

# Investor Presentation

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August 2024



# Disclaimer

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## Use of Forward-Looking Statements

Certain statements in this presentation may constitute “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements generally are accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements are based on various assumptions, whether or not identified in this presentation, and on the current expectations of management and are not predictions of actual performance. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the forward looking statements, including but not limited to: expectations regarding the growth of the solar industry, home electrification, electric vehicles and distributed energy resources; the ability to successfully integrate XL Fleet and Spruce Power; the ability to identify and complete future acquisitions; the ability to develop and market new products and services; the effects of pending and future legislation; the highly competitive nature of the Company’s business and markets; the ability to execute on and consummate business plans in anticipated time frames; litigation, complaints, product liability claims and/or adverse publicity; cost increases or shortages in the components or chassis necessary to support the Company’s products and services; the introduction of new technologies; the impact of natural disasters and other events beyond our control, such as hurricanes or pandemics; the potential loss of certain significant customers; privacy and data protection laws, privacy or data breaches, or the loss of data; general economic, financial, legal, political and business conditions and changes in domestic and foreign markets; risks related to the rollout of the Company’s business and the timing of expected business milestones; the effects of competition on the Company’s future business; the availability of capital; and the other risks discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K filed on April 9, 2024, subsequent Quarterly Reports on Form 10-Q and other documents that the Company files with the SEC in the future. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. These forward-looking statements speak only as of the date hereof and the Company specifically disclaims any obligation to update these forward-looking statements.

## Use of Non-GAAP Financial Information

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles (“GAAP”), Spruce Power reports certain non-GAAP financial information which have been reconciled to the nearest GAAP measures in the tables within this presentation. This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or U.S. GAAP with respect to forward looking financial information. We believe that these non-GAAP measures, viewed in addition to and not in lieu of our reported GAAP results, provides useful information to investors by providing a more focused measure of operating results, enhances the overall understanding of past financial performance and future prospects, and allows for greater transparency with respect to key metrics used by management in its financial and operational decision making. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies.

**This information is available on the “Events & Presentations” tab of the Spruce Power website.**

## SECTION I

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### Company Overview



## OUR MISSION

Powering our customers' clean and efficient energy use, for a sustainable future

## OUR CULTURE

Results Oriented  
Coordinated  
Purpose Driven

## Spruce is a leading third-party owner (TPO) and operator of residential rooftop solar systems in the U.S.

### Offering a Differentiated Distributed Generation (DG) Solar Business Model

- ✓ 'Power as a Service' model
- ✓ Serve as both owner and operator of rooftop solar systems
- ✓ Organically built, in-house solar servicing business
- ✓ Proven growth through acquisition strategy
- ✓ Comprehensive home energy management provider (battery storage, EV charging)

# 75K

Home Solar Assets & Contracts<sup>(1)</sup>

# 11 Years

Wtd Avg. Remaining Contract Life<sup>(1)</sup>

# \$120 - \$130 Million

Annual Business Cash Inflows<sup>(1)(2)</sup>

# \$150 Million

Total Cash<sup>(1)</sup>

(1) As of 6/30/2024.

(2) See Appendix for definition of Business Cash Inflows.

# Spruce Power's Value Proposition...



## ...for Customers

- Savings versus purchasing electricity from the grid
- Reduced carbon footprint
- Backup power during outage events (when combined with storage)
- Low to no upfront investment
- Low to no maintenance costs



## ...for Investors

- 20+ year contracts that generate stable, recurring cash flows
  - Annual solar production has only a 4% standard deviation<sup>(1)</sup>
  - Industry's cumulative defaults for residential solar PPAs and leases have ranged from less than 1% to 6%<sup>(2)</sup>
- Long-term customer relationships that have the potential to expand beyond solar
  - Storage
  - EV Charging
  - Grid Services
- Incremental revenues from selling environmental credits



## ...for Society

- Reduced carbon and greenhouse gas emissions
- More resilient power grid, making communities less vulnerable as solar is added
- Increased domestic employment
- Economy gains access to added energy resources, and clean power attributes to accelerate energy transition

(1) Moody's, Solar Outshines Wind and Hydro Power With Steadier Output, April 10, 2017.

(2) As per KBRA analysis. KBRA calculates cumulative defaults as a percentage of Aggregate Discounted Solar Asset Balance ("ADSAB"). Cumulative defaults as expressed as a percentage of the original investment.

# Spruce Power Business Overview

*A Premier North America DG Solar Platform*

## Rooftop Solar Portfolio

Spruce owns the cash flows from 75,000 home solar assets and contracts representing 424MW of capacity<sup>(1)</sup>, supported by long-term subscription agreements with homeowners



## Spruce Servicing

Spruce provides management services to its own portfolio as well as 4,500 stand-alone systems<sup>(1)</sup> owned by other companies, totaling about 80,000 systems and customer contracts



## Residential Power Markets

Spruce has dedicated M&A and Environmental Commodities Markets (ECM) professionals focused on acquiring high-quality home solar systems and clean power credits



(1) As of 6/30/2024.

## SECTION II

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# Market Dynamics & Business Strategy





# Spruce Has a Simple Business Model

*Designed for Realizing Synergies Between Ownership & Acquisition*

1

Grow customer base by acquiring portfolios of DG Solar assets and customers, primarily residential solar leases and PPAs

2

Enhance per-customer operating margin, as Spruce's in-house servicing platform increases in scale

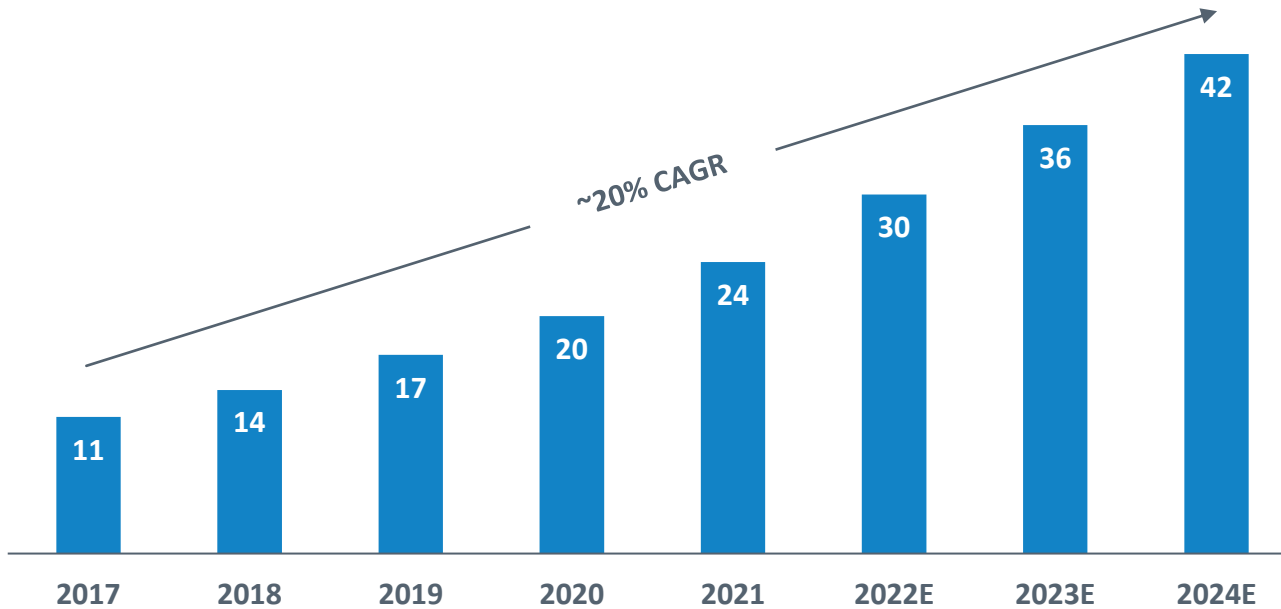
3

Capitalize on additional revenue opportunities through sale of emerging technologies to DG Solar customers (e.g. battery storage, Renewable Energy credits)

# Substantial Addressable Market

*Driven by Massive Growth in U.S. Residential Solar*

Cumulative U.S. Residential Solar Installations (GWs) <sup>(1)</sup>



	2017	2018	2019	2020	2021	2022	2023E	2024E
Third-Party Owned Installations - GW <sup>(2)</sup>	5.6	6.5	7.6	8.7	10.0	11.6	13.2	14.9
<b>SPRU Addressable Market - Customers<sup>(3)</sup></b>	<b>0.9mm</b>	<b>1.0mm</b>	<b>1.2mm</b>	<b>1.3mm</b>	<b>1.5mm</b>	<b>1.8mm</b>	<b>2.0mm</b>	<b>2.3mm</b>

(1) Residential solar installation data based on BloombergNEF '2H 2022 US Clean Energy Market Outlook: Supersized Buildup'.  
 (2) Represents estimate of cumulative share of third-party owned (TPO) installations. TPO share through FY2021 based on data from Lawrence Berkeley National Laboratory (range of 4% - 59%). TPO share 2022 and thereafter assumed at 28%.  
 (3) SPRU Addressable Market – Customers equal to TPO share in GW divided by Spruce Power estimate for average system size of 6.5kW

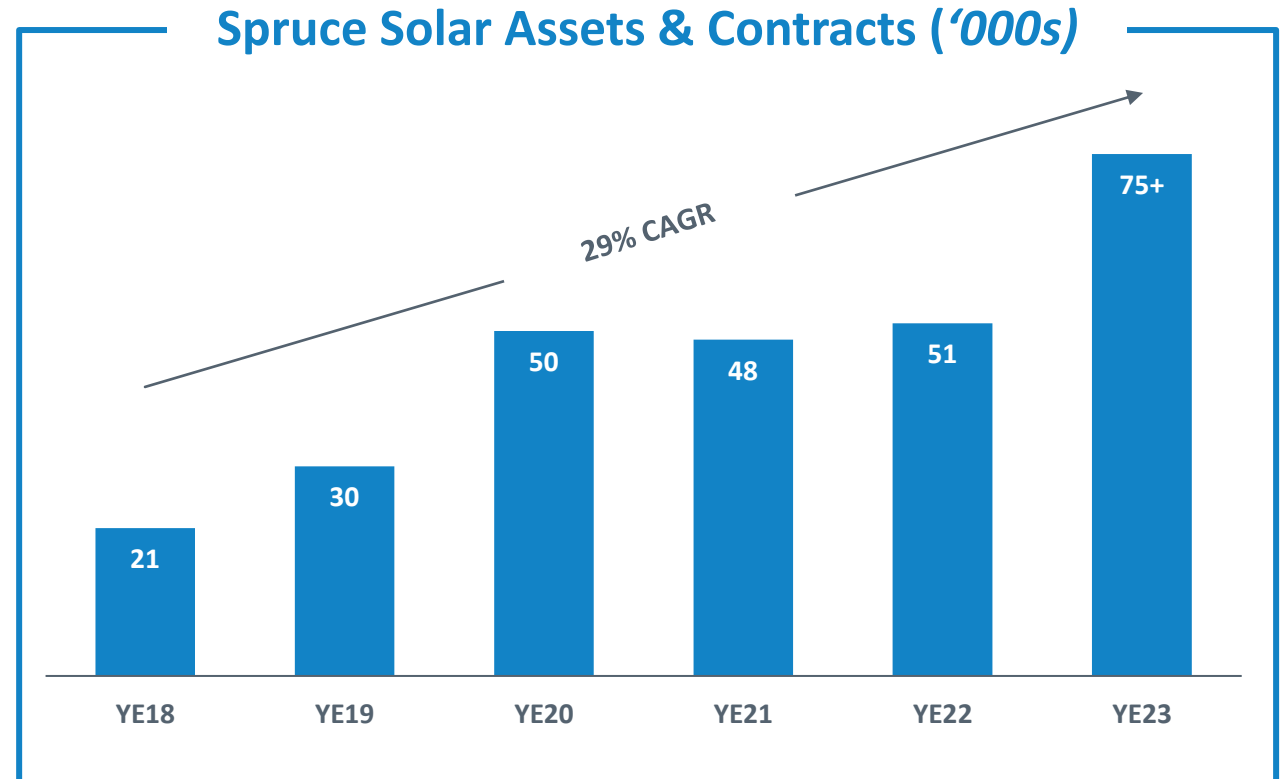
## Key Highlights

- Addressable market of installed residential solar systems is growing rapidly as solar goes mainstream in the U.S.
- Meaningful lease / PPA origination outside publicly traded TPO's by "non-strategics" creates target rich environment
- Inflation Reduction Act (IRA) supports pivot towards solar lease products, further bolstering M&A pipeline

# Proven Execution of Acquisition Strategy

*...With Visibility to Continued Step-Change Growth*

- ✓ Acquired contracts related to 57,000+ home solar systems in 13 separate transactions since commencing M&A growth strategy in 4Q'18
- ✓ Strong track record of generating attractive equity returns with levered IRRs averaging the mid teens
- ✓ Current pipeline consists of either bilateral or marketed processes, representing thousands of systems

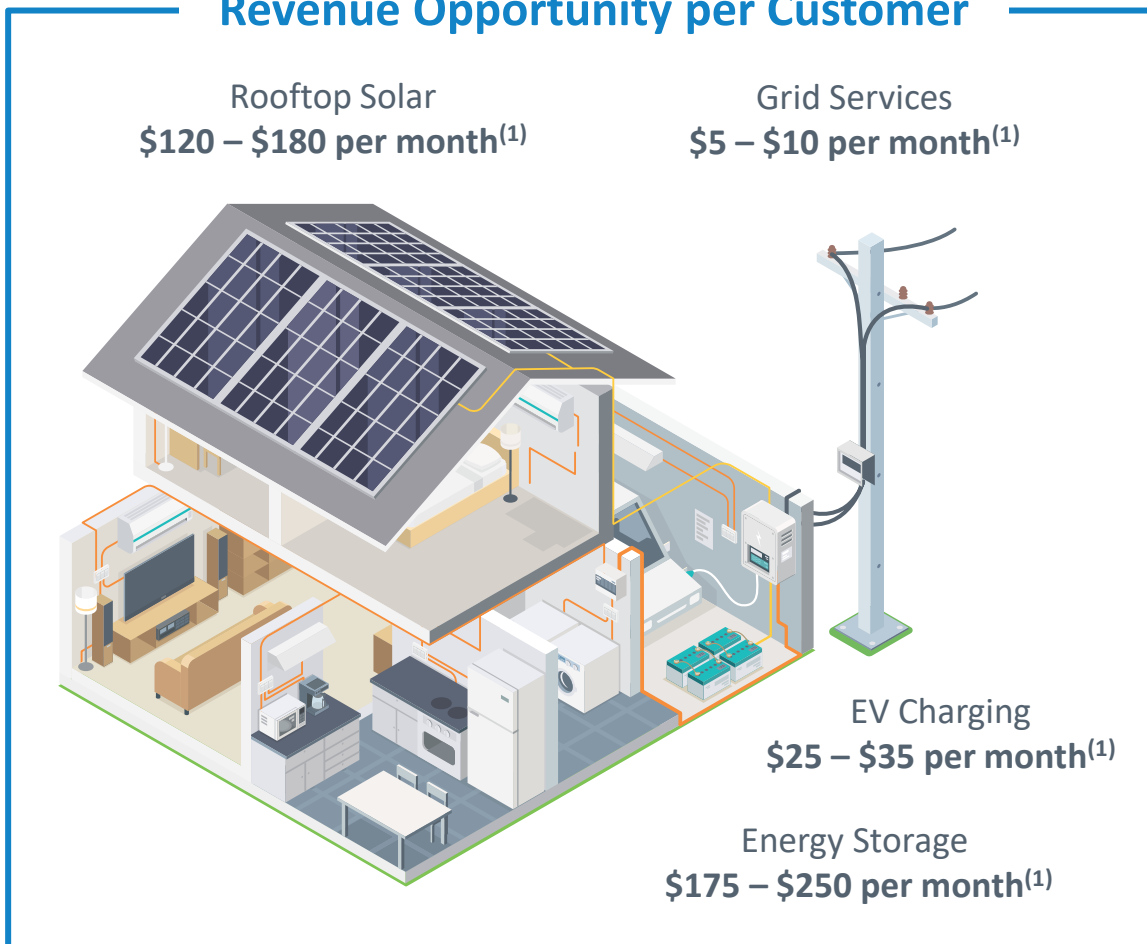


• During 2021, Spruce did not transact primarily as a result of COVID related market disruptions. During 2022, Spruce acquired one portfolio of residential solar systems in 1H22, and the balance of the year was dedicated to the Company's merger process.

# Growth Opportunity with Existing Customers

*Offers Meaningful Upside to Customer Economics*

## Revenue Opportunity per Customer



- Opportunity to increase revenue per customer as homeowner energy requirements become increasingly sophisticated
- Existing customer base has low penetration of energy services beyond solar and are contractually bound to use Spruce for solar energy system upgrades
- Additional services carry significant margin opportunity given relatively low cost of adding new services for existing customers

(1) Management estimate, based on existing portfolio and industry reports for new technology.

# Spruce Servicing is a Best-in-Class Residential Solar Servicer

*Provider of Services to 80,000 Customers*

**Spruce Servicing** is a leading residential energy services solution provider for the DG solar sector, providing services to both Spruce & third-party customers, touching over \$1.0 billion in assets

## Key Benefits

- Each incremental acquisition allows for increased servicing efficiencies and declining marginal costs of servicing and operations
- Significant experience in managing wide range of assets serves as foundation to service expanded customer relationships beyond solar to comprehensive home energy management

## Spruce's in-house capabilities...

- ✓ Customer billing
- ✓ Cash administration
- ✓ Customer service
- ✓ Delinquency management
- ✓ Collateral administration
- ✓ Tax administration
- ✓ Tax equity
- ✓ Portfolio accounting
- ✓ Power purchase agreements
- ✓ Operations & maintenance
- ✓ Account transfers & refinancing
- ✓ Customer education
- ✓ End-of-life administration

## Companies that use Spruce to manage their assets...

Publicly traded  
solar companies

Financial  
institutions

Non-profit  
organizations

## SECTION III

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# Business Update & Financial Overview



# Update on Spruce's Three Core Pillars

*Purpose Driven Focus, Delivering on Customer, Sustainability and Financial Goals*

## 1. Ensure an Industry Leading Customer Experience

- A. Customer Satisfaction Score (CSAT) improved to 86% in 2Q'24 vs 70% in 2Q'23. Also, during 2Q'24 Spruce achieved a record cumulative Google Rating of 3.0
- B. Notable upgrades in 2Q'24: SiteTracker “go-live”, enhancing asset management program

## 2. Deliver Operational Excellence in our Clean Power Portfolio for Customers and Communities

- A. In 2Q'24, our directly owned systems (not counting SP4 portfolio) generated 133,000 MWh of zero-carbon energy, with a weather adjusted performance ratio of 104%
- B. 2024 Guidance: maintain Operating EBITDA of \$68 - \$86 million and Adj. Free Cash Flow of \$0 - \$5 million, with current expectations trending to the low end of the ranges (*reference page 20*)

## 3. Execute on Our Growth & Capital Strategy

- A. Acquired two portfolios in 2023 (Spruce Power 4 Portfolio and Tredegar acquisitions), with SP4 contributions in 2024 accelerating faster than underwritten projections
- B. 2Q'24: continued to evaluate pipeline of operating residential solar portfolio M&A opportunities

# Executing Our Growth Through Acquisition Strategy

*Spruce Acquired ~25,000 Solar Assets and Contracts in 2023*

## **Spruce Power 4 Portfolio Acquisition**

- ✓ Spruce closed on the acquisition of SS Holdings, 2017 and its subsidiaries (the “Spruce Power 4 Portfolio”) on March 23, 2023
- ✓ Largest-ever acquisition added cash flows from over 22,500 residential solar contracts and expanded footprint from 16 to 18 states (Washington and Oregon)
- ✓ Net cash paid at close was \$23mm and Spruce assumed \$125mm of non-recourse project debt

### **Key Portfolio Highlights at Acquisition**

- Run-rate Annual Billings of \$21mm and Portfolio EBITDA of \$18mm<sup>(1)</sup>
- Over 22,500 residential solar contracts
- Customers diversified across 10 states
- Average remaining contract life of ~14 years at time of acquisition

## **Tredegar Acquisition**

- ✓ Spruce closed the Tredegar Acquisition on August 18, 2023, adding cash flows from over 2,400 residential solar contracts in California, New Jersey and Massachusetts
- ✓ Complimentary bolt-on acquisition of assets across core footprint, previously serviced by Spruce Servicing
- ✓ \$20.9mm acquisition purchase price funded entirely through proceeds from the concurrent upsizing of the Company’s existing SP2 credit facility

### **Key Portfolio Highlights at Acquisition**

- Run-rate Annual Billings of ~\$4.0mm and Portfolio EBITDA of ~\$3mm<sup>(1)</sup>
- Over 2,400 residential solar contracts
- Customers diversified across 3 states
- Average remaining contract life of ~11 years at time of acquisition

(1) Portfolio EBITDA defined as stand-alone cash available for debt service.



# 2Q 2024 Financial Performance

*Outsized OPEX in the quarter offsets strong asset performance*

\$ in millions, unless specified

	2Q'23	1Q'24	2Q'24
<b>Financials</b>			
A Revenue	22.8	18.3	22.5
O&M	3.0	3.1	4.4
B SG&A	16.0	13.5	16.7
Adjusted Income (Loss) from Operations <sup>(1)</sup>	3.9	1.7	1.4
<i>Adj. Operating Margin (%)</i>	17%	9%	6%
Adjusted EBITDA <sup>(1)</sup>	11.2	3.8	5.4
<i>Adj. EBITDA Margin (%)</i>	49%	21%	24%
C Operating EBITDA <sup>(1)</sup>	18.9	10.7	14.4
D Total Cash <sup>(2)</sup>	192.1	149.7	150.2
Non-Recourse Debt	643.9	640.0	640.0
<b>Key Operating Metrics</b>			
Home Solar Assets and Contracts	72,000	75,000	75,000
Portfolio Generation Capacity - MW <sup>(3)</sup>	333	347	347
Combined Portfolio Generation - MWh <sup>(3)</sup>	135,000	80,000	133,000
Third-Party Serviced Systems	7,000	4,500	4,500

(1) Non-GAAP figure. Refer to Appendix for reconciliation of Adjusted Income (Loss) from Operations, Adjusted EBITDA, and Operating EBITDA.

(2) Total Cash includes restricted cash of approximately \$34mm, \$29mm, and \$33mm for the three months ended 6/30/24, 3/31/24, and 6/30/2023, respectively.

(3) Excludes capacity and generation amounts associated with the Spruce Power 4 Portfolio.

## Highlights

- A. Modestly lower YoY revenue primarily due to decrease in SREC contributions, with lease and PPA revenues stable
- B. OPEX negatively impacted in 2Q'24 by CEO transition costs and higher than expected non-routine O&M expenditures
- C. Operating EBITDA supported by continued strong performance from the Spruce Power 4 Portfolio, generating net cash proceeds of \$5.6mm in 2Q'24
- D. Total Cash position in 2Q'24 favorably impacted by ~\$6mm of net proceeds from refinance of the Spruce Power 4 Portfolio

# Quarterly Debt Update

*Spruce is well protected in a higher interest rate environment*

## Long-Term Debt Composition

\$ in millions, unless specified

Credit Facility	SP1	SP2	SP3	SP4	Mezzanine <sup>1</sup>	--
<b>Outstanding Principal</b>	\$208.6	\$82.1	\$56.6	\$130.0	\$162.7	<b>\$640.0</b>
<b>LTV</b>	63%	71%	69%	61%	95%	<b>NA</b>
<b>Blended Rate</b>	4.6%	4.6%	4.1%	6.9%	8.3%	<b>5.9%</b>
<b>Hedge Ratio</b>	100%	95%	98%	100%	100%	<b>99%</b>
<b>Loan Maturity</b>	Apr-26	May-27	Nov-27	Apr-42	Apr-30	<b>FY26+</b>
<b>Swap Maturity</b>	Oct-31	Apr-32	Oct-32	NA	NA	<b>FY31+</b>

Note: Long-Term Debt Composition presented as of 6/30/2024.

<sup>1</sup>Second KeyBank Credit Agreement. For more details, reference the Company's Annual Report on Form 10-K filed on April 9, 2024.

## Financing Highlights

- Residential solar assets support elevated debt levels due to long-term, contracted cash flows from customer contracts.
- SPRU's 13 portfolio acquisitions since 2018 financed with project-level, non-recourse debt at between 75% - 85% advance rates of purchase price.

## Leverage & Risk Positioning

- SPRU's debt has minimal exposure to interest rate fluctuations over the near-to-medium term as all debt is either (1) floating rate debt that is hedged with interest rate swaps or (2) fixed rate debt.
- Interest rate swap maturities extend beyond underlying maturities of all floating rate debt. SPRU can carry over interest rate swaps in refinancing events to new debt facilities, providing significant protection against reference rates into the 2030's.

# Measuring Customer Value

- Our cash flows are backed by long-term, subscription-based contracts, with 75,000 home solar assets and contracts at the end of 2Q'24. Lease and PPA contract structures allow for reliable and highly visible cash flows.
- Spruce has \$139mm in Net Portfolio Value as of 2Q'24, a measure reflecting the remaining projected net cash flows from customers discounted at 6% (PV6), less non-recourse project debt. Including Total Cash, Net Portfolio Value was \$289mm at 2Q'24.
- Projected cash flows include the customer's initial agreement plus renewal period cash flows and the sale of uncontracted Renewable Energy Credits.
- Renewal Value presented under the assumption that at expiration of initial contract term, Spruce customers will on average renew their contracts **50%** of the time at a contract rate representing a **35%** discount to the contract rate in effect at the end of the initial contract term, for a term of **7-years**.

\$ in millions, unless specified	2Q'23	1Q'24	2Q'24
Contracted Portfolio Value	\$697	\$717	\$701
Renewal Portfolio Value	\$54	\$61	\$61
Uncontracted Renewable Energy Credits	\$16	\$16	\$16
<b>Gross Portfolio Value</b>	<b>\$766</b>	<b>\$794</b>	<b>\$778</b>
(-) Non-Recourse Project Debt	(\$644)	(\$640)	(\$640)
<b>Net Portfolio Value</b>	<b>\$122</b>	<b>\$154</b>	<b>\$139</b>
(+) Total Cash	\$192	\$150	\$150
<b>Net Portfolio Value + Total Cash</b>	<b>\$314</b>	<b>\$304</b>	<b>\$289</b>
<b>Portfolio Value Sensitivities</b>			
Contracted Portfolio Value - 6%	\$697	\$717	\$701
Contracted Portfolio Value - 5%	\$736	\$756	\$738
Renewal Portfolio Value - 6%	\$54	\$61	\$61
Renewal Portfolio Value - 5%	\$62	\$69	\$70
Uncontracted Renewable Energy Credits - 6%	\$16	\$16	\$16
Uncontracted Renewable Energy Credits - 5%	\$17	\$18	\$18
Net Portfolio Value - 6%	\$122	\$154	\$139
Net Portfolio Value - 5%	\$172	\$203	\$185

(1) See Appendix for definitions of Portfolio Value metrics.

# 2024 Financial Guidance

## 2024 Guidance Ranges

\$ in millions, unless specified

<b>Adjusted EBITDA</b>	<b>\$ 31</b>	<b>--</b>	<b>\$ 47</b>
(+) Proceeds from Investment in Lease Agreement, Net <sup>1</sup>	22	--	22
(+) Proceeds from Buyouts / Prepayments <sup>2</sup>	9	--	11
(+) Interest Earned on Cash Investments <sup>3</sup>	7	--	6
<b>Operating EBITDA</b>	<b>\$ 68</b>	<b>--</b>	<b>\$ 86</b>
(-) Project Finance Debt Service <sup>4</sup>	(68)	--	(81)
(-) Other <sup>5</sup>	0	--	0
<b>Adjusted Free Cash Flow</b>	<b>\$ 0</b>	<b>--</b>	<b>\$ 5</b>

\* Refer to Appendix for reconciliation of Adjusted EBITDA.

- (1) **Proceeds from Investment in Lease Agreement, Net**, represent cash flows from the Company's Spruce Power 4 Portfolio, which holds the 20-year use rights to customer payment streams of approximately 22,500 solar lease and PPAs, net of servicing costs.
- (2) **Proceeds from Buyouts / Prepayments** represent cash inflows from the early buyout of customer solar contracts and cash inflows from the prepayment of customer solar contracts.
- (3) **Interest Earned on Cash Investments** represent cash interest received on investments in money market funds / U.S. treasury securities.
- (4) **Project Finance Debt Service** represents principal and interest payments, including cash sweeps where applicable, on Spruce's non-recourse, project finance debt facilities.
- (5) **Other** represents miscellaneous non-cash income or expense associated with our various operating portfolios of residential solar assets.

## Section IV

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# Summary & Investment Thesis



# Spruce is a leading third-party owner (TPO) and operator of residential rooftop solar systems in the U.S.



## Power as a Service Model

75K Customers Across 18 States<sup>(1)</sup>



## Long-term Customer Relationships

11 Year Wtd Avg. Contract Life<sup>(1)</sup>



## Positive Adj. FCF

Outlook for up to \$5 million of Adjusted Free Cash Flow in 2024



## Best in Class Service Provider

Over \$1.0 billion in residential energy assets serviced by Spruce



## Residential Power Markets Leader

Strong track record of acquiring home solar systems and clean power credits



## Creating Long-Term Value

\$139mm of Net Portfolio Value<sup>(1)(2)</sup>

(1) As of 6/30/2024.

(2) See Appendix for definition of Net Portfolio Value.

# Leading institutions and family offices invest in Spruce Power

1

## Gain pure play exposure to residential solar & distributed energy megatrend

- ✓ Residential solar installed capacity expected to grow at a 20% CAGR from 2017-2024<sup>(1)</sup>, creating significant TAM for Spruce
- ✓ Rising electricity prices and increasingly sophisticated homeowner energy needs accelerating growth
- ✓ Incremental tailwinds from recently passed IRA

2

## ...Through a company with a novel and differentiated growth strategy vs public peer set...

- ✓ Low-cost customer acquisition strategy – growth through M&A vs direct-to-consumer peers
- ✓ Industry-leading financial metrics – Revenue per Employee, CAC and Adjusted EBITDA Margin
- ✓ Significant liquidity to execute step change growth via M&A

3

## ...At an Attractive Value

- ✓ Spruce trading at levels below both the present value of contracted cash flows AND cash
- ✓ Net Portfolio Value of \$139mm, including significant contracted value<sup>(2)(3)</sup>
- ✓ \$15.56 of Net Portfolio Value plus cash per share (\$7.46 + \$8.09) versus current share price of \$3.11<sup>(4)</sup>

(1) Residential solar installation data based on BloombergNEF '2H 2022 US Clean Energy Market Outlook: Supersized Buildup'.

(2) See Appendix for definition of Net Portfolio Value.

(3) As of 6/30/2024.

(4) Based on total cash of \$150 million as of 6/30/2024, 18.6 million shares outstanding as of 8/13/2024, and a closing share price of \$3.11 as of 8/12/2024.

Section V

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Appendix





# Non-GAAP Financial Measures & Reconciliations

## *Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Operating EBITDA*

\$ in thousands, unless specified

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Three Months Ended June 30, 2023
<b>Net income (loss) attributable to stockholders</b>	<b>(\$8,578)</b>	<b>(\$2,454)</b>	<b>\$3,065</b>
Net income (loss) attributable to noncontrolling interests	5	4	(1,461)
Interest income	(5,257)	(5,386)	(3,240)
Interest expense, net	7,591	10,942	10,456
Depreciation and amortization	4,978	4,988	4,647
<b>EBITDA</b>	<b>(\$1,261)</b>	<b>\$8,094</b>	<b>\$13,467</b>
Net loss on discontinued operations	(219)	1	183
Restructuring charges	0	0	293
Legal charges related to SEC investigation and shareholder lawsuits	879	720	3,083
(Gain) loss on disposal of assets	(999)	(453)	(794)
Change in fair value of interest rate swaps	3,234	(6,409)	(9,190)
Meter upgrade campaign	431	258	1,122
Other one-time costs	2,432	163	969
Change in fair value warrant liabilities	(6)	(9)	(33)
Stock based compensation	549	830	755
Bad debt expense	302	517	930
Accretion expense	60	59	0
Non-recurring acquisition/divestment expenses	0	0	446
<b>Adjusted EBITDA</b>	<b>\$5,402</b>	<b>\$3,771</b>	<b>\$11,231</b>
Proceeds from investment in lease agreement, net	5,637	3,863	3,695
Proceeds from buyouts / prepayments	1,902	1,431	1,943
Interest earned on cash investments	1,502	1,638	2,054
<b>Operating EBITDA</b>	<b>\$14,443</b>	<b>\$10,703</b>	<b>\$18,923</b>

# Non-GAAP Financial Measures & Reconciliations

## *Reconciliation of Income (Loss) from Operations to Adjusted Income (Loss) from Operations*

\$ in thousands, unless specified

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Three Months Ended June 30, 2023
<b>Income (loss) from operations</b>	<b>(\$3,360)</b>	<b>(\$3,597)</b>	<b>(\$972)</b>
Depreciation	5,724	5,735	5,623
(Gain) loss on asset disposal	(999)	(453)	(794)
<b>Adjusted income (loss) from operations</b>	<b>\$1,365</b>	<b>\$1,685</b>	<b>\$3,857</b>

# Definitions

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**Adjusted Earnings (Loss) Before Interest, Income Taxes, Depreciation, and Amortization (“Adjusted EBITDA”):** We define Adjusted EBITDA as our consolidated net income (loss) and adding interest expense, income taxes, depreciation and amortization, and other items that we do not consider to be part our ongoing business. We believe EBITDA provides meaningful information to the performance of our business and therefore we use it to supplement our GAAP reporting. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results.

**Adjusted Income (Loss) from Operations:** We define Adjusted Income (Loss) from Operations as total revenues less selling, general and administrative expenses (SG&A) and operations and maintenance expenses. Adjusted Income (Loss) from Operations excludes the impact of solar energy systems depreciation.

**Adjusted Free Cash Flow:** We define Adjusted Free Cash Flow as Operating EBITDA less Project Finance Debt Service, Platform Capital Expenditures, and Other non-cash items. Project Finance Debt Service represents principal and interest payments, including sweeps where applicable, on Spruce's non-recourse, project finance debt facilities. Other non-cash items represent miscellaneous non-cash income or expense associated with our various operating portfolios of residential solar assets.

**Business Cash Inflows:** We define business cash inflows receipts of cash from long-term customer contracts, proceeds from investment in SEMTH master lease agreement, cash flows from SRECs and proceeds from customer contract buyouts. Business cash inflows may also include interest earned on cash invested, servicing revenue from third-parties and other non-recurring one-time receipts.

**Operating EBITDA:** We define Operating EBITDA as Adjusted EBITDA plus Proceeds from Investment in Lease Agreement, Net, Proceeds from Buyouts / Prepayments and Interest Earned on Cash Investments. Proceeds from Investment in Lease Agreement, Net, represent cash flows from the Company's Spruce Power 4 Portfolio, which holds the 20-year use rights to customer payment streams of approximately 22,500 solar lease and PPAs, net of servicing costs. Proceeds from Buyouts / Prepayments represent cash inflows from the early buyout of customer solar contracts and cash inflows from the prepayment of customer solar contracts. Interest Earned on Cash Investments represent cash interest received on investments in money market funds / U.S. treasury securities.

**Portfolio Value Metrics:** Gross Portfolio Value represents the sum of Contracted Portfolio Value, Renewal Portfolio Value and Uncontracted Renewable Energy Credits. Contracted Portfolio Value represents the present value of the remaining net cash flows discounted at 6% during the initial term of the company's customer agreements as of the measurement date. It is calculated as the present value of cash flows discounted at 6% that the company expects to receive from customers in future periods as set forth in customer agreements, after deducting expected operating and maintenance costs, equipment replacements costs, distributions to tax equity partners in consolidated joint venture partnership flip structures, and distributions to third party project equity investors. The calculation includes cash flows the company expects to receive in future periods from state incentive and rebate programs, contracted sales of solar renewable energy credits, and awarded net cash flows from grid service programs with utilities or grid operators. Renewal Portfolio Value is the forecasted net present value the company would receive upon or following the expiration of the initial customer agreement term, but before the 30th anniversary of the system's activation in the form of cash payments during any applicable renewal period for customers as of the measurement date. The Company calculates the Renewal Portfolio Value amount at the expiration of the initial contract term assuming that, on average, Spruce's customers choose to renew 50% of the time at a contract rate representing a 35% discount to the contract rate in effect at the end of the initial contract term, for a term of 7-years.

# Definitions

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**Certain Additional Matters:** Depending on the context, references to “Spruce” or “Spruce Power” may also include the historical business of Spruce Holding Company 1 LLC, Spruce Holding Company 2 LLC, Spruce Holding Company 3 LLC, and Spruce Manager LLC prior to their acquisition on September 9, 2022.

This presentation includes operational metrics such as home solar assets and contracts, contract life, portfolio generation, and portfolio value metrics (Gross Portfolio Value, Contracted Portfolio Value and Renewal Portfolio Value). These operational metrics are not necessarily comparable to the same or similar metrics as calculated by other companies.

This presentation also contains market data, statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. Some data are also based on Spruce Power’s good faith estimates, which are derived from its review of internal sources as well as the independent sources described above. Although Spruce Power believes these sources are reliable, we have not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, Spruce Power makes no representations as to the accuracy or completeness of that information nor do we undertake to update such information after the date of this presentation.