

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 15, 2024

Spruce Power Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-38971 (Commission File Number)	83-4109918 (I.R.S. Employer Identification No.)
2000 S Colorado Blvd, Suite 2-825, Denver, Colorado (Address of principal executive offices)		80222 (Zip Code)

(866) 777-8235
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	SPRU	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On May 15, 2024, Spruce Power Holding Corporation (the “Company”) issued a press release (the “Press Release”) announcing the Company’s results for the first quarter and quarter ended March 31, 2024. A copy of the Press Release is attached as Exhibit 99.1 to this report. The attached Exhibit 99.1 is furnished pursuant to Item 2.02 of Form 8-K. The Press Release contains non-GAAP financial measures. For additional information, see "Use of Non-GAAP Financial Information" in the Press Release.

The information in this Form 8-K, including Exhibit 99.1 furnished herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Spruce Power Holding Corporation, issued May 15, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 15, 2024

SPRUCE POWER HOLDING CORPORATION

By: /s/ Jonathan M. Norling
Name: Jonathan M. Norling
Title: Chief Legal Officer

Spruce Power Reports First Quarter 2024 Results

DENVER, COLORADO (May 15, 2024) – Spruce Power Holding Corporation (NYSE: SPRU) (“Spruce” or the “Company”), a leading owner and operator of distributed solar energy assets across the United States, today reported financial results for the quarter ended March 31, 2024.

Business Highlights

- Reported 1Q revenue of \$18.3 million, net loss attributable to stockholders of \$2.5 million and Operating EBITDA of \$10.7 million.
- Ended quarter with strong liquidity position for future growth, with \$120.6 million of unrestricted cash.
- Appointed sustainable technology and infrastructure veteran Chris Hayes as CEO.
- Advancing organic growth of Spruce's servicing technology platform with launch of Spruce Pro.

Management Commentary and Outlook

"Our team remains squarely focused on being the dominant owner and operator of distributed solar assets," said Chris Hayes, Spruce's Chief Executive Officer.

Hayes continued, "I'm excited to step into a new leadership position with the Company and to create value for Spruce's shareholders. Our Company is well capitalized for continued execution of our differentiated acquisition strategy, as well as to pursue capital light, organic growth opportunities through Spruce Pro, a best in class servicing solutions platform for distributed energy asset owners."

Sarah Wells, Spruce's Chief Financial Officer, added "Spruce delivered strong first quarter results from our core solar operations as portfolio acquisitions closed in 2023 benefited our recurring cash flow base. Spruce continues to move past Legacy XL Fleet legal matters, allowing the Company to focus on growing cash generation of our distributed energy business."

Consolidated Financial Results

Revenues totaled \$18.3 million for the first quarter of 2024, compared to \$18.1 million for the first quarter of 2023. The increase was due to incremental revenues from the Tredegar acquisition completed in August 2023.

Core operating expenses (excluding depreciation), including both selling, general & administrative expenses ("SG&A") and operations & maintenance, were \$16.6 million for the first quarter of 2024, down from \$17.6 million for the first quarter of 2023. In the prior year period, the Company incurred higher legal expenses related to Legacy XL Fleet legal matters and higher compensation and severance charges and related expenses resulting from Legacy XL Fleet restructuring actions. In the current period, the



reduction in XL Fleet related expenses was offset slightly by increases in certain operation and maintenance costs, including meter upgrade spend incurred in the first quarter of 2024.

Net loss attributable to stockholders was \$2.5 million for the first quarter of 2024.

Management considers Operating EBITDA as a key measure in evaluating Spruce's operating performance. For the first quarter of 2024, Operating EBITDA was \$10.7 million.

Balance Sheet and Liquidity

The Company's total principal amount of outstanding debt as of March 31, 2024, was \$640.0 million with a blended interest rate of 5.8%, including the impact of hedge arrangements. All debt consists of project finance loans that are non-recourse to the Company itself.

Total cash as of March 31, 2024, was \$149.7 million, including cash and cash equivalents of \$120.6 million and restricted cash of \$29.1 million. This is down from \$172.9 million of total cash as of December 31, 2023, primarily due to Legacy XL Fleet legal matters, namely a net payment of \$15.0 million made during the first quarter of 2024 in connection with the settlement of the previously disclosed securities class action lawsuit filed in the federal district court for the Southern District of New York.

2024 Guidance

Spruce Power reaffirms its expectation for 2024 Operating EBITDA in the range of \$68- \$86 million and 2024 Adjusted Free Cash Flow in the range of \$0- \$5 million.

Growth and Capital Allocation

Spruce is committed to maximizing long-term value for our shareholders through a disciplined approach that includes strategic acquisitions, capital expenditure projects, debt repayment, and shareholder return initiatives.

During January 2024, the Company announced the launch of Spruce Pro, offering a broad suite of servicing capabilities for third-party distributed energy owners, including owners of commercial solar.

There were no common stock repurchases made during the first quarter of 2024. There was \$44.7 million remaining under the Company's authorized \$50.0 million common share repurchase program as of March 31, 2024.

Legal Proceedings

As previously disclosed, the Company made a net payment in the amount of \$15.0 million in February 2024 related to the securities class action lawsuit filed in the federal district court of the Southern District of New York. On April 30, 2024, the Southern District of New York approved the final settlement.

On May 1, 2024, the United States District Court for the District of Massachusetts, granted preliminary approval of the settlement of the following shareholder derivative actions: In re Spruce Power Holding Corporation Shareholder Derivative Litigation, C.A. No. 1:23-cv-00289. The District of Massachusetts scheduled a hearing for July 31, 2024, to consider approving the proposed settlement. The proposed settlement does not contemplate monetary settlement and provides for the Company to implement certain enhancements to its corporate governance.

Key Operating Metrics

As of March 31, 2024, Spruce owned cash flows from over 75,000 home solar assets and contracts across 18 U.S. States with an average remaining contract life of approximately 11 years. Combined portfolio generation for the quarter ended March 31, 2024, was approximately 80 thousand MWh of power. In addition, the Company also serviced approximately 4,500 third-party owned home solar systems and third-party loans as of March 31, 2024. Gross Portfolio Value, on a PV6 basis as described below, was \$794.0 million as of March 31, 2024.

Conference Call Information

The Spruce management team will host a conference call for analysts and investors to discuss its first quarter 2024 financial results and business outlook today at 2:30 p.m. Mountain Time. The conference call can be accessed live over the telephone by dialing (800) 715-9871 and referencing Conference ID 6052195. Alternatively, the call can be accessed via a live webcast accessible on the Events & Presentations page in the Investor Relations section of the Company's website at www.sprucepower.com. An audio replay will be available shortly after the call and can be accessed by dialing (800) 770-2030. The passcode for the replay is 6052195. The replay will be available until May 29, 2024.

About Spruce Power

Spruce Power is a leading owner and operator of distributed solar energy assets across the United States. We provide subscription-based services that make it easy for homeowners to benefit from rooftop solar power and battery storage. Our power as-a-service model allows consumers to access new technology without making a significant upfront investment or incurring maintenance costs. Our Company owns the cash flows from over 75,000 home solar assets and contracts across the United States. For additional information, please visit www.sprucepower.com.

Forward Looking Statements

Certain statements in this press release may constitute “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements can be identified by the use of forward-looking words or phrases such as “anticipate,” “believe,” “could,” “expect,” “intends,” “may,” “opportunity,” “plans,” “goals,” “target,” “predict,” “potential,” “estimate,” “should,” “will,” “would,” “continue,” “likely” or the negative of these terms or other words of similar meaning. These statements are based upon our current plans and strategies and reflect our current assessment of the risks and uncertainties. Forward-looking statements in this release include statements regarding 2024 guidance, potential future acquisitions and debt reductions, and the Company's prospects for long-term growth in revenues, business cash inflows and earnings. Repurchases under the stock repurchase program will depend upon market prices, trading volume, available cash and other factors, and therefore, there is no guarantee as to the number of shares that may be purchased. These statements are based on various assumptions, whether or not identified in this press release 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 and home electrification; 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, government investigations 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, wildfires or pandemics, on the Company's business, results of operations, financial condition, regulatory compliance and customer experience; 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 for the year ended December 31, 2023 filed with the SEC on April 9, 2024, subsequent Quarterly and Annual Reports on Form 10-Q and Form 10-K, respectively, 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

This press release includes references to certain non-GAAP financial measures. We believe that these non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide meaningful supplemental information for investors regarding the performance of our business and facilitate a meaningful evaluation of current period performance on a comparable basis with prior periods. Our management uses these non-GAAP financial measures in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. These non-GAAP financial

measures should be considered as a supplement to, and not as a substitute for or superior to, the GAAP financial measures presented in this press release, our financial statements, and other publicly filed reports. 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. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies.

Definitions of Non-GAAP Financial Information

Earnings (Loss) Before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”):

We define EBITDA as our consolidated net income (loss) and adding back interest expense, net, income taxes, and depreciation and amortization. We believe EBITDA provides meaningful information to the performance of our business and therefore we use it to supplement our GAAP reporting. We believe that Adjusted EBITDA, which excludes certain identified items that we do not consider to be part of our ongoing business, improves the comparability of year-to-year results, and is representative of our underlying performance. Management uses this information to assess and measure the performance of our operating segment. 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, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the below reconciliations, and to provide an additional measure of performance.

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 power purchase agreements, 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.

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.

Portfolio Value Metrics:

We believe Portfolio Value Metrics are helpful to management, investors, and analysts to understand the value of our business and to evaluate the estimated remaining value of our customer contracts, including present value implied from future, uncontracted sales of solar renewable energy credits generated from assets that the Company owns today.

- Gross Portfolio Value reflects the remaining projected net cash flows from current customers discounted at 6% (“PV6”)
- Projected cash flows include the customer’s initial agreement plus renewal

<i>(\$ in millions)</i>	As of March 31, 2024	
Contracted Portfolio Value ⁽¹⁾	\$	717
Renewal Portfolio Value ⁽²⁾		61
Uncontracted Renewable Energy Credits ⁽³⁾		16
Gross Portfolio Value ⁽⁴⁾	\$	794

(1) Contracted Portfolio Value represents the present value of the remaining net cash flows discounted at 6% per annum 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.

(2) 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.

(3) Uncontracted sales of SRECs based on forward market REC pricing curves, adjusted for liquidity discounts.

(4) Gross Portfolio Value represents the sum of Contracted Portfolio Value, Renewal Portfolio Value and Uncontracted SRECs.

Spruce Power Holding Corporation
Condensed Consolidated Statements of Operations (Unaudited)
For the Three Months Ended March 31, 2024 and 2023

<i>(In thousands, except per share and share amounts)</i>	Three Months Ended March 31,	
	2024	2023
Revenues	\$ 18,287	\$ 18,095
Operating expenses:		
Cost of revenues	8,868	7,853
Selling, general and administrative expenses	13,469	15,717
Gain on asset disposal	(453)	(2,658)
Total operating expenses	<u>21,884</u>	<u>20,912</u>
Loss from operations	(3,597)	(2,817)
Other (income) expense:		
Interest income	(5,386)	(2,351)
Interest expense, net	10,942	9,167
Change in fair value of warrant liabilities	(9)	(115)
Change in fair value of interest rate swaps	(6,409)	5,588
Other income, net	(286)	(128)
Net loss from continuing operations	(2,449)	(14,978)
Net loss from discontinued operations (including loss on disposal of \$3,083 for the three months ended March 31, 2023)	(1)	(3,866)
Net loss	(2,450)	(18,844)
Less: Net income attributable to redeemable noncontrolling interests and noncontrolling interests	4	551
Net loss attributable to stockholders	<u>\$ (2,454)</u>	<u>\$ (19,395)</u>
Net loss from continuing operations per share, basic and diluted	\$ (0.13)	\$ (0.82)
Net loss from discontinued operations per share, basic and diluted	\$ —	\$ (0.21)
Net loss attributable to stockholders per share, basic and diluted	\$ (0.13)	\$ (1.06)
Weighted-average shares outstanding, basic and diluted	<u>19,098,246</u>	<u>18,275,958</u>

Spruce Power Holding Corporation
Reconciliation of Non-GAAP Financial Measures
For the Three Months Ended March 31, 2024 and 2023

<i>(In thousands)</i>	Three Months Ended March 31,	
	2024	2023
Reconciliation of Net Loss to EBITDA, Adjusted EBITDA and Operating EBITDA		
Net loss attributable to stockholders	\$ (2,454)	\$ (19,395)
Net income attributable to redeemable noncontrolling interests and noncontrolling interests	4	551
Interest income	(5,386)	(2,351)
Interest expense, net	10,942	9,167
Depreciation and amortization	4,988	5,507
EBITDA	8,094	(6,521)
Net loss from discontinued operations	1	3,866
Restructuring charges	—	672
Legal charges related to SEC investigation and shareholder lawsuits	720	2,153
Gain on asset disposal	(453)	(2,658)
Change in fair value of interest rate swaps	(6,409)	5,588
Meter upgrade campaign	258	554
Other one-time costs	163	720
Change in fair value warrant liabilities	(9)	(115)
Stock based compensation	830	796
Bad debt expense	517	174
Accretion expense	59	—
Non-recurring acquisition/divestment expenses	—	409
Adjusted EBITDA	3,771	5,638
Proceeds from investment in lease agreement, net	3,863	809
Proceeds from buyouts / prepayments	1,431	2,033
Interest earned on cash investments	1,638	2,131
Operating EBITDA	\$ 10,703	\$ 10,611



Spruce Power Holding Corporation
Condensed Consolidated Balance Sheets (Unaudited)
March 31, 2024 and December 31, 2023

<i>(In thousands, except share and per share amounts)</i>	As of	
	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 120,581	\$ 141,354
Restricted cash	29,087	31,587
Accounts receivable, net of allowance of \$1.4 million and \$1.7 million as of March 31, 2024 and December 31, 2023, respectively	10,961	9,188
Interest rate swap assets, current	12,232	11,333
Prepaid expenses and other current assets	5,377	9,879
Total current assets	178,238	203,341
Investment related to SEMTH master lease agreement	142,993	143,095
Property and equipment, net	477,834	484,406
Interest rate swap assets, non-current	21,489	16,550
Intangible assets, net	9,886	10,196
Deferred rent assets	2,809	2,454
Right-of-use assets, net	5,626	5,933
Goodwill	28,757	28,757
Other assets	255	257
Long-term assets of discontinued operations	1	32
Total assets	\$ 867,888	\$ 895,021
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 769	\$ 1,120
Non-recourse debt, current, net	28,181	27,914
Accrued expenses and other current liabilities	22,006	40,634
Deferred revenue, current	1,149	878
Lease liability, current	1,140	1,166
Total current liabilities	53,245	71,712
Non-recourse debt, non-current, net	585,355	590,866
Deferred revenue, non-current	2,038	1,858
Lease liability, non-current	5,472	5,731
Warrant liabilities	8	17
Unfavorable solar renewable energy agreements, net	5,242	6,108
Interest rate swap liabilities, non-current	270	843
Other long-term liabilities	3,107	3,047
Long-term liabilities of discontinued operations	187	170
Total liabilities	654,924	680,352



Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value; 350,000,000 shares authorized at March 31, 2024 and December 31, 2023; 19,098,246 and 18,297,596 shares issued and outstanding at March 31, 2024, respectively, and 19,093,186 issued and 18,292,536 outstanding at December 31, 2023	2	2
Additional paid-in capital	476,475	475,654
Accumulated deficit	(260,342)	(257,888)
Treasury stock at cost, 800,650 shares at March 31, 2024 and December 31, 2023, respectively	(5,424)	(5,424)
Noncontrolling interests	2,253	2,325
Total stockholders' equity	212,964	214,669
Total liabilities and stockholders' equity	<u>\$ 867,888</u>	<u>\$ 895,021</u>

For More Information

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