
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2023

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 001-41617

Nextacker Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-5047383

(I.R.S. Employer
Identification No.)

6200 Paseo Padre Parkway, Fremont, California 94555

(Address, including zip code of registrant's principal executive offices)

(510) 270-2500

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	NXT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's Class A common stock outstanding as of January 31, 2024 was 136,542,423.

PART I. FINANCIAL INFORMATION

	Page
Item 1. Financial Statements:	
Nextracker Inc.	
Unaudited Condensed Consolidated Balance Sheets as of December 31, 2023 and March 31, 2023	2
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income for the three-month and nine-month periods ended December 31, 2023 and December 31, 2022	3
Unaudited Condensed Consolidated Statements of Redeemable Interest and Stockholders' Deficit / Parent Company Equity (Deficit) for the three-month and nine-month periods ended December 31, 2023 and December 31, 2022	4
Unaudited Condensed Consolidated Statements of Cash Flows for the nine-month periods ended December 31, 2023 and December 31, 2022	7
Notes to the Unaudited Condensed Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3. Quantitative and Qualitative Disclosures About Market Risk	37
Item 4. Controls and Procedures	38
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	39
Item 1A. Risk Factors	39
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	81
Item 3. Defaults Upon Senior Securities	82
Item 4. Mine Safety Disclosures	82
Item 5. Other Information	82
Item 6. Exhibits	83
Signatures	84

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Nextracker Inc.
Unaudited condensed consolidated balance sheets
(in thousands, except share and per share amounts)

	As of December 31, 2023	As of March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 367,818	\$ 130,008
Accounts receivable, net of allowance of \$1,884 and \$1,768, respectively	365,271	271,159
Contract assets	351,545	297,960
Inventories	202,662	138,057
Other current assets	131,664	35,081
Total current assets	1,418,960	872,265
Property and equipment, net	8,369	7,255
Goodwill	265,153	265,153
Other intangible assets, net	1,633	1,321
Deferred tax assets and other assets	401,010	273,686
Total assets	\$ 2,095,125	\$ 1,419,680
LIABILITIES, REDEEMABLE INTERESTS AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 374,919	\$ 211,355
Accrued expenses	70,178	59,770
Deferred revenue	180,021	176,473
Due to related parties	58,292	12,239
Other current liabilities	76,027	47,589
Total current liabilities	759,437	507,426
Long-term debt	144,762	147,147
TRA liability and other liabilities	439,396	280,246
Total liabilities	1,343,595	934,819
Commitments and contingencies (Note 9)		
Redeemable non-controlling interest	3,868,543	3,560,628
Stockholders' deficit:		
Class A common stock, \$0.0001 par value, 900,000,000 shares authorized, 62,109,804 shares and 45,886,065 shares issued and outstanding, respectively	6	5
Class B common stock, \$0.0001 par value, 500,000,000 shares authorized, 82,572,960 shares and 98,204,522 shares issued and outstanding, respectively	8	10
Accumulated deficit	(3,271,953)	(3,075,782)
Additional paid-in-capital	154,926	—
Total stockholders' deficit	(3,117,013)	(3,075,767)
Total liabilities, redeemable interests, and stockholders' deficit	\$ 2,095,125	\$ 1,419,680

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nexttracker Inc.
Unaudited condensed consolidated statements of operations and comprehensive income
(In thousands, except share and per share amounts)

	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Revenue	\$ 710,426	\$ 513,370	\$ 1,763,326	\$ 1,383,742
Cost of sales	500,701	431,111	1,290,747	1,187,081
Gross profit	209,725	82,259	472,579	196,661
Selling, general and administrative expenses	48,356	18,613	126,865	55,475
Research and development	12,897	4,984	29,270	13,283
Operating income	148,472	58,662	316,444	127,903
Interest and other income, net	(18,307)	(2,366)	(8,489)	(1,118)
Income before income taxes	166,779	61,028	324,933	129,021
Provision for income taxes	38,818	18,442	51,918	35,218
Net income and comprehensive income	127,961	42,586	273,015	93,803
Less: Net income attributable to Nexttracker LLC prior to the reorganization transactions	—	42,586	—	93,803
Less: Net income attributable to redeemable non-controlling interests	86,565	—	171,937	—
Net income attributable to Nexttracker Inc.	\$ 41,396	\$ —	\$ 101,078	\$ —
Earnings per share attributable to the stockholders of Nexttracker Inc. (1)				
Basic	\$ 0.67	N/A	\$ 1.78	N/A
Diluted	\$ 0.87	N/A	\$ 1.86	N/A
Weighted-average shares used in computing per share amounts:				
Basic	62,108,835	N/A	56,789,399	N/A
Diluted	147,344,370	N/A	147,160,053	N/A

(1) Basic and diluted earnings per share is applicable only for the period following the initial public offering (“IPO”) and the related Transactions. See Note 5 for a description of the Transactions.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nextracker Inc.

Unaudited condensed consolidated statements of redeemable interest and stockholders' deficit / parent company equity (deficit)
(in thousands, except share amounts)

Three Months Ended December 31, 2023	Redeemable preferred units	Redeemable non- controlling interests	Accumulated net parent investment	Class A common stock		Class B common stock		Additional paid-in- capital	Accumulated deficit	Total stockholders' deficit
				Shares outstanding	Amounts	Shares outstanding	Amounts			
BALANCE AT SEPTEMBER 29, 2023	\$—	\$3,316,130	\$—	62,096,475	\$6	82,572,960	\$8	\$672,102	\$(3,313,137)	\$(2,641,021)
Net income	—	86,565	—	—	—	—	—	—	41,396	41,396
Stock-based compensation expense and other	—	—	—	—	—	—	—	13,037	(212)	12,825
Vesting of Nextracker Inc. RSU awards	—	—	—	13,329	—	—	—	—	—	—
Tax distribution	—	(64,365)	—	—	—	—	—	—	—	—
Redemption value adjustment	—	530,213	—	—	—	—	—	(530,213)	—	(530,213)
BALANCE AT DECEMBER 31, 2023	\$—	\$3,868,543	\$—	62,109,804	\$6	82,572,960	\$8	\$154,926	\$(3,271,953)	\$(3,117,013)

Three Months Ended December 31, 2022	Redeemable preferred units	Redeemable non- controlling interests	Accumulated net parent investment	Class A common stock		Class B common stock		Additional paid-in- capital	Accumulated deficit	Total stockholders' deficit
				Shares outstanding	Amounts	Shares outstanding	Amounts			
BALANCE AT SEPTEMBER 30, 2022	\$516,668	\$—	\$86,400	—	\$—	—	\$—	\$—	\$—	\$—
Net income prior to reorganization transactions	—	—	42,586	—	—	—	—	—	—	—
Stock-based compensation expense prior to reorganization	—	—	940	—	—	—	—	—	—	—
Paid-in-kind dividend for Series A redeemable preferred units	6,250	—	(6,250)	—	—	—	—	—	—	—
Net transfer to Parent	—	—	(27,418)	—	—	—	—	—	—	—
BALANCE AT DECEMBER 31, 2022	\$522,918	\$—	\$96,258	—	\$—	—	\$—	\$—	\$—	\$—

Nine Months Ended December 31, 2023	Redeemable preferred units	Redeemable non-controlling interests	Accumulated net parent investment (deficit)	Class A common stock		Class B common stock		Additional paid-in-capital	Accumulated deficit	Total stockholders' deficit
				Shares outstanding	Amounts	Shares outstanding	Amounts			
BALANCE AT MARCH 31, 2023	\$—	\$3,560,628	\$—	45,886,065	\$5	98,204,522	\$10	\$—	\$(3,075,782)	\$(3,075,767)
Net income	—	171,937	—	—	—	—	—	—	101,078	101,078
Stock-based compensation expense and other	—	—	—	—	—	—	—	39,894	(212)	39,682
Vesting of Nextracker Inc. RSU awards	—	—	—	592,177	—	—	—	—	—	—
Issuance of Class A common stock sold in follow-on offering	—	—	—	15,631,562	1	—	—	552,008	—	552,009
Use of Follow-on proceeds as consideration for Yuma's transfer of LLC common units	—	—	—	—	—	(15,631,562)	(2)	(552,007)	—	(552,009)
Value adjustment of tax receivable agreement	—	—	—	—	—	—	—	18,337	—	18,337
Reclassification of redeemable non-controlling interest	—	(622,292)	—	—	—	—	—	622,292	—	622,292
Tax distribution	—	(64,365)	—	—	—	—	—	—	—	—
Redemption value adjustment	—	822,635	—	—	—	—	—	(525,598)	(297,037)	(822,635)
BALANCE AT DECEMBER 31, 2023	\$—	\$3,868,543	\$—	62,109,804	\$6	82,572,960	\$8	\$154,926	\$(3,271,953)	\$(3,117,013)

Nine Months Ended December 31, 2022	Redeemable preferred units	Redeemable non-controlling interests	Accumulated net parent investment (deficit)	Class A common stock		Class B common stock		Additional paid-in-capital	Accumulated deficit	Total stockholders' deficit
				Shares outstanding	Amounts	Shares outstanding	Amounts			
BALANCE AT MARCH 31, 2022	\$504,168	\$—	\$(3,035)	—	\$—	—	\$—	\$—	\$—	\$—
Net income prior to reorganization transactions	—	—	93,803	—	—	—	—	—	—	—
Stock-based compensation expense prior to reorganization	—	—	2,790	—	—	—	—	—	—	—
Paid-in-kind dividend for Series A redeemable preferred units	18,750	—	(18,750)	—	—	—	—	—	—	—
Net transfer to Parent	—	—	21,450	—	—	—	—	—	—	—
BALANCE AT DECEMBER 31, 2022	\$522,918	\$—	\$96,258	—	\$—	—	\$—	\$—	\$—	\$—

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nexttracker Inc.
Unaudited condensed consolidated statements of cash flows
(in thousands)

(In thousands)	Nine-month periods ended	
	December 31, 2023	December 31, 2022
Cash flows from operating activities:		
Net income	\$ 273,015	\$ 93,803
Depreciation and amortization	3,138	3,594
Changes in working capital and other, net	41,328	(25,015)
Net cash provided by operating activities	317,481	72,382
Cash flows from investing activities:		
Purchases of property and equipment	(3,850)	(2,653)
Proceeds from the disposition of property and equipment	—	24
Net cash used in investing activities	(3,850)	(2,629)
Cash flows from financing activities:		
Repayments of bank borrowings and long-term debt	(2,813)	—
Net proceeds from issuance of Class A shares	552,009	—
Purchase of LLC common units from Yuma, Inc.	(552,009)	—
Distribution to non-controlling interest holders	(64,365)	—
Net transfers (to) from Parent	(8,335)	1,258
Other financing activities	(308)	—
Net cash provided by (used in) financing activities	(75,821)	1,258
Effect of exchange rate on cash and cash equivalents	—	—
Net increase in cash and cash equivalents	237,810	71,011
Cash and cash equivalents beginning of period	130,008	29,070
Cash and cash equivalents end of period	\$ 367,818	\$ 100,081
Non-cash investing activity:		
Unpaid purchases of property and equipment	\$ 1,480	\$ 422
Unpaid purchases of intangibles	500	—
Non-cash financing activity:		
TRA revaluation	\$ 18,337	\$ —
Reclassification of redeemable non-controlling interest	\$ 622,292	\$ —
Capitalized offering costs	\$ —	\$ 2,534
Legal settlement paid by Parent	\$ —	\$ 20,428

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

1. Organization of Nextracker

Nextracker Inc. and its subsidiaries (“Nextracker”, “we”, the “Company”) is a leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and distributed generation solar projects around the world. Nextracker’s products enable solar panels in utility-scale power plants to follow the sun’s movement across the sky and optimize plant performance. Nextracker has operations in the United States, Brazil, Mexico, Spain and other countries in Europe, India, Australia, the Middle East, and Africa.

Prior to the completion of the Transactions, as described in Note 5 and the Initial Public Offering as described below, we operated as part of Flex Ltd. (“Flex” or “Parent”) and not as a standalone entity. On December 19, 2022, Nextracker Inc. was formed as a Delaware corporation which is a 100%-owned subsidiary of Yuma, Inc. (“Yuma”), a Delaware corporation and indirect wholly-owned subsidiary of Flex Ltd. Nextracker Inc. was formed for the purpose of completing the initial public offering of its Class A common stock (the “IPO”) and other related Transactions, in order to carry on the business of Nextracker LLC.

The Initial Public Offering, the follow-on offering and the planned separation

On February 8, 2023, the Company’s registration statement on Form S-1 relating to its IPO was declared effective by the Securities and Exchange Commission (“SEC”) and the shares of its Class A common stock began trading on the Nasdaq Global Select Market on February 9, 2023. The IPO closed on February 13, 2023, pursuant to which the Company issued and sold 30,590,000 shares of its Class A common stock at a public offering price of \$24.00 per share, giving effect to the exercise in full of the underwriters’ option to purchase additional shares. The Company received net proceeds of \$693.8 million, after deducting \$40.4 million in underwriting discounts. The Company used all of the net proceeds from the IPO to purchase its member’s interest in Nextracker LLC from Yuma (see Note 5).

On July 3, 2023 the Company completed a follow-on offering of Class A common stock and issued 15,631,562 shares of Class A common stock and received net proceeds of \$552.0 million. The price per share received was at a discount to the closing price of the Company’s stock as of June 30, 2023. The entire net proceeds were used by Nextracker to acquire 14,025,000 Nextracker LLC common units from Yuma, and 1,606,562 Nextracker LLC common units from TPG Rise Flash, L.P. (“TPG Rise”), an affiliate of TPG Inc. (“TPG”). Simultaneously, 14,025,000 and 1,606,562 shares of Class B shares were surrendered by Flex and TPG, respectively, and cancelled. A proportionate share of redeemable non-controlling interest was reclassified to permanent equity as a result. The Company held a member’s interest of approximately 43% of Nextracker LLC as of December 31, 2023.

On October 25, 2023, pursuant to the terms of that certain Agreement and Plan of Merger, dated as of February 7, 2023 (the “Merger Agreement”), by and among Flex, Nextracker, Yuma, and Yuma Acquisition Corp., a wholly-owned subsidiary of Nextracker (“Merger Sub”), Flex delivered to Nextracker the Merger Notice (as defined in the Merger Agreement) exercising Flex’s right to effect the transactions contemplated by the Merger Agreement. Concurrently, the Company filed a Registration Statement on Form S-4, including in a final prospectus filed with the SEC on October 27, 2023.

On January 2, 2024, Flex closed the spin-off of all of its remaining interests in Nextracker to Flex shareholders (See Note 12).

2. Summary of accounting policies

Variable interest entities (“VIE”) and consolidation

Subsequent to the IPO, the Company’s sole material asset is its member’s interest in Nextracker LLC. In accordance with the Nextracker LLC Operating Agreement, the Company was named the managing member of Nextracker LLC. As a result, the Company has all management powers over the business and affairs of Nextracker LLC and to conduct, direct and exercise full control over the activities of Nextracker LLC. Class A common stock issued in the

[Table of Contents](#)

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

IPO does not hold majority voting rights but hold 100% of the economic interest in the Company, which results in Nextracker LLC being considered a VIE. Due to the Company's power to control the activities most directly affecting the results of Nextracker LLC, the Company is considered the primary beneficiary of the VIE. Accordingly, beginning with the IPO, the Company consolidates the financial results of Nextracker LLC and its subsidiaries. Member's interest in Nextracker LLC held by Yuma, Yuma Subsidiary, Inc., a Delaware corporation and wholly-owned subsidiary of Yuma ("Yuma Sub"), TPG Rise and the following affiliates of TPG: TPG Rise Climate Flash CI BDH, L.P., TPG Rise Climate BDH, L.P. and The Rise Fund II BDH, L.P. (collectively, the "TPG Affiliates") are presented on the condensed consolidated balance sheets as temporary equity under the caption "Redeemable non-controlling interests."

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC for reporting interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements, and should be read in conjunction with the Company's audited consolidated financial statements as of and for the fiscal year ended March 31, 2023, contained in the Company's Annual Report on Form 10-K (the "Form 10-K"). In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary to present the Company's financial statements fairly have been included. Operating results for the three and nine-month periods ended December 31, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2024 or any future period. All intracompany transactions and accounts within Nextracker have been eliminated.

Prior to the Transactions (as described in Note 5), Nextracker did not operate as a separate entity and stand-alone separate historical financial statements for Nextracker were not prepared. Accordingly, the unaudited condensed consolidated financial statements for the three and nine-month periods ended December 31, 2022 were derived from Flex's historical accounting records and were presented on a carve-out basis and include allocations of certain costs from Flex incurred on Nextracker's behalf. Such costs may not have represented the amounts that would have been incurred had Nextracker operated autonomously or independently from Flex during the period preceding the IPO.

The condensed consolidated balance sheet as of March 31, 2023 was derived from the Company's audited consolidated financial statements included in the Form 10-K.

The first quarters for fiscal years 2024 and 2023 ended on June 30, 2023 (91 days), and July 1, 2022 (92 days), respectively. The second quarters for fiscal 2024 and 2023 ended on September 29, 2023 (91 days), and September 30, 2022 (91 days), respectively. The third quarters for fiscal years 2024 and 2023 ended on December 31 of each year, which are comprised of 92 days and 93 days, respectively.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Estimates are used in accounting for, among other things, impairment of goodwill, impairment of long-lived assets, allowance for doubtful accounts, reserve for excess or obsolete inventories, valuation of deferred tax assets, warranty reserves, contingencies, operation accruals, and fair values of awards granted under stock-based compensation plans. Due to the long-term economic effect of the COVID-19 pandemic and geopolitical conflicts (including the Russian invasion of Ukraine), there has been and will continue to be uncertainty and disruption in the global economy and financial markets. The Company has made estimates and assumptions taking into consideration certain possible impacts due to the COVID-19 pandemic, the Russian invasion of Ukraine and the Israel-Hamas conflict. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from previously estimated amounts, and such differences may be material to the condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the condensed consolidated financial statements.

Product warranty

Nextracker offers an assurance type warranty for its products against defects in design, materials and workmanship for a period ranging from five to ten years, depending on the component. For these assurance type warranties, a provision for estimated future costs related to warranty expense is recorded when they are probable and reasonably estimable, which is typically when products are delivered. The estimated warranty liability is based on our warranty model which relies on historical warranty claim information and assumptions based on the nature, frequency and average cost of claims for each product line by project. When little or no experience exists, the estimate is based on comparable product lines and/or estimated potential failure rates. These estimates are based on data from Nextracker specific projects. Estimates related to the outstanding warranty liability are re-evaluated on an ongoing basis using best-available information and revisions are made as necessary.

The following table summarizes the activity related to the estimated accrued warranty reserve for the nine-month periods ended December 31, 2023 and December 31, 2022:

<i>(In thousands)</i>	Nine-month periods ended	
	December 31, 2023	December 31, 2022
Beginning balance	\$ 22,591	\$ 10,485
Provision (release) for warranties issued	(4,130)	9,974
Payments	(1,253)	(563)
Ending balance	\$ 17,208	\$ 19,896

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Nextracker's inventory primarily consists of finished goods to be used and to be sold to customers, including components procured to complete the tracker system projects.

Nexttracker Inc.

Notes to the unaudited condensed consolidated financial statements

Other current assets

Other current assets include short-term deposits and advances of \$106.4 million and \$29.3 million as of December 31, 2023 and March 31, 2023, respectively, primarily related to advance payments to certain vendors for procurement of inventory. In connection with the follow-on exchange a deferred tax asset has been booked reflecting Nexttracker's incremental outside basis difference in Nexttracker LLC partnership of \$155.4 million.

Deferred tax assets and other assets

Deferred tax assets and other assets includes the deferred tax assets of \$384.5 million and \$257.1 million as of December 31, 2023 and March 31, 2023, respectively, primarily related to the Company's investment in Nexttracker LLC.

Accrued expenses

Accrued expenses include accruals primarily for freight and tariffs of \$40.7 million and \$44.6 million as of December 31, 2023 and March 31, 2023, respectively. In addition, it includes \$29.4 million and \$15.2 million of accrued payroll as of December 31, 2023 and March 31, 2023, respectively.

TRA liability and other liabilities

Tax Receivable Agreement ("TRA") liability and other liabilities primarily include the liability of \$358.0 million and \$230.3 million as of December 31, 2023 and March 31, 2023, respectively, related to the expected amount to be paid to Yuma, Yuma Sub, TPG and the TPG Affiliates pursuant to the TRA. Additionally, the balance includes the long-term portion of standard product warranty liabilities of \$9.0 million and \$11.8 million, respectively, and the long-term portion of deferred revenue of \$68.8 million and \$35.8 million as of December 31, 2023 and March 31, 2023, respectively.

Redeemable non-controlling interests

The balance of the redeemable non-controlling interests is reported at the greater of the initial carrying amount adjusted for the redeemable non-controlling interest's share of earnings or losses and other comprehensive income or loss, or its estimated maximum redemption amount. The resulting changes in the estimated maximum redemption amount (increases or decreases) are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in-capital. These interests are presented on the condensed consolidated balance sheets as temporary equity under the caption "Redeemable non-controlling interests."

The following table present a reconciliation of the change in redeemable non-controlling interests for the period presented:

<i>(in thousands)</i>	Nine-month period ended December 31, 2023	
Balance at beginning of period	\$	3,560,628
Net income attributable to redeemable non-controlling interests		171,937
Reclassification of redeemable non-controlling interest		(622,292)
Tax distribution		(64,365)
Redemption value adjustments		822,635
Balance at end of period	\$	3,868,543

As a result of the follow-on transaction that occurred on July 3, 2023 and that drove a repurchase of redeemable non-controlling interest, as further described in Note 5, the Company reclassified a proportionate share of

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

redeemable non-controlling interest to additional paid-in capital during the quarter ended September 29, 2023. As of December 31, 2023, the Company readjusted redeemable non-controlling interest to its new maximum redemption value which exceeded carrying value. Additionally, during the three- and nine-month periods ended December 31, 2023, the Company made tax distributions to its non-controlling interest holders as further described in Note 5.

3. Revenue

Based on ASC 606 provisions, the Company disaggregates its revenue from contracts with customers by those sales recorded over time and sales recorded at a point in time. The following table presents Nextracker's revenue disaggregated based on timing of transfer—point in time and over time for the three- and nine-month periods ended December 31, 2023 and December 31, 2022:

<i>(In thousands)</i>	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Timing of Transfer				
Point in time	\$ 6,042	\$ 7,618	\$ 32,946	\$ 40,771
Over time	704,384	505,752	1,730,380	1,342,971
Total revenue	\$ 710,426	\$ 513,370	\$ 1,763,326	\$ 1,383,742

Contract balances

The timing of revenue recognition, billings and cash collections results in contract assets and contract liabilities (deferred revenue) on the condensed consolidated balance sheets. Nextracker's contract amounts are billed as work progresses in accordance with agreed-upon contractual terms, which generally coincide with the shipment of one or more phases of the project. When billing occurs subsequent to revenue recognition, a contract asset results. Contract assets of \$351.5 million and \$298.0 million as of December 31, 2023 and March 31, 2023, respectively, are presented in the condensed consolidated balance sheets, of which \$147.6 million and \$116.3 million, respectively, will be invoiced at the end of the projects as they represent funds withheld until the products are installed by a third party, arranged by the customer, and the project is declared operational. The remaining unbilled receivables will be invoiced throughout the project based on a set billing schedule such as milestones reached or completed tracker rows delivered. Contract assets increased \$53.6 million from March 31, 2023 to December 31, 2023 due to fluctuations in the timing and volume of billings for the Company's revenue recognized over time.

During the nine-month periods ended December 31, 2023 and December 31, 2022, Nextracker converted \$141.8 million and \$73.1 million of deferred revenue to revenue, respectively, which represented 67% and 68%, respectively, of the beginning period balance of deferred revenue.

Remaining performance obligations

As of December 31, 2023, Nextracker had \$248.9 million of the transaction price allocated to the remaining performance obligations. The Company expects to recognize revenue on approximately 72% of these performance obligations in the next 12 months. The remaining long-term unperformed obligations primarily relate to extended warranty and deposits collected in advance on certain tracker projects.

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

4. Goodwill and intangible assets**Goodwill**

Goodwill relates to the 2015 acquisition of Nextracker LLC and the 2016 acquisition of BrightBox by Flex on behalf of Nextracker LLC. As of December 31, 2023 and March 31, 2023, goodwill totaled \$265.2 million, respectively and is not deductible for tax purposes.

Other intangible assets

The components of identifiable intangible assets are as follows:

	As of December 31, 2023			As of March 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
<i>(In thousands)</i>						
Trade name and other intangibles	\$ 3,000	\$ (1,367)	\$ 1,633	\$ 2,500	\$ (1,179)	\$ 1,321
Total	\$ 3,000	\$ (1,367)	\$ 1,633	\$ 2,500	\$ (1,179)	\$ 1,321

Total intangible asset amortization expense recognized in operations was immaterial for the periods presented.

5. The Transactions

The Company and Nextracker LLC completed the following reorganization and other transactions in connection with the IPO (collectively, referred to as the "Transactions"):

- Immediately prior to the completion of the IPO, Nextracker Inc. issued 128,794,522 shares of its Class B common stock to Yuma, Yuma Sub, and TPG Rise in exchange for cash consideration, which number of shares was equal to the number of common units of Nextracker LLC held directly or indirectly by Yuma, Yuma Sub and TPG Rise (not inclusive of those held by affiliated blocker corporations – see below) immediately following the Transactions and before giving effect to the IPO.
- Immediately prior to the completion of the IPO and as permitted under and in accordance with the limited liability company agreement of Nextracker LLC in effect prior to the IPO (the "Prior LLC Agreement"), TPG Rise exercised its right to have certain blocker corporations affiliated with TPG Rise each merge with a separate direct, wholly-owned subsidiary of Nextracker Inc., with the blocker corporations surviving each such merger, in a transaction intended to qualify as a tax-free transaction. In connection with such blocker corporations' mergers, the investors in each such blocker corporation received a number of shares of Nextracker Inc.'s Class A common stock with a value based on the Series A Preferred Units held by such blocker corporation for a total of 15,279,190 shares of Nextracker Inc.'s Class A common stock.
- Immediately prior to the closing of the IPO, Nextracker LLC made a distribution in an aggregate amount of \$175.0 million (the "Nextracker LLC Distribution"). With respect to such Nextracker LLC Distribution, \$21.7 million was distributed to TPG Rise and \$153.3 million to Yuma and Yuma Sub in accordance with their pro rata units of Nextracker LLC. The Nextracker LLC Distribution was financed, in part, with net proceeds from the \$150.0 million term loan under the senior credit facility with a syndicate of banks (the "2023 Credit Agreement").
- Nextracker Inc. used all the net proceeds from the IPO (\$693.8 million) as consideration for Yuma's transfer to Nextracker Inc. of 30,590,000 Nextracker LLC common units at a price per unit equal to \$22.68.

[Table of Contents](#)

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

- In connection with Yuma's transfer to Nextracker Inc. of 30,590,000 Nextracker LLC common units, a corresponding number of shares of Nextracker Inc.'s Class B common stock held by Yuma were canceled.
- In connection with the IPO, Nextracker Inc. repurchased all 100 shares of common stock previously issued to Yuma for an immaterial amount.

On February 8, 2023, the Company amended and restated its certificate of incorporation to, among other things, authorize 900,000,000 shares of \$0.0001 par value Class A common stock, 500,000,000 shares of \$0.0001 par value Class B common stock, and 50,000,000 shares of par value \$0.0001 preferred stock.

On February 13, 2023, the members of Nextracker LLC entered into the Third Amended and Restated Limited Liability Company Agreement of Nextracker LLC to, among other things, effect the Transactions described above and to appoint Nextracker Inc. as the managing member of Nextracker LLC. Nextracker Inc. beneficially owns 62,109,804 Nextracker LLC common units after the completion of the IPO, the Transactions and the follow-on offering described below, and as of December 31, 2023.

The 2023 follow-on offering

On July 3, 2023, Nextracker Inc. completed an underwritten offering of 18,150,000 shares of Class A common stock, of which 15,631,562 shares were offered and sold by the Company and 2,518,438 shares were offered and sold by certain of the Company's stockholders for approximately \$662.5 million in total gross proceeds, including the full exercise of the underwriters' option to purchase additional shares of Class A common stock. The Company received net proceeds of \$552.0 million. The entire net proceeds from the sale of shares by Nextracker were used by Nextracker to acquire 14,025,000 Nextracker LLC common units from Yuma, and 1,606,562 Nextracker LLC common units from TPG Rise. Simultaneously, 14,025,000 and 1,606,562 shares of Class B shares were surrendered by Flex and TPG, respectively, and cancelled.

As a result of this follow-on offering (referred to as the "Follow-on"), as of the closing date on July 3, 2023:

- Approximately \$1.8 million of offering costs were paid by Flex.
- Immediately following the completion of the Follow-on, Flex (through Yuma and Yuma Sub), owned 74,432,619 shares of Class B common stock, representing approximately 51.45% of the total outstanding shares of the Company's outstanding common stock.
- Additionally, TPG owned 8,140,341 shares of Class B common stock representing approximately 5.63% of the total outstanding shares of the Company's outstanding common stock.
- Nextracker Inc. beneficially owned 62,053,870 LLC units, representing approximately 42.91% of the total units of Nextracker LLC.

Exchange Agreement

The Company, Nextracker LLC, Yuma, Yuma Sub and TPG entered into an exchange agreement (the "Exchange Agreement") under which Yuma, Yuma Sub and TPG (or certain permitted transferees thereof) have the right, subject to the terms of the Exchange Agreement, to require Nextracker LLC to exchange Nextracker LLC common units (together with a corresponding number of shares of Class B common stock) for newly-issued shares of Class A common stock of Nextracker Inc. on a one-to-one basis, or, in the alternative, Nextracker Inc. may elect to exchange such Nextracker LLC common units (together with a corresponding number of shares of Nextracker Inc. Class B common stock) for cash equal to the product of (i) the number of Nextracker LLC common units (together with a corresponding number of shares of Class B common stock) being exchanged, (ii) the then-applicable exchange rate under the Exchange Agreement (which will initially be one and is subject to adjustment) and (iii) the Class A common stock value (based on the market price of our Class A common stock), subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and other similar transactions; provided further, that in the event of an exchange request by an exchanging holder, Nextracker Inc. may at its

option effect a direct exchange of shares of Class A common stock for Nextracker LLC common units and shares of Class B common stock in lieu of such exchange or make a cash payment to such exchanging holder, in each case pursuant to the same economic terms applicable to an exchange between the exchanging holder and Nextracker LLC. As Nextracker LLC interests are redeemable upon the occurrence of an event not solely within the control of the Company, such interests are presented in temporary equity on the condensed consolidated balance sheets.

Flex's Separation Transactions

On October 25, 2023, Flex announced its plan to effect a spin-off of all of its remaining interests in Nextracker pursuant to the Merger Agreement to be effected through the following transactions (together, the "Spin Transactions"): (i) a court-approved capital reduction of Flex to be carried out pursuant to Section 78G of the Singapore Companies Act (the "Capital Reduction"), (ii) a distribution of all the shares of the common stock, par value \$0.001, of Yuma (the "Yuma Common Stock"), which is a wholly-owned subsidiary of Flex that, directly or indirectly, held all of Flex's remaining interest in Nextracker, by way of a distribution in specie to Flex shareholders (the "Spin Distribution"), (iii) the merger of Yuma with and into Merger Sub, with Yuma surviving the merger as a wholly-owned subsidiary of Nextracker (the "Merger") and pursuant to which each share of Yuma Common Stock outstanding immediately prior to the Merger would automatically convert into the right to receive a number of shares of our Class A common stock based on the Exchange Ratio (as defined in the Merger Agreement) (with cash payments to holders of shares of Yuma Common Stock in lieu of any fractional shares of our Class A common stock in accordance with the terms of the Merger Agreement), and (iv) the merger of Yuma with and into a wholly-owned limited liability company subsidiary of Nextracker, with such limited liability company surviving the merger as a wholly-owned subsidiary of Nextracker, undertaken shortly following the completion of the Merger.

Flex and Nextracker closed the Spin Transactions on January 2, 2024 (See Note 12).

Tax distribution

During the nine-month period ending December 31, 2023, and pursuant to the LLC Agreement, Nextracker LLC declared and paid tax distributions to its non-controlling interest holders (Yuma, Yuma Sub and TPG) for a total of approximately \$64.4 million.

6. Stock-based compensation

The Company adopted the First Amended and Restated 2022 Nextracker LLC Equity Incentive Plan in April 2022 (the "LLC Plan"), which provides for the issuance of options, unit appreciation rights, performance units, performance incentive units, restricted incentive units and other unit-based awards to employees, directors, and consultants of the Company. Additionally, in connection with the IPO in February 2023, the Company approved the Second Amended and Restated 2022 Nextracker Inc. Equity Incentive Plan (the "NI Plan," and collectively with the LLC Plan, the "2022 Plan") to reflect, among other things, that the underlying equity interests with respect to awards issued under the LLC Plan shall, in lieu of common units of Nextracker LLC, relate to Class A common stock of Nextracker for periods from and after the closing of the IPO.

In addition to the 2022 Plan, certain executives, officers and employees of the Company also participate in the Flex 2017 equity incentive plan (the "Flex 2017 Plan"), and as such, stock-based compensation expense for the period presented also include expense recognized under the Flex 2017 Plan.

The following table summarizes the Company's stock-based compensation expense under the 2022 Plan and the Flex 2017 Plan:

<i>(In thousands)</i>	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cost of sales	\$ 2,497	\$ 350	\$ 7,668	\$ 1,105
Selling, general and administrative expenses	5,163	590	26,849	1,685
Research and development	5,377	—	5,377	—
Total stock-based compensation expense	\$ 13,037	\$ 940	\$ 39,894	\$ 2,790

Stock-based compensation expense includes an allocation of Flex's corporate and shared functional employee expense of immaterial amounts for the three- and nine-month periods ended December 31, 2023 and December 31, 2022. These charges were recorded within selling, general and administrative expenses.

The 2022 Nextracker equity incentive plan

During the nine-month period ended December 31, 2023, the Company granted 1.2 million time-based unvested restricted share units ("RSU") awards to certain of its employees under the 2022 Plan. The vesting for these unvested RSU awards is contingent upon time-based vesting with continued service over a three-year period from the grant date, with a portion of the awards vesting at the end of each year. The weighted average fair value per share of the RSUs granted during the period was estimated to be \$40.04 per award.

In addition, the Company also granted 0.4 million performance-based vesting ("PSU") awards whereby vesting is generally contingent upon (i) time-based vesting with continued service through March 31, 2026, and (ii) the achievement of certain metrics specific to the Company, which could result in a range of 0 - 300% of such PSUs ultimately vesting. The weighted average fair value per share of the PSUs granted during the period was estimated to be \$54.53 per award. The fair value of these PSU awards granted during the nine-month period ended December 31, 2023 was determined using Monte-Carlo simulation models which is a probabilistic approach for calculating the fair value of the awards.

Further, the Company granted 0.5 million option awards that will cliff-vest on the third anniversary of the grant date, subject generally to continuous service through such vesting date. The exercise price for the shares underlying such option is equal to \$40.47 per award, which corresponds to the Company's closing price per share as of the grant date of the awards. The fair value of these option awards granted during the nine-month period ended December 31, 2023 was estimated using a Black-Scholes option pricing model.

Additionally, during the nine-month period ended December 31, 2023, an immaterial number of awards were forfeited due to employee terminations.

The total unrecognized compensation expense related to unvested awards under the 2022 Nextracker Plan as of December 31, 2023 was approximately \$93.1 million, which is expected to be recognized over a weighted-average period of approximately 2.27 years.

The Flex 2017 equity incentive plan (the "2017 Plan")

All options have been fully expensed and none were outstanding and exercisable as of December 31, 2023.

The executives, officers and employees of Flex, including Nextracker, were granted restricted share unit ("RSU") awards under the 2017 Plan. RSU awards are rights to acquire a specified number of ordinary Flex shares for no cash consideration in exchange for continued service with Flex. RSU awards generally vest in installments over a two to four-year period and unvested RSU awards are forfeited upon termination of employment. Vesting for certain RSU awards is contingent upon service and market conditions, or service and performance conditions.

[Table of Contents](#)

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

As of December 31, 2023, the total unrecognized compensation cost related to unvested RSU awards held by Nextracker employees was approximately \$0.7 million under the 2017 Plan. These costs will be amortized generally on a straight-line basis over a weighted-average period of approximately one year.

There were no options and no RSU awards granted under the 2017 Plan during the nine-month period ended December 31, 2023.

An immaterial amount of unvested RSU awards are outstanding under the 2017 Plan as of December 31, 2023, some of which represent the target amount of grants made to certain key employees whereby vesting is contingent on meeting certain market conditions.

7. Earnings per share

Basic earnings per share excludes dilution and is computed by dividing net income available to common stockholders of the Company for the three and nine-month periods ended December 31, 2023 by the weighted-average number of shares of Class A common stock outstanding during the same period.

Diluted earnings per share reflects the potential dilution from stock-based compensation awards. The potential dilution from awards was computed using the treasury stock method based on the average fair market value of the Company's Class A common stock for the period. Additionally, the potential dilutive impact of Class B common stock convertible into Class A was also considered in the calculation.

The computation of earnings per share and weighted average shares outstanding of the Company's common stock for the period is presented below:

	Three-month period ended December 31, 2023			Nine-month period ended December 31, 2023		
	Income	Weighted average shares outstanding	Per Share Amount	Income	Weighted average shares outstanding	Per Share Amount
	Numerator	Denominator		Numerator	Denominator	
<i>(in thousands except share and per share amounts)</i>						
Basic EPS						
Net income available to Nextracker Inc. common stockholders	\$ 41,396	62,108,835	\$ 0.67	\$ 101,078	56,789,399	\$ 1.78
Effect of Dilutive impact						
Common stock equivalents from option awards (1)		984,173			965,050	
Common stock equivalents from RSUs (2)		1,282,259			1,091,426	
Common stock equivalents from PSUs (3)		396,143			416,180	
Income attributable to non-controlling interests and common stock equivalent from Class B common stock	\$ 86,565	82,572,960		\$ 171,937	87,897,998	
Diluted EPS						
Net income and comprehensive income	\$ 127,961	147,344,370	\$ 0.87	\$ 273,015	147,160,053	\$ 1.86

(1) During the three and nine-month periods ended December 31, 2023, approximately 0.5 million and 0.5 million of option awards, respectively, were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted-average ordinary share equivalents.

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

- (2) During the three and nine-month periods ended December 31, 2023, no RSU awards were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted-average ordinary share equivalents.
- (3) During the three and nine-month periods ended December 31, 2023, 0.4 million and 0.4 million of PSU awards, respectively, were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted-average ordinary share equivalents.

8. Relationship with parent and related parties

Prior to the IPO, Nextracker was managed and operated in the normal course of business by Flex. Accordingly, certain shared costs were allocated to Nextracker and reflected as expenses in these condensed consolidated financial statements. Nextracker's management and the management of Flex consider the expenses included and the allocation methodologies used to be reasonable and appropriate reflections of the historical Flex expenses attributable to Nextracker for purposes of the stand-alone financial statements up until the IPO. However, the expenses reflected in these condensed consolidated financial statements may not be indicative of the expenses that would have been incurred by Nextracker during the periods presented if Nextracker historically operated as a separate, stand-alone entity during such period, which expenses would have depended on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. In addition, the expenses reflected in the condensed consolidated financial statements for the period prior to the IPO may not be indicative of expenses that Nextracker will incur in the future.

Allocation of corporate expenses

The condensed consolidated financial statements for the period prior to the IPO include expense allocations for certain functions provided by Flex, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, and stock-based compensation. These expenses have been allocated to Nextracker on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenue, headcount or other measure.

During the nine-month period ended December 31, 2022, Nextracker was allocated \$4.2 million of general corporate expenses incurred by Flex. Of these expenses \$2.8 million was included within selling, general and administrative expenses and \$1.4 million was included in cost of sales in the condensed consolidated statements of operations and comprehensive income. An immaterial amount of general corporate expenses incurred by Flex was allocated to Nextracker during the nine-month period ended December 31, 2023.

Risk management

Flex carries insurance for property, casualty, product liability matters, auto liability, and workers' compensation and maintain excess policies to provide additional limits. Prior to January 2024, Nextracker paid a premium to Flex in exchange for the coverage provided. In fiscal year 2023, and for the nine-month period ended December 31, 2023, the policies with significant premiums included the Marine Cargo/Goods in Transit and the multiple Errors and Omissions policies all through various insurance providers. Expenses related to coverage provided by Flex were reflected in the condensed consolidated statements of operations and comprehensive income and were immaterial for the nine-month periods ended December 31, 2023, and December 31, 2022, respectively.

Cash management and financing

Prior to the IPO, Nextracker participated in Flex's centralized cash management programs. Disbursements were independently managed by Nextracker.

All significant transactions between Nextracker and Flex that were not historically cash settled were reflected in the condensed consolidated statement of cash flows, for the period prior to the IPO, as net transfers to parent as

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

these were deemed to be internal financing transactions. All intra-company accounts, profits and transactions have been eliminated. The following is a summary of material transactions reflected in the accumulated net parent investment during the three- and nine-month periods ended December 31, 2022:

<i>(In thousands)</i>	Three-month ended December 31, 2022	Nine-month ended December 31, 2022
Corporate allocations (excluding stock-based compensation expense)	\$ 65	\$ 1,463
Transfer of operations to Nextracker (1)	(51,527)	(8,440)
Net cash pooling activities (2)	10,154	(1,195)
Income taxes	13,890	29,622
Net transfers from Parent	\$ (27,418)	\$ 21,450

(1) Primarily represents certain international operations where related income and/or losses are included in Nextracker's condensed consolidated statements of operations. Cash was also collected by the international operations on behalf of Nextracker, for which Nextracker and Flex do not intend to settle in the future. For the period presented, the balance includes the legal settlement paid by Flex on August 4, 2022 as further disclosed in the Company Annual Report on Form 10-K for the fiscal year ended March 31, 2023.

(2) Primarily represents financing activities for cash pooling and capital transfers.

The cash balance reflected in the condensed consolidated balance sheets consist of the cash managed and controlled by Nextracker. Prior to the IPO when Nextracker was a controlled entity of Flex, Nextracker's U.S. operations participated in the Flex cash pooling management programs intra-quarter; all outstanding positions were settled or scheduled for settlement as of each quarter end. Cash pooling activities during the period prior to the IPO were reflected under net transfers from Parent in the condensed consolidated statements of redeemable interest and stockholders' deficit /parent company equity (deficit), and the condensed consolidated statements of cash flows. Subsequent to the IPO, Nextracker has the option to participate in the Flex cash pooling management programs. As of March 31, 2023, the Company had \$8.3 million of cash pool payable outstanding to Flex, which was a component of Due to related parties on the condensed consolidated balance sheet. During the nine-month period ended December 31, 2023, the Company repaid such amounts to Flex, and no such cash pool payable is outstanding as of December 31, 2023.

Due to related parties relates to balances resulting from transactions between Nextracker and Flex subsidiaries that have historically been cash settled. Nextracker purchased certain components and services from other Flex affiliates of \$23.5 million and \$14.1 million for the three-month periods ended December 31, 2023 and December 31, 2022 respectively. Nextracker purchased certain components and services from other Flex affiliates of \$80.0 million and \$43.0 million for the nine-month periods ended December 31, 2023, and December 31, 2022 respectively.

Flex also administers on behalf of Nextracker payments to certain freight providers as well as payrolls to certain employees based in the U.S. Additionally, the Company and Flex entered into an umbrella agreement (as disclosed in the Company's annual report on Form 10-K for the year ended March 31, 2023) that governs the terms, conditions and obligations of a strategic commercial relationship between Nextracker and Flex for the sale of Nextracker's solar trackers in Brazil. As part of this arrangement, Flex acts as an agent for Nextracker, bills and collects on the Company's behalf. Nextracker's average due to related parties balance was \$26.5 million and \$54.6 million for the three-month periods ended December 31, 2023, and December 31, 2022, respectively. Nextracker had an average due from related parties balance of \$7.8 million for the nine-month periods ended December 31, 2023, compared to an average due to related parties balance of \$43.0 million for the nine-month period ended December 31, 2022. All related cash flow activities were classified within net cash provided by operating activities in the condensed consolidated statement of cash flows.

9. Commitments and contingencies***Litigation and other legal matters***

Nextracker has accrued for loss contingencies to the extent it believes that losses are probable and estimable. The amounts accrued are not material, but it is reasonably possible that actual losses could be in excess of Nextracker's accrual. Any such excess loss could have a material adverse effect on Nextracker's results of operations or cash flows for a particular period or on Nextracker's financial condition. There were no additional accruals for loss contingencies during the three- and nine-month periods ended December 31, 2023.

10. Income taxes

The Company follows the guidance under ASC 740-270, "Interim Reporting", which requires a company to calculate the income tax associated with ordinary income using an estimated annual effective tax rate ("AETR"). At the end of each interim period, the Company applies the AETR to year-to-date (YTD) ordinary income (or loss) to arrive at the YTD income tax expense. The Company recorded the tax effect of discrete items in the quarter in which the discrete events occur.

The following table presents income tax expense recorded by the Company along with the respective consolidated effective tax rates for each period presented. For the nine-month period ended December 31, 2023, the difference between the effective tax rate and the U.S. statutory corporate tax rate of 21% is primarily attributable to certain non-controlling interest in Nextracker LLC which is not taxable to Nextracker Inc. and its subsidiaries, partially offset by U.S. state and local income taxes and the jurisdictional mix of income between the U.S. and other operating jurisdictions. For the three-month period ended December 31, 2023, the difference is primarily attributable to return to provision adjustments incurred during the quarter. The effective tax rates for the three- and nine-month periods ended December 31, 2022 differ from the U.S. domestic statutory income tax rate of 21% primarily due to the U.S. state and local income taxes coupled with the jurisdictional mix of income between the U.S. and other operating jurisdictions.

<i>(In thousands)</i>	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Income tax	38,818	18,442	51,918	35,218
Effective tax rates	23.3 %	30.2 %	16.0 %	27.3 %

During the three- and nine-month periods ended December 31, 2023, the Company recorded \$12.9 million and \$7.3 million, respectively, of other tax related income as a result of the reduction in its liability under the TRA due to a decrease in its forecasted estimated state effective tax rate. The amounts are reflected in the condensed consolidated statements of operations and comprehensive income within interest and other income, net.

11. Segment reporting

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), or a decision-making group, in deciding how to allocate resources and in assessing performance. Resource allocation decisions and Nextracker's performance are assessed by its Chief Executive Officer, identified as the CODM.

Nextracker Inc.

Notes to the unaudited condensed consolidated financial statements

For all periods presented, Nextracker has one operating and reportable segment. The following table sets forth geographic information of revenue based on the locations to which the products are shipped:

(In thousands)	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Revenue:				
U.S.	\$ 555,790	\$ 327,548	\$ 1,208,288	\$ 908,361
Rest of the World	154,636	185,822	555,038	475,381
Total	\$ 710,426	\$ 513,370	\$ 1,763,326	\$ 1,383,742

The United States is the principal country of domicile.

12. Subsequent events

On January 2, 2024, Flex closed the spin-off of all of its remaining interests in Nextracker to Flex shareholders.

Prior to the spin-off, Flex held 100% of the shares of Yuma Common Stock, and Yuma held, directly and indirectly through Yuma Sub, (i) 74,432,619 shares of Nextracker's Class B common stock, par value \$0.0001 per share, representing approximately 51.48% of the total outstanding shares of Nextracker's common stock and (ii) 74,432,619 of the common units of Nextracker LLC, representing approximately 51.48% of the economic interest in the business of Nextracker, based on the number of shares of Nextracker's common stock outstanding as of December 29, 2023.

In addition to the Spin Distribution, Flex and Nextracker consummated the Merger, with Yuma surviving the Merger as a wholly-owned subsidiary of Nextracker. As the Merger represents a business combination of entities under common control, the transaction will be accounted for in accordance with ASC 805-50, Business Combinations – Related Issues, and the assets and liabilities of Yuma will be recognized at their carrying value on the date of transfer. As Yuma's principal asset is its investment in Nextracker, the primary accounting impact of the Merger for Nextracker will be an adjustment to the carrying value and classification of its noncontrolling interests and corresponding impact to permanent equity.

As a result of the Merger, each share of Yuma Common Stock issued and outstanding as of immediately prior to the closing of the Merger was automatically converted into the right to receive a number of shares of Class A common stock of the Company, based on an Exchange Ratio (as defined below), with cash payments to holders of shares of Yuma Common Stock in lieu of any fractional shares of Class A common stock of the Company in accordance with the terms of the Merger Agreement. The "Exchange Ratio" is equal to the quotient of (i) 74,432,619, which is the number of shares of Class A common stock of Nextracker held by Yuma and Yuma Sub (assuming the exchange by Yuma and Yuma Sub of all Nextracker LLC common units, together with a corresponding number of shares of Class B common stock of the Company held by Yuma and Yuma Sub, for shares of Class A common stock of the Company) divided by (ii) the number of issued and outstanding shares of Yuma Common Stock immediately prior to the effective time of the Merger.

On February 6, 2024, pursuant to the LLC Agreement, Nextracker LLC made pro rata tax distributions in an aggregate amount of \$93.5 million to the common members of the LLC, including an aggregate of \$47.8 million to Yuma Acquisition Sub LLC and Yuma Subsidiary, Inc. As of the date of the tax distribution, Yuma Acquisition Sub LLC and Yuma Subsidiary Inc. were wholly-owned subsidiaries of Nextracker Inc. On February 1, 2024, Flex sent a dispute notice to Nextracker Inc., saying that Flex is entitled to the distribution that was subsequently made to Yuma Acquisition Sub LLC and Yuma Subsidiary, Inc. and demanding payment of that amount to Flex. Nextracker Inc. is considering the validity of the dispute notice and it is too early to determine the likelihood that the Company will be required to make any such payments to Flex in the future.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context requires otherwise, references in this Management's Discussion and Analysis of Financial Condition and Results of Operations of "Nextracker", the "Company", "we", "us" and "our" shall mean, prior to the IPO described in this Form 10-Q, both Nextracker LLC (the "LLC") and its consolidated subsidiaries, and following the IPO and the related transactions completed in connection with the IPO, to Nextracker Inc. and its consolidated subsidiaries. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "Flex" or "Parent" refer to Flex Ltd., a Singapore incorporated public company limited by shares and having a registration no. 199002645H, and its consolidated subsidiaries, unless the context otherwise indicates.

This Management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of our condensed consolidated financial statements with a narrative from the perspective of the Company's management. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and other information included in our Annual Report on Form 10-K for the year ended March 31, 2023, filed with the SEC on June 9, 2023. In addition to historical financial information, the following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks, uncertainties and assumptions. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and timing of selected events may differ materially from those results anticipated and discussed in the forward-looking statements as a result of many factors. Factors that might cause such a discrepancy include, but are not limited to, those discussed under the sections entitled "Liquidity and Capital Resources" below and "Risk Factors." All forward-looking statements in this document are based on information available to us as of the date of this Quarterly Report and we assume no obligation to update any such forward-looking statements, except as required by law.

OVERVIEW

We are a leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. Our products enable solar panels, also known as modules, in utility-scale power plants to follow the sun's movement across the sky and optimize plant performance. We have led the solar industry based on gigawatts ("GW") shipped globally from 2015 to 2022 and in the U.S. from 2016 to 2022. We delivered 18 GW, 15 GW and 12 GW to our customers in fiscal years 2023, 2022 and 2021, respectively.

We were founded in 2013 by our Chief Executive Officer, Dan Shugar, and were acquired by Flex Ltd. in 2015. Flex provides design, manufacturing and supply chain services through a network of over 100 locations in approximately 30 countries across five continents. Flex's expertise in global supply chains and procurement and its strong financial backing helped us accelerate our penetration of our end markets and run a more optimized supply chain, and we intend to continue leveraging these learnings from Flex now that we are an independent publicly traded company. Over time, we have developed new and innovative hardware and software products and services to scale our capabilities. In 2016, Flex acquired BrightBox Technologies on our behalf to further our machine learning capabilities.

We have shipped approximately 90 GW of solar tracker systems as of December 31, 2023 to projects on six continents. Our customers include engineering, procurement and construction firms ("EPCs"), as well as solar project developers and owners. Developers originate projects, select and acquire sites, obtain permits, select contractors, negotiate power offtake agreements, and oversee the building of projects. EPCs design and optimize

the system, procure components, build and commission the plant, and operate the plant for a limited time until transfer to a long-term owner. Owners, which are often independent power producers, own and operate the plant, typically as part of a portfolio of similar assets. Owners generate cash flows through the sale of electricity to utilities, wholesale markets or end users.

For the majority of our projects, our direct customer is the EPC. We also engage with project owners and developers and enter into master supply agreements that cover multiple projects. We are a qualified, preferred provider to some of the largest solar EPCs, project owners and developers in the world. We had revenues of \$1.8 billion for the nine-month period ended December 31, 2023 and \$1.9 billion in fiscal year 2023.

The following tables set forth geographic information of revenue based on the locations to which the products are shipped:

<i>(In thousands)</i>	Three-month periods ended				Nine-month periods ended							
	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022					
Revenue:												
U.S.	\$	555,790	78%	\$	327,548	64%	\$	1,208,288	69%	\$	908,361	66%
Rest of the World		154,636	22%		185,822	36%		555,038	31%		475,381	34%
Total	\$	710,426		\$	513,370		\$	1,763,326		\$	1,383,742	

The following table sets forth the revenue from customers that individually accounted for greater than 10% of our revenue during the periods included below:

<i>(In millions)</i>	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Customer A*	**	\$131.8	**	\$295.1
Customer G	\$170.5	**	\$307.7	**

* SOLV Energy

** Revenue balance below 10%

Initial Public Offering

On February 8, 2023, Nextracker Inc.'s registration statement on Form S-1 relating to our initial public offering ("IPO") was declared effective by the Securities and Exchange Commission ("SEC") and the shares of our Class A common stock began trading on the Nasdaq Global Select Market on February 9, 2023. At the closing of the IPO on February 13, 2023, Nextracker Inc. issued and sold 30,590,000 shares of its Class A common stock (including 3,990,000 shares issued to the underwriters upon the exercise in full of their option to purchase additional shares) at a public offering price of \$24.00 per share. Nextracker Inc. received net proceeds of \$693.8 million, after deducting \$40.4 million in underwriting discounts. We used all of the net proceeds from the offering to purchase 30,590,000 Nextracker LLC common units from Yuma at a price per share of \$22.68, or \$24.00 less the underwriting discount. Upon closing of the IPO, approximately \$8.3 million of offering costs were paid by Flex.

The 2023 follow-on offering

See Note 5 in the notes to the condensed consolidated financial statements.

Flex's Separation Transactions

On October 25, 2023, Flex announced its plan to effect a spin-off of all of its remaining interests in Nextracker pursuant to the Merger Agreement, to be effected through the following transactions (together, the "Spin Transactions"): (i) a court-approved capital reduction of Flex carried out pursuant to Section 78G of the Singapore Companies Act (the "Capital Reduction"), (ii) a distribution of all the shares of the common stock, par value \$0.001, of Yuma (the "Yuma Common Stock"), which is a wholly-owned subsidiary of Flex that, directly or indirectly, held all of Flex's remaining interest in Nextracker, by way of a distribution in specie to Flex shareholders (the "Spin Distribution"), (iii) the merger of Yuma with and into Yuma Acquisition Corp., with Yuma surviving the merger as a wholly-owned subsidiary of us (the "Merger") and pursuant to which each share of Yuma Common Stock outstanding immediately prior to the Merger automatically converted into the right to receive a number of shares of our Class A common stock based on the Exchange Ratio (as defined in the Merger Agreement) (with cash payments to holders of shares of Yuma Common Stock in lieu of any fractional shares of our Class A common stock in accordance with the terms of the Merger Agreement), and (iv) the merger of Yuma with and into a wholly-owned limited liability company subsidiary of Nextracker, with such limited liability company surviving the merger as a wholly-owned subsidiary of Nextracker, undertaken shortly following the completion of the Merger.

Flex closed the spin-off of all of its remaining interests in Nextracker to Flex shareholders on January 2, 2024. See Notes 5 and 12 in the notes to the condensed consolidated financial statements.

Basis of presentation

We historically operated as part of Flex and not as a separate, publicly traded company throughout the period preceding the IPO. Our condensed consolidated financial statements for the period preceding our IPO were derived from Flex's historical accounting records and are presented on a carve-out basis. All sales and costs as well as assets and liabilities directly associated with our business activity were included as a component of the condensed consolidated financial statements. For the period preceding the IPO, the condensed consolidated financial statements also include allocations of certain general, administrative, sales and marketing expenses and cost of sales from Flex's corporate office and allocations of related assets, liabilities and Flex's investment, as applicable. The allocations were determined on what we believed to be a reasonable basis; however, the amounts are not necessarily representative of the amounts that would have been reflected in the condensed consolidated financial statements had we been an entity that operated separately from Flex during the relevant full period presented. Further, the historical condensed consolidated financial statements that include results prior to the IPO may not be reflective of our final position, results of operations, or cash flows as a public company. During the fourth quarter of fiscal year 2022, we entered into a Transition Service Agreement ("TSA") with Flex, whereby Flex agreed to provide, or cause to be provided, certain services to us, which were previously included as part of the allocations from Flex. As consideration, we agreed to pay Flex the amount specified for each service as described in the TSA.

For the period prior to the IPO, our historical condensed consolidated financial statements in this Quarterly Report include expense allocations for certain support functions that were provided on a centralized basis within Flex, such as corporate costs, shared services and other selling, general and administrative costs that benefit the Company, among others. Since our IPO, we have incurred and will continue to incur additional costs as a public company. Under the TSA Flex has agreed to continue to provide us with some of the services related to these functions on a transitional basis in exchange for agreed-upon fees, and we have incurred and will continue to incur other costs to replace the services and resources that will not be provided by Flex. Our total costs related to such support functions may differ from the costs that were historically allocated to us from Flex. These additional costs are primarily for the following:

- additional personnel costs, including salaries, benefits and potential bonuses and/or stock-based compensation awards for staff, including staff additions to replace support provided by Flex that is not covered by the TSA; and

- corporate governance costs, including director and officer insurance costs, board of director compensation and expenses, audit and other professional services fees, annual report and proxy statement costs, SEC filing fees, transfer agent fees, consulting and legal fees and Nasdaq fees, bank fees or other costs related to existing or future financing arrangements.

Certain factors could impact the nature and amount of these separate public company costs, including the finalization of our staffing and infrastructure needs. We expect to incur additional separate public company costs in excess of the costs that have been historically allocated to us.

While we were fully integrated as a part of Flex prior to the IPO, we were dependent upon Flex for all of our working capital and financing requirements as Flex used a centralized approach to cash management and financing of its operations. Our financial transactions during the period preceding the IPO were accounted for through our “net parent investment” account and none of Flex’s debt at the corporate level was assigned to us in the financial statements. Historically, as we generated cash flows from operations, cash was swept by Flex into global cash accounts managed at the parent level. Since the IPO, Nextracker has participated in the Flex’s cash pooling management programs, but we have discontinued doing so during our fiscal year 2024. We have also historically utilized Flex for financial support in the form of parent guarantees and letters of financial support to execute certain arrangements with our customers. During fiscal year 2024, we have discontinued the use of Flex’s facilities for issuance of new letters of financial support.

In connection with the IPO, we entered into a separation agreement with Flex which sets forth certain agreements between us and Flex regarding principal actions taken in connection with the separation of our business from the retained Flex businesses (the “Separation Agreement”). The Separation Agreement also sets forth other agreements that govern certain aspects of our relationship with Flex following the completion of the Merger.

- *Transfer of Assets and Liabilities*—Pursuant to the Separation Agreement, prior to our IPO, Flex transferred substantially all of the assets and liabilities comprising the legacy Nextracker business to us.
- *Insurance Matters*—We continued to be covered under Flex’s existing insurance policies until such time as Flex and its affiliates held 50% or less of our and our subsidiaries’ outstanding capital stock (such as occurred following the Spin Transactions), subject to certain exceptions. In connection with the Spin Transactions, we have arranged for our own insurance policies and will no longer seek benefit from any of Flex’s or its affiliates’ insurance policies that may provide coverage for claims relating to our business prior to the date on which we obtain our own insurance coverage.
- *Transition Services Agreement*—We and the LLC entered into a transition services agreement with Flextronics International USA, Inc. (“FIUI”), pursuant to which FIUI and its subsidiaries agreed to provide us and our subsidiaries with various services.
- *Brazil operations*—We, the LLC, Flex and an affiliate of Flex entered into an umbrella agreement (the “Umbrella Agreement”) that governs the terms, conditions and obligations of a strategic commercial relationship between us and Flex for the sale of our solar trackers in Brazil. The Umbrella Agreement is expected to remain in effect in accordance with its terms following the Spin Transactions.
- *Employee Matters Agreement*— We and Nextracker LLC entered into an employee matters agreement with Flex that governs Nextracker’s and Flex’s compensation and employee benefit obligations with respect to the employees and other service providers of each company, and generally allocates liabilities and responsibilities relating to employment matters and employee compensation and benefit plans and programs. Under the terms of the employee matters agreement, at the time of the completion of the Spin Transactions, we assumed outstanding options, RSUs and PSUs granted to our employees pursuant to Flex’s 2017 Equity Incentive Plan (or other applicable equity incentive plan of Flex), which were converted into options, RSUs and PSUs to purchase or receive an adjusted number of shares of Class A common stock pursuant to the Second Amended and Restated 2022 Nextracker Inc. Equity Incentive Plan (“LTIP”) (or

other applicable equity incentive plan of Nextracker). The term of the employee matters agreement is indefinite and may only be terminated or amended with the prior written consent of both us and Flex, and is expected to remain in effect in accordance with its terms following the Spin Transactions.

- *Tax Matters Agreement*—Immediately prior to the Distribution, we, Flex and Yuma entered into a tax matters agreement (the “Tax Matters Agreement”) which governs the rights, responsibilities and obligations of such parties with respect to taxes (including taxes arising in the ordinary course of business and taxes incurred as a result of the Distribution and the Mergers), tax attributes, tax returns, tax contests and certain other matters.

In connection with the Spin Transactions that closed on January 2, 2024, (i) Yuma merged with and into a wholly-owned limited liability company subsidiary of Nextracker, with such limited liability company surviving the merger, and (ii) Flex no longer directly or indirectly held any shares of our common stock or any securities convertible into or exchangeable for our common stock, and we are no longer a “controlled company” within the meaning of the rules of Nasdaq.

Critical accounting policies and significant management estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Estimates are used in accounting for, among other things: impairment of goodwill, impairment of long-lived assets, allowance for doubtful accounts, reserve for excess or obsolete inventories, valuation of deferred tax assets, warranty reserves, contingencies, operation related accruals, and fair values of stock options and restricted share unit awards granted under stock-based compensation plans. We periodically review estimates and assumptions, and the effects of our revisions are reflected in the period they occur. We believe that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Refer to the critical accounting policies and significant management estimates under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, where we discuss our more significant policies and estimates used in the preparation of the condensed consolidated financial statements. There have been no material changes to the Company’s critical accounting estimates since our Annual Report on Form 10-K for the fiscal year ended March 31, 2023.

Key components of our results of operations

The following discussion describes certain line items in our condensed consolidated statements of operations and comprehensive income.

Revenue

We derive our revenue from the sale of solar trackers and software products to our customers. Our revenue growth is dependent on (i) our ability to maintain and expand our market share, (ii) total market growth and (iii) our ability to develop and introduce new products driving performance enhancements and cost efficiencies throughout the solar power plant.

Cost of sales and gross profit

Cost of sales consists primarily of purchased components, shipping and other logistics costs, applicable tariffs, standard product warranty costs, amortization of certain acquired intangible assets, stock-based compensation and direct labor. Direct labor costs represent expenses of personnel directly related to project execution such as

supply chain, logistics, quality, tooling, operations and customer satisfaction. Amortization of intangibles consists of developed technology and certain acquired patents over its expected period of use and is also included under cost of sales.

Steel prices, cost of transportation and labor costs in countries where our suppliers perform manufacturing activities affect our cost of sales. Our ability to lower our cost of sales depends on implementation and design improvements to our products as well as on driving more cost-effective manufacturing processes with our suppliers. We generally do not directly purchase raw materials such as steel or electronic components and do not hedge against changes in their price. Most of our cost of sales are directly affected by sales volume. Personnel costs related to our supply chain, logistics, quality, tooling and operations are not directly impacted by our sales volume.

Operating expenses

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of personnel-related costs associated with our administrative and support functions. These costs include, among other things, personnel costs, stock-based compensation, facilities charges including depreciation associated with administrative functions, professional services, travel expenses and allowance for bad debt. Professional services include audit, legal, tax and other consulting services. We have expanded our sales organization and expect to continue growing our sales headcount to support our planned growth. We have incurred and expect to continue to incur on an ongoing basis certain new costs related to the requirements of being a separate publicly-traded company, including insurance, accounting, tax, legal and other professional services costs, which could be material. Amortization of intangibles consists of customer relationships and trade names over their expected period of use and is also included under selling, general and administrative expenses.

Research and development

Research and development expenses consist primarily of personnel-related costs associated with our engineering employees, stock-based compensation, as well as third-party consulting. Research and development activities include improvements to our existing products, development of new tracker products and software products. We expense substantially all research and development expenses as incurred. We expect that the dollar amount of research and development expenses will increase in amount over time.

Non-operating expenses

Income tax expense

Our taxable income is primarily from the allocation of taxable income from the LLC. The provision for income taxes primarily represents the LLC's U.S. federal, state and local income taxes as well as foreign income taxes payable by its subsidiaries. The LLC owns 100% of all foreign subsidiaries for which the LLC has marked them as disregarded entities for U.S. income tax purposes. We expect to receive a tax benefit for foreign tax credits in the United States for our distributive shares of the foreign tax paid.

RESULTS OF OPERATIONS

<i>(In thousands, except percentages) (Unaudited)</i>	Three-month periods ended			Nine-month periods ended		
	December 31, 2023	December 31, 2022	% change	December 31, 2023	December 31, 2022	% change
Condensed Statement of Operations and Comprehensive Income Data:						
Revenue	\$ 710,426	\$ 513,370	38%	\$ 1,763,326	\$ 1,383,742	27%
Cost of sales	500,701	431,111	16	1,290,747	1,187,081	9
Gross profit	209,725	82,259	155	472,579	196,661	140
Selling, general and administrative expenses	48,356	18,613	160	126,865	55,475	129
Research and development	12,897	4,984	159	29,270	13,283	120
Operating income	148,472	58,662	153	316,444	127,903	147
Interest and other income, net	(18,307)	(2,366)	674	(8,489)	(1,118)	659
Income before income taxes	166,779	61,028	173	324,933	129,021	152
Provision for income taxes	38,818	18,442	110	51,918	35,218	47
Net income and comprehensive income	\$ 127,961	\$ 42,586	200%	\$ 273,015	\$ 93,803	191%

Non-GAAP measures

We present Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow as supplemental measures of our performance and, with respect to Adjusted free cash flow, as a supplemental measure of our liquidity. We define Non-GAAP gross profit as gross profit plus stock-based compensation expense and intangible amortization. We define Non-GAAP operating income as operating income plus stock-based compensation expense and intangible amortization. We define Non-GAAP net income as net income (loss) plus stock-based compensation expense, intangible amortization, and certain nonrecurring legal costs and other discrete events as applicable, net of their tax effects. We define Adjusted EBITDA as net income (loss) plus (i) interest, net, (ii) provision for income taxes, (iii) depreciation expense, (iv) intangible amortization, (v) stock-based compensation expense, and (vi) certain nonrecurring legal costs and other discrete events as applicable. We define Non-GAAP gross margin as the percentage derived from Non-GAAP gross profit divided by revenue. We define Adjusted EBITDA Margin as the percentage derived from Adjusted EBITDA divided by revenue. We define Adjusted free cash flow as net cash provided by (used in) operating activities less cash used for purchases of property and equipment plus proceeds from the disposition of property and equipment.

Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow are neither required by, nor presented in accordance with, GAAP. We present these non-GAAP financial measures because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we may use all or any combination of Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow as factors in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of our business strategies.

Among other limitations, Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow do not reflect our cash

expenditures or future capital expenditures or contractual commitments (including under the Tax Receivable Agreement, as defined below), do not reflect the impact of certain cash or non-cash charges resulting from matters we consider not to be indicative of our ongoing operations and do not reflect the associated income tax expense or benefit related to those charges. In addition, other companies in our industry may calculate Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow differently from us, which further limits their usefulness as comparative measures.

Because of these limitations, Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP financial measures on a supplemental basis. You should review the reconciliation to the most directly comparable GAAP measure of Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income, Adjusted EBITDA, Non-GAAP gross margin, Adjusted EBITDA Margin and Adjusted free cash flow below and not rely on any single financial measure to evaluate our business.

<i>(In thousands, except percentages)</i>	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Other Financial Information:				
Non-GAAP gross profit	\$ 212,285	\$ 82,672	\$ 480,435	\$ 197,954
Non-GAAP operating income	\$ 161,572	\$ 59,665	\$ 356,527	\$ 133,279
Non-GAAP net income	\$ 141,902	\$ 43,396	\$ 309,058	\$ 97,196
Adjusted EBITDA	\$ 167,791	\$ 62,703	\$ 361,843	\$ 136,467
Net income (% of revenue)	18.0%	8.3%	15.5%	6.8%
Non-GAAP gross margin	29.9%	16.1%	27.2%	14.3%
Adjusted EBITDA (% of revenue)	23.6%	12.2%	20.5%	9.9%
Adjusted free cash flow	\$ 62,360	\$ 18,603	\$ 313,631	\$ 69,753

The following table provides a reconciliation of Non-GAAP gross profit to gross profit, Non-GAAP operating income to operating income, Non-GAAP net income to net income, Adjusted EBITDA to net income, and Adjusted free cash flow to net cash provided by operating activities for each period presented. The Non-GAAP measures presented in the table are inclusive of redeemable non-controlling interests.

(In thousands, except percentages)	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Reconciliation of GAAP to Non-GAAP Financial Measures:	<i>(Unaudited)</i>			
GAAP gross profit	\$ 209,725	\$ 82,259	\$ 472,579	\$ 196,661
Stock-based compensation expense	2,497	350	7,668	1,105
Intangible amortization	63	63	188	188
Non-GAAP gross profit	\$ 212,285	\$ 82,672	\$ 480,435	\$ 197,954
GAAP operating income	\$ 148,472	\$ 58,662	\$ 316,444	\$ 127,903
Stock-based compensation expense	13,037	940	39,895	2,790
Intangible amortization	63	63	188	1,145
Legal costs and other (1)	—	—	—	1,441
Non-GAAP operating income	\$ 161,572	\$ 59,665	\$ 356,527	\$ 133,279
GAAP net income	\$ 127,961	\$ 42,586	\$ 273,015	\$ 93,803
Stock-based compensation expense	13,037	940	39,895	2,790
Intangible amortization	63	63	188	1,145
Adjustment for taxes	841	(193)	(4,040)	(1,983)
Legal costs and other (1)	—	—	—	1,441
Non-GAAP net income	\$ 141,902	\$ 43,396	\$ 309,058	\$ 97,196
GAAP Net income	\$ 127,961	\$ 42,586	\$ 273,015	\$ 93,803
Interest, net	(198)	(215)	1,136	(380)
Provision for income taxes	38,818	18,442	51,918	35,218
Depreciation expense	1,055	887	2,950	2,450
Intangible amortization	63	63	188	1,145
Stock-based compensation expense	13,037	940	39,895	2,790
Legal costs and other (1)	—	—	—	1,441
Other tax related income, net	(12,945)	—	(7,259)	—
Adjusted EBITDA	\$ 167,791	\$ 62,703	\$ 361,843	\$ 136,467
<i>Net income (% of revenue)</i>	<i>18.0%</i>	<i>8.3%</i>	<i>15.5%</i>	<i>6.8%</i>
<i>Non-GAAP gross margin</i>	<i>29.9%</i>	<i>16.1%</i>	<i>27.2%</i>	<i>14.3%</i>
<i>Adjusted EBITDA (% of revenue)</i>	<i>23.6%</i>	<i>12.2%</i>	<i>20.5%</i>	<i>9.9%</i>
Net cash provided by operating activities	\$ 64,804	\$ 19,921	\$ 317,481	\$ 72,382
Purchase of property and equipment	(2,444)	(1,318)	(3,850)	(2,653)
Proceeds from the disposition of property and equipment	—	—	—	24
Adjusted free cash flow	\$ 62,360	\$ 18,603	\$ 313,631	\$ 69,753

(1) Primarily represents additional charges incurred in the nine-month period ended December 31, 2022, in relation to the litigation with Array Technologies, Inc., as further described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023. The estimated net settlement and direct legal costs in aggregate were excluded from the Company's Non-GAAP income. Based on historical experience we do not believe that the settlement and associated charges are normal, recurring operating expenses indicative of our core operating performance, nor were these charges taken into account as factors in evaluating management's performance when determining incentive compensation or to evaluate the effectiveness of the Company's business strategies.

The data below, and discussion that follows, represent our results from operations.

Comparison of the three-month periods ended December 31, 2023 and December 31, 2022

Revenue

Revenue increased by \$197.1 million, or 38%, for the three-month period ended December 31, 2023 compared to the three-month period ended December 31, 2022. The increase was mainly driven by a 48% increase in gigawatts delivered, especially in the U.S. primarily due to increased demand and projects progressing on schedule. Revenue in the U.S. increased \$228.2 million or 70% for the three-month period ended December 31, 2023 compared to the three-month period ended December 31, 2022, while also decreasing \$31.2 million or (17)% in the Rest of the World during the same period. The decline from the Rest of the World was driven by lower sales in Brazil due to weather constraints and the United Arab Emirates.

Cost of sales and gross profit

Cost of sales increased by \$69.6 million, or 16%, for the three-month period ended December 31, 2023 compared to the three-month period ended December 31, 2022 primarily due to the increase in U.S. sales noted above, partially offset by other recovery costs.

Gross profit increased by \$127.5 million, or 155%, for the three-month period ended December 31, 2023, compared to the three-month period ended December 31, 2022, primarily resulting from structural enhancements that have been implemented in the business that have improved our overall margin structure. Maintaining pricing discipline, favorable cost absorption, including lower freight and logistics costs, across our customer base and regions we serve were the primary drivers supporting the increased margin. We have also expanded our global supply chain that allows sourcing local material and provides flexibility servicing our customers. As a result of our continued multiyear transformation, we significantly reduced freight and logistics costs. Freight and logistics costs as a percentage of cost of sales decreased by over 800 basis points for the three-month period ended December 31, 2023 compared to the three-month period ended December 31, 2022.

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was enacted into law, which includes a new corporate minimum tax, a stock repurchase excise tax, numerous green energy credits, other tax provisions, and significantly increased enforcement resources. Based on current arrangements with vendors and the 45X Treasury rules, we expect to realize a reduction in GAAP cost of sales in the range of \$50 million to \$80 million in our fourth quarter fiscal 2024. This is our current projection, and subject to change based on contract terms and tax filing timing by our vendors.

Selling, general and administrative expenses

Selling, general and administrative expenses was approximately \$48.4 million, or 7% of revenue during the three-month period ended December 31, 2023, increasing \$29.7 million from approximately \$18.6 million, or 3.6% of revenue during the three-month period ended December 31, 2022. The increase was primarily the result of an increase in stock-based compensation expense of \$4.6 million incurred in conjunction with our 2022 equity incentive plan, incremental costs related to our continued expansion of our sales organization in line with the growth in the global market, and due to the growth of our supporting functions as a public company.

Research and development

Research and development expenses increased \$7.9 million, or 159%, to \$12.9 million for the three-month period ended December 31, 2023 from approximately \$5.0 million in the three-month period ended December 31, 2022 as a result of our commitment to product innovation and development including software enhancements through additional headcount, coupled with stock-based compensation expense of \$5.4 million.

Interest and other income, net

Interest and other income net increased \$15.9 million, to \$18.3 million for the three-month period ended December 31, 2023 from approximately \$2.4 million in the three-month period ended December 31, 2022 driven by \$12.9 million of other tax related income incurred during the period as a result of a reduction of our liability under the TRA due to a decrease in our forecasted estimated state effective tax rate.

Provision for income tax

Most of our revenue and profits are generated in the U.S. with a statutory income tax rate of approximately 21% in the three-month period ended December 31, 2023 and December 31, 2022. For the three-month period ended December 31, 2023 and December 31, 2022, we recorded total income tax expense of \$38.8 million and \$18.4 million, respectively, which reflected consolidated effective income tax rates of 23% and 30%, respectively. The decrease in our effective tax rate is mostly due to certain non-controlling interest in Nexttracker LLC that is not taxable to Nexttracker Inc. and its subsidiaries, which is partially offset by the state return to provision adjustments incurred during the quarter.

From time to time, we are subject to income and non-income based tax audits in the jurisdictions in which we operate. The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax rules and regulations in a number of jurisdictions. Due to such complexity of these uncertainties, the ultimate resolution may result in a payment or refund that is materially different from our estimates.

Comparison of the nine-month periods ended December 31, 2023 and December 31, 2022

Revenue

Revenue increased by \$379.6 million, or 27%, for the nine-month period ended December 31, 2023 compared to the nine-month period ended December 31, 2022. The increase was mainly driven by a 37% increase in gigawatts delivered due to increased demand, partially offset by slightly lower sales price from the decline in logistics costs. Revenue in the U.S. increased \$299.9 million or 33% for the nine-month period ended December 31, 2023 compared to the nine-month period ended December 31, 2022, while also increasing \$79.7 million or 17% in the Rest of the World during the same period. The growth from the Rest of the World was driven primarily from increased sales in India, Canada and Europe.

Cost of sales and gross profit

Cost of sales increased by \$103.7 million, or 9%, for the nine-month period ended December 31, 2023 compared to the nine-month period ended December 31, 2022 primarily due to the increase in sales noted above, partially offset by other recovery costs.

Gross profit increased by \$275.9 million, or 140%, for the nine-month period ended December 31, 2023 compared to the nine-month period ended December 31, 2022 primarily resulting from structural enhancements that have been implemented in the business that have improved our overall margin structure. Maintaining pricing discipline, favorable cost absorption, including lower freight and logistic costs, across our customer base and regions we serve were the primary drivers supporting the increased margin. We have also expanded our global supply chain that allows sourcing local material and provides flexibility servicing our customers. As a result of our continued multiyear transformation, we significantly reduced freight and logistics costs. Freight and logistics costs as a percentage of cost of sales decreased by over 1,000 basis points for the nine-month period ended December 31, 2023 compared to the nine-month period ended December 31, 2022.

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was enacted into law, which includes a new corporate minimum tax, a stock repurchase excise tax, numerous green energy credits, other tax provisions, and significantly increased enforcement resources. Based on current arrangements with vendors and the 45X Treasury

rules, we expect to realize a reduction in GAAP cost of sales in the range of \$50 million to \$80 million in our fourth quarter fiscal 2024. This is our current projection, and subject to change based on contract terms and tax filing timing by our vendors.

Selling, general and administrative expenses

Selling, general and administrative expenses was approximately \$126.9 million, or 7.2% of revenue during the nine-month period ended December 31, 2023, increasing \$71.4 million from approximately \$55.5 million, or 4.0% of revenue during the nine-month period ended December 31, 2022. The increase was primarily the result of an increase in stock-based compensation expense of \$25.2 million incurred in conjunction with our 2022 equity incentive plan, incremental costs related to our continued expansion of our sales organization in line with the growth in the global market, and due to the growth of our supporting functions as a public company.

Research and development

Research and development expenses increased \$16.0 million, or 120%, to \$29.3 million for the nine-month period ended December 31, 2023 from approximately \$13.3 million in the nine-month period ended December 31, 2022 as a result of our commitment to product innovation and development including software enhancements through additional headcount, coupled with stock-based compensation expense of \$5.4 million.

Interest and other income, net

Interest and other income net increased \$7.4 million, to \$8.5 million for the nine-month period ended December 31, 2023 from approximately \$1.1 million in the nine-month period ended December 31, 2022 driven by \$7.3 million of other tax related income incurred during the period as a result of a reduction of our liability under the TRA due to a decrease in our forecasted estimated state effective tax rate.

Provision for income tax

Most of our revenue and profits are generated in the United States with a statutory income tax rate of approximately 21% in each of the nine-month periods ended December 31, 2023 and December 31, 2022. For the nine-month periods ended December 31, 2023 and December 31, 2022, we recorded total income tax expense of \$51.9 million and \$35.2 million, respectively, which reflected consolidated effective income tax rates of 16% and 27%, respectively. The decrease in our effective tax rate is mostly due to certain non-controlling interests in Nextracker LLC that are not taxable to Nextracker Inc. and its subsidiaries.

From time to time, we are subject to income and non-income based tax audits in the jurisdictions in which we operate. The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax rules and regulations in a number of jurisdictions. Due to such complexity of these uncertainties, the ultimate resolution may result in a payment or refund that is materially different from our estimates.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed our operations primarily with cash provided by operations and Flex contributions. Our principal uses of cash have been to fund our operations, invest in research and development and return capital to Flex. Prior to the IPO, cash was managed pursuant to a centralized cash management program administered by Flex, that included intra-quarter cash transfers to/from the parent pooling accounts and the balances being settled or scheduled for settlement, as of period ends. Since the IPO, Nextrackr has participated in the Flex cash pooling management programs, but we have discontinued doing so during our fiscal year 2024. In the absence of the cash pooling program, we expect our credit facilities to provide adequate liquidity for our business.

Credit Facilities

In connection with the IPO, Nextrackr Inc. and the LLC, as the borrower, entered into a senior credit facility with a syndicate of banks (the “2023 Credit Agreement”) comprised of (i) a term loan in the aggregate principal amount of \$150.0 million (the “Term Loan”), and (ii) a revolving credit facility in an aggregate principal amount of \$500.0 million (the “RCF”). The RCF is available to fund working capital, capital expenditures and other general corporate purposes.

The RCF is available in U.S. dollars, euros and such currencies as mutually agreed on a revolving basis during the five-year period through February 11, 2028. A portion of the RCF not to exceed \$300.0 million is available for the issuance of letters of credit. A portion of the RCF not to exceed \$50.0 million is available for swing line loans. Subject to the satisfaction of certain conditions, the LLC will be permitted to incur incremental term loan facilities or increase the RCF commitment in an aggregate principal amount equal to \$100.0 million plus an additional amount such that the secured net leverage ratio or total net leverage ratio, as applicable, is equal to or less than a specified threshold after giving pro forma effect to such incurrence.

The obligations of the LLC under the 2023 Credit Agreement and related loan documents are jointly and severally guaranteed by Nextrackr Inc., certain other holding companies (collectively, the “Guarantors”) and, subject to certain exclusions, certain of the LLC’s existing and future direct and indirect wholly-owned domestic subsidiaries.

As of the closing of the 2023 Credit Agreement, all obligations of the LLC and the guarantors are secured by certain equity pledges by the LLC and the Guarantors. However, if the LLC’s total net leverage ratio exceeds a specified threshold, the collateral will include substantially all the assets of the LLC and the Guarantors and, if the LLC meets certain investment grade conditions, such lien will be released.

The Term Loan requires quarterly principal payments beginning on June 30, 2024, in an amount equal to 0.625% of the original aggregate principal amount of the Term Loan. From June 30, 2025, the quarterly principal payment will increase to 1.25% of the original aggregate principal amount of the Term Loan. The remaining balance of the Term Loan and the outstanding balance of any RCF loans will be repayable on February 11, 2028. Borrowings under the 2023 Credit Agreement are prepayable and commitments subject to being reduced in each case at the LLC’s option without premium or penalty. The 2023 Credit Agreement contains certain mandatory prepayment provisions in the event that the LLC or its restricted subsidiaries incur certain types of indebtedness or, subject to certain reinvestment rights, receive net cash proceeds from certain asset sales or other dispositions of property.

Borrowings in U.S. dollars under the 2023 Credit Agreement bear interest at a rate based on either (a) a term secured overnight financing rate (“SOFR”) based formula (including a credit spread adjustment of 10 basis points) plus a margin of 162.5 basis points to 200 basis points, depending on the LLC’s total net leverage ratio, or (b) a base rate formula plus a margin of 62.5 basis points to 100 basis points, depending on the LLC’s total net leverage ratio. Borrowings under the RCF in euros bear interest based on the adjusted EURIBOR rate plus a margin of 162.5 basis points to 200 basis points, depending on the LLC’s total net leverage ratio. The LLC is required to pay a quarterly commitment fee on the undrawn portion of the RCF commitments of 20 basis points to 35 basis points,

depending on the LLC's total net leverage ratio. The interest rate for the Term Loan was 7.15% (SOFR rate of 5.3% plus a margin of 1.85%) as of December 31, 2023.

The 2023 Credit Agreement contains certain affirmative and negative covenants that, among other things and subject to certain exceptions, limit the ability of the LLC and its restricted subsidiaries to incur additional indebtedness or liens, to dispose of assets, change their fiscal year or lines of business, pay dividends and other restricted payments, make investments and other acquisitions, make optional payments of subordinated and junior lien debt, enter into transactions with affiliates and enter into restrictive agreements. In addition, the 2023 Credit Agreement requires the LLC to maintain a consolidated total net leverage ratio below a certain threshold. As of December 31, 2023, we were in compliance with all applicable covenants under the 2023 Credit Agreement, the Term Loan and the RCF.

Tax Receivable Agreement

In connection with the IPO, on February 13, 2023, Nextracker Inc. also entered into a Tax Receivable Agreement (the "Tax Receivable Agreement") that provided for the payment by us to Yuma, Yuma Sub, TPG Rise Flash, L.P. ("TPG Rise"), and the following affiliates of TPG Rise: TPG Rise Climate Flash CI BDH, L.P., TPG Rise Climate BDH, L.P. and The Rise Fund II BDH, L.P. (together, the "TPG Affiliates") (or certain permitted transferees thereof) of 85% of the tax benefits, if any, that we are deemed to realize under certain circumstances, as more fully described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the Tax Receivable Agreement exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement or distributions to us by the LLC are not sufficient to permit us to make payments under the Tax Receivable Agreement after we have paid taxes.

We believe that our cash provided by operations and other existing and committed sources of liquidity, including our revolving credit facility, will provide adequate liquidity for ongoing operations, planned capital expenditures and other investments, potential debt service requirements and payments under the Tax Receivable Agreement for at least the next 12 months.

Cash Flows Analysis

<i>(In thousands)</i>	Nine-month periods ended	
	December 31, 2023	December 31, 2022
		<i>(Unaudited)</i>
Net cash provided by operating activities	\$ 317,481	\$ 72,382
Net cash used in investing activities	(3,850)	(2,629)
Net cash provided by (used in) financing activities	(75,821)	1,258

Nine-month period ended December 31, 2023

Net cash provided by operating activities was \$317.5 million during the nine-month period ended December 31, 2023. Total cash provided during the period was driven by net income of \$273.0 million adjusted for non-cash charges of approximately (\$84.3) million, primarily related to deferred income taxes associated with our Tax Receivable Agreement, partially offset by stock-based compensation expense, depreciation and amortization. Cash from net income was increased by the overall decrease in our net operating assets and liabilities, primarily our net working capital accounts, resulting in an inflow of approximately \$128.8 million. Accounts payable increased approximately \$162.8 million partially associated with timing and increase in our payment cycles. Deferred revenue increased approximately \$36.6 million driven primarily by increased deposits on higher bookings during the quarter. Due to related parties increase \$54.4million and other assets decrease \$87.7 million during the nine-month period ended December 31, 2023. Partially offsetting the cash inflows were increases in accounts

receivable and contract assets in aggregate of approximately \$148.1 million during nine-month period ended December 31, 2023, resulting from shorter billing and collection periods, and increases in inventories of approximately \$64.6 million due to strong demand.

Net cash used in investing activities was \$3.9 million and directly attributable to the purchase of property and equipment.

Net cash used in financing activities was \$75.8 million resulting from the tax distribution to our non-controlling interest holders pursuant to the LLC Agreement (see Note 5 in the notes to the condensed consolidated financial statements), and our repayment to Flex for the cash pool payable outstanding to Flex. After repaying such amount to Flex, no such cash pool payable is outstanding as of December 31, 2023.

Nine-month period ended December 31, 2022

Net cash provided by operating activities was \$72.4 million during the nine-month period ended December 31, 2022. Total cash provided during the period was driven by net income of \$93.8 million adjusted for non-cash charges of approximately \$9.5 million primarily related to stock based compensation expense, depreciation and amortization. Cash from net income was decreased by the overall increase in our net operating assets and liabilities, primarily our net working capital accounts, resulting in an outflow of approximately \$30.9 million. Accounts receivable and contract assets in aggregate increased approximately \$93.7 million during the nine-month period ended December 31, 2022, resulting from longer billing and collection periods. Inventory increased by \$79.0 million and other assets increased by \$24.0 million primarily due to advance payments to suppliers to secure product with longer lead times and expansion of supplier capacity in the United States, continued logistics constraints and increased operations. Offsetting the cash outflows were increases in deferred revenue of approximately \$88.4 million, primarily resulting from upfront funding of new contracts, increases in account payable of approximately \$44.5 million directly associated with the increased inventory level, and increases in other liabilities of approximately \$32.8 million.

Net cash used in investing activities was approximately \$2.6 million and directly attributable to the purchase of property and equipment.

Net cash provided by financing activities was \$1.3 million resulting from net cash transfers from Flex primarily pursuant to the centralized cash management function performed by Flex.

Cash management and financing

Prior to the IPO we were historically participating in a centralized cash management program administered by Flex; disbursements were independently managed by us. The cash balance reflected in the consolidated balance sheets as of December 31, 2023 and March 31, 2023 consists of the cash managed and controlled by us that is not part of the Flex centralized cash management pool. Nexttracker has participated in the Flex cash pooling management programs intra-quarter during our fiscal year 2023; this was discontinued as of April 1, 2023. In the absence of the cash pooling program, we expect our credit facilities and our cash position to provide adequate liquidity for our business. We had a total liquidity of approximately \$800 million as of December 31, 2023, primarily related to unutilized amounts under our RCF and our cash and cash equivalents balance as of December 31, 2023.

Contractual obligations and commitments

Information regarding our Credit Facilities, debt obligation, operating lease commitments and other commitments is provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on our Form 10-K for the fiscal year ended March 31, 2023.

There were no material changes in our contractual obligations and commitments as of December 31, 2023.

Off-Balance sheet arrangements

We did not have any off-balance sheet arrangements as of December 31, 2023.

Recently adopted accounting pronouncements

None during the nine-month period ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in commodity prices, such as steel and customer concentrations. We do not hold or issue financial instruments for trading purposes and had no outstanding indebtedness for borrowed money as of December 31, 2023.

There were no material changes in our exposure to market risks for changes in interest and foreign currency exchange rates for the nine-month period ended December 31, 2023 as compared to the fiscal year ended March 31, 2023.

Concentration of major customers

Our customer base consists primarily of EPC, as well as solar project owners and developers. We do not require collateral on our trade receivables. The loss of any one of our top five customers could have a materially adverse effect on the revenue and profits of the Company.

The following table sets forth the revenue from our customers that exceeded 10% of our total revenue and the total revenue from our five largest customers by percentage of our total revenue during the periods included below:

	Three-month periods ended		Nine-month periods ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Customer A*	**	25.7%	**	21.3%
Customer G	24.0%	**	17.5%	**
Top five largest customers	54.2%	56.1%	43.3%	40.6%

* SOLV Energy

** Percentages below 10%

Our trade accounts receivables and contract assets are from companies within the solar industry and, as such, we are exposed to normal industry credit risks. We periodically evaluate our reserves for potential credit losses and establish reserves for such losses.

The following table sets forth the total accounts receivable, net of allowance for doubtful accounts and contract assets, from our largest customers that exceeded 10% of such total, and the total accounts receivable, net of allowance and contract assets, from our top five customers by percentage during the periods included below:

	As of	
	December 31, 2023	March 31, 2023
	(Unaudited)	
Customer A*	12.1%	15.2%
Customer F	11.3%	14.0%
Customer G	20.2%	**
Top five largest customers	52.5%	43.5%

* SOLV Energy

** Percentages below 10%

Commodity price risk

We are subject to risk from fluctuating market prices of certain commodity raw materials, such as steel, that are used in our products. Prices of these raw materials may be affected by supply restrictions or other market factors from time to time, and we do not enter into hedging arrangements to mitigate commodity risk. Significant price changes for these raw materials could reduce our operating margins if we are unable to recover such increases from our customers, and could harm our business, financial condition and results of operations.

In addition, we are subject to risk from fluctuating logistics costs. As a result of disruptions caused by COVID-19, consumer and commercial demand for shipped goods has increased across multiple industries, which in turn has reduced the availability and capacity of shipping containers and available ships worldwide. These disruptions have caused, and may in the future cause, increased logistics costs and shipment delays affecting the timing of our project deliveries, the timing of our recognition of revenue and our profitability.

Foreign currency exchange risk

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to manage this risk. We intend to manage our foreign currency exposure by evaluating and using non-financial techniques, such as currency of invoice, leading and lagging payments and receivables management.

Based on our overall currency rate exposures as of December 31, 2023 and March 31, 2023, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, and other factors, a 10% appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected, in the aggregate, to have a material effect on our financial position, results of operations and cash flows in the near-term.

ITEM 4. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Principal Financial Officer, to allow timely decisions regarding required disclosure.

The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on the results of its evaluation, management concluded that our disclosure controls and procedures were effective as of December 31, 2023.

b. Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of conducting our business, we have in the past and may in the future become involved in various legal actions and other claims. We may also become involved in other judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of our businesses. Some of these matters may involve claims of substantial amounts. In addition, from time to time, third parties may assert intellectual property infringement claims against us in the form of letters and other forms of communication. These legal proceedings may be subject to many uncertainties and there can be no assurance of the outcome of any individual proceedings. We do not believe that these matters, and we are not a party to any other legal proceedings that we believe, if determined adversely to us, would have a material adverse effect on our business, financial condition or results of operations.

For more information, see note 9 "Commitments and contingencies" in the notes to the unaudited condensed consolidated final statements included elsewhere in this Quarterly Report.

ITEM 1A. RISK FACTORS

Our business and our ability to execute our strategy are subject to many risks. These risks and uncertainties include, but are not limited to, the following:

Summary of Risk Factors

- The demand for solar energy and, in turn, our products is impacted by many factors outside of our control, and if such demand does not continue to grow or grows at a slower rate than we anticipate, our business and prospects will suffer.
- Competitive pressures within our industry may harm our business, revenues, results of operations, financial condition and prospects.
- We face competition from conventional and other renewable energy sources that may offer products and solutions that are less expensive or otherwise perceived to be more advantageous than solar energy solutions, which could materially and adversely affect the demand for and the average selling price of our products and services.
- Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations.

- The reduction, elimination or expiration of government incentives for, or regulations mandating the use of, renewable energy and solar energy specifically could reduce demand for solar energy systems and harm our business.
- We rely heavily on our suppliers and our operations could be disrupted if we encounter problems with our suppliers or if there are disruptions in our supply chain.
- Economic, political and market conditions can adversely affect our business, financial condition and results of operations.
- Changes in the global trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows.
- We may not be able to convert our orders in backlog into revenue.
- Actions addressing determinations of forced labor practices in China and legislation and policies adopted to address such practices may disrupt the global supply of solar panels and have an adverse material effect on our business, financial conditions and results of operations.
- A further increase in interest rates, or a reduction in the availability of tax equity or project debt financing, could make it more difficult for project developers and owners to finance the cost of a solar energy system and could reduce the demand for our products.
- A loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment, could harm our business and negatively impact our revenue, results of operations and cash flows.
- Defects or performance problems in our products could result in loss of customers, reputational damage and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products.
- We may experience delays, disruptions or quality control problems in our product development operations.
- Our business is subject to the risks of severe weather events, natural disasters and other catastrophic events.
- Our continued expansion into new markets could subject us to additional business, financial, regulatory and competitive risks.
- Electric utility industry policies and regulations may present technical, regulatory and economic barriers to the purchase and use of solar energy systems that could significantly reduce demand for our products or harm our ability to compete.
- A drop in the price of electricity sold may harm our business, financial condition and results of operations.
- Technological advances in the solar components industry could render our systems uncompetitive or obsolete.
- If we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property, our business and results of operations could be materially harmed.
- We are required to pay others for certain tax benefits that we are deemed to realize under the Tax Receivable Agreement, and the amounts we may pay could be significant.
- Our indebtedness could adversely affect our financial flexibility and our competitive position.

Investing in our Class A common stock involves a high degree of risk. If any of the following risks occur, it could have a material adverse effect on our business, financial condition, results of operations or prospects. Risks that

are not presently known to us or that we do not currently consider material could also have a material adverse effect on our business, financial condition and results of operations. If any of these or the following risks occur, the trading price of our Class A common stock could decline, and you could lose part or all of your investment. Some statements in this Quarterly Report, including statements in the following risk factors, constitute forward-looking statements.

Risks related to our business and our industry

The demand for solar energy and, in turn, our products is impacted by many factors outside of our control, and if such demand does not continue to grow or grows at a slower rate than we anticipate, our business and prospects will suffer.

Our future success depends on continued demand for utility-scale solar energy. Solar energy is a rapidly evolving and competitive market that has experienced substantial changes in recent years, and we cannot be certain that EPCs, developers, owners and operators of solar projects will remain active in the market or that new potential customers will pursue solar energy as an energy source at levels sufficient to grow our business. The demand for solar energy, and in turn, our products, may be affected by many factors outside of our control, including:

- availability, scale and scope of government subsidies, government incentives and financing sources to support the development and commercialization of solar energy solutions;
- levels of investment by project developers and owners of solar energy products, which tend to decrease when economic growth slows;
- the emergence, continuance or success of, or increased government support for, other alternative energy generation technologies and products;
- local, state and federal permitting and other regulatory requirements related to environmental, land use and transmission issues, each of which can significantly impact the feasibility and timelines for solar projects;
- technical and regulatory limitations regarding the interconnection of solar energy systems to the electrical grid;
- the cost and availability of raw materials and components necessary to produce solar energy, such as steel, polysilicon and semiconductor chips; and
- regional, national or global macroeconomic trends, which could affect the demand for new energy resources.

If demand for solar energy fails to continue to grow, demand for our products will plateau or decrease, which would have an adverse impact on our ability to increase our revenue and grow our business. If we are not able to mitigate these risks and overcome these difficulties successfully, our business, financial condition and results of operations could be materially and adversely affected.

Competitive pressures within our industry may harm our business, results of operations, financial condition and prospects.

We face intense competition from a large number of solar tracker companies in nearly all of the markets in which we compete. The solar tracker industry is currently fragmented. This may result in price competition which could adversely affect our revenue and margins.

Some of our competitors are developing or are currently manufacturing products based on different solar power technologies that may ultimately have costs similar to or lower than our projected costs. In addition, some of our competitors have or may have in the future have lower costs of goods sold, lower operating costs, greater name and brand recognition in specific markets in which we compete or intend to sell our products, greater market

shares, access to larger customer bases, greater resources and significantly greater economies of scale than we do. Additionally, new competitors may enter our market as a result of, among other factors, lower research and development costs.

We may also face adverse competitive effects from other participants in the solar industry. For example, the price for solar panels has experienced significant declines in several markets globally in recent periods. Substantial pricing declines for panels can make the returns on investment for tracker technology less competitive in comparison to fixed tilt racking systems. In addition, EPCs subjecting their subcontractors who compete for their business, such as us, to contractual clauses that carry higher contractual risk to us, such as “pay if paid” clauses that requires an EPC to pay us only when the EPC’s end customer pays the EPC, higher liquidated damages amounts, increased contractual liabilities above 100% of the contract value and more limited force majeure clauses, among others. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We face competition from conventional and other renewable energy sources that may offer products and solutions that are less expensive or otherwise perceived to be more advantageous than solar energy solutions, which could materially and adversely affect the demand for and the average selling price of our products and services.

We face significant competition from providers of conventional and renewable energy alternatives such as coal, nuclear, natural gas and wind. We compete with conventional energy sources primarily based on price, predictability of price and energy availability, environmental considerations and the ease with which customers can use electricity generated by solar energy projects. If solar energy systems cannot offer a compelling value to customers based on these factors, then our business growth may be impaired.

Conventional energy sources generally have substantially greater financial, technical, operational and other resources than solar energy sources, and as a result may be able to devote more resources to research, development, promotion and product sales or respond more quickly to evolving industry standards and changes in market conditions than solar energy systems. Conventional and other renewable energy sources may be better suited than solar for certain locations or customer requirements and may also offer other value-added products or services that could help them compete with solar energy sources. In addition, the source of a majority of conventional energy electricity is non-renewable, which may in certain markets allow them to sell electricity more cheaply than electricity generated by solar generation facilities. Non-renewable generation is typically available for dispatch at any time, as it is not dependent on the availability of intermittent resources such as sunlight.

The cost-effectiveness, performance and reliability of solar energy products and services, compared to conventional and other renewable energy sources, could materially and adversely affect the demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations.

Our quarterly results of operations are difficult to predict and may fluctuate significantly in the future. Because we recognize revenue on projects as legal title to equipment is transferred from us to the customer, any delays in large projects from one quarter to another may cause our results of operations for a particular period to fall below expectations. We have experienced seasonal and quarterly fluctuations in the past as a result of fluctuations in our customers’ businesses, changes in local and global market trends, seasonal weather-related disruptions, permitting and interconnection delays and equipment shortages. For example, our customers’ ability to install solar energy systems is affected by weather, such as during the winter months. Inclement weather may also affect our logistics and operations by causing delays in the shipping and delivery of our materials, components and products which may, in turn, cause delays in our customers’ solar projects.

Further, given that we operate in a rapidly growing industry, the true extent of these fluctuations may have been masked by our recent growth rates and consequently may not be readily apparent from our historical results of

operations and may be difficult to predict. Our financial performance, sales, working capital requirements and cash flows may fluctuate, and our past quarterly results of operations may not be good indicators of future performance or prospects. Any substantial fluctuation in revenues could have an adverse effect on our financial condition, results of operations, cash flows and stock price for any given period. In addition, revenue, and other operating results in future fiscal quarters may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the price of our common stock.

The reduction, elimination or expiration of government incentives for, or regulations mandating the use of, renewable energy and solar energy specifically could reduce demand for solar energy systems and harm our business.

Federal, state, local and foreign government bodies provide incentives to owners, end users, distributors and manufacturers of solar energy systems to promote solar electricity in the form of tax credits, rebates and other financial incentives. The range and duration of these incentives varies widely by jurisdiction. Our customers typically use our systems for grid-connected applications wherein solar power is sold under a power purchase agreement or into an organized electric market. This segment of the solar industry has historically depended in large part on the availability and size of government incentives supporting the use of renewable energy. Consequently, the reduction, elimination or expiration of government incentives for grid-connected solar electricity may negatively affect the competitiveness of solar electricity relative to conventional and non-solar renewable sources of electricity, and could harm or halt the growth of the solar electricity industry and our business. These reductions, eliminations or expirations could occur without warning. Any changes to the existing framework of these incentives could cause fluctuations in our results of operations.

The IRA made significant changes to the incentives available to solar energy projects. As a result of changes made by the IRA, United States taxpayers will be entitled to a 30% investment tax credit (“ITC”) for certain qualifying projects placed in service after 2021 and increased further to 40% for projects placed in service after 2022 that satisfy certain “domestic content” requirements. For projects placed in service after 2022, these credit amounts are subject to an 80% reduction if the project (1) does not satisfy prevailing wage and apprenticeship requirements, (2) has a maximum net output that is greater than or equal to 1 megawatt of electrical (as measured in alternating current) or thermal energy and (3) begins construction on or after January 29, 2023 (the date that is 60 days after the IRS released guidance relating to the prevailing wage and apprenticeship requirements). In addition, certain other incremental credits are potentially available for projects or facilities located in “energy communities” or “low-income communities” or that are part of “low-income economic benefit projects” or “low-income residential building projects.”

On May 12, 2023, the U.S. Treasury Department and the IRS released Notice 2023-38 providing guidance with respect to the IRA’s domestic content bonus credit. The Treasury Department and the IRS announced their intent to issue proposed regulations in the future that will apply to taxable years ending after May 12, 2023, and that in the interim, the guidance contained in Notice 2023-38 may be relied upon with respect to any qualified facility or energy project the construction of which begins before the date ending 90 days after such proposed regulations are published. Generally, to meet the domestic content requirements a qualified facility or energy project must satisfy certain U.S. domestic sourcing or production requirements for iron, steel and manufactured products. In addition, the United States taxpayer must satisfy certain certification and substantiation requirements.

As a result of changes made by the IRA, United States taxpayers will generally also be allowed to elect to receive a production tax credit (“PTC”) in lieu of the ITC for qualified solar facilities the construction of which begins before January 1, 2025, that are placed in service after 2021. The PTC is available for electricity produced and sold to unrelated persons in the ten years following a project’s placement in service and is equal to an inflation-adjusted amount 2.75 cents per kilowatt hour for calendar year 2023 (for projects placed in service after 2021), assuming the prevailing wage and apprenticeship requirements described above are satisfied or deemed satisfied, reduced by 80% if those requirements are not satisfied) for every kilowatt-hour of electricity produced by a facility. The available credit amount is increased by 10% if the domestic content requirements described above are satisfied.

Certain additional incremental PTCs are also available similar to the incremental ITCs described above. These amounts may be adjusted for 2024 and future years in future IRS notices.

In the case of projects placed in service after 2024, each of the ITC and PTC will be replaced by similar “technology neutral” tax credit incentives that mimic the ITC and PTC but also require that projects satisfy a “zero greenhouse gas emissions” standard (which solar does) in order to qualify for the credits. This new credit regime will continue to apply to projects that begin construction prior to the end of 2033 (and possibly later), at which point the credits will become subject to a phase-out schedule.

While these changes are intended to encourage investments in new solar projects, the impact these changes will have on our results of operations is unclear. For example, if we are unable to meet the domestic content requirements necessary for customers using our tracker products to qualify for the incremental domestic content bonus credit and our competitors are able to do so, we might experience a decline in sales for U.S. projects. While the Treasury Department’s recent Notice 2023-38 includes significant clarifications with respect to domestic content requirements, including their applicability to and treatment of photovoltaic trackers, additional further clarifying communications from the Treasury Department may be forthcoming. Moreover, the response from the solar industry, including any domestic content requirements our customers may impose on us to receive orders, as a result of the IRA and Notice 2023-38 remains uncertain. In addition, the timing and nature of the Treasury Department’s eventual proposed and final implementing regulations which are expected to supersede Notice 2023-38 remains uncertain. We may not have an adequate supply of tracker products satisfying the domestic content requirements set forth in the IRA, Notice 2023-38 and/or future implementing regulations to meet customer demand. In addition, compliance with these requirements may significantly increase our record-keeping, accounting and production costs. As a result of these risks, the domestic content requirements may have a material adverse impact on our U.S. sales, business and results of operations.

Finally, if our customers are unable to satisfy their respective prevailing wage and apprenticeship requirements described above, the credits available to the taxpayer will be lower than the credits available under prior law. If a significant portion of our customers is unable to satisfy these requirements, demand for our tracker products may be adversely impacted by the reduced credits available, which could have a material adverse effect on our business, financial condition and results of operations.

Federal, state, local and foreign government bodies have implemented additional policies that are intended to promote or mandate renewable electricity generally or solar electricity in particular. For example, many U.S. states have adopted procurement requirements for renewable energy production and/or a renewable portfolio standard (“RPS”) that requires regulated utilities to procure a specified percentage of total electricity delivered to customers in the state from eligible renewable energy sources, including utility-scale solar power generation facilities, by a specified date. While the recent trend has been for jurisdictions with RPSs to maintain or expand them, there have been certain exceptions and there can be no assurances that RPSs or other policies supporting renewable energy will continue. Proposals to extend compliance deadlines, reduce renewable requirements or solar set-asides, or entirely repeal RPSs emerge from time to time in various jurisdictions. Reduction or elimination of RPSs, as well as changes to other renewable-energy and solar-energy policies, could reduce the potential growth of the solar energy industry and materially and adversely affect our business.

Moreover, policies of recent U.S. presidential administrations have created regulatory uncertainty in the renewable energy industry, including the solar energy industry, and have adversely affected and may continue to adversely affect our business. For example, in the span of less than six years, the United States joined, withdrew from, and then rejoined the 2015 Paris Agreement on climate change mitigation following changes in administration from former U.S. Presidents Obama and Trump to current U.S. President Biden. President Biden has not yet proposed a rule to regulate greenhouse gas emissions, and it is uncertain whether new regulations would promote solar energy development. In addition, the U.S. Supreme Court’s decision on June 30, 2022 in *West Virginia v. EPA*, holding that the U.S. Environmental Protection Agency (“EPA”) exceeded its authority in enacting a subsequently repealed rule that would have allowed electric utility generation facility owners to reduce emissions

with “outside the fence measures” may limit EPA’s ability to address greenhouse gas emissions comprehensively without specific authorization from Congress.

The international markets in which we operate or may operate in the future may have or may put in place policies to promote renewable energy, including solar. These incentives and mechanisms vary from country to country. In seeking to achieve growth internationally, we may make investments that, to some extent, rely on governmental incentives and support in a new market.

There is no assurance that these governments will provide or continue to provide sufficient incentives and support to the solar industry and that the industry in any particular country will not suffer significant downturns in the future as the result of changes in public policies or government interest in renewable energy, any of which would adversely affect demand for our solar products.

Furthermore, corporate social responsibility efforts, such as net zero emission pledges, have fostered private sector investment in solar energy systems in recent years. To the extent that these corporate policies are redirected away from renewable energy in general or solar energy in particular, the demand for our solar products would be adversely affected.

Finally, the solar industry has in past years experienced periodic downturns due to, among other things, changes in subsidies and incentives, as well as other policies and regulations, which, as noted above, may affect the demand for our products. There is no assurance that the solar industry will not suffer significant downturns in the future, which would adversely affect demand for our solar products. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on our suppliers and our operations could be disrupted if we encounter problems with our suppliers or if there are disruptions in our supply chain.

We purchase our components through arrangements with various suppliers located across the globe. We depend on our suppliers to source materials and manufacture critical components for our products. Our reliance on these suppliers makes us vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules and costs which could disrupt our ability to procure these components in a timely and cost-efficient manner. The suppliers rely on other suppliers to provide them with raw materials and sub-components that are critical to manufacturing the components of our tracker products. Any shortages of components or materials would affect our ability to timely deliver our products to our customers consistent with our contractual obligations, which may result in liquidated damages or contractual disputes with our customers, harm our reputation and lead to a decrease in demand for our products.

Our ability to deliver our products in a cost-efficient manner has been in recent years and could continue to be adversely impacted by other factors not within our control, including, but not limited to, shortages in available cargo capacity, changes by carriers and transportation companies in policies and practices such as scheduling, pricing, payment terms and frequency of service, increases in the cost of fuel, sanctions and labor availability and cost.

Further, our products are manufactured from steel and, as a result, our business is significantly affected by the price of steel. When steel prices are higher, the prices that we charge customers for our products may increase, which may decrease demand for our products. If we do not increase our prices due to an increase in the price of steel, we will experience lower profitability on our products. Conversely, if steel prices decline, customers may demand lower prices and our and our competitors’ responses to those demands could result in lower sale prices, lower volume, and consequently, negatively affect our profitability. A significant portion of our steel is derived directly or indirectly from steel mills located in China. At times, pricing and availability of steel can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, global capacity, import levels, fluctuations in the costs of raw materials necessary to produce steel, sales levels, competition, consolidation of steel producers, labor costs, transportation costs, import duties and tariffs and foreign currency exchange rates. This volatility can significantly affect the availability and cost of steel which may

impact our profitability and could have a material adverse effect on our business, financial condition and results of operations.

In addition, as noted above, the recently enacted IRA provides incremental tax credits for U.S. solar projects satisfying domestic content requirements. While the impact of these requirements on us remains fluid and uncertain pending customer response and the release of future implementing regulations, if we are unable to provide our tracker products in a manner that satisfies applicable domestic content requirements and our competitors are able to do so, we might experience a decline in sales for U.S. projects. In addition, compliance with these requirements may increase our production costs. In light of the foregoing, our U.S. sales, profitability and results of operations in the United States may be adversely affected by the applicable domestic content requirements which must be satisfied in order for solar projects to be eligible for these incremental credits.

Other events that could also cause disruptions to our supply chain include:

- the imposition of additional duties, tariffs and other charges or quotas on imports and exports, or other trade law provisions or regulations;
- continued or renewed instability in the global supply of any of our key components, including a shortage of semiconductor chips, which has and could continue to impact the timely receipt of our self-powered controller;
- foreign currency fluctuations;
- inflationary pressure and its impact on labor, commodities, fuel prices and other key tracker components and materials;
- natural disasters, severe weather, political instability, war, terrorist attacks, social unrest and economic instability in the regions in which our suppliers are located, or through which our components and materials travel;
- public health issues and epidemic diseases, such as the COVID-19 pandemic, and their effects (including measures taken by governmental authorities in response to their effects);
- theft or other loss;
- restrictions on the transfer of funds;
- the financial instability or bankruptcy of suppliers; and
- significant labor disputes, strikes, work stoppages or boycotts.

Any significant disruption to our ability to procure our components, and our suppliers' ability to procure materials to manufacture components for our products could increase the cost or reduce or delay our ability to perform under our contracts and could adversely affect our business, financial condition, results of operations and profitability. Further, if any of our suppliers were unable or unwilling to manufacture the components that we require for our products in sufficient volumes and at high quality levels or renew existing terms under supply agreements, we would need to identify, qualify and select acceptable alternative suppliers. An alternative supplier may not be available to us when needed or may not be in a position to satisfy our quality or production requirements on commercially reasonable terms, including price. Any significant interruption in manufacturing by our suppliers would require us to reduce our supply of products to our customers or increase our shipping costs to make up for such delays, which in turn could reduce our revenues and margins, harm our relationships with our customers, damage our reputation with other stakeholders involved with solar projects and cause us to forego potential revenue opportunities, which could have a material adverse effect on our business, financial condition and results of operations.

Economic, political and market conditions can adversely affect our business, financial condition and results of operations.

Macroeconomic developments, such as the global or regional economic effects resulting from the current Russia-Ukraine conflict and current Middle East instability, including the Israel-Hamas conflict (including the disruption of transporting goods through the Suez canal), continued inflation and related economic curtailment initiatives, evolving trade policies or the occurrence of similar events that lead to uncertainty or instability in economic, political or market conditions, could have a material adverse effect on our business, financial condition and results of operations. Local political issues and conflicts could have a material adverse effect on our results of operations and financial condition if they affect geographies in which we do business or obtain our components. A local conflict, such as the Ukraine-Russian War or the Middle East conflict, could also have a significant adverse impact on regional or global macroeconomic conditions, give rise to regional instability or result in heightened economic tariffs, sanctions and import-export restrictions in a manner that adversely affects us, including to the extent that any such actions cause material business interruptions or restrict our ability to conduct business with certain suppliers. Additionally, such conflict or sanctions may significantly devalue various global currencies and have a negative impact on economies in geographies in which we do business. Any general weakening of, and related declining corporate confidence in, the global economy could cause current or potential customers to reduce or eliminate their budgets and spending, which could cause customers to delay, decrease or cancel projects with us, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to governmental economic sanctions requirements and export controls that could impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws.

The export of our products and services from the U.S. is subject to U.S. export control laws and regulations, including the Export Administration Regulations, or EAR, and trade and economic sanctions maintained by the Office of Foreign Assets Control, or OFAC. As such, an export license may be required to export or reexport our products or services to certain countries and end-users for certain end-uses. If we were to fail to comply with such U.S. export controls laws and regulations, U.S. economic sanctions or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations and the possible loss of our export or import privileges. Obtaining the necessary export license for a particular sale or transaction may not be possible and may be time-consuming and may result in the delay or loss of sales opportunities. Further, U.S. export control laws and economic sanctions in many cases prohibit the export of services to certain U.S. embargoed or sanctioned countries, governments and persons, as well as for prohibited end-uses. Even though we take precautions to ensure that we comply with all relevant export control laws and regulations, including restrictions from the international community, any failure to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties.

Changes in the global trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows.

Escalating trade tensions, particularly between the United States and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain materials and components for our products such as steel or for products used in solar energy projects more broadly, such as solar modules and solar cells. More specifically, in March 2018, the United States imposed a 25% tariff on steel imports and has imposed additional tariffs and quotas on steel imports pursuant to Section 232 of the Trade Expansion Act of 1962. We have used and continue to use overseas suppliers of steel and these tariffs could result in interruptions in the supply chain and impact our costs and our gross margins. Additionally, in January 2018, the United States adopted a safeguard tariff on imported solar modules and cells pursuant to Section 201 of the Trade Act of 1974. The tariff was initially set at 30%, with a gradual reduction over four years to 15%. On February 4, 2022, President Biden extended the safeguard tariff for

an additional four years, starting at a rate of 14.75% and reducing that rate each year to 14% in 2026, and directed the United States Trade Representative to conclude agreements with Canada and Mexico on trade in solar products. On July 7, 2022, the United States and Canada entered into a non-binding memorandum of understanding in which the United States agreed to suspend application of the safeguard tariff to Canadian crystalline silicon photovoltaic cells imported as of February 1, 2022. While this tariff does not apply directly to the components we import, it may indirectly affect us by impacting the financial viability of solar energy projects, which could in turn reduce demand for our products. Furthermore, effective September 2018, the United States adopted a 10% tariff on an extensive list of products imported from China under Section 301 of the Trade Act of 1974, including inverters and power optimizers commonly used in solar projects. In June 2019, the U.S. Trade Representative increased the rate of such tariffs from 10% to 25%. While these tariffs are not directly applicable to our products, they could impact the solar energy projects in which our products are used, which could lead to decreased demand for our products.

On January 15, 2020, the United States and China entered into an initial trade deal that preserves the bulk of the tariffs placed in 2018 and maintains a threat of additional tariffs should China breach the terms of the deal. The Biden administration is expected to continue to modify its trade policies affecting materials and components for our products such as steel or for products used in solar energy projects more broadly, such as solar modules and solar cells. Consequently, trade policies implemented by the Biden administration could have an adverse effect on our business, financial condition and results of operations.

On April 1, 2022, the U.S. Department of Commerce (“Commerce”) initiated anti-circumvention inquiries of the U.S. antidumping and countervailing duty orders on crystalline silicon PV (“CSPV”) solar cells and modules from China (“Solar 1 Orders”) covering merchandise from Vietnam, Malaysia, Thailand, and Cambodia pursuant to Section 781 of the Tariff Act of 1930. On August 18, 2023, Commerce issued its final determination, affirmatively finding that certain CSPV solar cells and modules produced in Vietnam, Malaysia, Thailand, and Cambodia using parts and components from China from certain producers/exporters, are circumventing the Solar 1 Orders and therefore should be subject to the antidumping and countervailing duty liabilities arising from those orders. Commerce instructed U.S. Customs and Border Protection to suspend liquidation and collect cash deposits for entries entered on or after April 1, 2022.

Duties arising from these affirmative determinations could result in cash deposit payments and eventual final duty payments that vary but may amount to over 250% of the entered value of the imported merchandise. However, on June 6, 2022, President Biden issued an emergency declaration under Section 318 of the Tariff Act of 1930 delaying the imposition of any cash deposit or duty payment obligations on merchandise subject to these inquiries until the earlier of (i) the expiration of the order on June 6, 2024, or (ii) the President terminates the emergency declaration. Merchandise from the four subject countries covered under the scope of these inquiries should therefore not be subject to any antidumping or countervailing duty liabilities under the Solar 1 Orders until the termination of the emergency declaration as long as the importer(s) and exporter(s) follow proper certification procedures that will be implemented by Commerce. The validity of this moratorium on the imposition of any cash deposit or duty payment obligations is being challenged in a recently filed lawsuit seeking a preliminary injunction to eliminate the moratorium and to suspend the liquidation of imported CSPV solar cells and modules, which may ultimately allow for the retroactive imposition of duties on modules that were imported during the period when the moratorium was in effect.

The elimination of the moratorium (and, in particular, if such event occurs prior to the anticipated expiration date), as well as the affirmative determinations could have an adverse effect on the global solar energy marketplace, and as such, an adverse effect on our business, financial condition, and results of operations. While we do not sell solar modules, the degree of our exposure is dependent on, among other things, the impact of Commerce’s final determinations on the projects that are also intended to use our products as well as the result of the ongoing litigation. Such impacts are largely out of our control and may include project delays or cancellations. The ultimate severity or duration of the expected solar panel supply chain disruption or its effects on our clients’ solar project development and construction activities, and associated consequences on our business, is uncertain.

More broadly, legislation and regulations have been proposed that would make it easier for domestic companies to obtain affirmative determinations in antidumping and countervailing duties investigations. Such legislation and regulations, if enacted or promulgated, could result in future successful petitions and administrative decisions that limit imports from Asia and other regions.

Tariffs and the possibility of additional tariffs in the future have created uncertainty in the industry. If the price of solar systems increases, the use of solar systems could become less economically feasible and could reduce our gross margins or reduce the demand for solar systems, which in turn may decrease demand for our products.

Additionally, existing or future tariffs may negatively affect key customers and suppliers, and other supply chain partners. Such outcomes could adversely affect the amount or timing of our revenues, results of operations or cash flows, and continuing uncertainty could cause sales volatility, price fluctuations or supply shortages or cause our customers to advance or delay their purchase of our products. It is difficult to predict what further trade-related actions governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions. While we have taken actions with the intention of, among other things, mitigating the effect of steel tariffs on our business by reducing our reliance on sourcing material from China, we may not be able to do so on attractive terms.

Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to convert our orders in backlog into revenue.

Backlog can be subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenue. The contracts comprising our backlog may not result in actual revenue in any particular period or at all, and the actual revenue from such contracts may differ from our backlog estimates. The timing of receipt of revenue, if any, on projects included in backlog could change because many factors affect the scheduling of projects. Cancellation of or adjustments to contracts may occur.

The failure to realize all amounts in our backlog could adversely affect our future revenue and gross margins. As a result, our backlog as of any particular date may not be an accurate indicator of our future financial performance.

Actions addressing determinations of forced labor practices in China and legislation and policies adopted to address such practices may disrupt the global supply of solar panels and have an adverse material effect on our business, financial condition and results of operations.

Solar panel imports to the United States have also been, and may continue to be, impacted by the Uyghur Forced Labor Prevention Act (“UFLPA”) that was signed into law by President Biden on December 23, 2021. According to U.S. Customs and Border Protection, “it establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People’s Republic of China, or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the United States. The presumption applies unless the Commissioner of U.S. Customs and Border Protection determines that the importer of record has complied with specified conditions and, by clear and convincing evidence, that the goods, wares, articles, or merchandise were not produced using forced labor.” There continues to be uncertainty in the market around achieving full compliance with UFLPA, whether related to sufficient traceability of materials or other factors. This has created a significant compliance burden and constrained solar panel imports. We cannot currently predict what, if any, impact the UFLPA will have on the overall future supply of solar panels into the United States and the related timing and cost of our clients’ solar project, development and construction activities. While we do not import or sell solar panels, project delays caused by solar panel constraints may negatively impact our product delivery schedules and future sales, and therefore our business, financial condition, and results of operations.

Since 2016, U.S. Customs and Border Protection has issued a number of withhold release orders (“WROs”) directed at forced labor in China, including WROs directed specifically at activity in the Xinjiang Uyghur Autonomous Region. As a result of these orders, certain products, including solar panels manufactured with polysilicon from Xinjiang, are effectively barred from entering the United States. We cannot determine with certainty whether our suppliers may become subject to a WRO, which could subject us to legal, reputational, and other risks. If this were to occur, we might have to find alternative suppliers on short notice, resulting in construction delays and disruption and higher costs. Additionally, WROs have and could continue to impact the importation of solar panels. While we are not directly involved in the importation of solar panels, such WROs can negatively impact the global solar market and the timing and viability of solar projects to which we sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

We could face risks related to widespread pandemic, which could have a material and adverse effect on our business, results of operations and financial condition.

Although the COVID-19 pandemic appears to have abated, its long-term effects on the global economy, including ongoing significant inflation, continue to affect our business. Furthermore, should another pandemic arise, this could further negatively affect our operations and financial results.

The impact on our business of the occurrence of another public health crisis could in the future include:

- disruptions to our suppliers’ manufacturing facilities;
- disruptions to ports and other shipping infrastructure;
- other disruptions to our supply chain generally;
- disruptions caused by supplier, subcontractor and Nextracker labor availability, worker absenteeism and quarantines;
- shortages of medical equipment (such as medical test kits and personal protection equipment for employees);
- other disruptions to our ground operations at project sites;
- office, factory, warehouse and other location closures;
- local, regional or global logistics issues causing significant delays in our deliveries to our customers; and
- other travel or health-related restrictions disrupting our ability to conduct our business or market our products.

If our ground operations at project sites and our suppliers are so affected, our supply chain, product shipments and project construction will be delayed, which could have a material adverse effect on our business, financial condition and results of operations.

The global spread of a pandemic could create significant macroeconomic uncertainty, volatility and disruption, which may adversely affect our and our customers’ and suppliers’ liquidity and cost of capital. As a result, a pandemic could cause disruptions in our supply chain and customer demand, and could adversely affect the ability of our customers or other counterparties to perform, including in making timely payments or shipments to us, which could further adversely impact our business, financial condition and results of operations. Even after a pandemic has subsided, we may continue to experience adverse impacts to our business as a result of the pandemic’s continued global economic impact, including any economic recession or downturn, government spending cuts, tightening of credit markets or rises in unemployment, which could cause our customers and potential customers to postpone or reduce spending on our products and solutions.

A further increase in interest rates, or a reduction in the availability of tax equity or project debt financing, could make it difficult for project developers and owners to finance the cost of a solar energy system and could reduce the demand for our products.

Many solar project owners depend on financing to fund the initial capital expenditure required to construct a solar energy project. As a result, a further increase in interest rates, or a reduction in the supply of project debt or tax equity financing, could reduce the number of solar projects that receive financing or otherwise make it difficult for project owners to secure the financing necessary to construct a solar energy project on favorable terms, or at all, and thus lower demand for our products which could limit our growth or reduce our sales. In addition, we believe that a significant percentage of project owners construct solar energy projects as an investment, funding a significant portion of the initial capital expenditure with financing from third parties. A further increase in interest rates could lower an investor's return on investment on a solar energy project, increase equity requirements or make alternative investments more attractive relative to solar energy projects, and, in each case, could cause these project owners to seek alternative investments.

A loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment, could harm our business and negatively impact our revenue, results of operations and cash flows.

For the year ended March 31, 2023, SOLV Energy, our largest customer, constituted 17.4% of our total revenues. The loss of any one of our significant customers, their inability to perform under their contracts, or their default in payment, could have a substantial effect on our revenues and profits. Further, our trade accounts receivable and unbilled receivable ("contract assets") are from companies within the solar industry, and, as such, we are exposed to normal industry credit risks. As of March 31, 2023, our largest customer constituted 15.2% of our total trade accounts receivable and contract assets balances. Accordingly, loss of a significant customer or a significant reduction in pricing or order volume from a significant customer could substantially reduce our revenue and could have a material adverse effect on our business, financial condition and results of operations.

Defects or performance problems in our products could result in loss of customers, reputational damage and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products.

Our products may contain undetected errors or defects, especially when first introduced or when new generations are released. Errors, defects or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the yield of the product. Any actual or perceived errors, defects or poor performance in our products could result in the replacement or recall of our products, shipment delays, rejection of our products, damage to our reputation, lost revenue, diversion of our engineering personnel from our product development efforts and increases in customer service and support costs, all of which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, defective components may give rise to warranty, indemnity or product liability claims against us that exceed any revenue or profit we receive from the affected products. Our limited warranties cover defects in materials and workmanship of our products under normal use and service conditions. As a result, we bear the risk of warranty claims long after we have sold products and recognized revenue. While we have accrued reserves for warranty claims, our estimated warranty costs for previously sold products may change to the extent the warranty claims profile of future products is not comparable with that of earlier generation products under warranty. Our warranty accruals are based on our assumptions and we do not have a long history of making such assumptions. As a result, these assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial unanticipated expense to repair or replace defective products in the future or to compensate customers for defective products. Our failure to accurately predict future claims could result in unexpected volatility in, and have a material adverse effect on our business, financial condition and results of operations.

If one of our products were to cause injury to someone or cause property damage, including as a result of product malfunctions, defects or improper installation, then we could be exposed to product liability claims. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. Further, any product liability claim we face could be expensive to defend and could divert management's attention. The successful assertion of a product liability claim against us could result in potentially significant monetary damages, penalties or fines, subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions for the industry as a whole and may have an adverse effect on our ability to attract new customers or retain old customers, thus harming our growth and financial performance.

We may experience delays, disruptions or quality control problems in our product development operations.

Our product development and testing processes are complex and require significant technological expertise. Such processes involve a number of precise steps from design to production. Any change in our processes could cause one or more production errors, requiring a temporary suspension or delay in our suppliers' production lines until the errors can be researched, identified and properly addressed and rectified. This may occur particularly as we introduce new products, modify our engineering techniques and/or expand our capacity. The commercialization of any new products may also fail to achieve market adoption or may experience downward pricing pressure, which would have a material impact on our gross margins and results of operations. Further, the installation of our products involves various risks and complications which may increase as our products evolve and develop, and any such increase in risks and complications may have a negative effect on our gross margins. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased warranty reserve, increased production and logistics costs and delays. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations.

Our business is subject to the risks of severe weather events, natural disasters and other catastrophic events.

Our headquarters and testing facilities, which conduct functional and reliability testing for our components and products, are located in the Bay Area of Northern California and our solar projects are located in the U.S. and around the world. A severe weather event or other catastrophe impacting our headquarters or testing facilities could cause significant damage and disruption to our business operations. In addition, a severe weather event or other catastrophe could significantly impact our supply chain by causing delays in the shipping and delivery of our materials, components and products which may, in turn, cause delays in our customers' solar projects. Our customers' ability to install solar energy systems is also affected by weather, such as during the winter months.

Any damage and disruption in any locations in which we have offices or in which our customers have other suppliers or solar projects which are caused by severe weather events (such as extreme cold weather, hail, hurricanes, tornadoes and heavy snowfall), seismic activity, fires, floods and other natural disasters or catastrophic events could result in a delay or even a complete cessation of our worldwide or regional operations and could cause severe damage to our products and equipment used in our solar projects. Even if our tracker products are not damaged, severe weather, natural disasters and catastrophic events may cause damage to the solar panels that are mounted to our tracker products, which could result in decreased demand for our products, loss of customers and the withdrawal of coverage for solar panels and solar tracking systems by insurance companies. Any of these events would negatively impact our ability to deliver our products and services to our customers and could result in reduced demand for our products and services, and any damage to our products and equipment used for our solar projects could result in large warranty claims which could, individually or in the aggregate, exceed the amount of insurance available to us, all of which would have a material adverse effect on our business, financial condition and results of operations. These events may increase in frequency and severity due to the effects of climate change.

Our continued expansion into new markets could subject us to additional business, financial, regulatory and competitive risks.

Part of our strategy is to continue to grow our revenues from international markets, including entering new geographic markets to expand our current international presence. Our products and services to be offered in these regions may differ from our current products and services in several ways, such as the consumption and utilization of local raw materials, components and logistics, the re-engineering of select components to meet region-specific requirements and region-specific customer training, site commissioning, warranty remediation and other technical services. Any of these differences or required changes to our products and services to meet the requirements of local laws and regulations may increase the cost of our products, reduce demand and result in a decrease in our gross margins. We may also face competition from lower cost providers in any new markets we enter which could decrease the demand for our products or cause us to reduce the cost of our products in order to remain competitive.

Any new geographic market could have different characteristics from the markets in which we currently sell products, and our success in such markets will depend on our ability to adapt properly to these differences.

These differences may include differing regulatory requirements, including local manufacturing content requirements, tax laws, trade laws, labor regulations, corporate formation laws and requirements, tariffs, export quotas, customs duties or other trade restrictions, limited or unfavorable intellectual property protection, international political or economic conditions, restrictions on the repatriation of earnings, longer sales cycles, warranty expectations, product return policies and cost, performance and compatibility requirements. In addition, expanding into new geographic markets will increase our exposure to presently existing risks, such as fluctuations in the value of foreign currencies and difficulties and increased expenses in complying with U.S. and foreign laws, regulations and trade standards, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), as well as relevant anti-money laundering laws.

Failure to develop these new products successfully or to otherwise manage the risks and challenges associated with our continued expansion into new geographic markets could have a material adverse effect on our business, financial condition and results of operations.

Electric utility industry policies and regulations may present technical, regulatory and economic barriers to the purchase and use of solar energy systems that could significantly reduce demand for our products or harm our ability to compete.

Federal, state, local and foreign government policies and regulations concerning the broader electric utility industry, as well as internal policies and regulations promulgated by electric utilities and organized electric markets with respect to fees, practices and rate design, heavily influence the market for electricity generation products and services. These policies and regulations often affect electricity pricing and the interconnection of generation facilities and can be subject to frequent modifications by governments, regulatory bodies, utilities and market operators. For example, changes in fee structures, electricity pricing structures and system permitting, regional market rules, interconnection and operating requirements can deter purchases of renewable energy products, including solar energy systems, by reducing anticipated revenues or increasing costs or regulatory burdens for would-be system purchasers. The resulting reductions in demand for solar energy systems could harm our business, financial condition and results of operations.

A significant development in renewable-energy pricing policies in the United States occurred when the Federal Energy Regulatory Commission (“FERC”) issued a final rule amending regulations that implement the Public Utility Regulatory Policies Act (“PURPA”) on July 16, 2020, which FERC upheld on rehearing on November 19, 2020. Among other requirements, PURPA mandates that electric utilities buy the output of certain renewable generators, including qualifying solar energy facilities, below established capacity thresholds. PURPA also requires that such sales occur at a utility’s “avoided cost” rate. FERC’s PURPA reforms include modifications (1) to how regulators and electric utilities may establish avoided cost rates for new contracts, (2) that reduce from 20 MW to

5 MW the capacity threshold above which a renewable-energy qualifying facility is rebuttably presumed to have non-discriminatory market access, thereby removing the requirement for utilities to purchase its output, (3) that require regulators to establish criteria for determining when an electric utility incurs a legally enforceable obligation to purchase from a PURPA facility and (4) that reduce barriers for third parties to challenge PURPA eligibility. These new regulations took effect on February 16, 2021, but the net effect of these changes is uncertain, as they have only been effective for a short time, and some changes will not become fully effective until states and other jurisdictions implement the new authorities provided by FERC. In general, however, FERC's PURPA reforms have the potential to reduce prices for the output from certain new renewable generation projects while also narrowing the scope of PURPA eligibility for new projects. These effects could reduce opportunities and demand for PURPA-eligible solar energy systems, which could have a material adverse effect on our business, financial condition and results of operations.

FERC is also taking steps to encourage the integration of new forms of generation into the electric grid and remove barriers to grid access, which could have positive impacts on the solar energy industry. For example, on July 28, 2023 FERC issued a final rule, designated as Order No. 2023, to reform procedures and agreements that electric transmission providers use to integrate new generating facilities into the existing transmission system. The outcome of this final rule on our business, financial condition and results of operations is uncertain.

Changes in other federal, state and local current laws or regulations applicable to us or the imposition of new laws, regulations or policies in the jurisdictions in which we do business could have a material adverse effect on our business, financial condition and results of operations. Any changes to government, utility or electric market regulations or policies that favor non-solar generation or other market participants, remove or reduce renewable procurement standards and goals or that make construction or operation of new solar generation facilities more expensive or difficult, could reduce the competitiveness of solar energy systems and cause a significant reduction in demand for our products and services and adversely impact our growth. Moreover, there may be changes in regulations that impact access to supply chains related to cybersecurity threats to the electric grid that could have a disproportionate impact on solar energy system components. In addition, changes in export and import laws and implementing regulations may create delays in the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether. Any such event could have a material adverse effect on our business, financial condition and results of operations.

Developments in alternative technologies may have a material adverse effect on demand for our offerings.

Significant developments in alternative technologies, such as advances in other forms of solar tracking systems, could have a material adverse effect on our business, financial condition and results of operations. Additionally, the success of our business depends on the compatibility of our solar trackers and software with the broader solar panel market, and any developments, advancements or changes in current or future solar panel design may cause our products to be obsolete if we do not keep pace with such changes. Any failure by us to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could result in product obsolescence, the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors.

A drop in the price of electricity sold may harm our business, financial condition and results of operations.

Decreases in the price of electricity, whether in organized electric markets or with contract counterparties, may negatively impact the owners of the solar energy projects, make the purchase of solar energy systems less economically attractive and would likely lower sales of our products. The price of electricity could decrease as a result of many factors, including but not limited to:

- construction of a significant number of new, lower-cost power generation plants;
- relief of transmission constraints that enable distant, lower-cost generation to transmit energy less expensively or in greater quantities;

- reductions in the price of natural gas or other fuels;
- utility rate adjustment and customer class cost reallocation;
- decreased electricity demand, including from energy conservation technologies, public initiatives to reduce electricity consumption or a reduction in economic activity due to a localized or macroeconomic downturn;
- development of smart-grid technologies that lower the peak energy requirements;
- development of new or lower-cost customer-sited energy storage technologies that have the ability to reduce a customer's average cost of electricity by shifting load to off-peak times; and
- development of new energy generation technologies that provide less expensive energy.

Moreover, if the cost of electricity generated by solar energy installations incorporating our systems is high relative to the cost of electricity from other sources, it could have a material adverse effect on our business, financial condition and results of operations.

Technological advances in the solar components industry could render our systems uncompetitive or obsolete.

The solar industry is characterized by its rapid adoption and application of technological advances. Our competitors may develop technologies more advanced and cost-effective than ours. We will need to invest substantially in research and development to maintain our market position and effectively compete in the future.

Our failure to further refine or enhance our technologies could render our technologies uncompetitive or obsolete, which could reduce our market share and cause our revenues to decline.

In addition, we may invest in and implement newly developed, less-proven technologies in our project development or in maintaining or enhancing our existing projects. There is no guarantee that these new technologies will perform or generate customer demand as anticipated. The failure of our new technologies to perform as anticipated could have a material adverse effect on our business, financial condition and results of operations.

If we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property, our business and results of operations could be materially harmed.

Our success depends to a significant degree on our ability to protect our intellectual property. We rely on a combination of patent, trademark, copyright, trade secret and unfair competition laws, as well as confidentiality and license agreements and other contractual provisions, to establish and protect our intellectual property. Such means may afford only limited protection of our intellectual property and may not (i) prevent our competitors or manufacturing suppliers from duplicating our processes or technology; (ii) prevent our competitors or manufacturing suppliers from gaining access to our proprietary information and technology; or (iii) permit us to gain or maintain a competitive advantage.

We generally seek or apply for patent protection as and if we deem appropriate, based on then-current facts and circumstances. We have applied for patents in numerous countries across the world, including in the United States, Europe and China, and have received 95 patents in the United States and 196 foreign patents as of December 31, 2023. Our U.S. issued patents are scheduled to expire between 2029 and 2041. We cannot guarantee that any of our pending patent applications or other applications for intellectual property registrations will be issued or granted or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology. While a presumption of validity exists with respect to United States patents issued to us, there can be no assurance that any of our patents, patent applications or other intellectual property rights will not be, in whole or in part, opposed, contested, challenged, invalidated, circumvented, designed around or rendered unenforceable. If we fail to obtain issuance of patents or registration of other intellectual property, or our patent claims or other intellectual property rights are rendered invalid or unenforceable, or narrowed in

scope, pursuant to, for example, judicial or administrative proceedings including re-examination, post-grant review, interference, opposition, or derivation proceedings, the coverage of patents and other intellectual property rights afforded our products could be impaired. Even if we are to obtain issuance of further patents or registration of other intellectual property, such intellectual property could be subject to attacks on ownership, validity, enforceability or other legal attacks. Any such impairment or other failure to obtain sufficient intellectual property protection could impede our ability to market our products, negatively affect our competitive position and harm our business and operating results, including forcing us to, among other things, rebrand or re-design our affected products. Moreover, our patents and patent applications may only cover particular aspects of our products, and competitors and other third parties may be able to circumvent or design around our patents. Competitors may develop and obtain patent protection for more effective technologies, designs or methods. There can be no assurance that third parties will not create new products or methods that achieve similar or better results without infringing upon patents we own. If these developments were to occur, it could have an adverse effect on our sales or market position.

In countries where we have not applied for patent protection or trademark or other intellectual property registration or where effective patent, trademark, trade secret, and other intellectual property laws and judicial systems may not be available to the same extent as in the United States, we may be at greater risk that our proprietary rights will be circumvented, misappropriated, infringed or otherwise violated. Filing, prosecuting, maintaining and defending our intellectual property rights in all countries throughout the world is prohibitively expensive, and we may choose to forego such activities in some jurisdictions. The lack of adequate legal protections of intellectual property or failure of legal remedies or related actions in jurisdictions outside of the United States could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have initiated, and may in the future need to initiate, infringement claims or litigation in order to try to protect or enforce our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive and time-consuming and may divert the efforts of our management and other personnel, which could harm our business, whether or not such litigation results in a determination favorable to us. Litigation also puts our patents or other intellectual property at risk of being invalidated or interpreted narrowly and our patent applications or applications for other intellectual property registrations at risk of not issuing. Additionally, any enforcement of our patents or other intellectual property rights may provoke third parties to assert counterclaims against us. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

We rely heavily on nondisclosure agreements to protect the unpatented know-how, technology, and other proprietary information on which we rely to maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how, technology and trade secrets, including third-party manufacturers, other suppliers, customers, other stakeholders involved in solar projects, or other business partners or prospective partners. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation or disclosure of our proprietary information, know-how and trade secrets. These agreements may be breached, and we may not have adequate remedies for any such breach. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to ours. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We use “open source” software, and any failure to comply with the terms of one or more open source licenses could adversely affect our business, financial condition and results of operations.

Our products and services use certain software licensed by its authors or other third parties under so-called “open source” licenses. Some of these open source licenses may contain requirements that we make available source code for modifications or derivative works that we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties rights with respect to such software. In certain circumstances, if we combine our proprietary software with certain open source software, we could be required to release the source code for such proprietary software. Additionally, to the extent that we do not comply with the terms of the open source licenses to which we are subject, or such terms are interpreted by a court in a manner different than our own interpretation of such terms, then we may be required to disclose certain of our proprietary software or take other actions that could adversely impact our business. Further, the use of open source software can lead to vulnerabilities that may make our software susceptible to attack, and open source licenses generally do not provide warranties or controls on the origin of the software. While we attempt to utilize open source software in a manner that helps alleviate these risks, our attempts may not be successful. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Cybersecurity or other data incidents, including unauthorized disclosure of personal or sensitive data or theft of confidential information, could harm our business.

Cybersecurity attacks designed to gain access to personal, sensitive or confidential information data or disrupt operations are constantly evolving, and high profile cybersecurity breaches leading to unauthorized disclosure of confidential information, including trade secrets, as well as breaches of personal data, have occurred recently at a number of major U.S. companies, including in the energy, manufacturing and technology sectors. Our or our third- party vendors’ computer systems are potentially vulnerable to cyber incidents and attacks, including malicious intrusion, ransomware attacks, and other system disruptions cause by unauthorized third parties. Attempts by computer hackers or other unauthorized third parties to penetrate or otherwise gain access to our websites, computer systems or the systems of third parties with which we do business may result in the misappropriation, corruption, unavailability, loss of data assets or business interruption. Hardware, software or applications we utilize may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. In addition, our employees, contractors or third parties with which we do business or to which we outsource business operations may attempt to circumvent our security measures in order to misappropriate such information and data and may purposefully or inadvertently cause a breach or other compromise involving such information and data. We increasingly rely on commercially available systems, software, sensors, tools (including encryption technology) and monitoring to provide security and oversight for processing, transmission, storage and protection of confidential information and personal data. Despite advances in security hardware, software and encryption technologies, and our own information security program and safeguards, there is no guarantee that our defenses and cybersecurity program will be adequate to safeguard against all data security breaches, cybersecurity attacks, misappropriation of confidential information or misuses of personal data. Moreover, because techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we and our suppliers may be unable to anticipate these techniques or to implement adequate preventative or mitigation measures. We may also experience security breaches and other incidents that may remain undetected for an extended period and therefore may have a greater impact on our products and the networks and systems used in our business.

We regularly defend against and respond to data security incidents. We expect to incur significant costs in our efforts to detect and prevent security breaches and other security-related incidents, and we may face increased costs in the event of an actual or perceived security breach or other security-related incident. Despite our precautions, our facilities and systems, and those of third parties with which we do business, may be vulnerable to security breaches, acts of vandalism and theft, malicious code, such as computer viruses, malware, and

ransomware, misplaced or lost data, programming and/or human errors or other similar events, and there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this type of confidential information and personal data. A security breach or cyber incident in our systems (or in the systems of third parties with which we do business) could result in the unauthorized release of personally identifiable information regarding employees or other individuals or other sensitive data, serious disruption of our operations, financial losses from containment and remedial actions, loss of business or potential liability, including possible punitive damages. As a result of cybersecurity incidents, we could be subject to demands, claims and litigation by private parties, and investigations, related actions and penalties by regulatory authorities, along with potential costs of notification to impacted individuals. Finally, any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations.

In addition, as the regulatory environment relating to retailers and other companies' obligation to protect such sensitive data becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could result in additional costs, and a material failure on our part to comply could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with current or future federal, state, local and foreign laws, regulations, rules and industry standards relating to privacy, data protection, cybersecurity and consumer protection could adversely affect our business, financial condition, results of operations and prospects.

Laws, regulations, rules and industry standards relating to privacy, data protection, cybersecurity and consumer protection are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, rules, standards, requirements and obligations.

We are subject to a variety of laws, regulations, rules and industry standards in the U.S. and abroad that involve matters central to our business, including privacy and data protection. Many of these laws, regulations, rules and industry standards are still evolving and being tested in courts and could be interpreted or applied in ways that could harm our business, particularly in the new and rapidly evolving industry in which we operate. It is difficult to predict how existing laws, regulations, rules and industry standards, and new laws, regulations, rules and industry standards to which we may become subject, will be applied to our business, and it is possible that they may be interpreted and applied in a manner that is inconsistent with our current operating practices. Existing and proposed laws, regulations, rules and industry standards can be costly to comply with and can delay or impede the development of new products and services, significantly increase our operating costs, require significant time and attention of management and technical personnel and subject us to inquiries or investigations, claims or other remedies, including fines or demands that we modify or cease existing business practices.

In the United States, there are numerous federal, state and local privacy and data protection laws, regulations and rules governing the collection, sharing, retention, disclosure, security, transfer, storage and other processing of personal information. For example, at the federal level, Section 5 of the Federal Trade Commission Act prohibits unfair or deceptive practices in or affecting commerce, which extends to privacy and data protection practices. There is also discussion in Congress of new federal privacy and data protection laws to which we may become subject if enacted. At the state level, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the "CCPA") requires companies that process information relating to California residents to implement stringent data protection measures and to make disclosures to consumers about their data collection, use and sharing practices, and allows consumers to opt out of certain data sharing with third parties. In addition,

the CCPA provides for civil penalties and a private right of action for California residents in the event of certain data breaches. Similar laws have passed in a number of other states, complicating the compliance landscape, and additional privacy and data protection laws have been proposed in other states and at the federal level. If passed, such laws may have potentially conflicting requirements that would make compliance challenging. Moreover, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach.

We also are, or may become, subject to applicable laws, regulations and rules relating to privacy, data protection, cybersecurity and consumer protection in the foreign jurisdictions in which we do business. For example, the European Economic Area (“EEA”), composed of the European Union (“EU”) member states and Iceland, Liechtenstein and Norway, and the United Kingdom (“UK”) have imposed stringent legal and regulatory obligations under the EU General Data Protection Regulation (“EU GDPR”) and UK General Data Protection Regulation (“UK GDPR”), respectively, on companies regarding the collection, sharing, retention, disclosure, security, transfer, storage and other processing of personal data. While the EU GDPR and UK GDPR remain substantially similar for the time being, the UK government has announced that it would seek to chart its own path on privacy and data protection and reform its relevant laws, including in ways that may differ from the EU GDPR. While these developments increase uncertainty with regard to privacy and data protection regulation in the U.K., even in their current, substantially similar form, the EU GDPR and UK GDPR can expose businesses to divergent parallel regimes that may be subject to potentially different interpretations and enforcement actions for certain violations and related certainty. Administrative fines of up to the greater of €20 million (or £17.5 million under the UK GDPR) and 4% of our global turnover can be imposed for breaches of the EU GDPR and UK GDPR.

Legal developments in the EEA, including recent rulings from the Court of Justice of the European Union (“CJEU”) and from various EU member state data protection authorities, have created complexity and uncertainty regarding processing and transfers of personal data from the EEA to the United States and other so-called third countries outside the EEA, including in the context of website cookies. On July 10, 2023, the European Commission adopted an adequacy decision concluding that the U.S. ensures an adequate level of protection for personal data transferred from the EEA to the U.S. under the EU-U.S. Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the UK for the UK-U.S. Data Bridge). However, the adequacy decision does not foreclose, and is likely to face, future legal challenges and the ongoing legal uncertainty may increase our costs and our ability to efficiently process personal data from the EEA or the UK. The EU has also proposed legislation that would regulate non-personal data and establish new cybersecurity standards, and other countries may similarly do so in the future. If we are otherwise unable to transfer data, including personal data, between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. While we have implemented new controls and procedures designed to comply with the requirements of the EU GDPR, UK GDPR and the privacy and data protection laws of other jurisdictions in which we operate, such controls and procedures may not be effective in ensuring compliance or preventing unauthorized transfers of personal data.

In addition, federal, state and foreign governmental authorities continue to evaluate the privacy implications inherent in the use of “cookies” and other methods of online tracking for behavioral advertising and other purposes. The EU has also proposed the draft ePrivacy Regulation, which will replace both the ePrivacy Directive and all the national laws implementing this Directive. The ePrivacy Regulation, as proposed, would impose strict opt-in marketing rules, change rules about cookies, web beacons and related technologies and significantly increase penalties for violations. It would also retain the additional consent conditions under the EU GDPR. The regulation of the use of cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new customers on cost-effective terms and, consequently, materially and adversely affect our business, financial condition and results of operations.

Moreover, while we strive to publish and prominently display privacy policies that are accurate, comprehensive and compliant with local laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to privacy and data protection. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. If our public statements about our use, collection, disclosure and other processing of personal information, whether made through our privacy policies, information provided on our website, press statements or otherwise, are alleged to be deceptive, unfair or misrepresentative of our actual practices, we may be subject to potential government or legal investigation or action, including by the Federal Trade Commission or applicable state attorneys general.

Existing privacy, data protection, cybersecurity and consumer protection laws, regulations, rules and industry standards, and any changes or new obligations, could impose significant limitations, require changes to our business, or restrict our use, storage or other processing of certain data, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively.

Any failure, or perceived failure, by us to comply with our posted privacy policies or with any applicable privacy, data protection, cybersecurity or consumer protection-related laws, regulations, rules, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations relating to privacy or data security could adversely affect our reputation, brand and business, and may result in claims, fines, penalties, investigations, proceedings or actions against us by governmental entities, customers, suppliers or others or other liabilities or may require us to change our operations and/or cease using certain data. Any such claims, proceedings, investigations or actions could harm our reputation, brand and business, force us to incur significant expenses in defense of such claims, proceedings, investigations or actions, distract our management, increase our costs of doing business, result in a loss of customers or suppliers and result in the imposition of monetary penalties. We may also be contractually required to indemnify and hold harmless third parties from the costs and consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy, data protection, cybersecurity or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store, handle or otherwise process as part of operating our business.

Additionally, any failure to comply with applicable laws, regulations, rules, standards or other obligations or any security breach or other similar incident involving the misappropriation, unavailability, corruption, or loss or other unauthorized processing, use or disclosure of sensitive or confidential consumer or other personal information, whether by us, one of our third-party service providers or vendors or another third party, could have adverse effects, including, but not limited to, investigation costs; material fines and penalties; compensatory, special, punitive and statutory damages; litigation; consent orders regarding our privacy, data protection, and cybersecurity practices; requirements that we provide notices, credit monitoring services and/or credit restoration services or other relevant services to impacted individuals; reputational damage; and injunctive relief. We cannot assure you that our vendors or other third-party service providers with access to our or our customers' or employees' personally identifiable and other sensitive or confidential information in relation to which we are responsible will not breach contractual obligations imposed by us, or that they will not experience data security breaches or other similar incidents, which could have a corresponding effect on our business, including putting us in breach of our privacy and data protection obligations and/or which could in turn adversely affect our business, results of operations and financial condition. We also cannot assure you that our contractual measures and our own privacy, data protection, and cybersecurity-related safeguards will protect us from the risks associated with the third-party use, storage, transmission and other processing of such information. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We invest significant time, resources and management attention to identifying and developing project leads that are subject to our sales and marketing focus and if we are unsuccessful in converting such project leads into binding purchase orders, our business, financial condition and results of operations could be materially adversely affected.

The commercial contracting and bidding process for solar project development is long and has multiple steps and uncertainties. We closely monitor the development of potential sales leads through this process. Project leads may fail to be converted into binding purchase orders at any stage of the bidding process because either (i) a competitors' product is selected to fulfill some or all of the order due to price, functionality or other reasons or (ii) the project does not progress to the stage involving the purchase of tracker systems. If we fail to convert a significant number of project leads that are subject to our sales and marketing focus into binding purchase orders, our business or results of operations could be materially adversely affected.

Our growth depends in part on the success of our strategic relationships with third parties on whom we rely for new projects and who provide us with valuable customer feedback that helps guide our innovation.

In order to continue to win business, we must maintain and enhance our long-term strategic relationships with leading EPCs, developers, owners and operators of solar projects. These relationships enable us to serve as strategic advisors to each of these stakeholders in a solar project, increasing the probability that our product will be selected by these stakeholders in future projects. These stakeholders also provide us with valuable customer feedback that allows us to innovate on our products to meet the demands of our customers.

Any loss of these relationships could result in the potential loss of new projects, and the potential loss of innovation guidance, which could have a material adverse effect on our business, financial condition and results of operations.

We may need to defend ourselves against third-party claims that we are infringing, misappropriating or otherwise violating others' intellectual property rights, which could divert management's attention, cause us to incur significant costs, and prevent us from selling or using the technology to which such rights relate.

Our competitors and other third parties hold numerous patents related to technology used in our industry, and may hold or obtain patents, copyrights, trademarks or other intellectual property rights that could prevent, limit, or interfere with our ability to make, use, develop, sell or market our products and services, which could make it more difficult for us to operate our business. From time to time we may be subject to claims of infringement, misappropriation or other violation of patents or other intellectual property rights and related litigation. Regardless of their merit, responding to such claims can be time consuming, can divert management's attention and resources, and may cause us to incur significant expenses in litigation or settlement, and we cannot be certain that we would be successful in defending against any such claims in litigation or other proceedings. If we do not successfully defend or settle an intellectual property claim, we could be liable for significant monetary damages and could be prohibited from continuing to use certain technology, business methods, content or brands, and from making, selling or incorporating certain components or intellectual property into the products and services we offer. As a result, we could be forced to redesign our products and services, and/or to establish and maintain alternative branding for our products and services. To avoid litigation or being prohibited from marketing or selling the relevant products or services, we could seek a license from the applicable third party, which could require us to pay significant royalties, licensing fees, or other payments, increasing our operating expenses. If a license is not available at all or not available on reasonable terms, we may be required to develop or license a non-violating alternative, either of which could be infeasible or require significant effort and expense. If we cannot license or develop a non-violating alternative, we would be forced to limit or stop sales of our offerings and may be unable to effectively compete. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Any of these results could materially and adversely affect our business, financial condition and results of operations and prospects. Finally,

any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees and consultants are currently or were previously employed at other companies in our field, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail to successfully defend against any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation would result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Inadequacy of our insurance coverage could have a material and adverse effect on our business, financial condition and results of operations.

We maintain third-party insurance coverage against various liability risks and risks of loss, including general liability, auto liability, property, cargo, errors and omissions, data security breach, crime and directors' and officers' liability. Potential liabilities or other loss associated with these risks or other events could exceed the coverage provided by such arrangements resulting in significant uninsured liabilities or other loss, which could have a material adverse effect on our business, financial condition and results of operations.

Failure by our manufacturers or our component or raw material suppliers to use ethical business practices and comply with applicable laws and regulations may adversely affect our business, financial condition and results of operations.

We do not control our manufacturers or suppliers or their business practices. Accordingly, we cannot guarantee that they follow ethical business practices such as fair wage practices and compliance with environmental, safety, labor and other laws. A lack of demonstrated compliance could lead us to seek alternative manufacturers or suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation, investigations, enforcement actions, monetary liability and additional costs that could have a material adverse effect on our business, financial condition and results of operations.

Compliance with government regulations regarding the use of “conflict minerals” may result in increased costs and risks to us.

As part of the Dodd-Frank Act, the SEC has promulgated disclosure requirements regarding the use of certain minerals mined from the Democratic Republic of Congo and adjoining countries, known as conflict minerals. These disclosure rules will take effect for us in May 2025. We may have to investigate and publicly disclose whether the products we sell contain conflict minerals and could incur significant costs related to implementing a process that will meet these requirements. Additionally, customers rely on us to provide critical data regarding the products they purchase and will likely request conflict mineral information. Our materials sourcing is broad-based and multi-tiered, and we may not be able to easily verify the origins of the minerals used in the products we sell. We have many suppliers and each may provide conflict mineral information in a different manner, if at all. Accordingly, because the supply chain is complex, our reputation may suffer if we are unable to sufficiently verify the origins of conflict minerals, if any, used in our products. Additionally, customers may demand that the products they purchase be free of conflict minerals. The implementation of this requirement could affect the sourcing and availability of products we purchase from our suppliers. This may reduce the number of suppliers that may be able to provide conflict free products and may affect our ability to obtain products in sufficient quantities to meet customer demand or at competitive prices.

We could be adversely affected by any violations of the FCPA and other foreign anti-bribery laws.

The FCPA generally prohibits companies and their intermediaries from making, promising, authorizing or offering improper payments or other things of value to foreign government officials for the purpose of obtaining or retaining business. The FCPA also requires that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Other countries in which we operate also have anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities. Our policies mandate compliance with these anti-bribery laws. However, we currently operate in and intend to further expand into many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. It is possible that our third-party manufacturers, other suppliers, employees, subcontractors, agents or partners may take actions in violation of our policies or applicable anti-bribery laws. Any such violation, even if unauthorized and prohibited by our policies, could subject us to investigations, settlements, criminal or civil penalties or other sanctions, or negative media coverage and cause harm to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We may incur obligations, liabilities or costs under environmental, health and safety laws, which could have an adverse impact on our business, financial condition and results of operations.

Our suppliers' operations involve the use, handling, generation, storage, discharge and disposal of hazardous substances, chemicals and wastes. As a result, our suppliers are required to comply with national, state and local laws and regulations regarding the protection of the environment and health and safety. We are also required to comply with general national, state, local and foreign health and safety laws and regulations in every location that we have operations, employees and workers. Adoption of more stringent laws and regulations in the future, including restriction or prohibition on the use of raw materials currently utilized by our suppliers to manufacture products, could cause our suppliers to incur additional costs, which could increase the cost we pay for their products. Moreover, new environmental laws requiring changes to our suppliers' use of raw materials could adversely impact the quality or performance of products we currently purchase. In addition, violations of, or liabilities under, these laws and regulations by our suppliers could result in our being subject to adverse publicity, reputational damage, substantial fines, penalties, criminal proceedings, third-party property damage or personal injury claims, cleanup costs or other costs. Further, the facilities of our suppliers, including suppliers who manufacture our products, components and materials, are located on properties with a history of use involving hazardous materials, chemicals and wastes and may be contaminated. We may become liable under certain

environmental laws and regulations for costs to investigate or remediate contamination at such properties and under common law for bodily injury or property damage claims arising from the alleged impact of such contamination. Liability under environmental laws and regulations for investigating and remediating contamination can be imposed on a joint and several basis and without regard to fault or the legality of the activities giving rise to the contamination conditions. In addition, future developments such as more aggressive enforcement policies from the Biden administration, relevant foreign authorities or the discovery of presently unknown environmental conditions may require expenditures that could have a material adverse effect on our business, financial condition and results of operations.

Failure to effectively utilize information technology systems or implement new technologies could disrupt our business or reduce our sales or profitability.

We rely extensively on various information technology systems, including data centers, hardware, software, sensors and applications to manage many aspects of our business, including to operate and provide our products and services, to process and record transactions, to enable effective communication systems, to track inventory flow, to manage logistics and to generate performance and financial reports. We are dependent on the integrity, security and consistent operations of these systems and related back-up systems. Our computer and information technology systems and the third-party systems we rely upon are also subject to damage or interruption from a number of causes, including power outages; computer and telecommunications failures; malicious code such as computer viruses, malware, and ransomware; phishing or distributed denial-of-service attacks; security breaches; cyber-attacks; catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes; acts of war or terrorism and design or usage errors by our employees or contractors.

Compromises, interruptions or shutdowns of our systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our results of operations.

From time to time, our systems require modifications and updates, including by adding new hardware, software, sensors and applications; maintaining, updating or replacing legacy programs; and integrating new service providers, and adding enhanced or new functionality.

Although we actively endeavor to select systems and vendors and implementing procedures to enable us to maintain the integrity of our systems when we modify them, there are inherent risks associated with modifying or replacing systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementation of these technology initiatives could reduce the efficiency of our operations in the short term. In addition, any interruption in the operation of our websites or systems could cause us to suffer reputational harm or to lose sales if customers are unable to access our site or purchase merchandise from us during such interruption. The efficient operation and successful growth of our business depends upon our information technology systems. The failure of our information technology systems and the third-party systems we rely on to perform as designed, or our failure to implement and operate them effectively, could disrupt our business or subject us to liability and thereby have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates could increase our operating costs and impact our business.

The majority of our sales and cash are denominated in U.S. dollars, however we do have certain contracts with third parties that are denominated in, or otherwise affected by, other currencies. Therefore, fluctuations in exchange rates, particularly between the U.S. dollar and the Brazilian real, Mexican peso, Australian dollar, Chilean peso and euro, may result in foreign exchange gains or losses for us. As a result, we are exposed to fluctuations in these currencies impacting our operating results.

Currency exchange rates fluctuate daily as a result of a number of factors, including changes in a country's political and economic policies. The primary impact of currency exchange fluctuations is on cash, payables and expenses related to transactions in currencies denominated in other than the U.S. dollar. As part of our currency hedging strategy, we may use financial instruments such as forward exchange, swap contracts and options to hedge our foreign currency exposure in order to reduce the short-term impact of foreign currency rate fluctuations on our operating results. If our hedging activities are not successful or if we change or reduce these hedging activities in the future, we may experience unexpected fluctuations in our operating results as a result of changes in exchange rates.

Furthermore, volatility in foreign exchange rates affects our ability to plan our pricing strategy. To the extent that we are unable to pass along increased costs and other financial effects resulting from exchange rate fluctuations to our customers, our profitability may be adversely impacted. As a result, fluctuations in non-U.S. dollar currencies and the U.S. dollar could have a material adverse effect on our business, financial condition and results of operations.

Risks related to the Transactions and our prior relationship with Flex

We have only operated as a separate, publicly traded company since the IPO, and our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

Our historical financial information included in this Quarterly Report is derived from the consolidated financial statements and accounting records of Flex until February 8, 2023 (the "IPO date"). The audited financial statements included in the Form 10-K reflect our operations as a separate, publicly traded company only since the IPO date, which is less than one fiscal year. In addition, under applicable accounting rules, we were required to reflect certain costs associated with being a public company in the post-IPO period of 2023 as opposed to over the entire fiscal year. Accordingly, the historical financial information included in this Quarterly Report does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Prior to the Transactions, our business was operated by Flex as part of its broader corporate organization, rather than as a separate, publicly traded company. Flex or one of its affiliates performed various business functions for us such as legal, finance, treasury, accounting, auditing, tax, human resources, investor relations, corporate affairs, compliance support, logistics and bonding support, procurement and planning services, as well as the provision of leased facilities and business software and IT systems. For periods prior to the IPO, our historical financial results reflect allocations of corporate expenses from Flex or autonomous entity adjustments for such functions and may be different than the expenses we would have incurred had we operated as a separate publicly traded company for such periods. Our cost related to such functions have increased relative to costs prior to the IPO date, and may continue to increase as we reduce our reliance on Flex business functions going forward.
- Historically, certain aspects of our business have been integrated with the other businesses of Flex and we have shared economies of scope and scale in costs, employees and vendor relationships. Although we have entered into transition agreements with Flex and continue to rely on Flex for certain business functions pursuant to such agreements, these arrangements may not fully capture the benefits that we have enjoyed as a result of being integrated with Flex and may result in us paying higher charges than in the past for these services. Further, such agreements will eventually terminate following the completion of the Spin Transactions and we will need to provide the services provided under such agreements internally or obtain them from unaffiliated third parties, which may divert management's attention from other aspects of our business operations. This could have an adverse effect on our results of operations and financial condition relative to periods prior to the IPO. In addition, Flex entities are the direct contracting parties with respect to our business in Brazil and we receive the benefits of those arrangements from the relevant Flex entity. If we are unable to continue to operate our business in Brazil through Flex and its

subsidiaries, we would need to establish alternative arrangements, and any such alternative arrangements, if available, may cause us to incur additional costs relating to that business.

- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Flex. In connection with the Transactions, we incurred a substantial amount of indebtedness in the form of senior credit facilities comprised of (i) a term loan in an aggregate principal amount of \$150.0 million, and (ii) the 2023 Credit Agreement (defined elsewhere in this Quarterly Report). See the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities” included elsewhere in this Quarterly Report. In addition, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.
- Our cost of capital for our businesses may be higher than Flex’s cost of capital prior to the IPO.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from Flex. For additional information about the past financial performance of our businesses and the basis of presentation of the historical combined financial statements of our businesses, refer to the notes to the unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report.

As a separate, publicly traded company, we may not enjoy the same benefits that we did as a part of Flex.

After separating from Flex, we have become more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of the current Flex organizational structure. As part of Flex, we were able to enjoy certain benefits from Flex’s creditworthiness, purchasing power and operating diversity, such as our business in Brazil that we operate indirectly through Flex or its subsidiaries. As a separate, publicly traded company, we generally do not have similar benefits provided by Flex. Additionally, as part of Flex, we were able to leverage the Flex historical market reputation and performance and brand identity to recruit and retain key personnel to run our business. As a separate, publicly traded company, we do not have the same historical market reputation and performance or brand identity as Flex and it may be more difficult for us to recruit or retain such key personnel.

Our customers, prospective customers, suppliers or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly traded company is insufficient to satisfy their requirements for doing or continuing to do business with them.

We have operated as a wholly-owned subsidiary of Flex throughout the majority of our operating history. Some of our customers, prospective customers, suppliers or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly-traded company is insufficient to satisfy their requirements for doing or continuing to do business with them, or may require us to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with our financial stability could have a material adverse effect on our business, financial condition and results of operations.

Flex and its directors and officers have limited liability to us and you for breach of fiduciary duty.

Our amended and restated certificate of incorporation provides that, subject to any contractual provision to the contrary, Flex and its directors and officers have no obligation to refrain from engaging in the same or similar business activities or lines of business as we do or doing business with any of our clients, customers or vendors. As such, neither Flex nor any officer or director of Flex is liable to us or to our stockholders for breach of any fiduciary duty by reason of any of these activities.

Flex may compete with us.

Flex is not restricted from competing with us. If Flex in the future decides to engage in the type of business we conduct, it may have a competitive advantage over us, which may cause our business, financial condition and results of operations to be materially adversely affected.

Potential indemnification liabilities to Flex pursuant to the separation agreement could materially and adversely affect our businesses, financial condition, results of operations and cash flows.

The separation agreement, among other things, provides for indemnification obligations (for uncapped amounts) designed to make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the separation. If we are required to indemnify Flex under the circumstances set forth in the separation agreement, we may be subject to substantial liabilities.

In connection with our separation from Flex, Flex has agreed to indemnify us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that Flex's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the separation agreement and certain other agreements with Flex, Flex has agreed to indemnify us for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that Flex has agreed to retain, and there can be no assurance that the indemnity from Flex will be sufficient to protect us against the full amount of such liabilities, or that Flex will be able to fully satisfy its indemnification obligations. In addition, Flex's insurance will not necessarily be available to us for liabilities associated with occurrences of indemnified liabilities prior to the separation, and in any event Flex's insurers may deny coverage to us for liabilities associated with certain occurrences of indemnified liabilities prior to the separation. Moreover, even if we ultimately succeed in recovering from Flex or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could have a material adverse effect on our businesses, financial condition and results of operations.

Certain of our executive officers and directors may have actual or potential conflicts of interest because of their equity interest in Flex. Also, certain of Flex's current officers also serve as our directors, which may create conflicts of interest or the appearance of conflicts of interest.

Because of their current or former positions with Flex, certain of our executive officers and directors own equity interests in Flex. Continuing ownership of Flex ordinary shares and equity awards could create, or appear to create, potential conflicts of interest if we and Flex face decisions that could have implications for both Flex and us. In addition, one of Flex's current directors also serves as our director, and this could create, or appear to create, potential conflicts of interest when we and Flex encounter opportunities or face decisions that could have implications for both companies.

We may not achieve some or all of the expected benefits of being a separate, publicly traded company.

We may not be able to achieve the full strategic and financial benefits expected to result from being a separate, publicly traded company, or such benefits may be delayed or not occur at all. Being a separate, publicly traded company is expected to provide the following benefits, among others:

- Allows investors to separately value Flex and us based on their distinct investment identities. Our business fundamentally differs from Flex's other businesses in several respects, as Flex's primary focus is contract manufacturing for multiple industries in contrast to our focus on selling proprietary products for utility-scale solar power plants. Being a separate, publicly traded company enables investors to evaluate the merits, performance and future prospects of each company's respective businesses and to invest in each company separately based on their distinct characteristics.
- Allows us and Flex to more effectively pursue our and Flex's distinct operating priorities and strategies and enables management of both companies to focus on unique opportunities for long-term growth and

profitability. For example, while our management is able to focus exclusively on our businesses, the management of Flex will be able to grow its businesses. Our and Flex's separate management teams are also able to focus on executing the companies' differing strategic plans without diverting attention from the other businesses.

- Permits each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital, providing each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs.
- Creates an independent equity structure that affords us direct access to the capital markets and facilitates our ability to capitalize on our unique growth opportunities.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others:

- As previously part of Flex, our businesses benefited from Flex's size and purchasing power in procuring certain goods and services. As a separate, publicly traded company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those Flex obtained prior to the separation. We may also incur costs for certain business functions previously performed by Flex that are higher than the amounts reflected in our historical financial statements, which could cause our profitability to decrease.
- The actions required to separate our and Flex's respective businesses will require significant amounts of our management's time and effort, which could disrupt our operations.
- Certain costs and liabilities that were otherwise less significant to Flex as a whole are more significant for us and Flex as separate companies.
- We have incurred costs in connection with the transition to being a separate, publicly traded company that include additional personnel costs, corporate governance costs (including director and officer insurance costs) and audit, consulting, legal and other professional services fees.
- As a separate, publicly traded company, we may be more susceptible to market fluctuations and other adverse events than if we were still fully integrated with Flex.
- Our businesses are less diversified than Flex's combined businesses prior to the separation.

If we fail to achieve some or all of the benefits expected to result from being a publicly traded company, or if such benefits are delayed, our businesses, financial condition and results of operations could be materially and adversely affected.

We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Flex.

The agreements we have entered into with Flex and certain of its subsidiaries in connection with the separation, including the separation agreement, TSA, employee matters agreement, merger agreement, Tax Matters Agreement, Tax Receivable Agreement, registration rights agreement and certain commercial agreements were prepared in the context of our separation from Flex while we were still a subsidiary of Flex.

Accordingly, during the period in which the terms of those agreements were prepared, we did not have a separate or independent board of directors or a management team that was separate from or independent of Flex. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Flex and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party.

We or Flex may fail to perform under various transaction agreements that have been executed as part of the Transactions or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

The separation agreement and other agreements that were entered into in connection with the Transactions determine the allocation of assets and liabilities between the companies following the separation for those respective areas and include related indemnifications related to liabilities and obligations. The TSA we entered into with Flex provides for the performance of certain services by each company for the benefit of the other for a period of time after the separation. We have relied and will continue to rely on Flex to satisfy its performance and payment obligations under these agreements. If Flex is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our businesses effectively and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that Flex currently provides to us.

However, we may not be successful in implementing these systems and services or in transitioning data from Flex's systems to us.

In addition, this process is complex, time-consuming and costly. We are also establishing or expanding our own corporate and business functions to be separate from Flex. We expect to incur one-time costs to replicate, or outsource from other providers, these corporate functions to replace the corporate services that Flex historically provided us prior to the separation. Any failure or significant downtime in our own financial, administrative or other support systems or in the Flex financial, administrative or other support systems during the transitional period when Flex provides us with support could negatively impact our results of operations or prevent us from paying our suppliers and employees, executing business combinations and foreign currency transactions or performing administrative or other services on a timely basis, which could negatively affect our results of operations.

In particular, our day-to-day business operations rely on our information technology systems. A significant portion of the communications among our personnel, customers and suppliers take place on our information technology platforms. We expect the transfer of information technology systems from Flex to us to be complex, time-consuming and costly. There is also a risk of data loss in the process of transferring information technology. As a result of our reliance on information technology systems, the cost of such information technology integration and transfer and any such loss of key data could have an adverse effect on our business, financial condition and results of operations.

We may continue to be dependent on Flex for certain components for our products.

Our self-powered controller ("SPC") and network control unit ("NCU") used in our tracker products are predominately manufactured by Flex. We have an agreement with Flex for the manufacturing of these components, but we operate on a purchase order basis for pricing. The processes to manufacture these SPCs and NCUs are highly complex, specialized and proprietary. Although we have recently added two suppliers who manufacture our SPCs, if Flex is unable or unwilling to manufacture controllers for us, or increases its pricing substantially, a substantial portion of our supply of these critical components would be interrupted or delayed and we may not be able to source substitute parts easily. We would incur increased expenses in establishing new relationships with alternative manufacturers at market prices. We may not be able to source alternative components on term acceptable to us or in a timely and cost-effective manner which may materially and adversely affect our business, financial condition, results of operation and profitability.

We are a holding company and our principal asset is our LLC common units in the LLC, and accordingly we are dependent upon distributions from the LLC to pay taxes and other expenses.

We are a holding company and, as a result of the Transactions and the IPO, our principal asset is our ownership of the LLC. The LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income will be allocated to holders of its LLC common units, including us. We had no operations prior to the Transactions and had no independent means of generating revenue. As the managing member of the LLC, we intend to cause the LLC to make distributions to us in amounts sufficient to cover the taxes on our allocable share of the taxable income of the LLC, all applicable taxes payable by us, any payments we are obligated to make under the Tax Receivable Agreement and other costs or expenses. Distributions will generally be made on a pro rata basis among us and the other holders of its LLC common units. However, certain laws and regulations may result in restrictions on the LLC's ability to make distributions to us or the ability of the LLC's subsidiaries to make distributions to it.

To the extent that we need funds and the LLC or its subsidiaries are restricted from making such distributions, we may not be able to obtain such funds on terms acceptable to us or at all and as a result could suffer an adverse effect on our liquidity and financial condition.

Tax authorities could challenge our historical and future tax positions.

Our taxable income comes primarily from the allocation of taxable income from the LLC. We are subject to federal and state income taxes in the United States on the taxable income allocated to us from the LLC. In addition, while the majority of the LLC's income comes from United States sources and will not be subject to LLC level income tax, the LLC has taxable income in some foreign subsidiaries that is subject to foreign tax at the level of the LLC. We may be entitled to foreign tax credits in the United States for our share of the foreign tax paid by the LLC. As the LLC operates in a number of countries and relies on intercompany transfer pricing, judgment is required in determining our provision for income taxes. In the ordinary course of the LLC's business, there may be transactions or intercompany transfer prices where the ultimate tax determination is uncertain. Additionally, calculations of income taxes payable currently and on a deferred basis are based on our interpretations of applicable tax laws in the jurisdictions in which we and the LLC are required to file tax returns.

In certain circumstances, the LLC will be required to make distributions to us and the other holders of its LLC common units, and the distributions that the LLC will be required to make may be substantial and in excess of our tax liabilities and obligations under the Tax Receivable Agreement.

As noted above, the LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income will be allocated to holders of its LLC common units, including us. We anticipate that, pursuant to the tax rules under the Code and the regulations thereunder, in many instances these allocations of taxable income will not be made on a pro rata basis.

Notwithstanding that, pursuant to the LLC Agreement, the LLC generally is required from time to time to make pro rata cash distributions, or tax distributions, to the holders of LLC common units to help each of the holders of the LLC common units to pay taxes on such holder's allocable share of taxable income of the LLC. As a result of potential non pro rata allocations of net taxable income allocable to us and the other holders of its LLC common units, the difference in tax rates applicable to corporations and individuals and the favorable tax benefits that we anticipate receiving from the IPO, the Follow-on, and certain related transactions, we expect that these tax distributions will be in amounts that exceed our tax liabilities and obligations to make payments under the Tax Receivable Agreement. To the extent, as currently expected, we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to the LLC, the existing owners of the LLC would benefit from any value attributable to such accumulated cash balances as a result of an exchange of their LLC common units and corresponding shares of Class B common stock under the Exchange Agreement.

We are required to pay others for certain tax benefits that we are deemed to realize under the Tax Receivable Agreement, and the amounts we may pay could be significant.

We expect that the IPO, the Follow-on and certain related transactions will produce tax benefits for us. We used all of the net proceeds from the IPO to purchase LLC common units from Yuma and we used all of the net proceeds from the Follow-on to purchase LLC common units from Yuma and TPG. Additionally, we may be required from time to time to acquire additional LLC common units together with a corresponding number of shares of our Class B common stock in exchange for our Class A common stock (or cash) pursuant to the Exchange Agreement. See Note 5 in the notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report. We expect that basis adjustments resulting from these transactions, if they occur, among other tax benefits resulting from the Transactions, will reduce the amount of income tax we would otherwise be required to pay in the future.

We entered into a Tax Receivable Agreement with the LLC, Yuma, Yuma Sub, TPG Rise and the TPG Affiliates in connection with our IPO. Prior to the Spin Transactions, Yuma and Yuma Sub assigned their respective rights under the Tax Receivable Agreement to an entity that remains an affiliate of Flex. The Tax Receivable Agreement provides for the payment by us to Flex's affiliate, TPG and the TPG Affiliates (or certain permitted transferees thereof) of 85% of the tax benefits, if any, that we are deemed to realize under certain circumstances as a result of (i) our allocable share of existing tax basis in tangible and intangible assets resulting from exchanges or acquisitions of the LLC common units, including as part of the Transactions or under the Exchange Agreement, (ii) increases in tax basis resulting from exchanges or acquisitions of outstanding LLC common units and shares of Class B common stock (including as part of the Transactions, the Follow-on or under the Exchange Agreement), (iii) certain pre-existing tax attributes of certain blocker corporations affiliated with TPG Inc. ("TPG") that each merged with a separate direct, wholly-owned subsidiary of us, as part of the Transactions, and (iv) certain other tax benefits related to our entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement, we expect that the tax savings we will be deemed to realize associated with the tax benefits described above would aggregate to approximately \$525.9 million over 20 years from October 25, 2023 based on the public offering price of \$46.85 per share of our Class A common stock, which was the last reported sale price of our Class A common stock on the Nasdaq Global Select Market on December 29, 2023 (the last trading day in our fiscal 2024 third quarter), and assuming all future exchanges of LLC common units occurred on December 31, 2023. Under such scenario we would be required to pay the owners of LLC common units approximately 85% of such amount, or \$447.0 million, over the 20-year period from December 31, 2023, and the yearly payments over that time would range between approximately \$37.9 to \$0.1 million per year. Such payments will reduce the cash provided to us by the tax savings described above. As a result, holders of Class A common stock will not be entitled to the economic benefit of the tax benefits subject to the Tax Receivable Agreement that would have been available if the Tax Receivable Agreement were not in effect (except to the extent of our continuing 15% interest in the tax benefits subject to the Tax Receivable Agreement). The actual amounts may materially differ from these hypothetical amounts, as potential future tax savings we will be deemed to realize, and Tax Receivable Agreement payments by us, will be calculated based in part on the market value of our Class A common stock at the time of purchase or exchange and the prevailing federal tax rates applicable to us over the life of the Tax Receivable Agreement (as well as the assumed combined state and local tax rate), and will generally be dependent on us generating sufficient future taxable income to realize the benefit.

Our payments to others under the Tax Receivable Agreement are not conditioned upon any recipient's (or their permitted assignees') ownership of us.

There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the Tax Receivable Agreement exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement or distributions to us by the LLC are not sufficient to permit us to make payments under the Tax Receivable Agreement after we have paid taxes. Furthermore, our obligations to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition,

particularly in the case of an acquirer that cannot use some or all of the tax benefits that are deemed realized under the Tax Receivable Agreement.

In certain cases, our payments under the Tax Receivable Agreement to others may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that upon certain circumstances we will be required to make an immediate payment equal to the present value of the anticipated future tax benefits, including upon certain mergers, asset sales, other forms of business combinations or other changes of control (with certain exceptions, such as the Spin Distribution and the Mergers), if we materially breach any of our material obligations under the Tax Receivable Agreement, or if, at any time, we elect an early termination of the Tax Receivable Agreement. The amount of any such payment would be based on certain assumptions, including that we (or our successor) would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the Tax Receivable Agreement. As a result, we could be required to make payments under the Tax Receivable Agreement that are greater than or less than the percentage specified in the Tax Receivable Agreement of the actual benefits that we realize in respect of the tax attributes that are subject to the Tax Receivable Agreement and the upfront payment may be made years in advance of the actual realization of such future benefits (if any). If we were to elect to terminate the Tax Receivable Agreement immediately after the Spin Transactions, based on the public offering price of \$46.85 per share of our Class A common stock, which was the last reported sale price of our Class A common stock on the Nasdaq Global Select Market on December 29, 2023 (the last trading day in our fiscal 2024 third quarter), and a discount rate equal to SOFR plus 100 basis points, we estimate that we would be required to pay \$270.8 million in the aggregate under the Tax Receivable Agreement. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity, as well as our attractiveness as a target for an acquisition. In addition, we may not be able to finance our obligations under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will generally be based on the tax reporting positions that we determine except with respect to the agreed tax treatment provided for in the Tax Receivable Agreement. The Tax Receivable Agreement and a related side letter (the "TRA Side Letter,"), which is treated as part of the Tax Receivable Agreement, provide that the parties will treat payments under the Tax Receivable Agreement and TRA Side Letter that are attributable to certain tax benefits from exchanges of LLC common units under the Exchange Agreement and from the purchase of LLC common units from Yuma and TPG (with the net proceeds of the IPO and Follow-on) as upward purchase price adjustments to the extent permitted by law and other than amounts treated as interest under the Code. We will not be reimbursed for any payments previously made under the Tax Receivable Agreement, even if the tax benefits underlying such payment are disallowed (although future amounts otherwise payable under the Tax Receivable Agreement may be reduced as a result thereof). In addition, the actual state or local tax savings we realize may be different than the amount of such tax savings we are deemed to realize under the Tax Receivable Agreement, which will be based on an assumed combined state and local tax rate applied to our reduction in taxable income as determined for U.S. federal income tax purposes as a result of the Tax Receivable Agreement. As a result, in certain circumstances, payments could be made under the Tax Receivable Agreement in excess of the benefits that we actually realize in respect of the tax attributes subject to the Tax Receivable Agreement.

Risks Related to our Indebtedness and Financing

Our indebtedness could adversely affect our financial flexibility, financial condition and our competitive position.

In connection with the Transactions, we incurred substantial indebtedness under the 2023 Credit Agreement. The obligations of the borrower, the LLC, under the 2023 Credit Agreement and related loan documents are severally guaranteed by us and certain of the LLC's existing and future direct and indirect wholly-owned domestic subsidiaries, subject to certain exceptions. Our level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. Our indebtedness could have other important consequences to you and significant effects on our business. For example, it could:

- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- make it more difficult to satisfy our financial obligations, including payments on our indebtedness;
- place us at a disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

In addition, the 2023 Credit Agreement contains, and the agreements evidencing or governing any other future indebtedness may contain, restrictive covenants that limit or will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness. In addition, a default by us under the 2023 Credit Agreement or an agreement governing any other future indebtedness may trigger cross-defaults under any other future agreements governing our indebtedness. Upon the occurrence of an event of default or cross-default under any of the present or future agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the agreements. If any of our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern.

The 2023 Credit Agreement contains, and the agreements evidencing or governing any other future indebtedness may contain, financial restrictions on us and our subsidiaries, including restrictions on our or our subsidiaries' ability to, among other things:

- place liens on our or our subsidiaries' assets;
- incur additional indebtedness;
- change the nature of our business; and
- change our or our subsidiaries' fiscal year or organizational documents.

Our substantial indebtedness could adversely affect our financial condition.

Our indebtedness could limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements, stock repurchases or other purposes. It may also increase our vulnerability to adverse economic, market and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business operations or to our industry overall, and place us at a disadvantage in relation to our competitors that have lower debt levels. Any or all of the foregoing events and/or factors could have a material adverse effect on our business, financial condition and results of operations.

We may raise additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our common stock.

We periodically evaluate opportunities to access capital markets, taking into account our financial condition, regulatory capital ratios, business strategies, anticipated asset growth and other relevant considerations. It is possible that future acquisitions, organic growth or changes in regulatory capital requirements could require us to

increase the amount or change the composition of our current capital, including our common equity. For all of these reasons and others, and always subject to market conditions, we may issue additional shares of common stock or other capital securities in public or private transactions.

The issuance of additional common stock, debt, or securities convertible into or exchangeable for our common stock or that represent the right to receive common stock, or the exercise of such securities, could be substantially dilutive to holders of our common stock. Holders of our common stock have no preemptive or other rights that would entitle them to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in dilution of the ownership interests of our stockholders.

Because we do not intend to pay any cash dividends on our common stock in the near term, capital appreciation, if any, of our common stock will be your sole source of potential gain for the foreseeable future.

We do not intend to pay cash dividends on our common stock in the near term. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our future businesses and do not anticipate paying any cash dividends in the foreseeable future. Should we decide in the future to pay cash dividends on our common stock, as a holding company, our ability to pay dividends and meet other obligations depends upon the receipt of dividends or other payments from our subsidiaries. In addition, the terms of the separation agreement and the 2023 Credit Agreement restrict, and any future financing agreements may also restrict, our ability to pay dividends. Under the separation agreement, we cannot make any payment or declaration of any dividend or other distribution on Nextracker securities without the prior written consent of Flex unless expressly authorized by the LLC's governing documents in effect as of February 1, 2022. Furthermore, the 2023 Credit Agreement restricts our ability to pay dividends on our common stock except where certain conditions are met. As a result, capital appreciation, if any, of our common stock will be your sole source of potential gain for the foreseeable future.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

The LLC's ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may still incur substantially more debt or take other actions which would intensify the risks discussed above.

We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. Our 2023 Credit Agreement restricts our ability to incur additional indebtedness, including secured indebtedness, but if the facility matures or is repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

Risks Related to our Class A common stock

The price of our Class A common stock may continue to fluctuate substantially, and you could lose all or part of your investment.

The market price of our Class A common stock has since the IPO fluctuated substantially, is highly volatile and may continue to fluctuate substantially due to many factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to operating performance. These fluctuations could

cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in trading price of our Class A common stock include the following:

- volume and customer mix for our products;
- the introduction of new products by us or others in our industry;
- disputes or other developments with respect to our or others' intellectual property rights;
- product liability claims or other litigation;
- quarterly variations in our results of operations or those of others in our industry;
- media exposure of our products or of those of others in our industry;
- changes in governmental regulations or in the status of our regulatory approvals or applications;
- changes in earnings estimates or recommendations by securities analysts;
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors; and
- changes in our capital structure or dividend policy, including as a result of future issuances of securities, sales of large blocks of Class A common stock by our stockholders, including TPG, or our incurrence of debt.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may significantly affect the market price of our Class A common stock, regardless of our actual operating performance.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would harm our financial condition and operating results and divert management's attention and resources from our business.

We cannot predict the effect our multi-class share structure may have on the market price of our Class A common stock.

We cannot predict whether our multi-class share structure will result in a lower or more volatile market price of our Class A common stock, adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multi-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it would require new constituents of its indices to have greater than 5% of a company's voting rights in the hands of public stockholders. Under such policies, the multi-class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to track those indices would not invest in our Class A common stock. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. In addition, several stockholder advisory firms and large institutional investors oppose the use of multi-class share structures. As a result, our multi-class share structure may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in

large institutional investors not purchasing shares of our Class A common stock. As a result of the foregoing factors, the market price and trading volume of our Class A common stock could be adversely affected.

Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.

The trading market for our Class A common stock may be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the analysts who publish information about our Class A common stock will have had relatively little experience with us, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. It is possible that interpretation, industry practice and guidance may evolve over time. If our assumptions change or if actual circumstances differ from our assumptions, our operating results may be adversely affected and could fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. Future sales or other distributions of shares of our Class A common stock could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell their shares, could result in a decrease in the market price of our Class A common stock. As of December 31, 2023, we had 144,682,764 outstanding shares of Class A and Class B common stock.

Subject to the restrictions described in the paragraph below, as of January 2, 2024, Flex no longer directly or indirectly holds any shares of our common stock. However, future sales of shares of our Class A common stock in the public market by TPG will be subject to the volume and other restrictions of Rule 144 under the Securities Act, for so long as TPG is deemed to be our affiliate, unless the shares to be sold are registered with the SEC. Certain affiliates of Flex and TPG have rights, subject to some conditions, to require us to file registration statements covering its shares or to include its shares in registration statements that we may file for ourselves or other stockholders. We are unable to predict whether or when TPG will sell or otherwise dispose of additional shares of our Class A or Class B common stock. The sale or other disposition by TPG of a substantial number of shares, or a perception that such sales or other dispositions could occur, could significantly reduce the market price of our Class A common stock.

In addition, all of the shares of Class A common stock issued in the Spin Transactions were registered with the SEC, and therefore were immediately available for resale in the public market, subject to volume limitations applicable to affiliates (as that term is defined in Rule 144 of the Securities Act). The number of holders of Class A common

stock immediately after the Merger are substantially larger than the current number of holders of shares of Class A common stock. See “Risks Related to the Transactions, the Spin Transactions and our relationship with Flex—If holders of Flex ordinary shares who receive Class A common stock in the Transactions sell that stock immediately, it could cause a decline in the market price of Class A common stock.”

We expect to incur significant additional costs as a result of being a public company, which may adversely affect our business, financial condition and results of operations.

We have incurred and expect to continue to incur costs associated with corporate governance requirements that have become applicable to us as a public company, including rules and regulations of the SEC, under the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the Exchange Act, as well as the rules of Nasdaq. These rules and regulations are expected to significantly increase our accounting, legal and financial compliance costs and make some activities more time-consuming. We also expect these rules and regulations to make it more expensive for us to maintain directors’ and officers’ liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Accordingly, increases in costs incurred as a result of becoming a publicly traded company may adversely affect our business, financial condition and results of operations.

If we experience material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.

As a result of becoming a public company, we are required, under Section 404 of the Sarbanes-Oxley Act of 2002, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting beginning with our Annual Report on Form 10-K for the year ending March 31, 2024. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual and interim financial statements will not be detected or prevented on a timely basis.

We are further enhancing internal controls, processes and related documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. The effectiveness of our controls and procedures may be limited by a variety of factors, including:

- faulty human judgment and simple errors, omissions or mistakes;
- fraudulent action of an individual or collusion of two or more people;
- inappropriate management override of procedures; and
- the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial control.

Our auditors will be required to express an opinion on the effectiveness of our internal controls beginning with our Annual Report on Form 10-K for the year ending March 31, 2024. If we are unable to confirm that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A common stock to decline.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price of our Class A common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation specifies that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court in Delaware or the federal district court for the District of Delaware) will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders. Notwithstanding the foregoing, the exclusive forum provision will not apply to any claim to enforce any liability or duty created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. We believe this exclusive forum provision benefits us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. However, such provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable

action brought against us, a court could find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by Section 145 of the DGCL.

In addition, as permitted by the DGCL, our amended and restated certificate of incorporation and our indemnification agreements that we have entered into with our directors and officers provide that:

- we will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by applicable law. Such law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interests and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- we may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law;
- we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- the rights conferred in our amended and restated certificate of incorporation are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons; and
- we may not retroactively amend our amended and restated certificate of incorporation provisions to reduce our indemnification obligations to directors, officers, employees and agent.

Risks related to the Spin Transactions

Nextracker may be unable to achieve some or all of the benefits it expects to achieve through the Spin Transactions.

Nextracker may be unable to achieve the full strategic and financial benefits expected to result from the Spin Transactions, or such benefits may be delayed or may never occur at all. The Spin Transactions are expected to provide the following benefits, among others:

- the increase in Nextracker's independence of ownership, eliminating Flex's majority voting control of Class A common stock;
- enhanced liquidity of Class A common stock in the public trading market by increasing the float of Class A common stock immediately after the Spin Transactions are completed as compared to the number of beneficial owners of Class A common stock prior to the Spin Transactions;
- the removal of the perceived "overhang" with respect to the Class A common stock that previously existed as a result of Flex's majority voting control of Class A common stock;
- the simplification of Nextracker's capital structure; and
- the Spin Transactions allowed Flex to dispose of a substantial portion of its ownership in Nextracker and Nextracker LLC in an orderly manner.

Nextracker may not achieve these or other anticipated benefits for a variety of reasons, including, among others:

- the Spin Transactions require meaningful amounts of time and effort which could divert management’s attention from the operation and growth of Nextracker’s business and other strategic endeavors;
- the full strategic and financial benefits expected to result from the Spin Transactions may not be realized fully or at all or may take longer to realize than expected;
- Nextracker is required to bear a number of non-recurring costs in connection with the Spin Transactions, including financial, legal and other advisory fees, financing fees, SEC filing fees and expenses, printing expenses and other related charges; and
- after a certain period following the completion of the Spin Transactions, Nextracker may no longer benefit from certain services provided by Flex to Nextracker under a transition services agreement, including certain legal, finance, internal audit, treasury, information technology, support, human resources, insurance and tax services, meaning Nextracker’s costs and expenses related to such support functions may increase following the completion of the Spin Transactions.

In addition, following the completion of the Spin Transactions, the anticipated operational, financial, strategic and other benefits of such Spin Transactions to Nextracker and its stockholders may not be achieved. An inability to realize the full extent of the anticipated benefits of the Spin Transactions, as well as any delays encountered in the process, could have an adverse effect on Nextracker’s business, financial condition, results of operations and cash flows, and also may negatively affect Nextracker’s ability to successfully execute Nextracker’s growth strategy.

Under the Tax Matters Agreement, Nextracker will be restricted from taking certain actions that could adversely affect the intended tax treatment of the Spin Distributions or the Mergers, and such restrictions could significantly impair Nextracker’s ability to implement strategic initiatives that otherwise would be beneficial.

The Tax Matters Agreement was entered into by us, Yuma and Flex immediately prior to the Spin Distribution and which governs the rights, responsibilities and obligations of such parties with respect to taxes (including taxes arising in the ordinary course of business and taxes incurred as a result of the Distributions and the Mergers), tax attributes, tax returns, tax contests and certain other matters (the “Tax Matters Agreement”), generally imposes certain restrictions on Nextracker that could adversely affect the intended tax treatment of the Spin Distributions or the Mergers, subject to certain exceptions. As a result of these restrictions, Nextracker’s, ability to engage in certain transactions, such as the issuance or purchase of stock or certain business combinations, may be limited.

If we take any enumerated actions or omissions, or if certain events relating to us occur that would cause the Spin Distributions or the Mergers to become taxable, we may be required to bear the cost of any resulting tax liability under the Tax Matters Agreement. Any such indemnification obligation likely would be substantial and likely would have a material adverse effect on us. These restrictions may reduce our ability to engage in certain business transactions that otherwise might be advantageous to us, which could adversely affect our business, result of operations, or financial conditions.

General risk factors

If we fail to manage our future growth effectively, we may be unable to execute our business plan, maintain high levels of customer service or adequately address competitive challenges.

We have experienced significant growth in recent periods. We intend to continue to expand our business significantly within existing and new markets. This growth has placed, and any future growth may place, a significant strain on our management, operational and financial infrastructure. In particular, we will be required to expand, train and manage our growing employee base and scale and improve our IT infrastructure in tandem with that headcount growth. Our management will also be required to maintain and expand our relationships with customers, suppliers and other third parties and attract new customers and suppliers, as well as manage multiple geographic locations.

Our current and planned operations, personnel, IT and other systems and procedures might be inadequate to support our future growth and may require us to make additional unanticipated investment in our infrastructure. Our success and ability to further scale our business will depend, in part, on our ability to manage these changes in a cost-effective and efficient manner. If we cannot manage our growth effectively, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures. This could also result in declines in quality or customer satisfaction, increased costs, difficulties in introducing new offerings or other operational difficulties. Any failure to effectively manage growth could adversely impact our reputation and could have a material adverse effect on our business, financial condition and results of operations.

If we fail to retain our key personnel or if we fail to attract additional qualified personnel, we may not be able to achieve our anticipated level of growth and our business could suffer.

Our future success and ability to implement our business strategy depends, in part, on our ability to attract and retain key personnel, and on the continued contributions of members of our senior management team and key technical personnel, each of whom would be difficult to replace. All of our employees, including our senior management, are free to terminate their employment relationships with us at any time.

Competition for highly skilled individuals with technical expertise is extremely intense, and we face challenges identifying, hiring and retaining qualified personnel in many areas of our business. Integrating new employees into our team could prove disruptive to our operations, require substantial resources and management attention and ultimately prove unsuccessful. An inability to retain our senior management and other key personnel or to attract additional qualified personnel could limit or delay our strategic efforts, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Future acquisitions, strategic investments, partnerships, or alliances could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our business, financial condition, and results of operations.

As part of our business strategy, we expect to make investments in and/or acquire complementary companies, services or technologies. Our ability as an organization to acquire and integrate other companies, services or technologies in a successful manner in the future is not guaranteed. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or ability to achieve our business objectives, and any acquisitions we complete could be viewed negatively by our end-customers or investors. In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers. If we are unsuccessful at integrating such acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, causing unanticipated write-offs or accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition and the market price of our Class A common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2023, certain of our officers or directors listed below adopted or terminated trading arrangements for the purchase or sale of shares of our Class A common stock in amounts and prices determined in accordance with a formula set forth in each such plan:

Name and Title	Action	Date	Rule 10b5-1 ⁽¹⁾	Non- Rule 10b5-1 ⁽²⁾	Aggregate Number of Securities/Total Dollar Value to be Purchased	Aggregate Number of Securities/Total Dollar Value to be Sold	Expiration
Nicholas Marco Miller, COO	Adoption	December 8, 2023	X			Up to 8,355 shares	March 31, 2025

(1) Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c)

(2) Not intended to satisfy the affirmative defense conditions of Rule 10b5-1(c)

ITEM 6. EXHIBITS

Exhibit Number	Description	Filed Herewith	Incorporated by reference			
			Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Nextracker Inc.		10-Q	001-41617	3.1	March 9, 2023
3.2	Restated Bylaws of Nextracker Inc.		10-Q	001-41617	3.2	March 9, 2023
10.1	Tax Matters Agreement, dated January 2, 2024, by and among Nextracker Inc., Flex Ltd. and Yuma Inc.		8-K	001-41617	10.1	January 2, 2024
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
101	The following financial statements from Nextracker Inc.'s Quarterly Report on Form 10-Q for the three and nine- months ended December 31, 2023, filed with the Securities and Exchange Commission on February 6, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) the Unaudited Condensed Consolidated Statements of Redeemable Interest and Stockholders' Deficit / Parent Company Equity (Deficit), (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, and (v) the Notes to the Unaudited Condensed Consolidated Financial Statements.					x
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).					x

† Management contract or compensatory plan or arrangement

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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 thereunto duly authorized.

Nexttracker Inc.

Date: February 6, 2024

By: /s/ David Bennett

David Bennett

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Shugar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nextracker Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Paragraph intentionally omitted pursuant to Exchange Act Rule 13a-14];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024

/s/ Daniel Shugar

Daniel Shugar
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Bennett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nextracker Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Paragraph intentionally omitted pursuant to Exchange Act Rule 13a-14];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024

/s/ David Bennett

David Bennett
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nextracker Inc. (the “Company”) on Form 10-Q for the period ending December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel Shugar, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 6, 2024

/s/ Daniel Shugar

Daniel Shugar
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nextracker Inc. (the “Company”) on Form 10-Q for the period ending December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Bennett, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 6, 2024

/s/ David Bennett

David Bennett
Chief Financial Officer
(Principal Financial and Accounting Officer)