



Transcript of
iSun, Inc.
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Participants

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John Sullivan - Chief Financial Officer, iSun, Inc.

Analysts

Jeffrey Campbell - Alliance Global Partners
Justin Clare - ROTH Capital Partners
Noel Parks - Tuohy Brothers

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the iSun Third Quarter 2022 Earnings Conference Call. At this time, all participants have been placed on a listen-only mode. [Operator Instructions] We will open the floor for your questions and comments after the presentation.

It is now my pleasure to turn the floor over to your host, Beth Curf [ph]. Ma'am, the floor is yours.

Unidentified Participant

Thank you and good morning. We are pleased to welcome you to iSun's conference call to discuss financial and operating results for the third quarter of 2022. Jeffrey Peck, Chairman and Chief Executive Officer, will provide an update on the overall solar energy landscape and how our broad solar platform addresses opportunities there today. John Sullivan Chief Financial Officer will provide an overview of the third quarter 2022 financial results and operating performance. After our prepared remarks we will open the lines to address any questions.

As a reminder, the earnings release which can be found on iSun's investor website at www.isunenergy.com includes financial disclosures and reconciliations for non GAAP financial measures. Any comments that we make on today's call may include forward-looking statements that refer to management's expectations or future predictions. These statements are made as of today and management undertakes no obligation to update these forward looking statements in the future. Such statements are subject to risks and uncertainties that could cause actual results to differ from management's expectations.

With that, I will turn the call over to CEO, Jeff Peck.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.



Thank you, Beth. Good morning, everyone. Thank you for joining our call today. I'm eager to discuss iSun's recent progress with the investment community. I'm confident that we are advancing the company towards achieving our mission to accelerate the nation's adoption of solar energy. Over the past quarter, we saw consistent progress across our operations. And the proof of our approach is beginning to be reflected in our solid quarterly results with revenues three times higher than the same quarter last year. We see great potential ahead supported now by increased demand for solar energy across all of our market segments and constructive long-term climate change legislation.

Today, I'm going to provide some updates to you on our progress, including several recent significant wins that substantiate the value and appeal of our offerings. These underpin our confidence in the company's strategic plan and our ability to execute on it. These awards increase the size of our record backlog and provide more opportunities for us to build pipeline for future growth as well.

In the past few years, we have completed our platform which was carefully and strategically constructed to enable us to provide a full range of products and services to all of our customers. This approach is a true advantage competitively as it enables us to meet customers at any stage of a solar project lifecycle. This approach combined with our strategic investments differentiates us from our peers. We have begun to see the benefits of this strategy and in 2023 and beyond, will realize more of the opportunities it affords us to drive our long-term growth on a profitable basis.

Lastly, on a more near-term basis, I want to address our updated 2022 financial outlook and provide some preliminary insight on our expectations for 2023. With that, let me begin with a brief review of our top line financial and operational highlights for the third quarter of 2022.

Our revenue nearly tripled to \$19 million compared to the prior year, despite continuing specific challenges in some of our key markets. While some of these issues are industry wide, such as supply chain issues, inflationary impact on commodity prices, higher interest rates, they're also very specific project delays related to cluster studies in Maine, in one year CPG extensions in Vermont.

Given these macro level challenges, coupled with the issues in our key markets, we are very pleased with our progress and our team's ability to execute on our plan in this environment. While our gross margins dipped slightly, due to large material increases, we remain confident of our overall trajectory of margin expansion because of the expected synergies between our divisions as we scale.

Over the past several calls, we've described how iSun's platform approach provides a full suite of services including development and design, engineering, procurement, installation, storage, monitoring and maintenance to the entire solar market, a concept to completion approach to servicing our customers.

As we began this journey, we saw the platform approach as providing value to all potential customers at every scale, from EB infrastructure and solar carports to residential, commercial,



industrial and utility. We are beginning to recognize that potential leveraging the strategic investments made over the past few years with opportunities to scale and drive accelerated growth over the long-term.

The platform approach is also designed to diversify our revenue streams and offset seasonality of cash flows in our business. But still early in this journey, we're seeing initial indications that this approach is indeed working and appealing to a wide range of customers. And the proof is in our expanding backlog where we added \$50.2 million in backlog in the third quarter alone. This brings our total backlog to a record \$179.1 million.

In addition to our backlog, our internal pipeline of projects reached 1.3 gigawatts and due to our strategic investments with EPC rights on external projects of 500 megawatts, as of the end of this year's third quarter, up an impressive 1.5 gigawatts from the same point last year. This total pipeline of 1.8 gigawatt will flow into our backlog as these projects move through the development process, and approach notice to proceed. This underscores the effectiveness of our strategic plan both in terms of total product backlog and pipelines, but also evidence in the expansion of new customers, and the increased customer demand we experienced across the business. We're incredibly proud of our team's hard work in attaining these results.

In addition to our expanded footprint and customer base, we've seen more opportunities to address the even higher demand for EVs that is accelerating the need for infrastructure to support customers at home and on the road. The skills and expertise of iSun's teams enable us to serve the needs of both commercial and industrial customers who are adapting to the electrification. We continue to work on our large EV infrastructure contracts announced earlier this year with site selection and permitting well underway. We've just begun to deliver units under this contract and expect an acceleration in deliveries to occur in 2023.

As I've discussed with you over several prior calls. The investments we have made in our business over the past several years are part of our strategic approach designed to serve our customers at any stage of the solar project from conception to completion. These investments are beginning to bear fruit.

This end-to-end approach allows us to meet the customer wherever needed, it creates deeper relationships and provides us with even more opportunities to build our backlog and grow revenue. These relationships also provide us opportunities to acquire solar assets at pre NPP status. Our internal development teams will complete any remaining milestones and bring projects to notice to proceed. These projects will then be constructed by iSun and some of these will be sold into our joint ventures where we retain an interest in the completed project, which will generate revenue and provide future cash flows.

This year, we will begin to recognize initial contribution from these JV initiatives, which we anticipate will grow nicely in the future and as designed provide recurring revenue that offsets the typically seasonality of our operation. Additionally, this early involvement allows us to better plan the deployment of our resources, especially skilled labor. I want to share with you more details on some of our recent wins.



These new business awards primarily in our commercial and industrial division represent both important market share gains but also the effectiveness of our strategic plan. First, we have three development projects that are approaching NTP. Two of these projects, which we announced in the third quarter have been sold into our joint venture with Fusion renewable.

One additional project of 6.8 megawatts is in negotiation with several partners and we expect to transact on that project in the coming months. We also continue to be successful in Maine. We recently won EPC contracts on a 12.1 megawatt portfolio. This award builds upon the company's already completed 18.4 megawatts of projects in that market. This new portfolio valued at 9.3 million is with a new strategic customer and we are delighted with the success.

Similarly, another recent 3.2 megawatt and \$3 million award for a new contract with a Maryland customer establishes iSun's presence in the important Mid-Atlantic energy market of Pennsylvania, New Jersey and Maryland. This continued geographic expansion is another key element of our strategic plan to drive growth and achieve our company's mission. Again, we're very pleased with the team's hard work in achieving this important milestone.

We view these recent wins as just the tip of the iceberg. Our team continues to work closely with several of our developer partners, providing development engineering services on select projects, which we expect will translate into a competitive advantage for iSun and executing on these contracts in the future. I also want to share a few words about the impact of the recently enacted climate legislation.

We said repeatedly that we believe that the long-term support stability provided in the legislation removes uncertainty and impediments to financing and constructing solar energy projects. This should make it easier for customers to make the necessary commitments to build the alternative energy our country needs. We remain convinced that this legislation will afford iSun and the industry genuine benefits as we move forward, even as we await finalized language and rules from the treasury department regarding tax credits and other elements.

Ironically, one of the more immediate outcomes of this legislation has been to actually slow down the typical year-end rush to complete projects. We had previously discussed specific delays that we were seeing in Vermont around permitting, as well as inflation related delays, but now appears that the tax benefits associated with the new legislation have mitigated typical year end urgency, and for us has impacted second app revenue expectations, moving more implementation into 2023 and growing our backlog.

As we've said before, we have seen no customer cancellations, and frankly, we see heightened customer demand, as I mentioned, but the typical industry year end urgency has diminished this year. Since customers are confident that they will be able to act promptly and receive the expected attractive tax benefits once the Treasury Department language is finalized.

With that, let me address our outlook. This year's operating and financial plan was built around the implementation of our platform approach and the assumption that we would return to a more normalized supply chain and business environment. Instead, what we have seen is continued



supply chain constraints, inflationary pressures seen in commodity prices, labor constraints and higher interest rates.

All of this has played havoc with our ability to achieve the financial targets we set for this year. The higher energy costs are definitely contributing to the increased demand that we are seeing. And thus, we remain confident that it's a question of when not if we were able to capture the increased demand and associated revenues. We also continue to make good progress in advancing our development pipeline, which will flow into our backlog.

Lastly, as we discussed, our strategic investments will assist in geographic expansion and position us for continued growth. For those reasons, and based on the current environment, we are adjusting our 2022 revenue guidance to range of \$70 million to \$75 million. We remain committed to our mission to return to the company to profitability and positive cash flow.

With that, I'll turn things over to John. John?

John Sullivan - Chief Financial Officer, iSun, Inc.

Thank you, Jeff. We are pleased with the revenue growth we produce in the third quarter as a demand we had anticipated earlier began to be recognized. To provide an overview of our statement of operations, as well as provide details on our segments before turning it to the balance sheet.

iSun reported third quarter 2022 revenue of \$19 million, representing a \$12.4 million or 185% increase over the same period in 2021. For the first nine months of 2022, revenue was \$50.6 million, representing a \$23.6 million or 87% increase from the comparable period in 2021.

Revenue growth was driven by the continued fulfilment of higher residential consumer demand and effective execution of our commercial and industrial backlog. While we continue to execute against our existing backlog, we also generated new demand and added \$50.2 million in new business during Q3. Total backlog as Jeff noted, was a record \$179.1 million as of September 30, 2022.

By segment, our residential division generated revenue of \$10.2 million and \$24.3 million in the third quarter and year-to-date 2022 respectively. Customer orders are approximately \$25.8 million and are expected to be completed within three to six months. Our commercial division generated revenue of \$1.1 million and \$3.4 million in the third quarter and year-to-date 2022 respectively, and as a contracted backlog of approximately \$12.6 million expected to be completed within six to eight months.

Our industrial division generated revenue of \$5.9 million and \$19.1 million in the third quarter and year-to-date 2022 respectively, and has a contracted backlog of approximately \$140.7 million expected to be completed within 12 to 18 months.



Lastly, our utility and development division generated revenue of \$1.8 million and \$3.8 million in the third quarter and year-to-date 2022 respectively. We have 1.3 gigawatts of projects currently under development that will be added to our backlog upon achievement of NTP.

Gross profit in the third quarter was \$3.6 million, compared to \$1.3 million during the third quarter of 2021. For the first nine months of 2022, gross profit was \$10.5 million compared \$0.8 million in the same period of 2021. Gross margins for the third quarter this year was 19% compared to 19.5% during the same period in 2021, reflecting the impact industry wide pressures associated with supply chain and component inflationary costs.

As the synergies among our segments increase, we expect our overall margin expansion trajectory to continue. Operating income in the third quarter was a loss of \$4.9 million, compared to a loss of \$1.6 million in 2021's third quarter. Year-to-date, operating income was a loss of \$16.2 million, compared to a loss of \$7 million in the same period in 2021.

Non-cash depreciation and amortization expenses were \$1.8 million in the third quarter of 2022 compared to \$0.3 million in the prior year period. Year-to-date, 2022 non-cash depreciation and amortization expenses were \$5.3 million compared to \$0.6 million in the same period in 2021. iSun reported a net loss of \$4.9 million or \$0.36 per share in the third quarter of 2022 compared to a net loss of \$0.7 million, or \$0.08 per share in the same period in 2021.

Year-to-date 2022 net loss was \$13.5 million or \$0.98 per share, compared to a net loss of \$5.1 million, or \$0.60 per share in the same period in 2021. Adjusted EBITDA for the third quarter of 2022 was a loss of \$2.5 million, or \$0.18 per share compared to a loss of \$1.1 million or \$0.12 per share in the same period in 2021.

Year-to-date 2022 adjusted EBITDA was a loss of \$3.4 million or \$0.24 per share, compared to a loss of \$4.8 million, or \$0.56 per share in the same period in 2021. Total debt decreased to \$8.2 million at September 30, 2022 from \$16.3 million at December 31 2021, representing a decrease of \$8.1 million associated with the repayment of a bridge loan and on-going repayment long-term debt.

As noted in today's press release and our Form 8-K filing, we're very pleased to have finalized a new debt facility of \$25 million in total that closed after the end of the third quarter. This new facility allows us to consolidate our debt and offers us access to working capital for operational execution as needed.

And with that, I'll turn it back over to Jeff.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Thanks, John. I'm really excited about the progress that we've made thus far from 2022. Our year-to-date revenue of \$50.6 million already exceeds our full year 2021 results. Our year-to-date adjusted EBITDA loss of \$3.4 million is a significant improvement over our prior year adjusted EBITDA loss of \$4.8 million. We expect the positive financial improvement to continue with the



deployment of our full platform and execution of our record backlog riding it's opportunities to capture revenue at every stage of a solar project lifecycle.

As proof of our commitment to being a leader in this in solar nationally, we have successfully expanded beyond New England into important energy markets, including the Mid Atlantic. We've won new awards with new and current customers. Our backlog and pipeline are at record levels. And we have assembled a great team to execute on the opportunities we're producing with it's evolving and dynamic energy market.

I'll turn it back over to the operator to open the lines for questions.

Operator

Certainly. [Operator Instructions] Your first question is coming from Jeffrey Campbell from Alliance Global Partners. Your line is live.

Q: Hi, good morning. Jeff, can you talk about the announced awards in Maine and Maryland, how they came about and specifically which iSun's silos they are going to be a part of?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Sure. The Maryland project was an existing customer of ours that we've worked with over the years and helping them build out renewable energy at various facilities that they own. The main projects are a new customer that we've been working with providing some pre-NTP engineering services to and one, I believe it's three separate projects up there 12.1 megawatts and over \$9 million projected revenue. So both good wins, great projects for us. In our industrial division, these are the type of projects that we've done. Many, many, many of these projects over the years, we're confident about our ability to execute and really excited for our progress in both territories.

Q: Okay, great. And just as an aside, since their industrial division projects, but they're smaller scales and some of the other large utility things you're working on, does that increase the probability that they'll be completed sooner than later? Or is that not really matter at this point?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, both of these projects are now inactive. Or I'll call active construction at various stages. So we're working on those daily, we'll see those work through the construction process and be completed. Q1, Q2 of 2023, likely for all of those projects.

Q: Okay. You've noted supply chain constraints. I think key materials in the solar industry and as related to the U.S. China tariffs, this seems like it's been going on forever. So what, if anything, do you see improving on this front, either broadly, or specifically for iSun?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.



Oh, interesting. I think we're taking the internal approach that it's not going to improve. I think we've seen some of the commodity prices come down a little bit better access to materials that we've seen previously. But, you know, I think internally, we're taking the approach that this is sort of the new normal, and we need to operate in this environment. So we're not, I'm not seeing enough improvement. That brings me a whole lot of confidence that things will change from where they are now.

Q: So in this new normal, how do we work around those tariffs? And then are there other sources of supply that you can hit? Do you see more material being developed in North America? Well, what are we working with there?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes certainly we're on the panel side, we're certainly looking at India as a place to source additional panel supply. We had some good relationships there. We certainly, as we look at projects, we assume that the timelines are going to be a little bit longer than we had in the past. There's occasionally delays outside of our control, whether it be utility equipment, or third party equipment that is being purchased. Some of that's outside of our control.

So we're really taking the approach as we start looking at when projected revenues will come in and how things will be modelled. And I think you're seeing this in the Q3 Q4 is that work is taking longer to get to NTP because there's equipment that are purchased by third parties that are taking much longer than they had previously thought. We've had interconnection delays where our initial feedback was 90 weeks. And we all know that can't work. So there had to be a workaround on that.

So those are the sorts of industry challenges and struggles that are going on. And we find ourselves trying to work through these every day and shortening the supply chains where we can and trying to adjust our expectations and the other skilled labor and other things to accommodate the new schedules.

Q: Okay, now, that's very helpful. And you also noted labor constraints, and we've actually seen that in coming up and other sectors as well. I just wondered the do you view that as a wage inflation issue or is there something else going on?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, I think this has been a long time coming with skilled labor in the trades where there's sort of been this chronic shortage. And when you have surges in areas for the specific type of work, it can cause some supply chain, labor supply chain issues. We're working through these, we've been building complex projects with tight schedules for perfect two years.

We have a team in place ready to adapt to the changing schedules and the changing markets. And we're confident we'll get these projects built. We've never not completed a project. So we know we will build these. And we'll work through all of the supply chain challenges, including those associated with skilled labor.



Q: I thought this is interesting. You noted the IRA languages impediment to closing contracts later in the year. Is this mainly affecting the commercial and industrial sectors? Or is it affecting the entire portfolio? And what do you see as the sticking points? And how do you see these being ironed out?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, I see this, we're seeing this mostly in our commercial and industrial division. In prior years, that was this Russia year, and to make sure that you have projects that were not connected, so they qualified for the ITC, because oftentimes, there was a step down coming. And now what we've seen is there's actually been a step up of 4%.

So like any, anyone with active portfolios, really including 1.3 gigawatt portfolio, all of the valuations of those assets have gone up, due to the increase in the, in the tax credits. Many of these were probably modelled upto 22%, with the, with the expected step down coming. And instead, they've stepped up to 30%, which helps offset some of the inflationary pressures, but also, I think slowdown that urgency for that for the year end completion, because that 30% tax credit is also available for the next 10 years. So it's slightly different, slightly different year ends. And we expected that based on all of those items.

Q: Right now, that makes sense. And I think it's probably fair to assume that we're going to see smoother timelines going forward, at least for the next 10 years because of that, but is there? I just want to make sure I understood what you said in your remarks. Is there something specific in the IRA languages approved that was somehow opaque or confusing? And that's having to be worked out now? Or is this just more driven by the fact that people have a little bit more time to, to close their contracts? And these other things that we've been talking about that are pressures on the industry, components and labor, all those sort of things?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes. And I think it has to do with, with the IRA that was it created a 10-year window for 30% tax credits. And I think the rush to complete projects at year-ends do not face that step down and the devalue project, that urgency that we typically would see as, as diminished.

There may be other factors in there. Some of those factors could be some of the inflationary pressures on people. When the time maybe to start moving a project forward in June, to get it completed by year-end, we're at the height of the height of some of the inflationary pressures on commodities, and a delay there just ends up moving a project into 2023.

Q: Okay, and finally, just kind of at a high level, I mean, we've been pretty specific with this stuff. Just what courses do you see continuing to be a challenge for revenue growth? And what do you say improving as you move forward in 2023? And here, I mean, more specifically, Verizon?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.



Yes, we're incredibly confident that our revenue and revenue growth, we have this large backlog, which has been growing just due to some of these delays. We built the systems and have the team in place to execute on the store. We are comfortable and as these projects flow through the final stages of development and get released by the asset owners and developers that will execute on our plan, we'll see really strong revenue growth as we move forward.

Additionally, we're building this pipeline, and we've made strategic investments to ensure that we continue to have high volume of really strong opportunities coming to the company. And so I think as we look out two, three, four years and we had this 1.8 gigawatts of projects with a greater demand for these projects than we expected when the development processes started on these. And I think additionally, not only greater demand, but certainly a higher value of these projects given the IRA on the consistency on the 30% tax credit with a lot of these products these were model that initially we had expected, two, three years in development and stepped down in valuation based on ITC.

So the value of the projects that we'll be working on, it's gone up. The demand is stronger than it's ever been many groups see increasing demand as we move forward. And in addition to that, we already have in our backlog \$179 million of projects. So we're, we're really confident that we're going to see some really good growth but sustained growth for the coming years.

Q: Right. Okay. Thank you. Appreciate it.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Thanks, Jeff.

Operator

Thank you. Your next question is coming from Justin Clare from ROTH Capital. Your line is live.

Q: Yes, hi thanks for taking our questions. I guess just were following up on, good morning. Just wanted to follow up on the utility skill segment here, give us very large 1.8 gigawatt opportunity. It was wondering, you just give us a sense for based on what you know, now when could those projects reach NTP? And I know that it could be a bit difficult to predict. But how many of those projects could potentially be could reach NTP in 2023? And how many megawatts might you be able to cut to complete in that in that segment?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Sure. Let me just add a little bit of color around the 1.8 gigawatts, 1.3 sort of internally being developed, and another 500 megawatts through strategic investments and partners that we have that will be coming through not all of those are utility scale. Many of those are, are within the industrial scale. And we will see, we're already beginning to see projects flow through our development pipeline. I think we mentioned we have three such projects that are coming through. So we were encouraged by that. We anticipate certainly at the industrial scale that, 3, 10 or 15



megawatt size projects. We anticipate several of those moving through the process and achieving NTP next year.

And I think there's the possibility of having one of the larger 80 megawatt projects achieve NTP in 2023. But what, I think you can, as you can tell, by the call and how things have gone based on I think our, our impression that we will return to a more normalized environment that hasn't happened and sort of be incredibly conservative on how we start laying out when projects are going to hit. Because there's, there's, we know, they're coming.

There are so many, so many parts of this that are outside of our control. And we, I don't I don't want to get thrown back to your position where we are overly optimistic about, of the business environment, and the ability for projects to move through as quickly as we believe they will. So I don't know if that helps you a whole lot. But I try to be as transparent as I can. And there's just not as much visibility on the timing of some of these projects as we, as previously been and as we'd like.

So that being said, that being said, they're not all utility scale projects, there are smaller projects, and there's, there's a lot of them that we're working on. And so certainly some of those will flow through and help continue to be projects that we're developing that'll feed our backlog.

Q: Okay, now, that's, that's helpful. I guess just within utility skill segments, just wondering if you could share a little bit more about what is causing the delays there in NTP? Is it? Is it really permitting the interconnection? Is it both? And then are those markets specific? Where you're seeing the most challenges? Or was it really industry wide? Just trying to understand kind of the cause here of?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes we've been pretty narrow in our focus on the utility scale. We're not out in every market. So I can't really talk about whether or not some of these delays are nationwide or not, I mean, oftentimes, these projects take three or more years to develop. So we actually feel like we're moving pretty well through the development process on these but yes, there are various utility studies that need to be done and utility upgrades on various projects different environmental studies and permitting. So as we work through those milestones, we'll continue to update our objective NTPs internally. But at this stage we just don't have a great really good ability to, to nail them the exact NTP on some of these larger projects.

Q: Right, right. Okay. And then I guess just shifting to margins, the gross margin dipped a little bit in Q3, you mentioned material cost increases, just wondering what the outlook is there will material cost increases likely impact Q4? Because you did mention that you expect margins kind of trend upward over time. So how should we think about the outlook there for market?

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Sure, we've seen pretty good ability to update our pricing. We saw we're pretty confident with our pricing. We have a good control over the material costs. And internal efficiencies, we think should



drive and increase gross margins. So we're feeling that the material prices have stabilized at this point.

Q: Okay, got you. Go ahead.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, so I think we've seen material prices stabilize. So we think we'll see an increase, continue to see the increases in gross margins that we've seen in previous quarters.

Q: Right. Okay. And then just on the debt, the debt facility that you have put in place here. For the next tranche, can you help us understand, the conditions that need to be met to kind of issue that next 12 and a half million of debt? And then what the timing of that might be based on what you're seeing?

John Sullivan - Chief Financial Officer, iSun, Inc.

Hey Justin, this is John here, I'll take that one. So regards to the timing of the second tranche. The estimate for that would be Q3 of 2023. There are certain revenue and adjusted EBITDA targets that would need to be met on a quarterly basis in order to release that tranche. That is one that is optional for the company. It's not required that we take it so that is out there for future growth needs at this time.

Q: Okay, great. That's it for me. I'll pass it on.

John Sullivan - Chief Financial Officer, iSun, Inc.

Thanks, Justin.

Operator

Thank you. Your next question is coming from Noel Parks from Tuohy Brothers. Your line is live.

Q: Hi, good morning. Hi, to start couple of things. I just wondered if you could talk a bit more about the competitive environment. You mentioned just the full platform of services that you can offer. And it sounds like that is getting traction. And so I wonder if you could talk some more about how it's helping you differentiate yourself maybe talk about some of your sales engagements, recently, and again, how the approach is playing into those.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, our approach is to work earlier with the asset owners, providing them additional upfront services. And help them with some of the bottlenecks as they're trying to work projects through their development process with our development teams. We think that gives us, it helps us build strong relationships early, it gives us an advantage in securing those projects, whether they are similar source to us, oftentimes after we've been involved in that process. Or if it's in a competitive



bidding environment, we feel like being involved early with the customer, being involved in their team instilling confidence in them and our ability to execute on the current work, in our knowledge that we gather through that process, we think gives us an advantage.

So from a competitive point of view, we haven't seen many changes other than the way we're attacking and executing some of that pre NTP work, I think gives us an advantage in securing those projects. I think that speaks to the size and scale of our backlog. We've been successful and executing that and continuing even this environment to grow that backlog. So we were pretty happy with that approach.

Q: Great. And so then, is it fair to say that at times, you're coming in or becoming engaged with our customer, potential customer, maybe sort of displacing either talks with another vendor that they've got underway, and either they're finding that vendor isn't going to be sufficient for sort of meeting all their envision needs. I just kind of wonder the degree to which you you're kind of can be the adult in a room with some of these situations.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Yes, the entire point is to completely disrupt that conversations with other potential competitors. We want to, we want to come in early. We want to bring confidence to them and build confidence with our customer. We want to show them the value that we can create when they're involved with us early.

And we want to give them great pricing on the back end. So sort of that ease of transaction, these are large, complicated, we are regulated projects with incredibly difficult supply chains and have one company that you can rely on to, to bring you through the process from concept to completion, I think really helps customers in a lot of ways and so being there early, instilling that confidence, and then the customer and then executing that pre NTP work, I think really helps us secure the back-end EPC work.

Q: Okay, great. Thanks a lot.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Thank you.

Operator

Thank you. That concludes our Q&A session. I will now hand the conference back to Jeffrey Peck, Chairman and Chief Executive Officer of iSun for closing remarks. Please go ahead.

Jeffrey Peck - Chief Executive Officer and Chairman, iSun, Inc.

Thank you everybody for joining the call today and we appreciate your time to allow us to share our progress and performance in the investment community. If any questions, please feel free to reach out to us at ir@isunenergy.com. Thank you and have a good day.



Operator

Thank you, ladies and gentlemen. This concludes today's event. You may disconnect at this time and have a wonderful day. Thank you for your participation.