# 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): February 28, 2024**

# Ameresco, Inc.

(Exact Name of Registrant as Specified in Charter)

| **Delaware** | **001-34811** | **04-3512838** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| **111 Speen Street,** | **Suite 410,** | **Framingham,** | **MA** | **1701** |
|---|---|---|---|---|
| (Address of Principal Executive Offices) | | | | (Zip Code) |

Registrant's telephone number, including area code: **(508) 661-2200**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing 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 (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1033 (§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 February 28, 2024, Ameresco, Inc. ("we" or the "Company") announced its financial results for the quarter and fiscal year ended December 31, 2023. The Company also posted supplemental information with respect to its fourth quarter and full year results on the Investor Relations section of its website at www.ameresco.com. The press release and the supplemental information issued in connection with the announcement are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1 and Exhibit 99.2) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

The exhibits listed on the Exhibit Index immediately preceding such exhibits are furnished as part of this Current Report on Form 8-K.

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release issued by the Company on February 28, 2024 |
| 99.2 | Supplemental Information dated as of February 28, 2024 |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

| | | |
|---|---|---|
| | AMERESCO, INC. | |
| February 28, 2024 | By: | /s/ Spencer Doran Hole |
| | | **Spencer Doran Hole** |
| | | **Senior Vice President and Chief Financial Officer** |
| | | **(duly authorized and principal financial officer)** |

Exhibit 99.1

FOR IMMEDIATE RELEASE

# Ameresco Reports Fourth Quarter and Full Year 2023 Financial Results

***Awarded Project Backlog Conversion Drives Significant Q4 Revenue and Profit Growth***

***Record Total Project Backlog of nearly $4B, with $520M in New Awards in Q4***

***717 MWe of Assets in Development, with 63 MWe Placed into Operation in the Quarter***

***Guiding to 38% Adj. EBITDA Growth at the Midpoint for 2024***

**Full Year and Fourth Quarter 2023 Financial Highlights:**

- Revenues of $1,374.6 million and $441.4 million
- Net income attributable to common shareholders of $62.5 million and $33.7 million
- GAAP EPS of $1.17 and $0.64
- Non-GAAP EPS of $1.26 and $0.69
- Adjusted EBITDA of $163.0 million and $54.9 million

**FRAMINGHAM, MA** - February 28, 2024 – Ameresco, Inc. (NYSE:AMRC), a leading cleantech integrator specializing in energy efficiency and renewable energy, today announced financial results for the fiscal quarter ended December 31, 2023. The Company also furnished supplemental information in conjunction with this press release in a Current Report on Form 8-K. The supplemental information, which includes Non-GAAP financial measures, has been posted to the "Investors" section of the Company's website at www.ameresco.com. Reconciliations of Non-GAAP measures to the appropriate GAAP measures are included herein. All financial result comparisons made are against the prior year period unless otherwise noted.

CEO George Sakellaris commented, "Fourth quarter results represented a strong finish to a challenging year, demonstrating positive momentum that supports Ameresco's long term growth trajectory. In addition to the considerable revenue and Adjusted EBITDA growth achieved in the quarter, we grew total project backlog nearly 50%, ending 2023 with a record $3.9 billion. We also grew our assets in development 35% to 717 MWe at the end of the year. Both of which provide a pathway for continued growth over the next several years. Despite the industry headwinds, specifically supply chain issues and administrative bottlenecks that caused the push-out of project revenues we noted last quarter, we are pleased to report that we converted and executed on a number of these previously-delayed projects contributing to the 40% increase in our fourth quarter Project revenues. Additionally, we have taken actions to streamline our organization and have considered these industry factors in our future planning and project scheduling. With respect to Energy Assets, we placed 63 MWe into operation in the fourth quarter, bringing our total operating Energy Assets to over 500 MWe.

“We continue to make great strides in growing our UK and European footprint. After a year of strong organic and acquisitive revenue growth of over 150%, this unit now accounts for over 10% of our total revenue. We believe this market remains highly fragmented and very economically attractive to Ameresco.

“Ameresco’s record backlog and asset pipeline metrics underscore the strength of our market positioning and our ability to continue to achieve substantial long-term growth in revenues and profitability. New awards in 2023 were approximately $2.2 billion, double last year’s $1.1 billion, and proposal activity remained at an all-time high. In 2023, our Energy Asset business continued to add high return assets to our development pipeline. During the year, we increased Ameresco-owned Assets in development by 199 MWe to 669 MWe, while also bringing 118 MWe into operation during the year.”

**Fourth Quarter Financial Results**

(All financial result comparisons made are against the prior year period unless otherwise noted.)

| **(in millions)** | **4Q 2023** | | | **4Q 2022** | | |
|---|---|---|---|---|---|---|
| | **Revenue** | **Net Income [1]** | **Adj. EBITDA** | **Revenue** | **Net Income [1]** | **Adj. EBITDA** |
| Projects | $346.5 | $27.2 | $26.3 | $247.1 | $7.8 | $15.5 |
| Energy Assets | $43.9 | $1.3 | $23.3 | $39.1 | $7.0 | $20.1 |
| O&M | $24.4 | $4.1 | $3.4 | $21.6 | $2.0 | $3.3 |
| Other | $26.6 | $1.1 | $1.9 | $23.9 | $1.1 | $2.3 |
| Total [2] | **$441.4** | **$33.7** | **$54.9** | **$331.7** | **$17.9** | **$41.2** |

(1) Net Income represents net income attributable to common shareholders
(2) Numbers in table may not sum due to rounding.

Total revenue was $441.4 million, a 33% increase, with double-digit growth across all four of our lines of business. Our Projects business experienced 40% revenue growth as the Company executed on a number of large contract conversions, some that had slipped from the previous quarter, and benefited from increased overall activity, including revenues related to the addition of the Enerqos acquisition in Italy earlier in the year. We also saw a benefit of approximately $40 million from faster implementation of active contracts. Energy Asset revenue increased 12.3% driven by continued growth in our operating asset portfolio and stronger RIN prices. O&M revenue was up 13.2% reflecting increased growth in our long-term contracts while Other revenue increased 11.4%. Gross margin of 16.8% declined due to an increase in the mix of larger, lower margin contracts. We continued to take advantage of clean energy tax incentives available under the Inflation Reduction Act, resulting in a larger than expected effective tax rate benefit of (67.0%). Net income attributable to common shareholders was $33.7 million. The GAAP results for 2023 reflect a non-cash downward adjustment of $1.6 million related to energy asset impairment charges and a non-cash downward adjustment of $2.2 million related to a goodwill impairment charge. Adjusted EBITDA increased 33% to $54.9 million. GAAP and Non-GAAP EPS were $0.64 and $0.69, respectively, with Non-GAAP EPS increasing 97%.

**Balance Sheet and Cash Flow Metrics**

| **($ in millions)** | **December 31, 2023** |
|---|---|
| Total Corporate Debt [1] | $279.9 |
| Corporate Debt Leverage Ratio [2] | 3.3x |
| | |
| Total Energy Asset Debt [3] | $1,213.3 |
| Energy Asset Book Value[4] | $1,689.4 |
| Energy Debt Advance Rate [5] | 72% |
| | |
| Q4 Cash Flows from Operating Activities | $(29.6) |
| Plus: Q4 Proceeds from Federal ESPC Projects | $47.0 |
| Equals: Q4 Adjusted Cash from Operations | $17.5 |
| | |
| 8-quarter rolling average Cash Flows from Operating Activities | $(51.0) |
| Plus: 8-quarter rolling average Proceeds from Federal ESPC Projects | $49.1 |
| Equals: 8-quarter rolling average Adjusted Cash from Operations | $(1.9) |

[1] Term loans and drawn amounts on the revolving line of credit on our Sr. Secured Credit Facility

[2] Debt to EBITDA, as calculated under our Sr. Secured Credit Facility

[3] Term loans, sale-leasebacks and construction loan project financings for our Energy Assets in operations and in-construction and development

[4] Book Value of our Energy Assets in operations and in-construction and development

[5] Total Energy Asset Debt divided by Energy Asset Book Value

The Company ended the quarter with $79.3 million in cash. Our total corporate debt including our term loans and drawn amounts on our revolving line of credit continued to decline to $279.9 million, with a corporate leverage ratio as calculated under our Sr. Secured Credit Facility of 3.3x, below our 3.75x bank covenant level. Our Energy Asset Debt was $1.2 billion with an Energy Debt Advance rate of 72% on the Energy Asset Book Value. Our Adjusted Cash from Operations in Q4 was $17.5 million and $84.3 million for 2023. Given the volatility of quarterly Adjusted Cash from Operations we are also providing investors with a quarterly average over a trailing 8-quarter period in our supplemental materials, representing our average implementation cycle.

After the end of the year, we announced that we had engaged an investment bank to raise subordinated debt as required by the December 2023 amendment to our Sr. Secured Credit Facility. The debt raise, if successful, would be used to repay outstanding amounts on the Sr. Secured Credit Facility.

**Project and Asset Highlights**

| ($ in millions) | At December 31, 2023 |
|---|---|
| Awarded Project Backlog [(1)] | $2,555 |
| Contracted Project Backlog | $1,324 |
| **Total Project Backlog** [(2)] | $3,879 |
| 12-month Contracted Backlog [(3)] | $719 |
| | |
| O&M Revenue Backlog | $1,222 |
| 12-month O&M Backlog | $89 |
| Energy Asset Visibility [(4)] | $2,300 |
| Operating Energy Assets | 508 MWe |
| Ameresco's Net Assets in Development [(2)] | 669 MWe |

(1) Customer contracts that have not been signed yet

(2) Project backlog and Net MWe capacity after minority interests

(3) We define our 12-month backlog as the estimated amount of revenues that we expect to recognize in the next twelve months from our fully-contracted backlog

(4) Estimated contracted revenue and incentives during PPA period plus estimated additional revenue from operating RNG assets over a 20-year period, assuming RINs at $1.50/gallon and brown gas at $3.50/MMBtu with $3.00/MMBtu for LCFS on certain projects

- Ameresco’s Assets in Development ended the quarter at 717 MWe. After subtracting Ameresco’s partners’ minority interests, Ameresco’s owned capacity of Assets in Development at quarter end was 669 MWe.
- Increased net assets in development by 63 MW in the fourth quarter driven by increased solar and BESS activity.
- Ameresco continued to grow its innovative BESS energy assets under development with the upcoming installation of a 50 MW / 200 MWh system with Silicon Valley Power.
- Ameresco, along with its partner Sunel Group, continued its international business momentum and has begun construction of 300 MW of design-build solar parks across the UK for Sonnedix, a global renewable energy producer.
- The military market continued to show significant interest in installations that provide resiliency to military installations around the world. Ameresco, along with a partner, will install a 6.25 MW solar generation plant funded by the Department of Defense’s Energy Resilience and Conservation Investment Program (ERCIP), which funds projects that improve energy resilience, contribute to mission assurance, save energy and reduce DoD’s energy costs.

**Summary and Outlook**

“Ameresco’s robust backlog and growing assets in development are strong indicators of how well aligned our capabilities are with market demand. Our broad and deep technical expertise has enabled us to execute on complex projects, positioning us as a leading provider of cost-effective, resilient energy solutions for public and private clients. With over $7 billion in multi-year revenue visibility from our project backlog and asset development pipeline, we have a roadmap to achieving our long-term growth targets.

Ameresco’s full year 2024 guidance is included in the table below and reflects an expected revenue and Adjusted EBITDA growth of 20% and 38%, respectively, at the midpoints. We plan to continue to take advantage of clean energy tax incentives resulting in a likely net tax benefit. The Company expects to place approximately 200 MWe of energy assets in service for all of 2024. Our expected capex for 2024 is $350 million to $400 million, the majority of which we expect to fund with project financing. For the first quarter of fiscal 2024, we expect revenues of $225 million to $275 million and adjusted EBITDA of $20 million to $30 million, with negative non-GAAP EPS. We expect the remainder of the year to follow a more normal quarterly seasonal cadence.

**FY 2024 Guidance Ranges**

| | | |
|---|---|---|
| Revenue | $1.60 billion | $1.70 billion |
| Gross Margin | 17.5% | 18.5% |
| Adjusted EBITDA | $210 million | $240 million |
| Interest Expense & Other | $60 million | $65 million |
| Non-GAAP EPS | $1.30 | $1.50 |

The Company’s Adjusted EBITDA and Non-GAAP EPS guidance excludes the impact of redeemable non-controlling interest activity, one-time charges, asset impairment charges, changes in contingent consideration, restructuring activities, as well as any related tax impact.

We are working closely with Southern California Edison Company on the final steps toward substantial completion for two of the three projects. Construction activities and preparation for commissioning have begun for the third project, which was significantly impacted by the heavy rainfall in California in 2023. This last site is expected to reach substantial completion in the summer of 2024.

**Conference Call/Webcast Information**

The Company will host a conference call today at 4:30 p.m. ET to discuss fourth quarter 2023 financial results, business and financial outlook and other business highlights. Participants may access the earnings conference call by pre-registering here at least fifteen minutes in advance. A live, listen-only webcast of the conference call will also be available over the Internet. Individuals wishing to listen can access the call through the “Investors” section of the Company’s website at www.ameresco.com. If you are unable to listen to the live call, an archived webcast will be available on the Company’s website for one year.

**Use of Non-GAAP Financial Measures**

This press release and the accompanying tables include references to adjusted EBITDA, Non- GAAP EPS, Non-GAAP net income and adjusted cash from operations, which are Non-GAAP financial measures. For a description of these Non-GAAP financial measures, including the reasons management uses these measures, please see the section following the accompanying tables titled “Exhibit A: Non-GAAP Financial Measures”. For a reconciliation of these Non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see Non-GAAP Financial Measures and Non-GAAP Financial Guidance in the accompanying tables.

**About Ameresco, Inc.**
Founded in 2000, Ameresco, Inc. (NYSE:AMRC) is a leading cleantech integrator and renewable energy asset developer, owner and operator. Our comprehensive portfolio includes energy efficiency, infrastructure upgrades, asset sustainability and renewable energy solutions delivered to clients throughout North America and Europe. Ameresco’s sustainability services in support of clients’ pursuit of Net-Zero include upgrades to a facility’s energy infrastructure and the development, construction, and operation of distributed energy resources. Ameresco has successfully completed energy saving, environmentally responsible projects with Federal, state, and local governments, healthcare and educational institutions, housing authorities, and commercial and industrial customers. With its corporate headquarters in Framingham, MA, Ameresco has more than 1,200 employees providing local expertise in the United States, Canada, and Europe. For more information, visit www.ameresco.com.

| | | |
|---|---|---|
| Contact: | Media Relations | Leila Dillon, 508.661.2264, news@ameresco.com |
| | Investor Relations | Eric Prouty, AdvisIRy Partners, 212.750.5800, eric.prouty@advisiry.com |
| | | Lynn Morgen, AdvisIRy Partners, 212.750.5800, lynn.morgen@advisiry.com |

**Safe Harbor Statement**
Any statements in this press release about future expectations, plans and prospects for Ameresco, Inc., including statements about market conditions, pipeline, visibility, and backlog, as well as estimated future revenues, net income, adjusted EBITDA, Non-GAAP EPS, gross margin, effective tax rate, capital investments, other financial guidance and longer term outlook, statements about our financing plans including the status of discussion related to raising subordinated debt and our ability to finalize such a debt financing, the impact the IRA, supply chain disruptions, shortage and cost of materials and labor, and other macroeconomic and geopolitical challenges; our expectations related to our agreement with SCE including the impact of delays and any requirement to pay liquidated damages, and other statements containing the words “projects,” “believes,” “anticipates,” “plans,” “expects,” “will” and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward looking statements as a result of various important factors, including: demand for our energy efficiency and renewable energy solutions; the timing of, and ability to, enter into contracts for awarded projects on the terms proposed or at all; the timing of work we do on projects where we recognize revenue on a percentage of completion basis; the ability to perform under signed contracts without delay and in accordance with their terms and related liquidated and other damages we may be subject to; the fiscal health of the government and the risk of government shutdowns; our ability to complete and operate our projects on a profitable basis and as committed to our customers; our cash flows from operations and our ability to arrange financing to fund our operations and projects our customers’ ability to finance their projects and credit risk

from our customers; our ability to comply with covenants in our existing debt agreements including the requirement to raise additional subordinated debt; the impact of macroeconomic challenges, weather related events and climate change on our business; our reliance on third parties for our construction and installation work; availability and cost of labor and equipment particularly given global supply chain challenges and global trade conflicts; global supply chain challenges, component shortages and inflationary pressures; changes in federal, state and local government policies and programs related to energy efficiency and renewable energy; the ability of customers to cancel or defer contracts included in our backlog; the output and performance of our energy plants and energy projects; cybersecurity incidents and breaches; regulatory and other risks inherent to constructing and operating energy assets the effects of our acquisitions and joint ventures; seasonality in construction and in demand for our products and services; a customer's decision to delay our work on, or other risks involved with, a particular project; the addition of new customers or the loss of existing customers; market price of our Class A Common stock prevailing from time to time; the nature of other investment opportunities presented to our Company from time to time; risks related to our international operation and international growth strategy; and other factors discussed in our most recent Annual Report on Form 10-K. The forward-looking statements included in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

**AMERESCO, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share amounts)**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 79,271 | $ 115,534 |
| Restricted cash | 62,311 | 20,782 |
| Accounts receivable, net | 153,362 | 174,009 |
| Accounts receivable retainage | 33,826 | 38,057 |
| Costs and estimated earnings in excess of billings | 636,163 | 576,363 |
| Inventory, net | 13,637 | 14,218 |
| Prepaid expenses and other current assets | 123,391 | 38,617 |
| Income tax receivable | 5,775 | 7,746 |
| Project development costs, net | 20,735 | 16,025 |
| Total current assets | 1,128,471 | 1,001,351 |
| Federal ESPC receivable | 609,265 | 509,507 |
| Property and equipment, net | 17,395 | 15,707 |
| Energy assets, net | 1,689,424 | 1,181,525 |
| Goodwill, net | 75,587 | 70,633 |
| Intangible assets, net | 6,808 | 4,693 |
| Operating lease assets | 58,586 | 38,224 |
| Restricted cash, non-current portion | 12,094 | 13,572 |
| Deferred income tax assets, net | 26,411 | 3,045 |
| Other assets | 89,735 | 38,564 |
| Total assets | $ 3,713,776 | $ 2,876,821 |
| | | |
| **LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portions of long-term debt and financing lease liabilities, net | 322,247 | 331,479 |
| Accounts payable | 402,752 | 349,126 |
| Accrued expenses and other current liabilities | 108,831 | 89,166 |
| Current portions of operating lease liabilities | 13,569 | 5,829 |
| Billings in excess of cost and estimated earnings | 52,903 | 34,796 |
| Income taxes payable | 1,169 | 1,672 |
| Total current liabilities | 901,471 | 812,068 |
| Long-term debt and financing lease liabilities, net of current portion, unamortized discount and debt issuance costs | 1,170,075 | 568,635 |
| Federal ESPC liabilities | 533,054 | 478,497 |
| Deferred income tax liabilities, net | 4,479 | 9,181 |
| Deferred grant income | 6,974 | 7,590 |
| Long-term operating lease liabilities, net of current portion | 42,258 | 31,703 |
| Other liabilities | 82,714 | 49,493 |
| Commitments and contingencies | | |

**AMERESCO, INC.**
**CONSOLIDATED BALANCE SHEETS - (Continued)**
**(In thousands, except share amounts)**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Redeemable non-controlling interests, net | $ 46,865 | $ 46,623 |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2023 and 2022 | — | — |
| Class A common stock, $0.0001 par value, 500,000,000 shares authorized, 36,378,990 shares issued and 34,277,195 shares outstanding at December 31, 2023, 36,050,157 shares issued and 33,948,362 shares outstanding at December 31, 2022 | 3 | 3 |
| Class B common stock, $0.0001 par value, 144,000,000 shares authorized, 18,000,000 shares issued and outstanding at December 31, 2023 and 2022 | 2 | 2 |
| Additional paid-in capital | 320,892 | 306,314 |
| Retained earnings | 595,911 | 533,549 |
| Accumulated other comprehensive loss, net | (3,045) | (4,051) |
| Treasury stock, at cost, 2,101,795 shares at December 31, 2023 and 2022 | (11,788) | (11,788) |
| Stockholders' equity before non-controlling interest | 901,975 | 824,029 |
| Non-controlling interests | 23,911 | 49,002 |
| Total stockholders' equity | 925,886 | 873,031 |
| Total liabilities, redeemable non-controlling interests and stockholders' equity | $ 3,713,776 | $ 2,876,821 |

**AMERESCO, INC.**
**CONSOLIDATED STATEMENTS OF INCOME**
**(In thousands, except per share amounts)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | | |
| Revenues | $ 441,368 | $ 331,727 | $ 1,374,633 | $ 1,824,422 |
| Cost of revenues | 367,192 | 270,131 | 1,128,204 | 1,533,589 |
| Gross profit | 74,176 | 61,596 | 246,429 | 290,833 |
| Earnings from unconsolidated entities | 402 | 170 | 1,758 | 1,647 |
| Selling, general and administrative expenses | 36,672 | 39,452 | 162,138 | 159,488 |
| Asset impairments | 3,831 | — | 3,831 | — |
| Operating income | 34,075 | 22,314 | 82,218 | 132,992 |
| Other expenses, net | 16,066 | 7,397 | 43,949 | 27,273 |
| Income before income taxes | 18,009 | 14,917 | 38,269 | 105,719 |
| Income tax (benefit) provision | (15,083) | (3,726) | (25,635) | 7,170 |
| Net income | 33,092 | 18,643 | 63,904 | 98,549 |
| Net loss (income) attributable to non-controlling interests and redeemable non-controlling interests | 643 | (708) | (1,434) | (3,623) |
| Net income attributable to common shareholders | $ 33,735 | $ 17,935 | $ 62,470 | $ 94,926 |
| Net income per share attributable to common shareholders: | | | | |
| Basic | $ 0.65 | $ 0.34 | $ 1.20 | $ 1.83 |
| Diluted | $ 0.64 | $ 0.34 | $ 1.17 | $ 1.78 |
| Weighted average common shares outstanding: | | | | |
| Basic | 52,247 | 51,925 | 52,140 | 51,841 |
| Diluted | 53,063 | 53,332 | 53,228 | 53,278 |

**AMERESCO, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**

| | Year Ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| **Cash flows from operating activities:** | | |
| Net income | $ 63,904 | $ 98,549 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | |
| Depreciation of energy assets, net | 59,390 | 49,755 |
| Depreciation of property and equipment | 4,155 | 2,665 |
| Amortization of debt discount and debt issuance costs | 4,201 | 4,211 |
| Amortization of intangible assets | 2,366 | 1,858 |
| Net increase in fair value of contingent consideration | 347 | 1,614 |
| Accretion of ARO liabilities | 258 | 146 |
| Impairment of goodwill | 2,222 | — |
| Provision (recoveries of) for bad debts | 356 | (382) |
| Impairment of long-lived assets / loss on write-off | 1,710 | 937 |
| In-kind lease expenses, net | (3,164) | — |
| Earnings from unconsolidated entities | (1,758) | (1,647) |
| Net gain from derivatives | (1,108) | (212) |
| Stock-based compensation expense | 10,318 | 15,046 |
| Deferred income taxes, net | (27,602) | 3,918 |
| Unrealized foreign exchange gain | (368) | (123) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 52,647 | 3,477 |
| Accounts receivable retainage | 4,337 | 4,716 |
| Federal ESPC receivable | (260,378) | (259,499) |
| Inventory, net | 581 | (5,411) |
| Costs and estimated earnings in excess of billings | (13,211) | (272,629) |
| Prepaid expenses and other current assets | (41,125) | (3,182) |
| Project development costs | (5,486) | (685) |
| Other assets | (6,896) | (11,327) |
| Accounts payable, accrued expenses, and other current liabilities | 53,238 | 36,155 |
| Billings in excess of cost and estimated earnings | 26,202 | 449 |
| Other liabilities | 3,559 | (5,074) |
| Income taxes receivable (payable), net | 1,314 | (1,613) |
| Cash flows from operating activities | (69,991) | (338,288) |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (5,713) | (5,296) |
| Capital investment in energy assets | (538,418) | (304,596) |
| Capital investment in major maintenance of energy assets | (7,636) | (18,007) |
| Acquisitions, net of cash received | (9,182) | — |
| Contributions to equity and other investments | (5,429) | — |
| Loans to joint venture investments | (565) | (459) |
| Cash flows from investing activities | $ (566,943) | $ (328,358) |

**AMERESCO, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)**
**(In thousands)**

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|
| **Cash flows from financing activities:** | | |
| Payments of debt discount and debt issuance costs | (9,315) | (3,695) |
| Proceeds from exercises of options and ESPP | 4,455 | 5,963 |
| Payment of contingent consideration | (1,866) | — |
| (Payments on) proceeds from senior secured revolving credit facility, net | (43,000) | 137,900 |
| Proceeds from long-term debt financings | 843,498 | 468,476 |
| Proceeds from Federal ESPC projects | 154,338 | 238,360 |
| Net proceeds from energy asset receivable financing arrangements | 14,512 | 14,341 |
| Investment fund call option exercise | — | (839) |
| Contributions from non-controlling interest | 3,738 | 32,706 |
| Distributions to non-controlling interest | (21,842) | — |
| Distributions to redeemable non-controlling interests, net | (658) | (1,128) |
| Payments on long-term debt and financing leases | (303,057) | (161,857) |
| Cash flows from financing activities | 640,803 | 730,227 |
| Effect of exchange rate changes on cash | (81) | (747) |
| Net increase in cash, cash equivalents, and restricted cash | 3,788 | 62,834 |
| Cash, cash equivalents, and restricted cash, beginning of year | 149,888 | 87,054 |
| Cash, cash equivalents, and restricted cash, end of year | $ 153,676 | $ 149,888 |

## Non-GAAP Financial Measures (Unaudited, in thousands)

| | Three Months Ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| **Adjusted EBITDA:** | **Projects** | **Energy Assets** | **O&M** | **Other** | **Consolidated** |
| Net income (loss) attributable to common shareholders | $ 27,149 | $ 1,333 | $ 4,145 | $ 1,108 | $ 33,735 |
| Impact from redeemable non-controlling interests | — | (299) | — | — | (299) |
| Less: Income tax benefit | (7,312) | (6,722) | (991) | (58) | (15,083) |
| Plus: Other expenses, net | 4,130 | 11,551 | 110 | 275 | 16,066 |
| Plus: Depreciation and amortization | 1,202 | 16,304 | 295 | 733 | 18,534 |
| Plus: Stock-based compensation | (1,113) | (440) | (210) | (237) | (2,000) |
| Plus: Asset impairment charges | 2,222 | 1,609 | — | — | 3,831 |
| Plus: Restructuring and other charges | 76 | 21 | 2 | 56 | 155 |
| Adjusted EBITDA | **$ 26,354** | **$ 23,357** | **$ 3,351** | **$ 1,877** | **$ 54,939** |
| Adjusted EBITDA margin | **7.6 %** | **53.3 %** | **13.7 %** | **7.1 %** | **12.4 %** |

| | Three Months Ended December 31, 2022 | | | | |
|---|---|---|---|---|---|
| **Adjusted EBITDA:** | **Projects** | **Energy Assets** | **O&M** | **Other** | **Consolidated** |
| Net income attributable to common shareholders | $ 7,791 | $ 6,972 | $ 2,040 | $ 1,132 | $ 17,935 |
| Impact from redeemable non-controlling interests | 90 | 618 | — | — | 708 |
| Plus (less): Income tax provision (benefit) | 538 | (5,131) | 573 | 294 | (3,726) |
| Plus: Other expenses, net | 2,402 | 4,563 | 173 | 259 | 7,397 |
| Plus: Depreciation and amortization | 710 | 12,568 | 247 | 323 | 13,848 |
| Plus: Stock-based compensation | 3,137 | 496 | 274 | 302 | 4,209 |
| Plus: Restructuring and other charges | 859 | 26 | 2 | 13 | 900 |
| Adjusted EBITDA | **$ 15,527** | **$ 20,112** | **$ 3,309** | **$ 2,323** | **$ 41,271** |
| Adjusted EBITDA margin | **6.3 %** | **51.5 %** | **15.3 %** | **9.7 %** | **12.4 %** |

| | Year Ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| **Adjusted EBITDA:** | **Projects** | **Energy Assets** | **O&M** | **Other** | **Consolidated** |
| Net income attributable to common shareholders | $ 39,263 | $ 12,992 | $ 7,965 | $ 2,250 | $ 62,470 |
| Impact from redeemable non-controlling interests | — | 570 | — | — | 570 |
| (Less) plus: Income tax (benefit) provision | (15,717) | (10,642) | 345 | 379 | (25,635) |
| Plus: Other expenses, net | 14,257 | 27,701 | 669 | 1,322 | 43,949 |
| Plus: Depreciation and amortization | 4,103 | 58,455 | 1,218 | 2,135 | 65,911 |
| Plus: Stock-based compensation | 7,516 | 1,343 | 694 | 765 | 10,318 |
| Plus: Asset impairment charges | 2,222 | 1,609 | — | — | 3,831 |
| Plus: Restructuring and other charges | 1,223 | 69 | 17 | 267 | 1,576 |
| Adjusted EBITDA | **$ 52,867** | **$ 92,097** | **$ 10,908** | **$ 7,118** | **$ 162,990** |
| Adjusted EBITDA margin | **5.3 %** | **51.5 %** | **11.8 %** | **7.0 %** | **11.9 %** |

| Adjusted EBITDA: | Year Ended December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Projects | Energy Assets | O&M | Other | Consolidated |
| Net income attributable to common shareholders | $ 49,646 | $ 32,555 | $ 8,765 | $ 3,960 | $ 94,926 |
| Impact from redeemable non-controlling interests | 90 | 3,533 | — | — | 3,623 |
| Plus (less): Income tax provision (benefit) | 15,853 | (13,168) | 2,798 | 1,687 | 7,170 |
| Plus: Other expenses, net | 10,592 | 15,499 | 528 | 654 | 27,273 |
| Plus: Depreciation and amortization | 3,029 | 48,589 | 1,160 | 1,500 | 54,278 |
| Plus: Stock-based compensation | 12,073 | 1,398 | 740 | 835 | 15,046 |
| Plus: Restructuring and other charges | 2,102 | 5 | 16 | 73 | 2,196 |
| Adjusted EBITDA | **$ 93,385** | **$ 88,411** | **$ 14,007** | **$ 8,709** | **$ 204,512** |
| Adjusted EBITDA margin | **6.3 %** | **54.5 %** | **16.5 %** | **9.1 %** | **11.2 %** |

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Non-GAAP net income and EPS:** | | | | |
| Net income attributable to common shareholders | $ 33,735 | $ 17,935 | $ 62,470 | $ 94,926 |
| Adjustment for accretion of tax equity financing fees | (27) | (27) | (108) | (116) |
| Impact from redeemable non-controlling interests | (299) | 708 | 570 | 3,623 |
| Plus: Goodwill impairment | 2,222 | — | 2,222 | — |
| Plus: Energy asset impairment | 1,609 | — | 1,609 | — |
| Plus: Contingent consideration, restructuring and other charges | 155 | 900 | 1,576 | 2,196 |
| Income tax effect of Non-GAAP adjustments | (649) | (645) | (1,018) | (983) |
| Non-GAAP net income | $ 36,746 | $ 18,871 | $ 67,321 | $ 99,646 |
| | | | | |
| Diluted net income per common share | $ 0.64 | $ 0.34 | $ 1.17 | $ 1.78 |
| Effect of adjustments to net income | 0.05 | 0.01 | 0.09 | 0.09 |
| Non-GAAP EPS | $ 0.69 | $ 0.35 | $ 1.26 | $ 1.87 |
| | | | | |
| **Adjusted cash from operations:** | | | | |
| Cash flows from operating activities | $ (29,570) | $ (55,952) | $ (69,991) | $ (338,288) |
| Plus: proceeds from Federal ESPC projects | 47,035 | 45,031 | 154,338 | 238,360 |
| Adjusted cash from operations | $ 17,465 | $ (10,921) | $ 84,347 | $ (99,928) |

## Other Financial Measures (In thousands) (Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **New contracts and awards:** | | | | |
| New contracts | $ 477,280 | $ 315,250 | $ 1,276,660 | $ 973,050 |
| New awards [1] | $ 519,600 | $ 260,400 | $ 2,193,225 | $ 1,068,940 |

(1) Represents estimated future revenues from projects that have been awarded, though the contracts have not yet been signed.

**Non-GAAP Financial Guidance**

**Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA):**
**Year Ended December 31, 2024**

| | Low | High |
|---|---|---|
| Operating income [(1)] | $113 million | $141 million |
| Depreciation and amortization | $85 million | $86 million |
| Stock-based compensation | $14 million | $15 million |
| Restructuring and other charges | $(2) million | $(2) million |
| Adjusted EBITDA | $210 million | $240 million |

(1) Although net income is the most directly comparable GAAP measure, this table reconciles adjusted EBITDA to operating income because we are not able to calculate forward-looking net income without unreasonable efforts due to significant uncertainties with respect to the impact of accounting for our redeemable non-controlling interests and taxes.

## Exhibit A: Non-GAAP Financial Measures

We use the Non-GAAP financial measures defined and discussed below to provide investors and others with useful supplemental information to our financial results prepared in accordance with GAAP. These Non-GAAP financial measures should not be considered as an alternative to any measure of financial performance calculated and presented in accordance with GAAP. For a reconciliation of these Non-GAAP measures to the most directly comparable financial measures prepared in accordance with GAAP, please see Non-GAAP Financial Measures and Non-GAAP Financial Guidance in the tables above.

We understand that, although measures similar to these Non-GAAP financial measures are frequently used by investors and securities analysts in their evaluation of companies, they have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for the most directly comparable GAAP financial measures or an analysis of our results of operations as reported under GAAP. To properly and prudently evaluate our business, we encourage investors to review our GAAP financial statements included above, and not to rely on any single financial measure to evaluate our business.

### Adjusted EBITDA and Adjusted EBITDA Margin

We define adjusted EBITDA as net income attributable to common shareholders, including impact from redeemable non-controlling interests, before income tax (benefit) provision, other expenses net, depreciation, amortization of intangible assets, accretion of asset retirement obligations, contingent consideration expense, stock-based compensation expense, energy asset impairment, goodwill impairment, restructuring and other charges, gain or loss on sale of equity investment, and gain or loss upon deconsolidation of a variable interest entity. We believe adjusted EBITDA is useful to investors in evaluating our operating performance for the following reasons: adjusted EBITDA and similar Non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, capital structures and the methods by which assets were acquired; securities analysts often use adjusted EBITDA and similar Non-GAAP measures as supplemental measures to evaluate the overall operating performance of companies; and by comparing our adjusted EBITDA in different historical periods, investors can evaluate our operating results without the additional variations of depreciation and amortization expense, accretion of asset retirement obligations, contingent consideration expense, stock-based compensation expense, impact from redeemable non-controlling interests, restructuring and asset impairment charges. We define adjusted EBITDA margin as adjusted EBITDA stated as a percentage of revenue.

Our management uses adjusted EBITDA and adjusted EBITDA margin as measures of operating performance, because they do not include the impact of items that we do not consider indicative of our core operating performance; for planning purposes, including the preparation of our annual operating budget; to allocate resources to enhance the financial performance of the business; to evaluate the effectiveness of our business strategies; and in communications with the board of directors and investors concerning our financial performance.

**Non-GAAP Net Income and EPS**

We define Non-GAAP net income and earnings per share (EPS) to exclude certain discrete items that management does not consider representative of our ongoing operations, including energy asset impairment, goodwill impairment, restructuring and other charges, impact from redeemable non-controlling interest, gain or loss on sale of equity investment, and gain or loss upon deconsolidation of a variable interest entity. We consider Non-GAAP net income and Non-GAAP EPS to be important indicators of our operational strength and performance of our business because they eliminate the effects of events that are not part of the Company's core operations.

**Adjusted Cash from Operations**

We define adjusted cash from operations as cash flows from operating activities plus proceeds from Federal ESPC projects. Cash received in payment of Federal ESPC projects is treated as a financing cash flow under GAAP due to the unusual financing structure for these projects. These cash flows, however, correspond to the revenue generated by these projects. Thus, we believe that adjusting operating cash flow to include the cash generated by our Federal ESPC projects provides investors with a useful measure for evaluating the cash generating ability of our core operating business. Our management uses adjusted cash from operations as a measure of liquidity because it captures all sources of cash associated with our revenue generated by operations.

# Q4 2023 Supplemental Information

February 28, 2024

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Green • Clean • Sustainable

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# Safe Harbor

**Forward Looking Statements**

Any statements in this presentation about future expectations, plans and prospects for Ameresco, Inc., including statements about market conditions, pipeline, visibility and backlog, as well as estimated future revenues, net income, adjusted EBITDA, Non-GAAP EPS, gross margin, effective tax rate, capital investments, other financial guidance and longer term outlook, statements about our financing plans including the status of discussion related to raising subordinated debt and our ability to finalize such a debt financing, the impact of the IRA, supply chain disruptions, shortage and cost of materials and labor, and other macroeconomic and geopolitical challenges; our expectations related to our agreement with SCE including the impact of delays and any requirement to pay liquidated damages, and other statements containing the words "projects," "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward looking statements as a result of various important factors, including: demand for our energy efficiency and renewable energy solutions; the timing of, and ability to, enter into contracts for awarded projects on the terms proposed or at all; the timing of work we do on projects where we recognize revenue on a percentage of completion basis; the ability to perform under signed contracts without delay and in accordance with their terms and related liquidated and other damages we may be subject to; the fiscal health of the government and the risk of government shutdowns; our ability to complete and operate our projects on a profitable basis and as committed to our customers; our cash flows from operations and our ability to arrange financing to fund our operations and projects our customers' ability to finance their projects and credit risk from our customers; our ability to comply with covenants in our existing debt agreements including the requirement to raise additional subordinated debt; the impact of macroeconomic challenges, weather related events and climate change on our business; our reliance on third parties for our construction and installation work; availability and cost of labor and equipment particularly given global supply chain challenges and global trade conflicts; global supply chain challenges, component shortages and inflationary pressures; changes in federal, state and local government policies and programs related to energy efficiency and renewable energy; the ability of customers to cancel or defer contracts included in our backlog; the output and performance of our energy plants and energy projects; cybersecurity incidents and breaches; regulatory and other risks inherent to constructing and operating energy assets the effects of our acquisitions and joint ventures; seasonality in construction and in demand for our products and services; a customer's decision to delay our work on, or other risks involved with, a particular project; the addition of new customers or the loss of existing customers; market price of our Class A Common stock prevailing from time to time; the nature of other investment opportunities presented to our Company from time to time; risks related to our international operation and international growth strategy; and other factors discussed in our most recent Annual Report on Form 10-K. The forward-looking statements included in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

**Use of Non-GAAP Financial Measures**

This presentation and the accompanying tables include references to adjusted EBITDA, Non-GAAP EPS, Non-GAAP net income and adjusted cash from operations, which are Non-GAAP financial measures. For a description of these Non-GAAP financial measures, including the reasons management uses these measures, please see the section in the back of this presentation titled "Non-GAAP Financial Measures". For a reconciliation of these Non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the table at the end of this presentation titled "GAAP to Non-GAAP Reconciliation."

# Sources of Revenue – Q4 2023

| $346.5M | $68.3M | $26.5M |
|---|---|---|
| **Projects** | **Recurring** | **Other** |
| Energy efficiency and renewable energy projects | Energy & incentive revenue from owned energy assets; plus recurring O&M from projects | Services, software and integrated PV |

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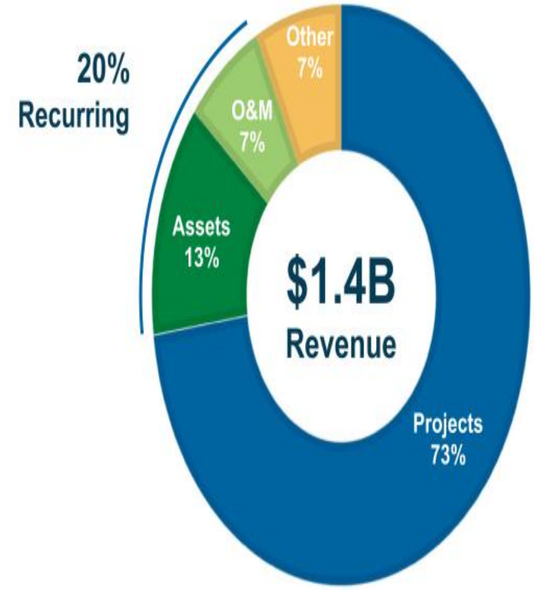
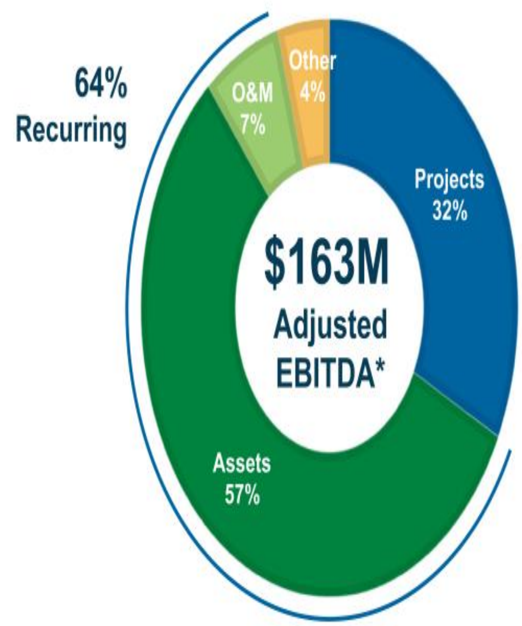
# 64% of Adjusted EBITDA Came From Recurring Lines of Business

Fiscal Year 2023

* Adjusted EBITDA percentages allocate corporate expenses according to revenue share



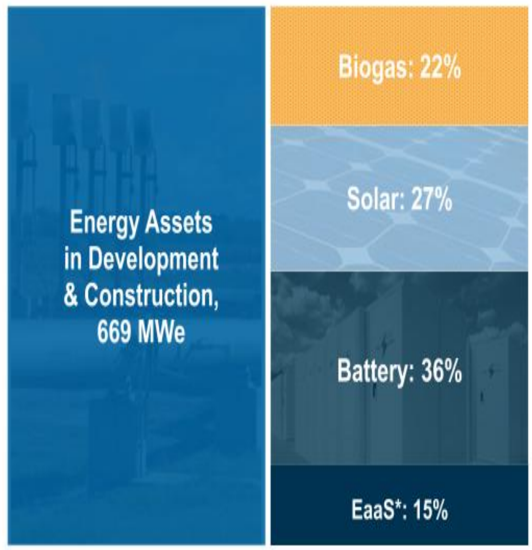



# Energy Asset Portfolio – 12/31/2023


508 MWe of Energy Assets in operation.
94 MW of non-RNG biogas, 43MW of RNG,
Solar is 324 MW, Other is 47 MW

Numbers may not sum due to rounding

Ameresco's Ownership




717 MWe of total asset capacity.
669 MWe of Ameresco-owned capacity
after minority interest

*$20M of our anticipated Assets in Development spending is for Energy as a Service assets, $39M of which does not include generation assets that can be measured in MWe. This designation now also includes Puuloa Energy engine plant.

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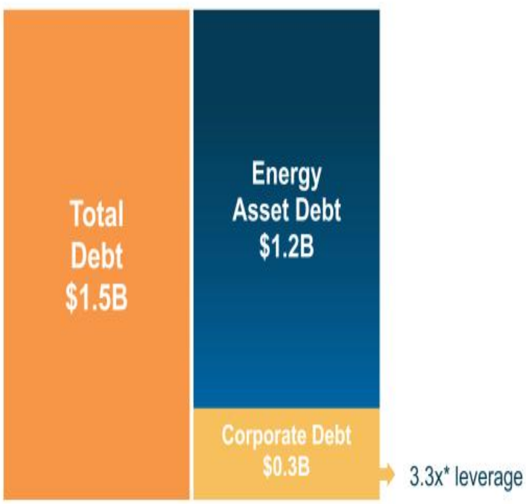
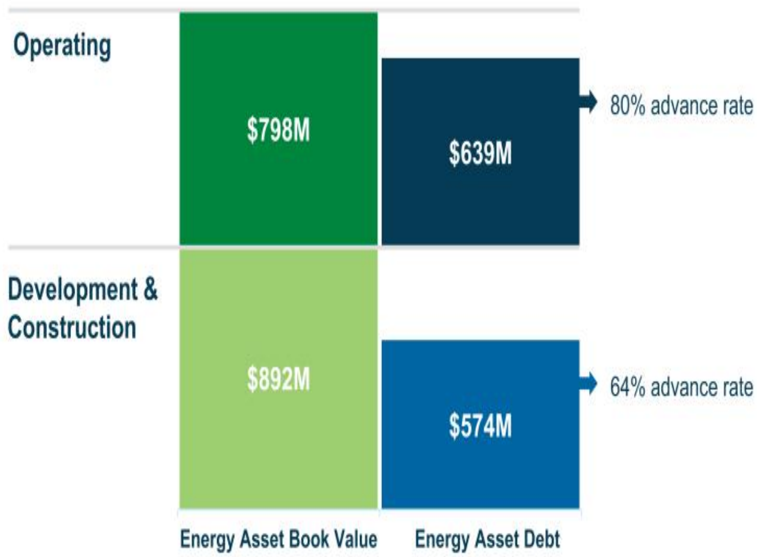
# Energy Asset Balance Sheet – 12/31/2023




$1.2B of the $1.5B** of total debt on our balance sheet is debt associated with our energy assets ("Energy Asset Debt").

$639M** of our Energy Asset Debt is associated with operating energy assets.

$574M** of our Energy Asset Debt is associated with energy assets still in development & construction.

*Debt to EBITDA, as calculated under our Sr. Secured Credit agreement

**Net of unamortized debt discount and debt issuance costs of $0.9M on Corporate Debt and $21.1M on Energy Debt

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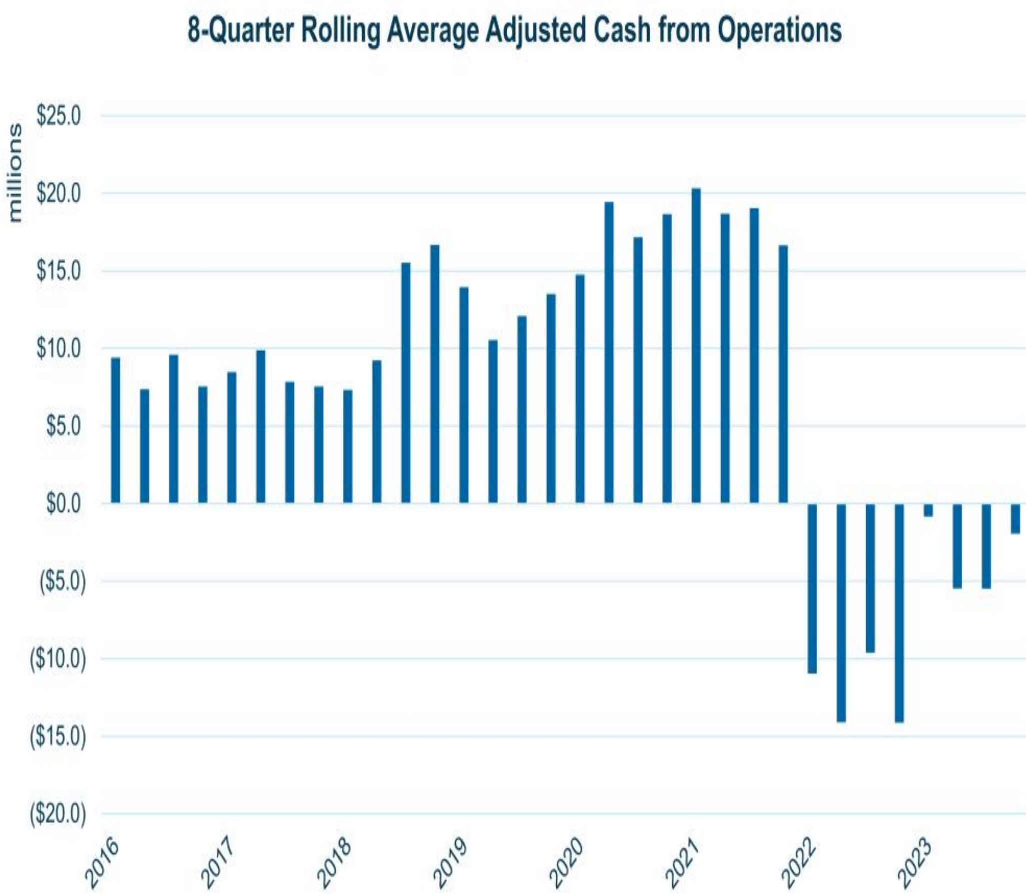
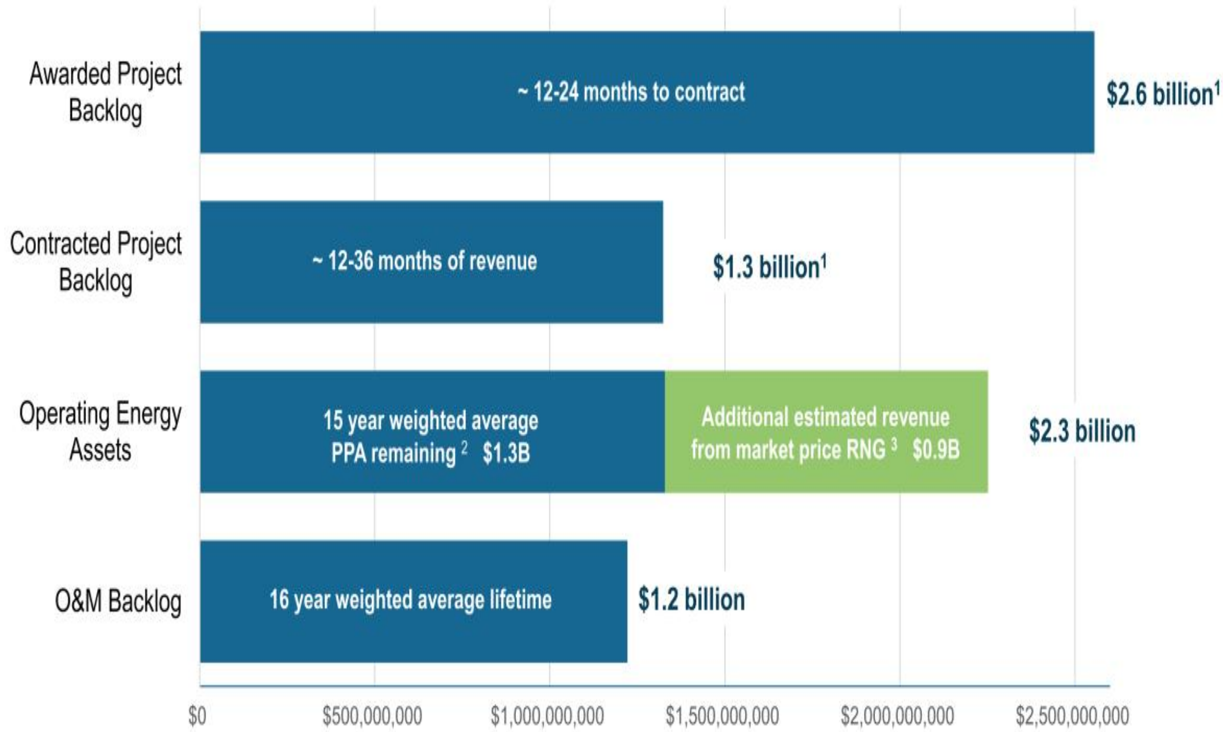
# Adjusted Cash from Operations Trend



# Tremendous Forward Visibility: Backlog & Recurring Revenue Business




[1] Project backlog after minority interests
[2] Estimated contracted revenue and incentives during PPA period
[3] Estimated additional revenue from operating RNG assets over a 20-year period, assuming RINs at $1.50/gallon and brown gas at $3.50/MMBtu with $3.00/MMBtu for LCFS on certain projects

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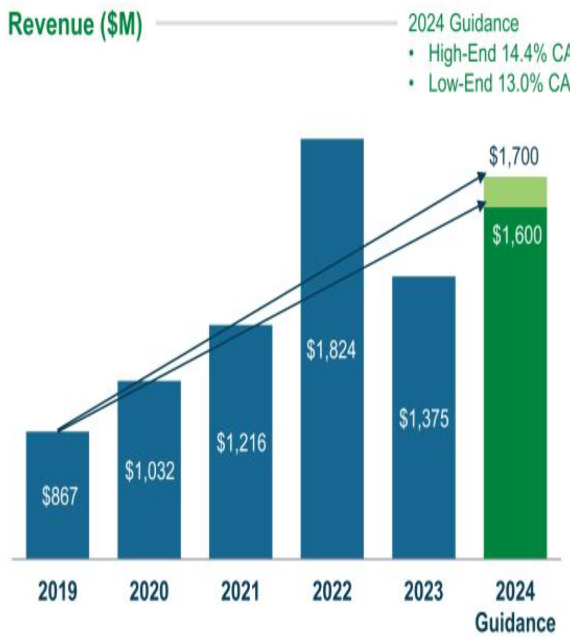
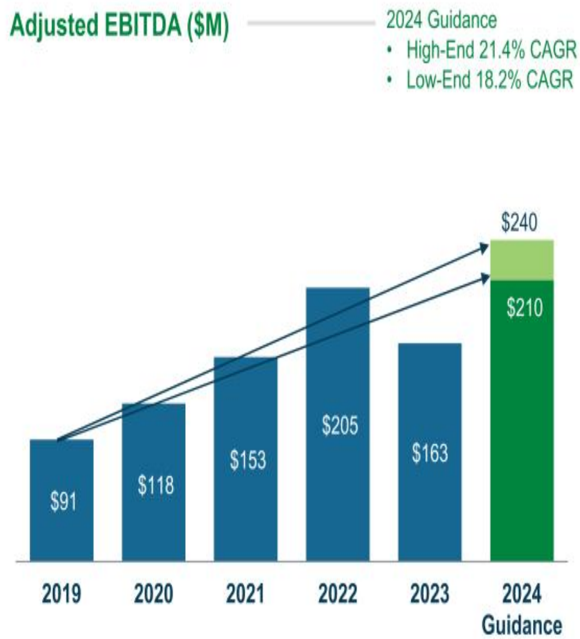
# Sustainable & Profitable Business Model

*Expected to Expand Earnings at a Faster Rate than Revenue by Growing Higher Margin Recurring Lines of Business*

FY 2024 guidance, as released February 28, 2024

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# Destination: Net Zero

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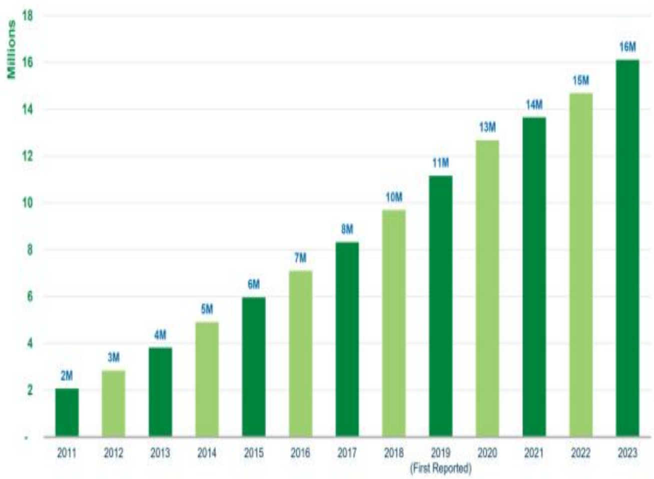
Since 2010, Ameresco's renewable energy assets & customer projects delivered a Carbon Emission Reduction equivalent to:

**110+ Million** Metric Tons of $CO_2$

Aggregate Metric Tons of $CO_2$ Avoided per Year




Ameresco's 2023 Carbon Emission Reduction of approximately **16M Metric Tons of $CO_2$** is equal to one of…

Carbon dioxide emissions from… **41 billion miles driven by an average passenger vehicle**

or

Carbon sequestered by… **19 million acres of U.S. forests in one year**



*Note: Annual figures rounded from historic reporting. These preliminary data estimates are derived from a methodology that leverages data captured on Ameresco assets owned and operating and customer projects. The annual carbon impact is calculated using these Ameresco inputs and source GHG emission factors published by the US EPA eGrid database to calculate the avoided carbon emissions of any given asset or project.*

# Thank You

to Our Customers, Employees, and Shareholders

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# Non-GAAP Financial Measures

We use the Non-GAAP financial measures defined and discussed below to provide investors and others with useful supplemental information to our financial results prepared in accordance with GAAP. These Non-GAAP financial measures should not be considered as an alternative to any measure of financial performance calculated and presented in accordance with GAAP. For a reconciliation of these Non-GAAP measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the table at the end of this presentation titled "GAAP to Non-GAAP Reconciliation." We understand that, although measures similar to these Non-GAAP financial measures are frequently used by investors and securities analysts in their evaluation of companies, they have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for the most directly comparable GAAP financial measures or an analysis of our results of operations as reported under GAAP. To properly and prudently evaluate our business, we encourage investors to review our GAAP financial statements and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA and Adjusted EBITDA Margin

We define adjusted EBITDA as net income attributable to common shareholders, including impact from redeemable non-controlling interests, before income tax (benefit) provision, other expenses net, depreciation, amortization of intangible assets, accretion of asset retirement obligations, contingent consideration expense, stock-based compensation expense, energy asset impairment, restructuring and other charges, gain or loss on sale of equity investment, and gain or loss upon deconsolidation of a variable interest entity. We believe adjusted EBITDA is useful to investors in evaluating our operating performance for the following reasons: adjusted EBITDA and similar Non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, capital structures and the methods by which assets were acquired; securities analysts often use adjusted EBITDA and similar Non-GAAP measures as supplemental measures to evaluate the overall operating performance of companies; and by comparing our adjusted EBITDA in different historical periods, investors can evaluate our operating results without the additional variations of depreciation and amortization expense, accretion of asset retirement obligations, contingent consideration expense, stock-based compensation expense, impact from redeemable non-controlling interests, restructuring and asset impairment charges. We define adjusted EBITDA margin as adjusted EBITDA stated as a percentage of revenue. Our management uses adjusted EBITDA and adjusted EBITDA margin as measures of operating performance, because they do not include the impact of items that we do not consider indicative of our core operating performance; for planning purposes, including the preparation of our annual operating budget; to allocate resources to enhance the financial performance of the business; to evaluate the effectiveness of our business strategies; and in communications with the board of directors and investors concerning our financial performance.

Non-GAAP Net Income and EPS

We define Non-GAAP net income and earnings per share (EPS) to exclude certain discrete items that management does not consider representative of our ongoing operations, including energy asset impairment, restructuring and other charges, impact from redeemable non-controlling interests, gain or loss on sale of equity investment, and gain or loss upon deconsolidation of a variable interest entity. We consider Non-GAAP net income and Non-GAAP EPS to be important indicators of our operational strength and performance of our business because they eliminate the effects of events that are not part of the Company's core operations.

Adjusted Cash from Operations

We define adjusted cash from operations as cash flows from operating activities plus proceeds from Federal ESPC projects. Cash received in payment of Federal ESPC projects is treated as a financing cash flow under GAAP due to the unusual financing structure for these projects. These cash flows, however, correspond to the revenue generated by these projects. Thus we believe that adjusting operating cash flow to include the cash generated by our Federal ESPC projects provides investors with a useful measure for evaluating the cash generating ability of our core operating business. Our management uses adjusted cash from operations as a measure of liquidity because it captures all sources of cash associated with our revenue generated by operations.

# GAAP to Non-GAAP Reconciliation

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| **Adjusted EBITDA:** | | | | |
| Net income attributable to common shareholders | $ 33,735 | $ 17,935 | $ 62,470 | $ 94,926 |
| Impact from redeemable non-controlling interests | $ (299) | 708 | 570 | 3,623 |
| Plus (Less): Income tax provision (benefit) | $ (15,083) | (3,726) | (25,635) | 7,170 |
| Plus: Other expenses, net | $ 16,066 | 7,397 | 43,949 | 27,273 |
| Plus: Depreciation and amortization | $ 18,534 | 13,848 | 65,911 | 54,278 |
| Plus: Stock-based compensation | $ (2,000) | 4,209 | 10,318 | 15,046 |
| Plus: Asset impairment charges | $ 3,831 | - | 3,831 | - |
| Plus: Restructuring and other charges | $ 155 | 900 | 1,576 | 2,196 |
| Adjusted EBITDA | $ 54,939 | $ 41,271 | 162,990 | $ 204,512 |
| Adjusted EBITDA margin | **12.4%** | **12.4%** | **11.9%** | **11.2%** |
| **Non-GAAP net income and EPS:** | | | | |
| Net income attributable to common shareholders | $ 33,735 | $ 17,935 | $ 62,470 | $ 94,926 |
| Adjustment for accretion of tax equity financing fees | $ (27) | (27) | (108) | (116) |
| Impact of redeemable non-controlling interests | $ (299) | 708 | 570 | 3,623 |
| Plus: Goodwill Impairment | $ 2,222 | - | 2,222 | - |
| Plus: Energy asset impairment | $ 1,609 | - | 1,609 | - |
| Plus: Contingent consideration, restructuring and other charges | $ 155 | 900 | 1,576 | 2,196 |
| Income Tax effect of Non-GAAP adjustments | $ (649) | (645) | (1,018) | (983) |
| Non-GAAP net income | $ 36,746 | $ 18,871 | $ 67,321 | $ 99,646 |
| **Earnings per share:** | | | | |
| Diluted net income per common share | $ 0.64 | $ 0.34 | $ 1.17 | $ 1.78 |
| Effect of adjustments to net income | 0.05 | 0.01 | 0.09 | 0.09 |
| Non-GAAP EPS | $ 0.69 | $ 0.35 | $ 1.26 | $ 1.87 |
| **Adjusted cash from operations** | | | | |
| Cash flows from operating activities | $ (29,570) | $ (55,952) | $ (69,991) | $ (338,288) |
| Plus: proceeds from Federal ESPC projects | 47,035 | 45,031 | $ 154,338 | $ 238,360 |
| Adjusted cash from operations | $ 17,465 | $ (10,921) | $ 84,347 | $ (99,928) |

# GAAP to Non-GAAP Reconciliation (continued)

| $000 USD | Twelve Months Ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Projects | Operating Assets | O&M | Other | Consolidated |
| **Adjusted EBITDA:** | | | | | |
| Net income attributable to common shareholders | $ 39,263 | $ 12,992 | $ 7,965 | $ 2,250 | $ 62,470 |
| Impact from redeemable non-controlling interests | $ - | $ 570 | $ - | $ - | $ 570 |
| Plus (less): Income tax provision (benefit) | $ (15,717) | $ (10,642) | $ 345 | $ 379 | $ (25,635) |
| Plus: Other expenses, net | $ 14,257 | $ 27,701 | $ 669 | $ 1,322 | $ 43,949 |
| Plus: Depreciation and amortization | $ 4,103 | $ 58,455 | $ 1,218 | $ 2,135 | $ 65,911 |
| Plus: Stock-based compensation | $ 7,516 | $ 1,343 | $ 694 | $ 765 | $ 10,318 |
| Plus: Asset impairment charges | $ 2,222 | $ 1,609 | $ - | $ - | $ 3,831 |
| Plus: Restructuring and other charges | $ 1,223 | $ 69 | $ 17 | $ 267 | $ 1,576 |
| Adjusted EBITDA | $ 52,867 | $ 92,097 | $ 10,908 | $ 7,118 | $ 162,990 |
| Adjusted EBITDA margin | 5.3% | 51.5% | 11.8% | 7.0% | 11.9% |

* Adjusted EBITDA by Line of Business includes corporate expenses allocated according to revenue share

# GAAP to Non-GAAP Reconciliation (continued)

| ($ in Thousands) | 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Cash Flow from Operations | 2,352 | 3,582 | (18,027) | 12,347 | (22,083) | (14,877) | 4,341 | (16,919) | (15,069) | (24,653) | (7,654) | (10,696) | (31,786) | (19,633) | (39,337) | (45,803) | (37,071) | (20,066) | 25,097 | (21,160) |
| Proceeds from Federal ESPC projects | 3,522 | 10,454 | 18,910 | 18,279 | 18,015 | 22,855 | 20,976 | 16,125 | 16,385 | 22,374 | 26,316 | 24,964 | 35,167 | 38,869 | 48,303 | 42,673 | 36,582 | 33,082 | 43,906 | 44,667 |
| Adjusted Cash from Operations | 5,874 | 14,036 | 883 | 30,626 | (4,068) | 7,978 | 25,317 | (794) | 1,316 | (2,279) | 18,662 | 14,268 | 3,381 | 19,237 | 8,966 | (3,130) | (489) | 13,016 | 69,003 | 23,506 |
| Rolling 8-quarter Adjusted Cash from Operations | | | | | | | | 9,981 | 9,412 | 7,372 | 9,595 | 7,550 | 8,481 | 9,888 | 7,845 | 7,553 | 7,327 | 9,239 | 15,531 | 16,686 |

| ($ in Thousands) | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Cash Flow from Operations | (58,094) | (51,160) | (11,471) | (75,568) | (51,640) | (21,955) | (10,193) | (18,796) | (38,724) | (57,758) | (19,862) | (55,952) | (276,122) | (31,722) | 34,674 | (65,118) | 58,772 | (92,621) | (6,572) | (29,570) |
| Proceeds from Federal ESPC projects | 39,598 | 43,189 | 32,769 | 83,802 | 61,198 | 72,402 | 60,987 | 54,331 | 33,520 | 36,640 | 44,026 | 45,031 | 64,788 | 56,943 | 52,134 | 64,495 | 42,309 | 34,390 | 30,604 | 47,035 |
| Adjusted Cash from Operations | (18,496) | (7,971) | 21,298 | 8,234 | 9,558 | 50,447 | 50,794 | 35,535 | (5,204) | (21,118) | 24,163 | (10,921) | (211,333) | 25,220 | 86,808 | (623) | 101,081 | (58,231) | 24,032 | 17,464 |
| Rolling 8-quarter Adjusted Cash from Operations | 13,952 | 10,551 | 12,092 | 13,513 | 14,769 | 19,447 | 17,171 | 18,675 | 20,336 | 18,693 | 19,051 | 16,657 | (10,955) | (14,108) | (9,606) | (14,126) | (840) | (5,479) | (5,496) | (1,948) |