

# Bloc Power Financial Statement Analysis 2021

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## **Intro**

BlocPower Energy Services 3 LLC (the “company”) is a special purpose entity (SPE) 100% owned by BlocPower LLC, a Delaware based company. The company was formed on January 4, 2021 and its main purpose is to provide energy technology for rapidly greening American cities. BlocPower, LLC manufactures renewable energy systems, which it will contribute to the company for the use in leasing to customers. The systems are contributed at cost, which approximate fair value.

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## **Liquidity and Capital Resources**

- According to (BlocPower, May, 2021) the company currently has \$100,000 in cash and cash equivalents (“cash”) as of March 4, 2021.
- Through its parent, the company has indirect access to a \$500,000 line of credit to be used as required, including for construction of projects to be purchased by the company. Should additional liquidity be needed by the company, the parent entity is incentivized to support its investment through further contribution of funds, however it is under no obligation to do so.

## **Financial Milestones & Anticipated Revenues**

- According to (BlocPower, May, 2021) the company has an immediate source of projects available to put funds raised in this debt offering to work.

## **In place**

- On January 10, 2021, two projects already in construction/fully paid for were transferred in, as an in-kind equity investment by BlocPower LLC, with asset value of approximately \$75,000. As of February 15, 2021, an equity injection of \$100,000 in Cash from BlocPower LLC, its parent company, as initial operating capital

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## **Anticipated Revenues**

- According to (BlocPower, May, 2021) at the time of this crowdfunding launch the company has yet to have any revenues but expects to by the end of the first quarter 2021 from the 2 seed projects.
- Anticipated Annual Expenses
- Operations and Maintenance
- For operating leases - the company pays for Operations and Maintenance; this cost is locked in by contract at the time of the project installation, typically handled by the Installer.
- The contract locks in a flat expense plus escalator.

## **Lease Default Reserves**

- Generally, BlocPower forecasts low default risk Bloc Power Financial Statement 2021 Analysis
- Building customers are vetted for historical payment performance
- Low lease monthly lease payments seek to provide net lower energy costs to a building putting them in a better financial position to pay
- Building owners generally prioritize payment of utility-related bills due to the importance of these services

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## **Liquidity and Capital Resources**

- According to (BlocPower, May, 2021) the company, it currently has \$100,000 in cash and cash equivalents (“cash”) as of March 4, 2021. This is an initial equity contribution from its parent. This cash is available to fund projects alongside the debt raised in this offering, manage any timing mismatch of cash flows from customer leases vs. debt service payments, maintain reserves, among other uses.

## **Company Risks**

- Customer Repayment Risk- According to (BlocPower, May, 2021) there is a risk that the customers fail to make payments to the company and default under the leases.

## **Project Delay Risk**

- The company could experience unforeseen contractor/supplier issues such as lack of resources, delay in materials from manufacturers, inability to access building properties, especially as a result of the COVID-19 pandemic.

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## Reference

1) BlocPower ES3LLC.pdf, May, 2021,  
<https://www.sec.gov/Archives/edgar/data/1848743/000174758421000006/BlocPowerES3LLC.pdf>