis of financial condition and operating results for Altus Power, Inc. (as used in this section, "Altus Power" or the "Company") has been prepared by Altus Power's management. You should read the following discussion and analysis together with our condensed consolidated financial statements and related notes appearing elsewhere in *this Quarterly Report on Form 10-Q, and our 2022 Annual Report on Form 10-K. Any references in this section to "we," "our" or "us" shall mean Altus Power. In addition to historical information, this Quarterly Report on Form 10-Q for the period ended March 31, 2023June 30, 2023 (this "Report"), including this management's discussion and analysis ("MD&A"), contains statements that are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements do not convey historical information but relate to predicted or potential future events and financial results, such as statements of our plans, strategies and intentions, or our future performance or goals that are based upon management's current expectations. Our forward-looking statements can often be identified by the use of forward-looking terminology such as "believes," "expects," "intends," "may," "could," "will," "should," "plans," "projects," "forecasts," "seeks," "anticipates," "goal," "objective," "target," "estimate," "future," "outlook," "vision," or variations of such words or similar terminology. Investors and prospective investors are cautioned that such forward-looking statements are only projections based on current estimations. These statements involve risks and uncertainties and are based upon various assumptions. Such risks and uncertainties include, but are not limited to the risks as described in the "Risk Factors" in our 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2023 (the "2022 Annual Report on Form 10-K"). These risks and uncertainties, among others, could cause our actual future results to differ materially from those described in our forward-looking statements or from our prior results. Any forward-looking statement made by us in this Report is based only on information currently available to us and speaks to circumstances only as of the date on which it is made. We are not obligated to update these forward-looking statements, even though our situation may change in the future.*

Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Altus Power's 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: (1) the risk that pending acquisitions may not close in the anticipated timeframe or at all due to a closing condition not being met; (2) failure to obtain required consents or regulatory approvals in a timely manner or otherwise; (2) the ability of Altus Power to retain customers and maintain and expand relationships with business partners, suppliers and customers; (3) the ability of Altus Power to successfully integrate the acquisition of solar assets into its business and generate profit from their operations; (4) the ability of Altus Power risk that pending acquisitions may not close in the anticipated timeframe or at all due to retain customers and maintain and expand relationships with business partners, suppliers and customers; a closing condition not being met (5) the risk of litigation and/or regulatory actions related to the proposed acquisition of solar assets; and (6) the possibility that Altus Power may be adversely affected by other economic, business, regulatory, credit risk and/or competitive factors.

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 Vermont. Our portfolio consists of 678 megawatts ("*MW*") of solar PV. We have long-term power purchase agreements ("*PPAs*") with over 300 C&I entities and contracts with over 20,000 residential customers which are serviced by over 160 megawatts of community solar projects currently in operation. We have agreements to install over 70 additional megawatts of community solar projects, all of which are in advanced stages of development. Our community solar projects are currently servicing customers in 5 states with projects in two additional states currently under construction. We also participate in numerous renewable energy credit ("*REC*") programs throughout the country. We have experienced significant growth in the last 12 months as a product of organic growth and targeted acquisitions and operate in 24 states, providing clean electricity to our customers equal to the electricity consumption of almost 70,000 homes, displacing 359,000 tons of CO_2 emissions per annum.

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.

We own systems across the United States from Hawaii to Maine. Our portfolio currently consists of 698 megawatts ("*MW*") of solar PV. We have long-term power purchase agreements ("*PPAs*") with over 300 C&I entities and contracts with over 20,000 residential customers which are serviced by over 170 megawatts of community solar projects currently in

operation. We have agreements through which we expect to install over 70 additional megawatts of community solar projects, all of which are in advanced stages of development. Our community solar projects are currently servicing customers in 7 states with projects in two additional states currently under construction. We also participate in numerous renewable energy credit ("*REC*") programs throughout the country. We have experienced significant growth in the last 12 months 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 almost 80,000 homes, displacing 447,000 tons of CO_2 emissions per annum.

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*" in our 2022 Annual Report on Form 10-K for further discussion of risks affecting our business. We believe the factors discussed below are key to our success:

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 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 March 31, 2023 June 30, 2023, these variable rate contracts make up approximately 58% of our current installed portfolio. During the three six months ended March 31, 2023 June 30, 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 two investment-grade rated scalable credit facilities from Blackstone, which enables us to be competitive bidders in asset acquisition and development. In addition to our Blackstone term loans, 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.

- ***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. CBRE is the largest manager of data centers and 90% of the Fortune 100 are CBRE clients, providing a significant opportunity for us to expand our customer base.

Financing Availability

Our future growth depends in significant part on our ability to raise capital from third-party investors and lenders on competitive terms to help finance the origination of our solar energy systems. We have historically used a variety of structures including tax equity financing, construction loan financing, and term loan financing to help fund our operations. From September 4, 2013, the inception of Legacy Altus, to March 31, 2023, we have raised over $100 million of tax equity financing, $80 million in construction loan financing and $1 billion of term loan financing. Our ability to raise capital from third-party investors and lenders is also affected by general economic conditions, the state of the capital markets, inflation levels, interest rate levels, and lenders' concerns about our industry or business.

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 March 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 results 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 March 31, 2023 June 30, 2023, our pipeline of opportunities totaled over one gigawatt and is comprised of approximately 50% potential operating acquisitions and 50% projects under development. The operating acquisitions are dynamic with new opportunities being evaluated by our team each quarter.

As of March 31, 2023 June 30, 2023, with respect to the half of our pipeline made up of development projects, approximately 25% 23% of these projects are currently in construction or pre-construction, 40% 43% of these projects are still in the contracting or due diligence phase, and the final 35% 34% represent projects from our client engagements which are progressing toward an agreement in principle.

As of March 31, 2023 June 30, 2023, with respect to the half of our pipeline made up of potential operating acquisitions, approximately 78% 67% of these projects are currently in the initial engagement phase, 19% 28% of these projects are in negotiation, and the final 3% 5% of these projects are in the closing phase.

Macroeconomic Environment

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("*COVID-19*") a pandemic.

Our business operations have continued to function effectively during the pandemic. We considered the impact of COVID-19 on the use of estimates and assumptions used for financial reporting and noted there were material impacts on our results of operations for the three months ended March 31, 2023 and 2022, as supply chain issues and logistical delays have materially impacted the timing of our construction schedules and will continue to have a material adverse effect on our business, operations, financial condition, results of operations, and cash flows

Throughout the COVID-19 pandemic, we have seen some impacts to our supply chain affecting the timing of delivery of certain equipment, including, but not limited to, solar modules, inverters, racking systems, and transformers. Although we have largely been able to ultimately procure the equipment needed to service and install solar energy systems, we have experienced delays in such procurement. We have established a geographically diverse group of suppliers, which is intended to ensure that our customers have access to affordable and effective solar energy and storage options despite potential trade, geopolitical or event-driven risks. We do anticipate continuing impacts to our ability to source parts for our solar energy systems or energy storage systems, which we are endeavoring to mitigate via advanced planning and ordering from our diverse network of suppliers. However, if supply chains become even further disrupted due to additional outbreaks of the COVID-19 virus or more stringent health and safety guidelines are implemented, our ability to install and service solar energy systems could become more adversely impacted.

Moreover, the Russia invasion of Ukraine may further exacerbate some of the supply chain issues.

We cannot predict the full impact the COVID-19 pandemic, the Russia invasion of Ukraine, or the significant disruption and volatility currently being experienced in the capital markets will have on our business, cash flows, liquidity, financial condition and results of operations at this time due to numerous uncertainties. The ultimate impact will depend on future developments, including, among other things, the depth and duration of the economic downturn and other economic effects of the COVID-19 pandemic, actions taken by governmental authorities, customers, suppliers, dealers and other third parties, our ability and the ability of our customers, potential customers and dealers to adapt to operating in a changed environment and the timing and extent to which normal economic and operating conditions resume. For additional discussion regarding risks associated with the COVID-19 pandemic, see "*Risk Factors*" elsewhere in our 2022 Annual Report on Form 10-K.

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. Cumulative 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.

	As of March 31, 2023	**As of March 31, 2022**	**Change**
Megawatts installed	678	362	316

	As of June 30, 2023	**As of June 30, 2022**	**Change**
Megawatts installed	698	369	329

Cumulative megawatts installed increased from 362 369 MW as of March 31, 2022 June 30, 2022, to 678 698 MW as of March 31, 2023 June 30, 2023 primarily related to acquisitions.

	As of March 31, 2023	**As of December 31, 2022**	**Change**
Megawatts installed	678	470	208

	As of June 30, 2023	**As of December 31, 2022**	**Change**
Megawatts installed	698	470	228

Cumulative megawatts installed increased from 470 MW as December 31, 2022, to 678 698 MW as of March 31, 2023 June 30, 2023 primarily related to acquisitions.

The following table provides an overview of megawatts installed by state as of March 31, 2023 June 30, 2023:

State	State	Megawatts installed	Share, percentage	State	Megawatts installed	Share, percentage
New York	New York	137	20.2%	New York	142	20.4%

New Jersey	New Jersey	119	17.6%	New Jersey	120	17.2%
Massachusetts	Massachusetts	116	17.1%	Massachusetts	117	16.7%
California	California	112	16.5%	California	117	16.7%
Minnesota	Minnesota	57	8.4%	Minnesota	57	8.1%
Hawaii	Hawaii	29	4.3%	Hawaii	30	4.2%
Nevada	Nevada	21	3.1%	Nevada	21	3.1%
Maryland	Maryland	12	1.8%	Maryland	14	2.1%
Connecticut		10	1.5%			
Rhode Island				Rhode Island	13	1.9%
All other	All other	65	9.5%	All other	67	9.6%
Total	Total	678	100.0%	Total	698	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 March 31, 2023	As of March 31, 2022	Change
Megawatt hours generated	137,000	86,000	51,000

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change
Megawatt hours generated	262,000	137,000	125,000

Megawatt hours generated increased from 86,000 MWh for the three months ended March 31, 2022, to 137,000 MWh for the three months ended March 31, 2023 June 30, 2022, to 262,000 MWh for the three months ended June 30, 2023, as a result of an increase in our solar assets.

	Six months ended June 30, 2023	Six months ended June 30, 2022	Change
Megawatt hours generated	399,000	223,000	176,000

Megawatt hours generated increased from 223,000 MWh for the six months ended June 30, 2022, to 399,000 MWh for the six months ended June 30, 2023, as a result of an increase in our solar assets.

Non-GAAP Financial Measures

Adjusted EBITDA

We define adjusted EBITDA as net income plus net interest expense, depreciation, amortization and accretion expense, income tax expense, acquisition and entity formation costs, non-cash 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, change in fair value of redeemable warrant liability, change in fair value of alignment shares Alignment Shares liability, 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 out performance. We believe that investors and analysts also use adjusted EBITDA in evaluating our operating performance. This measurement is 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 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. These adjustments are intended to exclude items that are not indicative of the ongoing operating performance of the business. 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.

	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,

		2023	2022		2023	2022	2023	2022
		(in thousands)			(in thousands)		(in thousands)	
Reconciliation of Net income to Adjusted EBITDA:	**Reconciliation of Net income to Adjusted EBITDA:**			**Reconciliation of Net income to Adjusted EBITDA:**				
Net income	Net income	$ 3,845	$ 60,135	Net income	$ 3,370	$ 21,574	$ 7,215	$ 81,709
Income tax expense (benefit)		888	(123)					
Income tax expense				Income tax expense	1,129	707	2,017	584
Interest expense, net	Interest expense, net	12,446	4,938	Interest expense, net	8,524	5,173	20,970	10,111
Depreciation, amortization and accretion expense	Depreciation, amortization and accretion expense	11,376	6,822	Depreciation, amortization and accretion expense	12,959	6,863	24,335	13,685
Stock-based compensation expense	Stock-based compensation expense	2,872	1,305	Stock-based compensation expense	4,256	2,657	7,128	3,962
Acquisition and entity formation costs	Acquisition and entity formation costs	1,491	294	Acquisition and entity formation costs	1,369	52	2,860	346
Loss on fair value of contingent consideration		50	169					
Loss (gain) on fair value of contingent consideration				Loss (gain) on fair value of contingent consideration	50	(1,140)	100	(971)
Change in fair value of redeemable warrant liability	Change in fair value of redeemable warrant liability	—	(18,458)	Change in fair value of redeemable warrant liability	—	(4,659)	—	(23,117)
Change in fair value of Alignment Shares liability	Change in fair value of Alignment Shares liability	(17,018)	(46,346)	Change in fair value of Alignment Shares liability	(2,805)	(16,705)	(19,823)	(63,051)
Other expense, net		90	15					
Other expense (income), net				Other expense (income), net	1,789	(608)	1,879	(593)
Adjusted EBITDA	Adjusted EBITDA	$ 16,040	$ 8,751	Adjusted EBITDA	$ 30,641	$ 13,914	$ 46,681	$ 22,665

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022		2023	2022	2023	2022
		(in thousands)			(in thousands)		(in thousands)	
Reconciliation of Adjusted EBITDA margin:	**Reconciliation of Adjusted EBITDA margin:**			**Reconciliation of Adjusted EBITDA margin:**				
Adjusted EBITDA	Adjusted EBITDA	$ 16,040	$ 8,751	Adjusted EBITDA	$ 30,641	$ 13,914	$ 46,681	$ 22,665
Operating revenues, net	Operating revenues, net	29,378	19,199	Operating revenues, net	46,513	24,762	75,891	43,961
Adjusted EBITDA margin	Adjusted EBITDA margin	55 %	46 %	Adjusted EBITDA margin	66 %	56 %	62 %	52 %

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 March 31, 2023June 30, 2023, PPAs have a weighted-average remaining life of 13 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 ("*NMCAs*"). 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 March 31, 2023June 30, 2023, NMCAs 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. Sales of power on wholesale electricity market are recognized in revenue upon delivery.

Rental Income. A portion of the Company's energy revenue is derived from long-term PPAs accounted for as operating leases under ASC 842. Rental income under these lease agreements is recorded as revenue when the electricity is delivered to the customer.

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.

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 Power 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. General and administrative expenses consist 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 and rent and other office-related expenses.

Altus Power expects increased general and administrative expenses as it continues to grow its business but to decrease over time as a percentage of revenue. Altus Power also expects to incur additional expenses as a result of operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC. Further, Altus Power 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 acquire PPA and NMCA customers and favorable and unfavorable rate revenues contracts. 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 the Solar Acquisition (as defined in Note 7, "Fair Value Measurements," to our audited consolidated annual financial statements included in our Annual Report on Form 10-K), contingent consideration of up to $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. Liability The liability for the contingent consideration associated with production volumes expired on June 30, 2022, and the Company remeasured its fair value to zero. 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.

Stock-Based Compensation. Stock-based compensation expense is recognized for awards granted under the Legacy Incentive Plans and Omnibus Incentive Plan, as defined in Note 14, "Stock-Based Compensation," to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Change in Fair Value of Redeemable Warrant Liability. In connection with 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*"). The Redeemable Warrant Liability was remeasured as of March 31, 2022June 30, 2022, and the resulting gain was included in the condensed consolidated statements of operations. In October 2022, the Company redeemed all outstanding Redeemable Warrants.

Change in Fair Value of Alignment Shares Liability. Alignment sharesShares 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 March 31, 2023June 30, 2023, and the resulting gain was included in the condensed 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 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 unrealized gains and losses on interest rate swaps.

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 a an annual basis.

Net IncomeLoss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests. Net incomeloss 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 at Book Value.

Results of Operations – Three Months Ended March 31, 2023June 30, 2023, Compared to Three Months Ended March 31, 2022June 30, 2022 (Unaudited)

		Three Months Ended March 31,		Change			Three Months Ended June 30,		Change	
		2023	2022	$	%		2023	2022	$	%
		(in thousands)					(in thousands)			
Operating revenues, net	Operating revenues, net	$ 29,378	$ 19,199	$ 10,179	53.0 %	Operating revenues, net	$ 46,513	$ 24,762	$ 21,751	87.8 %
Operating expenses	Operating expenses					Operating expenses				
Cost of operations (exclusive of depreciation and amortization shown separately below)	Cost of operations (exclusive of depreciation and amortization shown separately below)	5,976	4,064	1,912	47.0 %	Cost of operations (exclusive of depreciation and amortization shown separately below)	7,581	4,290	3,291	76.7 %
General and administrative	General and administrative	7,362	6,384	978	15.3 %	General and administrative	8,291	6,558	1,733	26.4 %
Depreciation, amortization and accretion expense	Depreciation, amortization and accretion expense	11,376	6,822	4,554	66.8 %	Depreciation, amortization and accretion expense	12,959	6,863	6,096	88.8 %
Acquisition and entity formation costs	Acquisition and entity formation costs	1,491	294	1,197	407.1 %	Acquisition and entity formation costs	1,369	52	1,317	*

Loss on fair value remeasurement of contingent consideration		50	169	(119)	(70.4) %					
Loss (gain) on fair value remeasurement of contingent consideration						Loss (gain) on fair value remeasurement of contingent consideration	50	(1,140)	1,190	(104.4) %
Stock-based compensation	Stock-based compensation	2,872	1,305	1,567	120.1 %	Stock-based compensation	4,256	2,657	1,599	60.2 %
Total operating expenses	Total operating expenses	$ 29,127	$ 19,038	$ 10,089	53.0 %	Total operating expenses	$ 34,506	$ 19,280	$ 15,226	79.0 %
Operating income	Operating income	251	161	90	55.9 %	Operating income	12,007	5,482	6,525	119.0 %
Other (income) expense	Other (income) expense					Other (income) expense				
Change in fair value of redeemable warrant liability	Change in fair value of redeemable warrant liability	—	(18,458)	18,458	100.0 %	Change in fair value of redeemable warrant liability	—	(4,659)	4,659	(100.0) %
Change in fair value of alignment shares liability		(17,018)	(46,346)	29,328	(63.3) %					
Other expense, net		90	15	75	500.0 %					
Change in fair value of Alignment Shares liability						Change in fair value of Alignment Shares liability	(2,805)	(16,705)	13,900	(83.2) %
Other expense (income), net						Other expense (income), net	1,789	(608)	2,397	*
Interest expense, net	Interest expense, net	12,446	4,938	7,508	152.0 %	Interest expense, net	8,524	5,173	3,351	64.8 %
Total other income		$ (4,482)	$ (59,851)	$ 55,369	(92.5) %					
Income before income tax (expense) benefit		$ 4,733	$ 60,012	$ (55,279)	(92.1) %					
Income tax (expense) benefit		(888)	123	(1,011)	*					
Total other expense (income)						Total other expense (income)	$ 7,508	$ (16,799)	$ 24,307	(144.7) %
Income before income tax expense						Income before income tax expense	$ 4,499	$ 22,281	$ (17,782)	(79.8) %
Income tax expense						Income tax expense	(1,129)	(707)	(422)	59.7 %
Net income	Net income	$ 3,845	$ 60,135	$ (56,290)	(93.6) %	Net income	$ 3,370	$ 21,574	$ (18,204)	(84.4) %
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(1,772)	(284)	(1,488)	*	Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(3,455)	(2,541)	(914)	36.0 %
Net income attributable to Altus Power, Inc.	Net income attributable to Altus Power, Inc.	$ 5,617	$ 60,419	$ (54,802)	(90.7) %	Net income attributable to Altus Power, Inc.	$ 6,825	$ 24,115	$ (17,290)	(71.7) %
Net income per share attributable to common stockholders	Net income per share attributable to common stockholders					Net income per share attributable to common stockholders				
Basic	Basic	$ 0.04	$ 0.39	$ (0.35)	(91.0) %	Basic	$ 0.04	$ 0.16	$ (0.12)	(75.0) %
Diluted	Diluted	$ 0.03	$ 0.39	$ (0.36)	(91.1) %	Diluted	$ 0.04	$ 0.16	$ (0.12)	(75.0) %

Weighted average shares used to compute net income per share attributable to common stockholders	Weighted average shares used to compute net income per share attributable to common stockholders					Weighted average shares used to compute net income per share attributable to common stockholders				
Basic	Basic	158,621,674	152,662,512	5,959,162	3.9 %	Basic	158,719,684	153,310,068	5,409,616	3.5 %
Diluted	Diluted	161,003,402	153,586,538	7,416,864	4.8 %	Diluted	158,978,275	153,954,843	5,023,432	3.3 %

* Percentage is not meaningful

Operating Revenues, Net revenues, net

		Three Months Ended March 31,		Change			Three Months Ended June 30,		Change	
		2023	2022	Change	%		2023	2022	Change	%
		(in thousands)					(in thousands)			
Power sales under PPAs	Power sales under PPAs	$ 8,986	$ 4,182	$ 4,804	114.9 %	Power sales under PPAs	$ 16,641	$ 6,730	$ 9,911	147.3 %
Power sales under NMCAs	Power sales under NMCAs	6,836	3,910	2,926	74.8 %	Power sales under NMCAs	13,297	7,822	5,475	70.0 %
Power sales on wholesale markets	Power sales on wholesale markets	356	573	(217)	(37.9) %	Power sales on wholesale markets	568	1,155	(587)	(50.8) %
Total revenue from power sales	Total revenue from power sales	16,178	8,665	7,513	86.7 %	Total revenue from power sales	30,506	15,707	14,799	94.2 %
Solar renewable energy credit revenue	Solar renewable energy credit revenue	10,067	9,531	536	5.6 %	Solar renewable energy credit revenue	13,526	7,975	5,551	69.6 %
Rental income	Rental income	626	644	(18)	(2.8) %	Rental income	986	785	201	25.6 %
Performance based incentives	Performance based incentives	2,098	359	1,739	484.4 %	Performance based incentives	464	295	169	57.3 %
Revenue recognized on contract liabilities	Revenue recognized on contract liabilities	$ 409	$ —	$ 409	100.0 %	Revenue recognized on contract liabilities	$ 1,031	$ —	$ 1,031	100.0 %
Total	Total	$ 29,378	$ 19,199	$ 10,179	53.0 %	Total	$ 46,513	$ 24,762	$ 21,751	87.8 %

Operating revenues, net increased by $10.2 million $21.8 million, or 53.0% 87.8%, for the three months ended March 31, 2023 June 30, 2023, compared to the three months ended March 31, 2022 primarily due to the increased number of solar energy facilities as a result of acquisitions and facilities placed in service subsequent to March 31, 2022.

Cost of Operations

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Cost of operations (exclusive of depreciation and amortization shown separately below)	$ 5,976	$ 4,064	$ 1,912	47.0 %

Cost of operations increased by $1.9 million, or 47.0%, during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

Cost of operations

	Three Months Ended June 30,	Change

	2023	2022	$	%
	(in thousands)			
Cost of operations (exclusive of depreciation and amortization shown separately below)	$ 7,581	$ 4,290	$ 3,291	76.7 %

Cost of operations increased by $3.3 million, or 76.7%, during the three months ended June 30, 2023, as a result compared to the three months ended June 30, 2022, primarily due to the increased number of acquisitions and operating solar energy facilities placed in service subsequent to March 31, 2022. our portfolio.

General and Administrative administrative

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
General and administrative	$ 7,362	$ 6,384	$ 978	15.3 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
General and administrative	$ 8,291	$ 6,558	$ 1,733	26.4 %

General and administrative expense increased by $1.0 million $1.7 million, or 15.3% 26.4%, during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to increase in general personnel costs resulting from increased headcount in multiple job functions.

Depreciation, Amortization amortization and Accretion Expense accretion expense

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Depreciation, amortization and accretion expense	$ 11,376	$ 6,822	$ 4,554	66.8 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Depreciation, amortization and accretion expense	$ 12,959	$ 6,863	$ 6,096	88.8 %

Depreciation, amortization and accretion expense increased by $4.6 million $6.1 million, or 66.8% 88.8%, during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to the increased number of operating solar energy facilities as a result of acquisitions and facilities placed in service subsequent to March 31, 2022. our portfolio.

Acquisition and Entity Formation Costs entity formation costs

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Acquisition and entity formation costs	$ 1,491	$ 294	$ 1,197	407.1 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Acquisition and entity formation costs	$ 1,369	$ 52	$ 1,317	*

* Percentage is not meaningful

Acquisition and entity formation costs increased by $1.2 million, or 407.1%, $1.3 million during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to costs associated with the True Green II Acquisition.

Loss (gain) on fair value remeasurement of contingent consideration

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Loss on fair value remeasurement of contingent consideration	$ 50	$ 169	$ (119)	(70.4)%

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Loss (gain) on fair value remeasurement of contingent consideration	$ 50	$ (1,140)	$ 1,190	(104.4)%

Loss (gain) on fair value remeasurement of contingent consideration is primarily associated with the Solar Acquisition (as defined in Note 7, "Fair Value Measurements." Measurements"). Loss on fair value remeasurement was recorded for the three months ended March 31, 2023 June 30, 2023, due to changes in the values of significant assumptions used in the measurement, including the estimated market power rates.

Stock-based compensation

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Stock-based compensation	$ 2,872	$ 1,305	$ 1,567	120.1 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Stock-based compensation	$ 4,256	$ 2,657	$ 1,599	60.2 %

Stock-based compensation increased by $1.6 million, or 60.2%, during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to restricted stock units granted under the Omnibus Incentive Plan (as defined in Note 14, "Stock-Based Compensation," to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), which was adopted on July 12, 2021.

Change in fair value of redeemable warrant liability

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of redeemable warrant liability	$ —	$ (18,458)	$ 18,458	100.0 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of redeemable warrant liability	$ —	$ (4,659)	$ 4,659	(100.0)%

In connection with the Merger, the Company assumed a redeemable warrant liability. As discussed in Note 7, "Fair Value Measurements" all outstanding warrants were redeemed on October 17, 2022, thus, no gain or loss on remeasurement of redeemable warrant liability was recognized for the three months ended March 31, 2023 June 30, 2023.

Change in fair value of alignment shares Alignment Shares liability

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of alignment shares liability	$ (17,018)	$ (46,346)	$ 29,328	(63.3)%

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of Alignment Shares liability	$ (2,805)	$ (16,705)	$ 13,900	(83.2)%

In connection with the Merger, the Company assumed a liability related to alignment shares, Alignment Shares, which was remeasured as of March 31, 2023 June 30, 2023, and the resulting gain was included in the condensed consolidated statement of operations. The gain was primarily driven by the decrease in the Company's stock price as of March 31, 2023 June 30, 2023, compared to December 31, 2022 March 31, 2023.

Other expense (income), net

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Other expense, net	$ 90	$ 15	$ 75	500.0 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Other expense (income), net	$ 1,789	$ (608)	$ 2,397	*

* Percentage is not meaningful

Other expense was approximately $0.1 million $1.8 million during the three months ended March 31, 2023 June 30, 2023, as compared to other income of approximately zero $0.6 million during the three months ended March 31, 2022 June 30, 2022, due to miscellaneous other income and expense items during each period.

Interest expense, net

	Three Months Ended March 31,		Change	
	2023	2022	$	%
	(in thousands)			
Interest expense, net	$ 12,446	$ 4,938	$ 7,508	152.0 %

	Three Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Interest expense, net	$ 8,524	$ 5,173	$ 3,351	64.8 %

Interest expense increased by $7.5 million $3.4 million, or 152.0% 64.8%, during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to the increase of outstanding debt held by the Company and Company. The increase was partially offset by $2.8 million of unrealized loss gain on interest rate swaps during the three months ended March 31, 2023 June 30, 2023.

Income tax (expense) benefit expense

	Three Months Ended March 31,		Change	
	2023	2022	$	%

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	(in thousands)							
Income tax (expense) benefit	$	(888)	$	123	$	(1,011)		*

* Percentage is not meaningful

	Three Months Ended June 30,				Change			
	2023		2022		$		%	
	(in thousands)							
Income tax expense	$	(1,129)	$	(707)	$	(422)	59.7	%

For the three months ended March 31, 2023 June 30, 2023, the Company recorded an income tax expense of $0.9 million $1.1 in relation to pretax income of $4.7 million $4.5 million, which resulted in an effective income tax rate of 18.8% 24.4%. The effective income tax rate was primarily impacted by $0.9 million $2.5 million of income tax benefit related to fair value adjustments on alignment shares, $0.7 million Alignment Shares, $1.4 million of income tax expense associated with nondeductible compensation, $0.1 million $0.8 million of income tax benefit expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, and $0.2 million of state income tax expense. expense, and $0.3 million of income tax expense related to other miscellaneous items.

Related to the $0.9 million $2.5 million of income tax benefit, the Company has issued alignment shares. Alignment Shares. These awards are liability classified awards for U.S. GAAP, and, as such, they are required to be remeasured to fair value each reporting period with the change in value included in operating income. The alignment shares Alignment Shares are considered equity awards for U.S. tax purposes. Therefore, the change in U.S. GAAP value does not result in taxable income or deduction. The U.S. GAAP change in fair value results in a permanent tax difference which impacts the Company's estimated annual effective tax rate.

For the three months ended March 31, 2022 June 30, 2022, the Company recorded an income tax benefit expense of $0.1 million $0.7 million in relation to a pretax income of $60.0 million $22.3 million, which resulted in an effective income tax rate of negative 0.2% 3.2%. The effective income tax rate was primarily impacted by $14.7 million $4.3 million of income tax benefit related to fair value adjustments on redeemable warrants and alignment shares, $1.7 million of income tax expense associated with nondeductible compensation, $0.4 million Alignment Shares, $0.2 million of income tax expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, and $0.1 million of state income tax benefit.

Related to the $14.7 million $4.3 million of income tax benefit, the Company has issued redeemable warrants and alignment shares. Alignment Shares. These awards are liability classified awards for U.S. GAAP, and, as such, they are required to be remeasured to fair value each reporting period with the change in value included in operating income. The redeemable warrants and alignment shares Alignment Shares are considered equity awards for U.S. tax purposes. Therefore, the change in U.S. GAAP value does not result in taxable income or deduction. The U.S. GAAP change in fair value results in a permanent tax difference which impacts the Company's estimated annual effective tax rate.

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests

	Three Months Ended March 31,				Change			
	2023		2022		$		%	
	(in thousands)							
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	$	(1,772)	$	(284)	$	(1,488)		*

* Percentage is not meaningful

	Three Months Ended June 30,				Change			
	2023		2022		$		%	
	(in thousands)							
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	$	(3,455)	$	(2,541)	$	(914)	36.0	%

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests increased by $1.5 million $0.9 million, or 36.0%, during the three months ended March 31, 2023 June 30, 2023, as compared to the three months ended March 31, 2022 June 30, 2022, primarily due to changes in funding provided by a tax equity investor and reduced recapture periods for investment tax credits.

Results of Operations – Six Months Ended June 30, 2023, Compared to Six Months Ended June 30, 2022 (Unaudited)

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			

Operating revenues, net	$ 75,891	$ 43,961	$ 31,930	72.6 %
Operating expenses				
Cost of operations (exclusive of depreciation and amortization shown separately below)	13,557	8,354	5,203	62.3 %
General and administrative	15,653	12,942	2,711	20.9 %
Depreciation, amortization and accretion expense	24,335	13,685	10,650	77.8 %
Acquisition and entity formation costs	2,860	346	2,514	*
Loss (gain) on fair value remeasurement of contingent consideration	100	(971)	1,071	(110.3)%
Stock-based compensation	7,128	3,962	3,166	79.9 %
Total operating expenses	$ 63,633	$ 38,318	$ 25,315	66.1 %
Operating income	12,258	5,643	6,615	117.2 %
Other (income) expense				
Change in fair value of redeemable warrant liability	—	(23,117)	23,117	(100.0)%
Change in fair value of Alignment Shares liability	(19,823)	(63,051)	43,228	(68.6)%
Other expense (income), net	1,879	(593)	2,472	*
Interest expense, net	20,970	10,111	10,859	107.4 %
Total other expense (income)	$ 3,026	$ (76,650)	$ 79,676	(103.9)%
Income before income tax expense	$ 9,232	$ 82,293	$ (73,061)	(88.8)%
Income tax expense	(2,017)	(584)	(1,433)	245.4 %
Net income	$ 7,215	$ 81,709	$ (74,494)	(91.2)%
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(5,227)	(2,825)	(2,402)	85.0 %
Net income attributable to Altus Power, Inc.	$ 12,442	$ 84,534	$ (72,092)	(85.3)%
Net income per share attributable to common stockholders				
Basic	$ 0.08	$ 0.55	$ (0.47)	(85.5)%
Diluted	$ 0.08	$ 0.55	$ (0.47)	(85.5)%
Weighted average shares used to compute net income per share attributable to common stockholders				
Basic	158,670,950	152,988,078	5,682,872	3.7 %
Diluted	160,747,045	153,771,992	6,975,053	4.5 %

* Percentage is not meaningful

Operating revenues, net

	Six Months Ended June 30,		Change	
	2023	2022	Change	%
	(in thousands)			
Power sales under PPAs	$ 25,627	$ 10,912	$ 14,715	134.9 %
Power sales under NMCAs	20,133	11,722	8,411	71.8 %
Power sales on wholesale markets	924	1,738	(814)	(46.8)%
Total revenue from power sales	46,684	24,372	22,312	91.5 %
Solar renewable energy credit revenue	23,593	17,506	6,087	34.8 %
Rental income	1,612	1,429	183	12.8 %
Performance based incentives	2,562	654	1,908	291.7 %
Revenue recognized on contract liabilities	$ 1,440	$ —	$ 1,440	100.0 %
Total	$ 75,891	$ 43,961	$ 31,930	72.6 %

Operating revenues, net increased by $31.9 million, or 72.6%, for the six months ended June 30, 2023, compared to the six months ended June 30, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

Cost of operations

	Six Months Ended June 30,		Change	
	2023	2022	$	%

	(in thousands)			
Cost of operations (exclusive of depreciation and amortization shown separately below)	$ 13,557	$ 8,354	$ 5,203	62.3 %

Cost of operations increased by $5.2 million, or 62.3%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

General and administrative

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
General and administrative	$ 15,653	$ 12,942	$ 2,711	20.9 %

General and administrative expense increased by $2.7 million, or 20.9%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to increase in general personnel costs resulting from increased headcount in multiple job functions.

Depreciation, amortization and accretion expense

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Depreciation, amortization and accretion expense	$ 24,335	$ 13,685	$ 10,650	77.8 %

Depreciation, amortization and accretion expense increased by $10.7 million, or 77.8%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to the increased number of operating solar energy facilities in our portfolio.

Acquisition and entity formation costs

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Acquisition and entity formation costs	$ 2,860	$ 346	$ 2,514	*

* Percentage is not meaningful

Acquisition and entity formation costs increased by $2.5 million during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to costs associated with the True Green II Acquisition.

Loss (gain) on fair value remeasurement of contingent consideration

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Loss (gain) on fair value remeasurement of contingent consideration	$ 100	$ (971)	$ 1,071	(110.3)%

Loss (gain) on fair value remeasurement of contingent consideration is primarily associated with the Solar Acquisition (as defined in Note 7, “Fair Value Measurements"). Loss on fair value remeasurement was recorded for the six months ended June 30, 2023, due to changes in the values of significant assumptions used in the measurement, including the estimated market power rates.

Stock-based compensation

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Stock-based compensation	$ 7,128	$ 3,962	$ 3,166	79.9 %

Stock-based compensation increased by $3.2 million, or 79.9%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to restricted stock units granted under the Omnibus Incentive Plan (as defined in Note 14, "Stock-Based Compensation," to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), which was adopted on July 12, 2021.

Change in fair value of redeemable warrant liability

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of redeemable warrant liability	$ —	$ (23,117)	$ 23,117	(100.0)%

In connection with the Merger, the Company assumed a redeemable warrant liability. As discussed in Note 7, "Fair Value Measurements" all outstanding warrants were redeemed on October 17, 2022, thus, no gain or loss on remeasurement of redeemable warrant liability was recognized for the six months ended June 30, 2023.

Change in fair value of Alignment Shares liability

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Change in fair value of Alignment Shares liability	$ (19,823)	$ (63,051)	$ 43,228	(68.6)%

In connection with the Merger, the Company assumed a liability related to Alignment Shares, which was remeasured as of June 30, 2023, and the resulting gain was included in the condensed consolidated statement of operations. The gain was primarily driven by the decrease in the Company's stock price as of June 30, 2023, compared to December 31, 2022.

Other expense (income), net

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Other expense (income), net	$ 1,879	$ (593)	$ 2,472	*

* Percentage is not meaningful

Other expense was approximately $1.9 million during the six months ended June 30, 2023, as compared to other income of $0.6 million during the six months ended June 30, 2022, due to miscellaneous other income and expense items during each period.

Interest expense, net

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Interest expense, net	$ 20,970	$ 10,111	$ 10,859	107.4 %

Interest expense increased by $10.9 million, or 107.4%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to the increase of outstanding debt held by the Company.

Income tax expense

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Income tax expense	$ (2,017)	$ (584)	$ (1,433)	245.4 %

For the six months ended June 30, 2023, the Company recorded an income tax expense of $2.0 million in relation to pretax income of $9.2 million, which resulted in an effective income tax rate of 21.7%. The effective income tax rate was primarily impacted by $3.5 million of income tax benefit related to fair value adjustments on Alignment Shares, $2.0 million of income tax expense associated with nondeductible compensation, $0.8 million of income tax expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, $0.4 million of state income tax expense, and $0.4 million of income tax expense related to other miscellaneous items.

Related to the $3.5 million of income tax benefit, the Company has issued Alignment Shares. These awards are liability classified awards for U.S. GAAP, and, as such, they are required to be remeasured to fair value each reporting period with the change in value included in operating income. The Alignment Shares are considered equity awards for U.S. tax purposes. Therefore, the change in U.S. GAAP value does not result in taxable income or deduction. The U.S. GAAP change in fair value results in a permanent tax difference which impacts the Company's estimated annual effective tax rate.

For the six months ended June 30, 2022, the Company recorded an income tax expense of $0.6 million in relation to a pretax income of $82.3 million, which resulted in an effective income tax rate of 0.7%. The effective income tax rate was primarily impacted by $19.0 million of income tax benefit related to fair value adjustments on redeemable warrants and Alignment Shares, $1.6 million of income tax expense associated with nondeductible compensation, $0.6 million of income tax expense from net losses attributable to noncontrolling interests and redeemable noncontrolling interests, and $0.1 million of state income tax benefit.

Related to the $19.0 million of income tax benefit, the Company has issued redeemable warrants and Alignment Shares. These awards are liability classified awards for U.S. GAAP, and, as such, they are required to be remeasured to fair value each reporting period with the change in value included in operating income. The redeemable warrants and Alignment Shares are considered equity awards for U.S. tax purposes. Therefore, the change in U.S. GAAP value does not result in taxable income or deduction. The U.S. GAAP change in fair value results in a permanent tax difference which impacts the Company's estimated annual effective tax rate.

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests

	Six Months Ended June 30,		Change	
	2023	2022	$	%
	(in thousands)			
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	$ (5,227)	$ (2,825)	$ (2,402)	85.0 %

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests increased by $2.4 million, or 85.0%, during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to changes in funding provided by a tax equity investor and reduced recapture periods for investment tax credits.

Liquidity and Capital Resources

As of March 31, 2023 June 30, 2023, the Company had total cash and restricted cash of $84.2 million $84.1 million. For a discussion of our restricted cash, see Note 2, "Significant Accounting Policies, Cash, Cash Equivalents, and Restricted Cash," to our condensed consolidated financial statements.

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 March 31, 2023 June 30, 2023, we do not expect to cancel these agreements.

The Company has operating leases for land and buildings building rooftops 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 March 31, 2023 June 30, 2023 and December 31, 2022, the Company had outstanding letters of credit and surety bonds totaling $23.4 million $39.2 million and $15.4 million, respectively. Our outstanding letters of credit are primarily used to fund the debt service reserve accounts associated with our term loans. 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 six months ended June 30, 2023, no shares of common stock were sold through the ATM equity program. Any issuances under the ATM are subject to approval of the Board.

Debt

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 ("*BIS*") 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 rate and matures on February 29, 2056 ("*Final Maturity Date*").

The APAF Term Loan amortizes at an initial rate of 2.5% of 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 March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF Term Loan was $484.0 million $480.9 million less unamortized debt discount and loan issuance costs totaling $7.4 million $7.1 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 March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAF Term Loan.

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 APAF II 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 7, "Fair Value Measurements," for further details).

As of March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF II Term Loan was $121.7 million $118.8 million, less unamortized debt issuance costs of $2.6 million $2.4 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 March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAF II Term Loan.

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 term loan has an 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 acquisitions of solar assets 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, and expects to borrow the remaining $10.6 million $11.0 million upon the completion of certain development assets of the True Green II Acquisition when they are placed in service. 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 are recognized as interest expense through June 30, 2033.

On June 15, 2023, the Company amended the APAF III Term Loan to add an additional $47.0 million of borrowings, the proceeds of which were used to repay outstanding term loans under the Construction to Term Loan Facility, and to provide long-term financing for new solar projects. The principal balance borrowed under the amendment was offset by $0.3 million of issuance costs and $1.5 million of issuance discount, which have been deferred and are recognized as interest expense through June 30, 2033. Additionally, in conjunction with the amendment of the facility, the Company expensed $0.6 million of financing costs, which are included in Other expense, net in the condensed consolidated statements of operations.

As of March 31, 2023 June 30, 2023, the outstanding principal balance of the APAF III Term Loan was $193.0 million $238.8 million, less unamortized debt issuance costs and discount of $10.2 million $11.9 million. As of March 31, 2023 June 30, 2023, the Company was in compliance with all covenants under the APAF III Term Loan.

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 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 matures on December 19, 2027. As of March 31, 2023 June 30, 2023, and December 31, 2022, outstanding under the APAG Revolver were $20.0 million $40.0 million and zero, respectively. As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the APAG Revolver.

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 0.50% per year of the daily unused amount of the commitment. As of March 31, 2023 On June 15, 2023, the Company repaid all outstanding principal balances term loans of $15.8 million and terminated the construction loan and term loan were zero and $15.8 million facility. In conjunction with the repayment, the Company incurred a loss on extinguishment of debt of $0.1 million included in Other expense (income), respectively. net in the condensed consolidated statements of operations.

As of December 31, 2022, the outstanding principal balances of the construction loan and term loan were zero and $15.9 million, respectively. As of March 31, 2023, respectively, and December 31, 2022, the Company had an unused borrowing capacity of zero and $171.6 million, respectively. . Outstanding amounts under the Construction to Term Loan Facility are 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 includes included various financial and other covenants for

APACF and the Company, as guarantor. As of March 31, 2023, and 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 March 31, 2023 June 30, 2023, the outstanding principal balance of the term loan is $12.6 million, less unamortized debt discount of $2.1 million $1.9 million. As of December 31, 2022, the outstanding principal balance of the term loan is $12.6 million, less unamortized debt discount of $2.2 million.

The term loan is secured by an interest in the underlying solar project assets and the revenues generated by those assets. As of March 31, 2023 June 30, 2023, and December 31, 2022, the Company was in compliance with all covenants under the Project-Level Term Loan.

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 condensed consolidated balance sheets.

As of March 31, 2023 June 30, 2023, the Company's recorded financing obligations were $43.3 million $42.8 million, net of $1.0 million of deferred transaction costs. As of December 31, 2022, the Company's recorded financing obligations were $35.6 million, net of $1.1 million of deferred transaction costs. Payments of $0.2 million $0.8 million and $0.6 million were made under financing obligations for the three months ended March 31, 2023 June 30, 2023, and 2022. 2022, respectively. Payments of $1.0 million and $0.8 million were made under financing obligations for the and six months ended June 30, 2023 and 2022, respectively. Interest expense, inclusive of the amortization of deferred transaction costs for the three months ended March 31, 2023 June 30, 2023 and 2022, was $0.4 million. and $0.4 million, respectively. Interest expense, inclusive of the amortization of deferred transaction costs for the six months ended June 30, 2023 and 2022, was $0.8 million and $0.7 million, respectively.

Cash Flows

For the Three Six Months Ended March 31, 2023 June 30, 2023 and 2022

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

		Three Months Ended March 31, 2023	Three Months Ended March 31, 2022		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
		(in thousands)			(in thousands)	
Net cash provided by (used for):	Net cash provided by (used for):			Net cash provided by (used for):		
Operating activities	Operating activities	$ 14,225	$ 3,499	Operating activities	$ 25,491	$ 11,869
Investing activities	Investing activities	(319,435)	(6,571)	Investing activities	(373,318)	(34,910)
Financing activities	Financing activities	189,993	(4,720)	Financing activities	232,564	(7,948)
Net decrease in cash and restricted cash	Net decrease in cash and restricted cash	$ (115,217)	$ (7,792)	Net decrease in cash and restricted cash	$ (115,263)	$ (30,989)

Operating Activities

During the three six months ended March 31, 2023 cash provided by operating activities of $14.2 million consisted primarily of net income of $3.8 million adjusted for net non-cash income of $0.9 million and increase in net liabilities by $11.4 million.

During the three months ended March 31, 2022 June 30, 2023, cash provided by operating activities of $3.5 million $25.5 million consisted primarily of net income of $60.1 million $7.2 million adjusted for net non-cash expenses of $55.6 million $17.2 million and increase in net liabilities of $1.1 million.

During the six months ended June 30, 2022, cash provided by $1.0 million operating activities of $11.9 million consisted primarily of net income of $81.7 million adjusted for net non-cash income of $67.7 million and increase in net assets of $2.1 million.

Investing Activities

During the three six months ended March 31, 2023 June 30, 2023, net cash used in investing activities was $319.4 million $373.3 million, consisting of $24.8 $62.0 million of capital expenditures, $288.2 $288.9 million of payments to acquire businesses, net of cash and restricted cash acquired, and $6.4 $22.4 million of payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired.

During the three six months ended March 31, 2022 June 30, 2022, net cash used in investing activities was $6.6 million $34.9 million, fully consisting of $23.3 million of capital expenditures. expenditures and $11.6 million of payments to acquire renewable energy facilities from third parties, net of cash and restricted cash acquired.

Financing Activities

Net cash provided by financing activities was $190.0 million $232.6 million for the three six months ended March 31, 2023 June 30, 2023, which primarily consisted of $204.7 $269.9 million of proceeds from issuance of long-term debt and $1.7 $6.3 million of contributions from noncontrolling interests. Net cash provided by financing activities was partially off-set by $7.7 million $31.1 million to repay long-term debt, $2.0 $2.5 million paid for debt issuance costs, $1.1 million $2.2 million of distributions to noncontrolling interests, $4.5 million for deferred purchase price payable, and $1.1 $3.2 million paid for the redemption of redeemable noncontrolling interests.

Net cash used for financing activities was $4.7 million $7.9 million for the three six months ended March 31, 2022 June 30, 2022, which consisted primarily of $3.4 million $8.1 million to repay long-term debt, $0.7 million paid for equity issuance costs, and $0.6 million $1.1 million of distributions to noncontrolling interests. Net cash used for financing activities was partially offset by $2.2 million of contributions from noncontrolling interests.

Critical Accounting Policies and Use of Estimates

The preparation of condensed consolidated financial statements in conformity with 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 condensed 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. As of March 31, 2023 June 30, 2023, there have been no significant changes to the accounting estimates that we have deemed critical. Our critical accounting estimates are more fully described in our 2022 Annual Report on Form 10-K.

Other than the policies noted in Note 2, "Significant Accounting Policies," in the Company's notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q, there have been no material changes to its critical accounting policies and estimates as compared to those disclosed in its audited consolidated financial statements in our 2022 Annual Report on Form 10-K.

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 Power 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.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our stock held by non-affiliates is greater than or equal to $250 million as of the end of that fiscal year's second fiscal quarter, or (ii) our annual revenues are greater than or equal to $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is greater than or equal to $700 million as of the end of that fiscal year's second fiscal quarter. If we are Based on our revenues for the year ended December 31, 2022 and our public float as of June 30, 2023, the Company will become an accelerated filer and lose smaller reporting company status on December 31, 2023. We will continue to use the scaled disclosures permitted for a smaller reporting company at for its quarterly report on Form 10-Q for the time period ending September 30, 2023, and this Quarterly Report. Beginning with our annual report on Form 10-K for the year ended December 31, 2023, we cease will no longer be eligible to be rely on the scaled disclosure exemptions applicable to smaller reporting companies. Our status as an emerging growth company we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation. was not impacted.

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 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. 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 6, "Debt," to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). However, changes in interest rates create a modest risk because certain borrowings bear interest at floating rates based on LIBOR SOFR plus a specified margin. We are also exposed to interest rate volatility on future incurrences of fixed or variable rate debt, which exposure primarily relates to movements in various interest rates. We sometimes manage our exposure to interest rate exposure on floating-rate debt movements by entering into derivative instruments interest rate swaps and forward starting interest rate swaps 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 loss, 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.

Item 4. 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 the end of the period covered by this Quarterly Report on Form 10-Q, as such term is defined in Rules 13a15(e) and 15d15(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 March 31, 2023 June 30, 2023, because of the material weaknesses in our internal control over financial reporting that were disclosed in our 2022 Annual Report on Form 10-K.

Remediation Plan

As previously described in Part II, Item 9A of our 2022 Annual Report on Form 10-K, 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 hiring additional finance department employees with appropriate expertise;
- We have progressed towards the completion of our formalized risk assessment for SOX processes, including process mapping; and
- We have proceeded 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.

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 control over financial reporting. Other than those measures, there have been no changes in our internal control 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 March 31, 2023 June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. 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 1A. Risk Factors

There have been no material changes to the Risk Factors described in Part I, Item 1A "Risk Factors" of the 2022 Annual Report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None. During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a 'Rule 10b5-1 trading arrangement' or 'non-Rule 10b5-1 trading arrangement,' as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
10.1*	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
31.1*	Certification of Co-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 Co-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
31.3*	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 Co-Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its 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

SIGNATURES

Pursuant to the requirements 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, hereunto duly authorized.

Date: May 15, 2023 August 14, 2023	By:	/s/ Gregg J. Felton
	Name:	Gregg J. Felton
	Title:	Co-Chief Executive Officer
Date: May 15, 2023 August 14, 2023	By:	/s/ Lars R. Norell
	Name:	Lars R. Norell
	Title:	Co-Chief Executive Officer

Date: May 15, 2023 August 14, 2023

By: /s/ Dustin L. Weber
Name: Dustin L. Weber
Title: Chief Financial Officer

52 58

EXHIBIT 10.1

EXECUTION VERSION

AMENDMENT NO. 1

This AMENDMENT NO. 1, dated as of June 15, 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, ALTUS POWER, INC., a Delaware corporation (the "***Limited Guarantor***"), 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 4, 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), 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 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 Blackstone Representative Side Letter and (j) the Contribution Agreement.

C. The definition of "Permitted Reinvestment" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"**Permitted Reinvestment**" means (i) any Investment in one or more Projects that satisfy the Eligibility Criteria, and, to the extent such reinvestment relates to the acquisition of any Project Company or Project, such reinvestment shall be subject to the requirements applicable to Permitted Acquisitions set forth in this Agreement, and (ii) solely with respect to the Reinvestment Proceeds constituting the Garrett Asset Funding Amount, the Project operated by Garrett Solar Farm, LLC at such time (if any) that it satisfies the requirements applicable to Permitted Acquisitions set forth in this Agreement.

D. 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 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.

E. The definition of "Reinvestment Period" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"**Reinvestment Period**" means, (i) in respect of any Reinvestment Proceeds received by the Borrower (other than the Garrett Asset Funding Amount), the period beginning on the date of receipt of such proceeds and ending on (a) if within 12 months of such receipt such proceeds have been contractually committed to be reinvested in any Permitted Reinvestment, the date that is 18 months following the receipt of such proceeds, or otherwise (b) the date that is 12 months following the receipt of such proceeds and (ii) in respect of the Reinvestment Proceeds constituting the Garrett Asset Funding Amount, the period beginning on the First Amendment Date and ending on the date that is ninety (90) days following the First Amendment Date.

F. The definition of "Reinvestment Proceeds" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"**Reinvestment Proceeds**" means, (i) with respect to any Disposition Proceeds, Extraordinary Receipts or Casualty Proceeds received by any Group Member, the Net Proceeds applicable thereto and (ii) solely with respect to the Project operated by Garrett Solar Farm, LLC, the $3,605,000 funded into the Reinvestment Account on the First Amendment Date (the "**Garrett Asset Funding Amount**"); *provided* that no proceeds shall be considered Reinvestment Proceeds at any time after the Reinvestment Period (if any) applicable thereto.

G. 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**") and (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,[1] and (iii) the Maturity Date.

H. Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in the appropriate alphabetical location:

"**First Amendment Date**" means June 15, 2023.

"**First Amendment Date Class A Loans**" means the Class A Loans made to the Borrower on the First Amendment Date by the Lenders with First Amendment Date Commitments.

"**First Amendment Date Commitment**" means the additional Commitments made available on the First 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) (First Amendment Date)".

[1] NTD: K&E/Altus to prepare an updated Committed Loan Notice reflecting updated amount and including specific direction to fund the Garrett Asset Funding Amount into the Reinvestment Account

"**First Amendment Upfront Fee Letter**" means the letter agreement dated as of the First Amendment Date among the Borrower, the Lenders who have a Commitment to make Class A Loans on the First Amendment Date and the Blackstone Representative.

"**Garrett Asset Funding Amount**" has the meaning set forth in the definition of "Reinvestment Proceeds".

I. Section 2.03(b) of the Credit Agreement is hereby amended by adding the following new clause (viii) at the end thereof:

(viii) At the end of the Reinvestment Period in respect of the Garrett Asset Funding Amount, if Section 4.03(i) of the Credit Agreement has not been satisfied with respect to the Project operated by Garrett Solar Farm, LLC, the Borrower (or the Collateral Manager on its behalf) shall promptly direct the Collateral Agent to apply 100% of the Reinvestment Proceeds in respect of such Garrett Asset Funding Amount to the repayment of principal of the Term Loans.

J. Section 2.07(a) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

(a) *Upfront Fees*. 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 and 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 (collectively, the "**Upfront Fees**"). Such Upfront Fees will be in all respects fully earned, due and payable on the Initial Borrowing Date or on the First Amendment Date, as applicable, and non-refundable and non-creditable thereafter.

K. 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 First Amendment Date shall provide for up to $14,040,000 of coverage).

L. 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 and (iii) 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.

M. 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 and in the First Amendment Upfront Fee Letter.

N. The Credit Agreement is hereby amended by amending and restating Schedules 1.01A, 1.01E, 1.01F, 1.01H, 7.02(e) and 11.02(a) thereto as set forth in Schedules 1.01A, 1.01E, 1.01F, 1.01H, 7.02(e) and 11.02(a) hereto.

2. **Amendment to Limited Guarantee**. Subject to the satisfaction of the conditions set forth in Section 4, the Limited Guarantee is hereby amended as follows:

(a) Clause (a) of the definition of "Guaranteed Obligations" set forth in Section 1.2 of the Limited Guarantee is hereby amended by (i) replacing the "and" at the end of clause (10) thereof with "or", and (ii) adding the following new clause (11) at the end thereof:

> (11) the failure by any of the Loan Parties to satisfy the obligations set forth in clause (c)(ii) of the definition of "Collateral and Guarantee Requirement" set forth in the Credit Agreement.

3. **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.

4. **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 First 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 First 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.

5. **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.

6. **Representations and Warranties**. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that as of the date of this Amendment:

(a) no Default, Event of Default or Early Amortization Event has occurred and is continuing; and

(b) the underlying lien evidenced by UCC financing statement number 52849347 (filed on June 20, 2018), filed with the New Jersey Department of Treasury Commercial Recording by PNC Equipment Finance, LLC as secured party and Willingboro Standard LLC as debtor is a Permitted Lien under Section 7.01 of the Credit Agreement, the assets subject to such lien are limited to assets for which such lien is permitted under such Section, and the debt secured thereby is Permitted Indebtedness under Section 7.03 of the Credit Agreement.

7. **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.

8. **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.

9. **Post-Closing Covenants**. (i) Within thirty (30) days of the First Amendment Date, the Borrower hereby agrees to file an amendment to, or a termination of the UCC financing statement set forth in Section 6(b) hereof with the appropriate filing office, which amendment (if applicable) shall amend the collateral described therein in a manner reasonably satisfactory to the Blackstone Representative and (ii) within ten (10) days of the First Amendment Date, deliver to the Blackstone Representative reasonably satisfactory evidence that its obligations under Section 6.16 of the Credit Agreement have been satisfied.

10. **Successors and Assigns**. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. **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.

12. **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.

13. **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.

[Remainder of Page Intentionally Left Blank]

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: APA Finance III Borrower Holdings, LLC
Its: Sole Member

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Managing Member

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

APA FINANCE III BORROWER HOLDINGS, LLC,
as Equity Holder

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Managing Member

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

ALTUS POWER, INC.,
as Limited Guarantor

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

JO RI SOLAR, LLC,
WILLINGBORO STANDARD LLC,
VIRGILIO SOLAR LLC,
FTZ ENERGY LLC,
KOSASA ENERGY LLC,
BT GA SOLAR, LLC,
LIGHTBEAM POWER COMPANY GRIDLEY MAIN LLC,
LIGHTBEAM POWER COMPANY GRIDLEY
MAIN TWO, LLC
each as a Guarantor

By: APA Finance III Borrower, LLC
Its: Sole Member

By: APA Finance III Borrower Holdings, LLC
Its: Sole Member

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Managing Member

By: /s/ Gregg Felton

Name: Gregg Felton
Title: Co-Chief Executive Officer

CURRY SOLAR FARM, LLC,
as a Guarantor

By: BT GA Solar, LLC
Its: Sole Member

By: APAF III Operating, LLC
Its: Sole Member

By: APA Finance III Borrower, LLC
Its: Sole Member

By: APA Finance III Borrower Holdings, LLC
Its: Sole Member

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Sole Member

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

DIX SOLAR, L.L.C.,
as a Guarantor

By: Dix Solar Investment, LLC
Its: Sole Member

By: TGC Fund III Dix Solar HoldCo, LLC
Its: Sole Member

By: Portfolio A Financing (Fund III), LLC
Its: Sole Member

By: APA Finance III Operating, LLC
Its: Sole Member

By: APA Finance III Borrower, LLC
Its: Sole Member

By: APA Finance III Borrower Holdings, LLC
Its: Sole Member

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Managing Member

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

DIX SOLAR Investment, LLC,
as a Guarantor

By: TGC Fund III Dix Solar HoldCo, LLC
Its: Sole Member

By: Portfolio A Financing (Fund III), LLC
Its: Sole Member

By: APA Finance III Operating, LLC
Its: Sole Member

By: APA Finance III Borrower, LLC
Its: Sole Member

By: APA Finance III Borrower Holdings, LLC
Its: Sole Member

By: APA Finance III, LLC
Its: Sole Member

By: APA Generation, LLC
Its: Sole Member

By: Altus Power, LLC
Its: Sole Member

By: Altus Power, Inc.
Its: Managing Member

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

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ James A. Hanley
Name: James A. Hanley
Title: Sr Vice President

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

BLACKSTONE ASSET BASED FINANCE ADVISORS LP, as Blackstone Representative

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

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

THE 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

FIDELITY AND 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

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

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

THE NORTHWEST 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

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

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

AMERICAN GENERAL LIFE INSURANCE COMPANY, as a Lender

By: Blackstone Liquid Credit Advisors I, LLC, pursuant to powers of attorney now and hereafter

By: /s/ Marisa Beeney
Name: Marisa Beeney
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

Address for notices:

345 Park Avenue, 24th Floor
New York, NY 10154
Email: abf-pm@blackstone.com

EXHIBIT31.1

CERTIFICATIONS

I, Gregg J. Felton, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q 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 l3a-l5(e) and l5d-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: May 15, 2023 August 14, 2023

/s/ Gregg J. Felton

Co-Chief Executive Officer and Director

EXHIBIT31.2

CERTIFICATIONS

I, Lars R. Norell, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q 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 l3a-l5(e) and l5d-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: May 15, 2023 August 14, 2023

/s/ Lars R. Norell

Co-Chief Executive Officer and Director

EXHIBIT31.3

CERTIFICATIONS

I, Dustin L. Weber, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q 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 l3a-l5(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: May 15, 2023 August 14, 2023

/s/ Dustin L. Weber

Chief Financial Officer

EXHIBIT 32

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, Lars R. Norell, 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 Quarterly Report on Form 10-Q for the period ended March 31, 2023 June 30, 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: May 15, 2023 August 14, 2023

/s/ Gregg J. Felton

Co-Chief Executive Officer and Director

/s/ Lars R. Norell

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.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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