

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2024

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: 001-39613



**ARRAY TECHNOLOGIES, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

**83-2747826**

(State or Other Jurisdiction)

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

**3901 Midway Place NE**

**Albuquerque**

**New Mexico**

**87109**

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code) **(505) 881-7567**

(Former name, former address and former fiscal year, if changed since last report) **N/A**

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

**Common stock, \$0.001 par value**

**ARRY**

**Nasdaq Global Market**

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 (\$232.405 of this chapter) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 6, 2024, there were 151,769,152 shares of common stock, par value \$0.001 per share, issued and outstanding.

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**Array Technologies, Inc.**  
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## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements.

**Array Technologies, Inc.**  
**Condensed Consolidated Balance Sheets (*unaudited*)**  
*(in thousands, except per share and share amounts)*

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 287,620	\$ 249,080
Accounts receivable, net of allowance of \$ 4,614 and \$ 3,824 , respectively	229,224	332,152
Inventories	178,695	161,964
Prepaid expenses and other	78,884	89,085
Total current assets	<u>774,423</u>	<u>832,281</u>
Property, plant and equipment, net	26,689	27,893
Goodwill	425,414	435,591
Other intangible assets, net	339,177	354,389
Deferred income tax assets	13,854	15,870
Other assets	49,726	40,717
Total assets	<u>\$ 1,629,283</u>	<u>\$ 1,706,741</u>
<b>LIABILITIES, REDEEMABLE PERPETUAL PREFERRED STOCK AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 93,404	\$ 119,498
Accrued expenses and other	34,449	70,211
Accrued warranty reserve	2,279	2,790
Income tax payable	7,030	5,754
Deferred revenue	86,558	66,488
Current portion of contingent consideration	1,888	1,427
Current portion of debt	22,496	21,472
Other current liabilities	<u>35,558</u>	<u>48,051</u>
Total current liabilities	<u>283,662</u>	<u>335,691</u>
Deferred income tax liabilities	62,880	66,858
Contingent consideration, net of current portion	6,313	8,936
Other long-term liabilities	19,260	20,428
Long-term warranty	3,474	3,372
Long-term debt, net of current portion	<u>657,708</u>	<u>660,948</u>
Total liabilities	<u>1,033,297</u>	<u>1,096,233</u>

**Array Technologies, Inc.**  
**Condensed Consolidated Balance Sheets (unaudited) (continued)**  
*(in thousands, except per share and share amounts)*

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Commitments and contingencies (Note 11)</b>		
Series A Redeemable Perpetual Preferred Stock of \$ 0.001 par value; 500,000 authorized; 439,596 and 432,759 shares issued as of March 31, 2024 and December 31, 2023, respectively; liquidation preference of \$ 493.1 million at both dates	364,762	351,260
<b>Stockholders' equity</b>		
Preferred stock of \$ 0.001 par value - 4,500,000 shares authorized; none issued at respective dates	—	—
Common stock of \$ 0.001 par value - 1,000,000,000 shares authorized; 151,726,568 and 151,242,120 shares issued at respective dates	151	151
Additional paid-in capital	333,570	344,517
Accumulated deficit	( 128,065 )	( 130,230 )
Accumulated other comprehensive income	25,568	44,810
<b>Total stockholders' equity</b>	<b>231,224</b>	<b>259,248</b>
Total liabilities, redeemable perpetual preferred stock and stockholders' equity	\$ 1,629,283	\$ 1,706,741

See accompanying Notes to Condensed Consolidated Financial Statements.

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Operations (unaudited)**  
*(in thousands, except per share amounts)*

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 153,403	\$ 376,773
Cost of revenue		
Cost of product and service revenue	94,674	275,594
Amortization of developed technology	3,639	3,639
Total cost of revenue	<u>98,313</u>	<u>279,233</u>
Gross profit	<u>55,090</u>	<u>97,540</u>
Operating expenses		
General and administrative	37,784	38,142
Change in fair value of contingent consideration	( 735 )	1,338
Depreciation and amortization	9,627	10,602
Total operating expenses	<u>46,676</u>	<u>50,082</u>
Income from operations	8,414	47,458
Other income, net	814	194
Interest income	3,680	1,231
Foreign currency loss	( 499 )	( 194 )
Interest expense	( 8,940 )	( 10,731 )
Total other expense, net	<u>( 4,945 )</u>	<u>( 9,500 )</u>
Income before income tax expense	3,469	37,958
Income tax expense	<u>1,304</u>	<u>8,323</u>
Net income	2,165	29,635
Preferred dividends and accretion	<u>13,502</u>	<u>12,484</u>
Net (loss) income to common shareholders	<u>\$ ( 11,337 )</u>	<u>\$ 17,151</u>
(Loss) income per common share		
Basic	<u>\$ ( 0.07 )</u>	<u>\$ 0.11</u>
Diluted	<u>\$ ( 0.07 )</u>	<u>\$ 0.11</u>
Weighted average number of common shares outstanding		
Basic	<u>151,351</u>	<u>150,607</u>
Diluted	<u>151,351</u>	<u>151,795</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)**  
*(in thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income	\$ 2,165	\$ 29,635
Foreign currency translation <sup>(1)</sup>	( 19,242 )	13,872
Comprehensive (loss) income	<u>\$ ( 17,077 )</u>	<u>\$ 43,507</u>

<sup>(1)</sup> There are no tax effects on foreign currency adjustments.

See accompanying Notes to Condensed Consolidated Financial Statements.

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Changes in Redeemable Perpetual Preferred Stock and Stockholders' Equity**  
*(unaudited)*  
*(in thousands)*

**Three Months Ended March 31, 2024**

	Temporary Equity		Permanent Equity									
	Series A Redeemable Perpetual Preferred Stock		Preferred Stock				Common Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity		
Balance at December 31, 2023	432	\$ 351,260	—	\$ —	151,242	\$ 151	\$ 344,517	\$ (130,230)	\$ 44,810	\$ 259,248		
Equity-based compensation	—	—	—	—	485	—	4,277	—	—	—	4,277	
Tax withholding related to vesting of equity-based compensation	—	—	—	—	—	—	(1,722)	—	—	—	(1,722)	
Preferred cumulative dividends plus accretion	7	13,502	—	—	—	—	(13,502)	—	—	—	(13,502)	
Net income	—	—	—	—	—	—	—	2,165	—	—	2,165	
Foreign currency translation	—	—	—	—	—	—	—	—	—	(19,242)	(19,242)	
Balance at March 31, 2024	439	\$ 364,762	—	\$ —	151,727	\$ 151	\$ 333,570	\$ (128,065)	\$ 25,568	\$ 231,224		

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Changes in Redeemable Perpetual Preferred Stock and Stockholders' Equity**  
*(continued)*  
*(unaudited)*  
*(in thousands)*

**Three Months Ended March 31, 2023**

Temporary Equity		Permanent Equity									
		Series A Redeemable Perpetual Preferred Stock		Preferred Stock		Common Stock		Additional Paid-In Capital		Accumulated Deficit	Other Comprehensive Loss
Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2022	299,570	406	\$ 299,570	—	\$ —	150,513	\$ 150	\$ 383,176	\$ (267,470)	\$ 8,425	\$ 124,281
Equity-based compensation	—	—	—	—	—	310	—	3,366	—	—	3,366
Preferred cumulative dividends plus accretion	7	12,484	—	—	—	—	—	(13,235)	—	—	(13,235)
Net income	—	—	—	—	—	—	—	—	29,635	—	29,635
Foreign currency translation	—	—	—	—	—	—	—	—	—	13,872	13,872
Balance at March 31, 2023	312,054	413	\$ 312,054	—	\$ —	150,823	\$ 150	\$ 373,307	\$ (237,835)	\$ 22,297	\$ 157,919

See accompanying Notes to Condensed Consolidated Financial Statements.

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**  
*(in thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net income	\$ 2,165	\$ 29,635
Adjustments to net (loss) income:		
Provision for bad debts	896	233
Deferred tax (benefit) expense	( 13 )	3,002
Depreciation and amortization	10,125	10,894
Amortization of developed technology	3,639	3,639
Amortization of debt discount and issuance costs	1,553	2,826
Equity-based compensation	3,926	3,366
Contingent consideration gain	( 735 )	1,338
Warranty provision	( 1,138 )	436
Write-down of inventories	600	1,847
Changes in operating assets and liabilities, net of business acquisition:		
Accounts receivable	95,990	6,238
Inventories	( 11,542 )	( 23,312 )
Income tax receivables	2	369
Prepaid expenses and other	( 2,219 )	( 6,947 )
Accounts payable	( 23,891 )	30,155
Accrued expenses and other	( 50,569 )	3,900
Income tax payable	935	4,952
Lease liabilities	( 2,472 )	824
Deferred revenue	20,250	( 27,579 )
Net cash provided by operating activities	<u>47,502</u>	<u>45,816</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	( 2,396 )	( 3,883 )
Retirement/disposal of property, plant and equipment	10	—
Net cash used in investing activities	<u>( 2,386 )</u>	<u>( 3,883 )</u>
<b>Financing activities</b>		
Series A equity issuance costs	—	( 750 )
Tax withholding related to vesting of equity-based compensation	( 580 )	—
Proceeds from issuance of other debt	2,283	6,469
Principal payments on other debt	( 3,781 )	( 17,206 )
Principal payments on term loan facility	( 1,070 )	( 11,075 )
Contingent consideration payments	( 1,427 )	( 1,200 )
Net cash used in financing activities	<u>( 4,575 )</u>	<u>( 23,762 )</u>
Effect of exchange rate changes on cash and cash equivalent balances	( 2,001 )	( 4,316 )
Net change in cash and cash equivalents	38,540	13,855
Cash and cash equivalents, beginning of period	<u>249,080</u>	<u>133,901</u>

**Array Technologies, Inc.**  
**Condensed Consolidated Statements of Cash Flows (unaudited) (continued)**  
*(in thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash and cash equivalents, end of period	\$ 287,620	\$ 147,756
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 11,300	\$ 7,980
Cash paid for income taxes (net of refunds)	\$ 402	\$ 2,522
<b>Non-cash investing and financing activities</b>		
Dividends accrued on Series A Preferred	\$ 6,837	\$ 6,350

See accompanying Notes to Condensed Consolidated Financial Statements.

**Array Technologies, Inc.**  
**Notes to Condensed Consolidated Financial Statements (*Unaudited*)**

## **1. Organization, Business and Out-of-Period Adjustments**

Array Technologies, Inc. (the "Company"), formerly ATI Intermediate Holdings, LLC, is a Delaware corporation formed in December 2018 as a wholly owned subsidiary of ATI Investment Parent, LLC ("Former Parent"). On October 14, 2020, the Company converted from a Delaware limited liability company to a Delaware corporation and changed the Company's name to Array Technologies, Inc.

Headquartered in Albuquerque, New Mexico, the Company is a leading global manufacturer and supplier of utility-scale solar tracking systems and technologies.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting and Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), pursuant to the rules and regulations of the SEC. The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of results for the interim periods reported. The results for the three months ended March 31, 2024, are not necessarily indicative of results to be expected for the year ending December 31, 2024, or any other interim periods, or any future year or period. The balance sheet as of December 31, 2023, included herein was derived from the audited financial statements as of that date. Certain disclosures have been condensed or omitted from the interim financial statements. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 28, 2024.

Unless expressly stated or the context otherwise requires, the terms "the Company", "we", "us", "our", "Array", and "Array Technologies" refer to Array Technologies, Inc. and its consolidated subsidiaries, and the term "condensed consolidated financial statements" refers to the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report.

### **Reclassifications**

#### *Software Implementation Costs*

In the first quarter of 2024, the Company reclassified amounts recorded for software implementation costs and accumulated depreciation from "Property, plant and equipment, net" to "Intangible assets, net" on the condensed consolidated balance sheets. The Company believes this presentation correctly reflects the intangible nature of implementation costs.

These reclassifications resulted in \$ 7.1 million and \$ 4.0 million recorded to Intangible assets, net as of March 31, 2024 and 2023, respectively, with corresponding decreases in the same amounts to Property, plant and equipment, net during the three months ended March 31, 2024 and 2023, respectively.

These reclassifications did not impact the Company's operating income (loss), net income (loss) or earnings (loss) per share for any current or historical periods. These reclassifications also did not impact the condensed consolidated statements of operations or condensed consolidated statements of cash flows.

#### *Amortization of Developed Technology*

Beginning in the third quarter of 2023, the Company reclassified amounts recorded for amortization of certain acquired intangible assets in prior presentations from Total operating expenses under the caption "Depreciation and amortization" to Total cost of revenue under the caption "Amortization of developed technology" in the condensed consolidated statements of operations. The Company believes this presentation enhances the comparability of the Company's financial statements to industry peers.

These reclassifications would have resulted in a \$ 3.6 million increase to Amortization of developed technology within Total cost of revenue and a corresponding \$ 3.6 million decrease to Depreciation and amortization within Total operating expenses during the three months ended March 31, 2023.

These reclassifications did not impact the Company's operating income (loss), net income (loss) or earnings (loss) per share for any current or historical periods. These reclassifications also did not impact the condensed consolidated balance sheets or condensed consolidated statements of cash flows.

#### *Brazil Value-Added Tax Benefit*

Revenue in 2023, excludes a Brazil value-added tax benefit, Imposto sobre Circulação de Mercadorias e Servicos ("ICMS"), that has been reclassified and included in cost of revenues in the current year. For the three months ended March 31, 2023, the Brazil ICMS value-added tax benefit was \$ 3.9 million.

This reclassification had no impact on the Company's gross profit, income (loss) from operations, net income or income (loss) per common share in the current period. These reclassifications also did not impact the condensed consolidated balance sheets or condensed consolidated statements of cash flows.

#### **Principles of Consolidation**

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

#### **Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Actual results may differ from previously estimated amounts, and such differences may be material to the condensed consolidated financial statements; however, management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

## **Research and Development**

The Company incurs research and development costs during its process of researching and developing new products and significant enhancements to existing products. Research and development costs consist primarily of personnel-related costs associated with our team of internal engineers, third-party consultants, materials and overhead. The Company expenses these costs as incurred prior to a respective product being ready for commercial production. Research and development expense was \$ 1.9 million and \$ 2.1 million during the three months ended March 31, 2024 and 2023, respectively.

## **Impact of the Ongoing Russian-Ukraine Conflict**

The ongoing Russian-Ukraine conflict has reduced the availability of material that can be sourced in Europe and, as a result, increased logistics costs for the procurement of certain inputs and materials used in our products. We do not know the ultimate severity or duration of the conflict, but we continue to monitor the situation and evaluate our procurement strategy and supply chain as to reduce any negative impact on our business, financial condition, and results of operations.

## **Impact of Attacks on Shipping in the Red Sea**

Houthi rebels in Yemen have significantly stepped-up attacks against commercial vessels in the Bab-el-Mandeb strait between the Arabian peninsula and the Horn of Africa since late November of 2023, which has led to many shipping companies pausing shipments through the Suez Canal and the Red Sea. Many of these shipments are being redirected around the Cape of Good Hope in South Africa, adding between 3,000 to 3,500 nautical miles to routes connecting Europe with Asia. As an additional result of the reroute, certain ports could see crowding and delays in unloading shipments. We do not yet know the duration of these disruptions or the severity of their impact on our operations, but we continue to monitor the situation and evaluate our procurement strategy and supply chain to reduce any negative impact on our business, financial condition and results of operations.

## **Inflation**

Inflationary pressures are expected to persist, at least in the near-term, and may negatively impact our results of operations. To mitigate the inflationary pressures on our business, we have implemented selective price increases in certain markets, accelerated productivity initiatives and expanded our supplier base, while continuing to execute on overhead cost containment practices.

## **Vendor Rebates**

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted into law, which includes numerous green energy credits. The 45X Advanced Manufacturing Production Tax Credit ("45X Credit") was established as part of the IRA. The 45X Credit is a per-unit tax credit that is earned over time for each clean energy component domestically produced and sold by a manufacturer. The Company has, and will continue to, enter into arrangements with manufacturing vendors that produce 45X Credit eligible parts, in which the vendors agree to share a portion of the benefit received related to Array purchases, in the form of "Vendor Rebates".

The Company accounts for these Vendor Rebates as a reduction of the purchase prices of the vendors' products and therefore a reduction in the cost of inventory until the inventory is sold, at which time the Company recognizes such rebates as a reduction of cost of revenues on the consolidated statements of operations. As of March 31, 2024, the Company had outstanding Vendor Rebates of \$ 57.1 million, of which

\$ 45.9 million was included in Prepaid expenses and other and \$ 11.2 million was included in Other assets on the condensed consolidated balance sheets. As of December 31, 2023, the Company had outstanding Vendor Rebates of \$ 48.4 million included in Prepaid expenses and other.

### **Foreign Currency Translation**

Our foreign subsidiaries have functional currencies that are different than our reporting currency. When translating balances from the functional currency to the reporting currency, assets and liabilities are translated into U.S. dollars at period end exchange rates, retained earnings is translated at historical rates, and income, expenses, and cash flow items are translated at average exchange rates prevailing during the period. Translation adjustments for these subsidiaries are accumulated within accumulated other comprehensive income. In situations when a foreign subsidiary has a local currency that is different than the functional currency, monetary assets and liabilities are translated into the functional currency at the period end exchange rates, and non-monetary assets and the related income statement effects are translated into the functional currency using historical rates. Gains and losses that result from remeasurement from a local currency to the functional currency are included in earnings.

### **Recent Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The standard will become effective for the Company's fiscal year ended December 31, 2025, with early adoption permitted. The Company does not expect to early adopt this reporting standard and expects no material impacts upon adoption.

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this ASU will require public entities to disclose significant segment expenses and other segment items and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Public entities with a single reportable segment will also be required to provide the new disclosures and all the disclosures required under ASC 280. The guidance is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments in this ASU should be applied retrospectively to all periods presented unless it is impracticable. The Company is currently assessing the impact of the guidance on its financial statements.

In March 2023, the Company adopted ASU 2020-04 and 2022-06, Reference Rate Reform (Topic 848), and amended an existing debt agreement to replace the London Interbank Offered Rate ("LIBOR") interest rate provisions with interest rate provisions based on a forward-looking term rate based on the secured overnight funding rate ("SOFR") (see [Note 7 – Debt](#)). There were no other changes to the agreement. There was no significant impact to the Company's condensed consolidated financial statements.

### **Immaterial Correction of 2023 Interim Period Condensed Consolidated Financial Statements**

#### Capped Calls

In connection with the pricing of the Convertible Notes, we entered into capped call transactions with the Option Counterparties. At issuance the Company concluded that the Capped Calls met the criteria for equity

classification because they are indexed to the Company's common stock and the Company has discretion to settle the Capped Calls in shares or cash. As a result, the amount paid for the Capped Calls was recorded as a reduction to additional paid-in capital. When the Company entered into the Capped Calls, the Company executed certain side letters (the "Side Letters") with the counterparties that replaced some of the terms described in the primary contract including the volatility inputs used to value the Capped Calls under certain circumstances. Upon further evaluation of the accounting during the three months ended March 31, 2023, the Company concluded that the modification to the volatility inputs in the side letters precluded the Capped Calls from being accounted for as an equity instrument indexed to its own stock and should be accounted for as a freestanding derivative instrument asset recognized at fair value, with subsequent changes in fair value recognized in earnings. During the three months ended March 31, 2023, the Company began to account for the Capped Calls as derivative assets, with subsequent changes in fair value being recorded through earnings. During the three months ended December 31, 2023, after consultation with the staff of the Office of the Chief Accountant of the SEC, the Company concluded that the original equity classification accounting treatment was acceptable. As a result, the Company reclassified the derivative asset recognized at March 31, 2023, as a reduction to equity and reversed the related mark to market adjustments recognized during the three months ended March 31, 2023.

#### Redeemable Perpetual Preferred Stock

At issuance, the Company evaluated the accounting for the instruments issued pursuant to the SPA and determined the Series A Shares and common stock issued in the Initial Closing, as well as the Prepaid Forward Contract, and Put Option are freestanding instruments that are classified in equity. During the first quarter of 2023, the Company reconsidered the provisions of the Put Option and concluded that it should be accounted for as a freestanding derivative instrument asset accounted for at fair value with subsequent fair value adjustments recognized in earnings. During the fourth quarter of 2023, after consultation with the staff of the Office of the Chief Accountant of the SEC, the Company concluded that the original equity accounting classification was correct. As a result, the Company reclassified the derivative asset recognized during the three months ended March 31, 2023, as a reduction of equity and also reversed the related fair value adjustments.

Management evaluated the above misstatements and concluded they were not material to the three months ended March 31, 2023, individually or in aggregate.

The following tables reflect the effects of the correction on all affected line items of the Company's previously reported condensed consolidated financial statements to be presented as comparative in the Form 10-Q for the three months ended March 31, 2024:

**Condensed Consolidated Statements of Operations (unaudited)**

<i>(in thousands)</i>	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustments	As Corrected
Change in fair value of derivative assets	\$ (1,950)	\$ 1,950	\$ —
Total other income (expense)	(11,450)	1,950	(9,500)
Income before income tax benefit	36,008	1,950	37,958
Income tax expense (benefit)	9,876	(1,553)	8,323
Net income	26,132	3,503	29,635
Net income to common shareholders	\$ 13,648	\$ 3,503	\$ 17,151
Income per common share			
Basic	\$ 0.09	\$ 0.02	\$ 0.11
Diluted	\$ 0.09	\$ 0.02	\$ 0.11

**Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)**

<i>(in thousands)</i>	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustments	As Corrected
Net income	\$ 26,132	\$ 3,503	\$ 29,635
Comprehensive income	\$ 40,004	\$ 3,503	\$ 43,507

**Condensed Consolidated Statements of Changes in Redeemable Perpetual Preferred Stock and Stockholders' Equity (unaudited)**

<i>(in thousands)</i>	Three Months Ended March 31, 2023			<b>Total Stockholders' Equity</b>
	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>	
<b><u>As Previously Reported</u></b>				
Balance at December 31, 2022	\$ 383,176	\$ (267,470)	\$ 124,281	
Correction of the Capped Call and Put Option errors	52,914	—	52,914	
Net income	—	26,132	26,132	
Balance at March 31, 2023	426,221	(241,338)	207,330	
<b><u>Adjustments</u></b>				
Correction of the Capped Call and Put Option errors	(52,914)	—	(52,914)	
Net income	—	3,503	3,503	
<b><u>As Corrected</u></b>				
Balance at December 31, 2022	383,176	(267,470)	124,281	
Correction of the Capped Call and Put Option errors	—	—	—	
Net income	—	29,635	29,635	
Balance at March 31, 2023	\$ 373,307	\$ (237,835)	\$ 157,919	

**Condensed Consolidated Statements of Cash Flows (unaudited)**

<i>(in thousands)</i>	Three Months Ended March 31, 2023		
	<b>As Previously Reported</b>	<b>Adjustments</b>	<b>As Corrected</b>
Net income	\$ 26,132	\$ 3,503	\$ 29,635
Deferred tax expense (benefit)	4,555	(1,553)	3,002
Change in fair value of derivative assets	\$ 1,950	\$ (1,950)	—

**3. Inventories**

Inventories consisted of the following (in thousands):

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 46,723	\$ 86,614
Finished goods	131,972	75,350
Inventories	\$ 178,695	\$ 161,964

The Company values a portion of its inventory using the moving average cost method that approximates the First In, First Out method ("FIFO"). As of March 31, 2024, inventory valued using moving average cost and FIFO was \$ 141.4 million and \$ 37.3 million, respectively. As of December 31, 2023, inventory valued using moving average cost and FIFO, was \$ 129.5 million and \$ 32.5 million, respectively.

#### 4. Property, Plant and Equipment, Net

Property, plant and equipment consisted of the following (in thousands, except useful lives):

	Estimated Useful Lives (Years)	March 31, 2024	December 31, 2023
Land	N/A	\$ 1,645	\$ 1,634
Buildings and land improvements	15 - 39	9,495	9,344
Manufacturing equipment	7	24,776	22,962
Furniture, fixtures and equipment	5 - 7	4,851	4,770
Vehicles	5	618	688
Hardware	3 - 5	3,291	3,114
Construction in progress	N/A	3,800	6,199
<b>Total</b>		48,476	48,711
Less: accumulated depreciation		( 21,787 )	( 20,818 )
<b>Property, plant and equipment, net</b>		<b>\$ 26,689</b>	<b>\$ 27,893</b>

Depreciation expense was \$ 0.9 million and \$ 0.6 million for the three months ended March 31, 2024 and 2023, respectively, of which \$ 0.5 million and \$ 0.3 million, respectively, was included in cost of revenue and \$ 0.4 million and \$ 0.3 million, respectively, was included in depreciation and amortization on the accompanying condensed consolidated statements of operations.

#### 5. Goodwill and Other Intangible Assets, Net

##### Goodwill

Changes in the carrying amount of goodwill by operating segment during the three months ended March 31, 2024, consisted of the following (in thousands):

	Array Legacy Operations <sup>(1)</sup>	STI Operations	Total
Beginning balance	\$ 69,727	\$ 365,864	\$ 435,591
Foreign currency translation	—	( 10,177 )	( 10,177 )
<b>Ending balance</b>	<b>\$ 69,727</b>	<b>\$ 355,687</b>	<b>\$ 425,414</b>

<sup>(1)</sup> Goodwill attributable to Array Legacy Operations is net of impairment of \$ 51.9 million.

Each quarter the Company evaluates if facts and circumstances indicate that it is more-likely-than-not that the fair value of its reporting units is less than their carrying value, which would require the Company to perform an interim goodwill impairment test. During our most recent evaluation, we concluded there were no indicators of impairment as of March 31, 2024.

### Other Intangible Assets, Net

Other intangible assets consisted of the following (in thousands, except useful lives):

	Estimated Useful Lives (Years)	March 31, 2024	December 31, 2023
<b>Amortizable:</b>			
Developed technology	14	\$ 203,800	\$ 203,800
Computer software	3	8,733	5,267
Customer relationships	10	329,263	336,134
Backlog	1	52,891	54,438
Trade name	20	26,352	27,061
<b>Total amortizable intangibles</b>		<b>621,039</b>	<b>626,700</b>
<b>Accumulated amortization:</b>			
Developed technology		112,544	108,905
Computer software		1,657	1,274
Customer relationships		122,144	115,444
Backlog		52,891	54,322
Trade name		2,926	2,666
<b>Total accumulated amortization</b>		<b>292,162</b>	<b>282,611</b>
<b>Total amortizable intangibles, net</b>		<b>328,877</b>	<b>344,089</b>
<b>Non-amortizable:</b>			
Trade name		10,300	10,300
<b>Total other intangible assets, net</b>		<b>\$ 339,177</b>	<b>\$ 354,389</b>

Amortization expense related to intangible assets was \$ 12.9 million and \$ 13.9 million for the three months ended March 31, 2024 and 2023, respectively, of which \$ 3.6 million was included in amortization of developed technology, a component of cost of revenue, in both periods and \$ 9.3 million and \$ 10.3 million, respectively, was included in depreciation and amortization, on the accompanying condensed consolidated statements of operations.

Estimated future amortization expense of intangible assets as of March 31, 2024, is as follows (in thousands):

	Amount
Remainder of 2024	\$ 38,748
2025	51,664
2026	46,409
2027	39,797
2028	39,797
Thereafter	112,462
	<b>\$ 328,877</b>

Long-lived assets, including both amortizable and non-amortizable intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset group may

not be recoverable. As of March 31, 2024, no events or circumstances were noted that would indicate the carrying amount of any of our asset groups may not be recoverable.

## 6. Income Taxes

The Company follows guidance under ASC Topic 740-270 *Income Taxes*, which requires that an estimated annual effective tax rate is applied to year-to-date ordinary income (loss). At the end of each interim period, the Company estimates the effective tax rate expected to be applicable for the full fiscal year. The tax effect of discrete items is recorded in the quarter in which the discrete events occur.

The Company recorded income tax expense of \$ 1.3 million and \$ 8.3 million for the three months ended March 31, 2024 and 2023, respectively. The income tax expense for the three months ended March 31, 2024, was impacted by legislation in Brazil which resulted in a local tax incentive no longer being exempt from Federal income tax beginning in 2024. Additionally, tax expense of \$ 0.4 million was recorded discretely during the quarter related to equity-based compensation. The tax expense for the three months ended March 31, 2023, was unfavorably impacted by higher income reported in non-U.S. jurisdictions, offset by a tax benefit of \$ 0.4 million related to excess equity-based compensation recorded discretely during the quarter.

For the three months ended March 31, 2024 and 2023, no reserves for uncertain tax positions have been recorded. The Company will continue to monitor this position each interim period.

## 7. Debt

The following table summarizes the Company's total debt (in thousands):

	March 31, 2024	December 31, 2023
Senior Secured Credit Facility:		
Term loan facility	\$ 237,100	\$ 238,175
Revolving credit facility	—	—
Total secured credit facility	<u>237,100</u>	<u>238,175</u>
Convertible notes	425,000	425,000
Other debt	37,403	39,889
Total principal	699,503	703,064
Unamortized discount and issuance costs, total	( 19,299 )	( 20,644 )
Current portion of debt	( 22,496 )	( 21,472 )
Total long-term debt, net of current portion	<u>\$ 657,708</u>	<u>\$ 660,948</u>

### Senior Secured Credit Facility

On October 14, 2020, the Company entered into a credit agreement (as amended, the "Credit Agreement") governing the Company's senior secured credit facility, consisting of (i) a \$ 575 million senior secured 7-year term loan facility (the "Term Loan Facility") and (ii) a \$ 200 million senior secured 5-year revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Secured Credit Facility").

The Credit Agreement was amended on February 23, 2021 (the "First Amendment"), on February 26, 2021 (the "Second Amendment") and again on March 2, 2023 (the "Third Amendment").

#### ***Revolving Credit Facility***

The Company had no outstanding balance under the Revolving Credit Facility as of both March 31, 2024 and December 31, 2023, \$ 21.0 million and \$ 24.8 million, respectively, in standby letters of credit, and \$ 179.0 million and \$ 175.2 million, respectively, available to withdraw. In accordance with the Third Amendment, the Revolving Credit Facility pays interest at the Company's election, at either (x) for SOFR Loans at Adjusted Term SOFR (as defined in the Credit Agreement) plus 3.25 % or (y) for Base Rate Loans at the higher of the Prime Rate, one half of 1.00 % above the Federal Funds Rate or the Adjusted Term SOFR for one-month interest period, after giving effect to any floor plus 1.00 %, plus 2.25 %.

#### ***Term Loan Facility***

The outstanding balance on the Term Loan Facility was \$ 237.1 million and \$ 238.2 million as of March 31, 2024 and December 31, 2023, respectively. The Term Loan Facility is presented in the accompanying condensed consolidated balance sheets, net of debt discount and issuance costs of \$ 10.4 million and \$ 11.3 million as of March 31, 2024 and December 31, 2023, respectively. In accordance with the Third Amendment, the Term Loan Facility pays interest at the Company's election, at either (x) for SOFR Loans at Adjusted Term SOFR (subject to a floor of 0.50 %) plus 3.25 % or (y) for Base Rate Loans at the higher of the Prime Rate, one half of 1.00 % above the Federal Funds Rate or the Adjusted Term SOFR for one-month interest period, after giving effect to any floor plus 1.00 %, plus 2.25 %. The debt discount and issuance costs are being amortized using the effective interest method and the effective interest rate of the Term Loan Facility as of March 31, 2024, was 10.21 %. The Term Loan Facility has an annual excess cash flow calculation, for which the prescribed formula did not result in requiring the Company to make an advance principal payment for the year ended December 31, 2023.

#### ***Convertible Notes***

On December 3, 2021 and December 9, 2021, the Company completed a \$ 425 million private offering (\$ 375 million and \$ 50 million, respectively), of its 1.00 % Convertible Senior Notes due 2028 (the "Convertible Notes"), resulting in proceeds of \$ 413.3 million (\$ 364.7 million and \$ 48.6 million, respectively), after deducting the original issue discount of 2.75 %. The Convertible Notes were issued pursuant to an indenture, dated December 3, 2021, between the Company and U.S. Bank National Association, as trustee.

The Convertible Notes are senior unsecured obligations of the Company and will mature on December 1, 2028, unless earlier converted, redeemed, or repurchased. The Convertible Notes bear interest at a rate of 1.00 % per year, payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2022. As of March 31, 2024 and December 31, 2023, the principal balance of the Convertible Notes was \$ 425.0 million with unamortized discount and issuance costs of \$ 8.9 million and \$ 9.4 million, respectively, for a net carrying amount of \$ 416.1 million and \$ 415.6 million, respectively.

The conversion rate for the Convertible Notes was initially 41.9054 shares of the Company's common stock per \$ 1,000 principal amount of Convertible Notes, which was equivalent to an initial conversion price of approximately \$ 23.86 per share of common stock or 10.1 million shares of common stock. The Convertible Notes were not convertible during the three months ended March 31, 2024, and none have been converted to date. Also, given that the average market price of the Company's common stock has not exceeded the exercise price since inception, there was no dilutive impact for the three months ended March 31, 2024.

### **Capped Calls**

In connection with the issuances of the Convertible Notes, the Company paid \$ 52.9 million, in aggregate, to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock after a conversion of the Convertible Notes. Specifically, upon the exercise of the capped call instruments issued pursuant to the agreements (the "Capped Calls"), the Company would receive shares of its common stock equal to approximately 17.8 million shares (a) multiplied by (i) the lower of \$ 36.0200 or the then-current market price of its common stock, less (ii) the applicable exercise price, \$ 23.86 , and (b) divided by the then-current market price of its common stock. The results of this formula are that the Company would receive more shares as the market price of its common stock exceeds the exercise price and approaches the cap, which was initially, and remains currently, \$ 36.02 per share.

Consequently, if the Convertible Notes are converted, then the number of shares to be issued by the Company would be effectively partially offset by the shares of common stock received by the Company under the Capped Calls as they are exercised. The formula above would be adjusted in the event of certain specified extraordinary events affecting the Company, including: a merger; a tender offer; nationalization, insolvency or delisting of the Company's common stock; changes in law; failure to deliver; insolvency filing; stock splits, combinations, dividends, repurchases or similar events; or an announcement of certain of the preceding actions.

The Company can also elect to receive the equivalent value of cash in lieu of shares of common stock upon settlement, except in certain circumstances. The Capped Calls expire on December 1, 2028, and terminate upon the occurrence of certain extraordinary events such as a merger, tender offer, nationalization, insolvency, delisting, event of default, a change in law, failure to deliver, an announcement of certain of these events, or an early conversion of the Convertible Notes. Although intended to reduce the net number of shares of common stock issued after a conversion of the Convertible Notes, the Capped Calls were separately negotiated transactions, are not a part of the terms of the Convertible Notes, and do not affect the rights of the holders of the Convertible Notes. See [Note 2 – Summary of Significant Accounting Policies](#) for information regarding the accounting for the Capped Calls.

### **Other Debt**

Other debt consists of the debt obligations of STI ("Other Debt"). Interest rates on other debt range from 0.55 % to 16.35 % annually. Of the \$ 37.4 million Other Debt balance, the equivalent of \$ 27.4 million is denominated in Euros and \$ 10.0 million is denominated in Brazilian Real.

## **8. Redeemable Perpetual Preferred Stock**

### **Series A Redeemable Perpetual Preferred Stock**

The Company entered into a Securities Purchase Agreement (the "SPA") with certain investors (the "Purchasers") pursuant to which, on August 11, 2021, the Company issued 350,000 shares of its newly designated Series A Redeemable Perpetual Preferred Stock (the "Series A Shares") and 7,098,765 shares of the Company's common stock for an aggregate purchase price of \$ 346.0 million (the "Initial Closing"). Further, pursuant to the SPA, on September 27, 2021, the Company issued and sold to the Purchasers 776,235 shares of common stock for an aggregate purchase price of \$ 776 (the "Prepaid Forward Contract"). The Company used the net proceeds from the initial Closing to repay the \$ 102.0 million outstanding balance under its existing

Revolving Credit Facility and prepay \$ 100.0 million of the Company's Term Loan Facility. The Series A Shares have no maturity date.

The Put Option included in the SPA required the Purchasers to purchase up to an additional 150,000 shares of Series A Shares and up to 3,375,000 shares of common stock (or up to 6,100,000 shares of common stock in the event of certain price-related adjustments) until June 30, 2023, subject to certain equitable adjustments pursuant to any stock dividend, stock split, stock combination, reclassification or similar transaction, for an aggregate purchase price up to \$ 148.0 million (the "Delayed Draw Commitment" or the "Put Option"). The Put Option expired effective June 30, 2023.

On January 7, 2022, pursuant to the Put Option, the Company issued and sold to the Purchasers 50,000 shares of Series A Shares and 1,125,000 shares of the Company's common stock in an additional closing for an aggregate purchase price of \$ 49.4 million (the "Additional Closing").

The Company has classified the Series A Shares as temporary equity and is accreting the carrying amount to its full redemption amount from the date of issuance to the earliest redemption date using the effective interest method. Such accretion totaled \$ 6.7 million and \$ 6.1 million for the three months ended March 31, 2024 and 2023, respectively.

#### *Dividends*

On or prior to the fifth anniversary of the Initial Closing, the Company may pay dividends on the Series A Shares either in (i) cash at the then-applicable Cash Regular Dividend Rate (as defined below), (ii) through accrual to the Liquidation Preference at the Accrued Regular Dividend Rate of 6.25 % (the "Permitted Accrued Dividends"), or (iii) a combination thereof. Following the fifth anniversary of the Initial Closing, dividends are payable only in cash. To the extent the Company does not declare such dividends and pay in cash following the fifth anniversary of the Initial Closing, the dividends accrue to the Liquidation Preference ("Default Accrued Dividends") at the then-applicable Cash Regular Dividend Rate plus 200 basis points. In the event there are Default Accrued Dividends outstanding for six consecutive quarters, the Company, at the option of the holders of the Series A Shares, will pay 100 % of the amount of Default Accrued Dividends by delivering to such holder a number of shares of the Company's common stock equal to the quotient of (i) the amount of Default Accrued Dividends divided by (ii) 95 % of the 30-day VWAP of the Company's common stock ("Non-Cash Dividend").

The "Cash Regular Dividend Rate" of the Series A Shares means (i) initially, 5.75 % per annum on the Liquidation Preference and (ii) increased by (a) 50 basis points on each of the fifth, sixth and seventh anniversaries of the Initial Closing and (b) 100 basis points on each of the eighth, ninth and tenth anniversaries of the Initial Closing. The "Accrued Regular Dividend Rate" on the Series A Shares means 6.25 % per annum on the Liquidation Preference.

As used herein, "Liquidation Preference" means, with respect to the Series A Shares, the initial liquidation preference of \$ 1,000 per share, plus accrued dividends of such share at the time of the determination.

During the three months ended March 31, 2024, the Company accrued dividends on the Series A Shares at the Accrued Regular Dividend rate of 6.25 % totaling \$ 6.8 million. As of March 31, 2024, total accrued and unpaid dividends were \$ 39.6 million.

The Series A Shares have similar characteristics of an “Increasing Rate Security” as described by SEC Staff Accounting Bulletin Topic 5Q, *Increasing Rate Preferred Stock*. As a result, the discount on Series A Shares is considered an unstated dividend cost that is amortized over the period preceding commencement of the perpetual dividend using the effective interest method, by charging imputed dividend cost against retained earnings, or additional paid in capital in the absence of retained earnings, and increasing the carrying amount of the Series A Shares by a corresponding amount. Accordingly, the discount is amortized over five years using the effective yield method.

#### Fees

During the three months ended June 30, 2023, the Company paid the Purchasers a per annum cash commitment fee totaling \$ 1.5 million on the unpurchased portion of the Put Option. The Put Option expired effective June 30, 2023.

#### 9. Revenue

The Company disaggregates its revenue from contracts with customers by sales recorded over time and sales recorded at a point in time. The following table presents the Company’s disaggregated revenues (in thousands):

	Three Months Ended March 31,	
	2024	2023
Over-time revenue	\$ 124,336	\$ 248,219
Point in time revenue	29,067	128,554
<b>Total revenue</b>	<b>\$ 153,403</b>	<b>\$ 376,773</b>

#### Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (“contract assets”), and deferred revenue (“contract liabilities”) on the condensed consolidated balance sheets. The majority of the Company’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. Billing sometimes occurs subsequent to revenue recognition, resulting in contract assets. The changes in contract assets and the corresponding amounts recorded in revenue relate to fluctuations in the timing and volume of billings.

Contract assets consisting of unbilled receivables are recorded within accounts receivable, net on the condensed consolidated balance sheets on a contract-by-contract basis at the end of the reporting period and consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Unbilled receivables	\$ 112,479	\$ 102,603

The Company also receives advances or deposits from its customers, before revenue is recognized, resulting in contract liabilities. The changes in contract liabilities relate to advanced orders and payments received by the Company.

Contract liabilities are recorded on a contract-by-contract basis and consisted of the following at the end of each reporting period (in thousands):

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Deferred revenue	<u>\$ 86,558</u>	<u>\$ 66,488</u>

During the three months ended March 31, 2024, the Company converted \$ 22.8 million in deferred revenue to revenue, which represented 34.3 % of the prior year's deferred revenue balance.

#### *Bill-and-Hold Arrangements*

Revenue recognized for the Company's federal investment tax credit ("ITC") contracts and standalone system component sales is recorded at a point in time and recognized when obligations under the terms of the contract with the Company's customer are satisfied. Generally, this occurs with the transfer of control of the asset, which is typically upon delivery to the customer in line with shipping terms.

In certain situations, the Company recognizes revenue under a bill-and-hold arrangement with its customers. An example of such a situation is when customers purchase material prior to the start of construction of a solar project in order to meet the Five Percent Safe Harbor test to qualify for the ITC. Because the customers lack sufficient storage capacity to accept a large amount of material prior to the start of construction, they request that the Company keep the product in its custody. All bill-and-hold inventory is bundled or palletized in the Company's warehouses, separately identified as not belonging to the Company and ready for immediate transport to the customer project upon request. Additionally, title and risk of loss has passed to the customer and the Company does not have the ability to use the product or direct it to another customer. During the three months ended March 31, 2024 and 2023, the Company recognized \$ 1.9 million and \$ 17.6 million, respectively, in revenue from one customer for the sale of goods and services under bill-and-hold arrangements.

#### *Remaining Performance Obligations*

As of March 31, 2024, the Company had \$ 396.9 million of remaining performance obligations. The Company expects to recognize revenue on 100 % of these performance obligations in the next twelve months .

## 10. Earnings Per Share

The following table sets forth the computation of basic and diluted (loss) income per share (in thousands, except per share amounts):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income	\$ 2,165	\$ 29,635
Less: preferred dividends and accretion	13,502	12,484
Net (loss) income to common shareholders	<u>\$ (11,337)</u>	<u>\$ 17,151</u>
Basic:		
Weighted average shares	<u>151,351</u>	<u>150,607</u>
(Loss) income per share	<u>\$ (0.07)</u>	<u>\$ 0.11</u>
Diluted:		
Effect of restricted stock and performance awards	—	1,188
Weighted average shares	<u>151,351</u>	<u>151,795</u>
(Loss) income per share	<u>\$ (0.07)</u>	<u>\$ 0.11</u>

Potentially dilutive common shares issuable pursuant to equity-based awards of 2,736,244 were not included for the three months ended March 31, 2024, as the Company generated a net loss to common shareholders. Common shares issuable pursuant to equity-based awards of 55,333 were excluded from the Company's diluted EPS calculation for the three months ended March 31, 2023, as their potential impact was anti-dilutive.

There were no potentially dilutive common shares issuable pursuant to the Convertible Notes for both the three months ended March 31, 2024 and 2023, as the average market price of the Company's common stock has not exceeded the exercise price since their issuance.

## 11. Commitments and Contingencies

### Legal Proceedings

The Company, in the normal course of business, is subject to claims and litigation. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company would accrue a liability for the estimated loss.

On May 14, 2021, a putative class action was filed in the U.S. District Court for the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11, 12(a)(2) and 15 of the Securities Exchange Act of 1933 ("Plymouth Action"). The complaint alleges misstatements and/or omissions in the Company's registration statements and prospectuses related to the Company's October 2020 initial public offering ("IPO"), the Company's December 2020 offering, and the Company's March 2021 offering during the putative class period of October 14, 2020 through May 11, 2021. A consolidated amended class action complaint was filed on December 7, 2021, with additional allegations regarding misstatements and/or omissions in: (1) in the Company's Annual Report on Form 10-K and associated press release announcing

results for the fourth quarter and full fiscal year 2020; and (2) in the Company's November 5, 2020, and March 9, 2021, earnings calls.

On June 30, 2021, a substantially similar second putative class action was filed in the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11 and 15 of the Securities Exchange Act of 1933 ("Keippel Action"), which was consolidated with the Plymouth Action.

All Defendants in the Plymouth Action, including the Company, moved to dismiss the consolidated amended complaint. On May 19, 2023, the Court granted the Company's motion to dismiss and, on July 5, 2023, denied a request from the Plymouth Action plaintiffs for leave to amend the consolidated amended complaint and dismissed the Plymouth Action in its entirety with prejudice.

On August 4, 2023, the lead plaintiffs filed a notice of appeal of the Court's dismissal of the consolidated amended complaint to the U.S. Court of Appeals for the Second Circuit. The case has been fully briefed and a decision is expected after oral argument, which has yet to be scheduled.

On July 16, 2021, a verified derivative complaint was filed in the Southern District of New York against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for misleading proxy statements, (2) breach of fiduciary duty, (3) unjust enrichment, (4) abuse of control, (5) gross mismanagement, (6) corporate waste, (7) aiding and abetting breach of fiduciary duty, and (8) contribution under sections 10(b) and 21D of the Securities Exchange Act of 1934. On July 30, 2021, a second verified derivative complaint was filed in the Southern District of New York against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for causing the issuance of a false/misleading proxy statement, (2) breach of fiduciary duty, and (3) aiding and abetting breaches of fiduciary duty.

On August 24, 2021, the Southern District of New York derivative actions were consolidated and the Court appointed co-lead counsel. The consolidated cases remain stayed pending the outcome of the appeal of the Plymouth Action.

On August 3, 2022, a verified derivative complaint was filed in the Court of Chancery of the State of Delaware against certain officers and directors of the Company, asserting claims for: (1) breach of fiduciary duty and (2) unjust enrichment. On August 11, 2022, a second verified derivative complaint was filed against certain officers and directors of the Company Court of Chancery, asserting claims for: (1) breach of fiduciary duty; (2) aiding and abetting breaches of fiduciary duty; (3) waste of corporate assets; (4) unjust enrichment; (5) insider selling; and (6) aiding and abetting insider selling.

On September 2, 2022, the Chancery Court derivative cases were consolidated and the Court appointed co-lead counsel. The consolidated cases have been stayed pending the outcome of the appeal of the Plymouth Action.

At this time the Company believes that the likelihood of any material loss related to these matters is remote given the preliminary stage of the claims and strength of the Company's defenses. The Company has not recorded any material loss contingency in the condensed consolidated balance sheets as of March 31, 2024.

## **Commercial Supplier Settlement**

During March 2024, the Company reached a settlement with one of its vendors, in which the Company received \$ 4.0 million in the form of a one-time \$ 2.6 million cash payment due immediately, and \$ 1.4 million in credits with the vendor which can be applied by the Company to future orders from the respective vendor. If the Company does not utilize all of the credits by January 2026, it will receive a one-time cash payment from the vendor for the remaining unused credit balance. As of March 31, 2024, the Company recognized \$ 4.0 million in Prepaid and other expenses, net on the condensed consolidated balance sheet and for the three months ended March 31, 2024, a \$ 4.0 million reduction to Cost of revenue on the condensed consolidated statement of operations.

The Company is party to various other legal proceedings, claims, governmental and/or regulatory inspections, inquiries and investigations arising out of the ordinary course of its business. The Company believes that, there are no other proceedings or claims pending against it, the ultimate resolution of which could have a material adverse effect on its financial condition or results of operations. In all cases, at each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, Contingencies (ASC 450). Legal costs are expensed as incurred. It is possible that future results for any particular quarter or annual period may be materially affected by changes in our assumption or the effectiveness of the Company's strategies relating to these proceedings.

## **Contingent Consideration**

### *Tax Receivable Agreement*

Concurrent with the Former Parent's acquisition of Array Technologies Patent Holdings Co., LLC on July 8, 2016, the Company's operating subsidiary, Array Tech, Inc. (f/k/a Array Technologies, Inc.), entered into a Tax Receivable Agreement (the "TRA") with the former majority shareholder of Array. The TRA is valued based on the future expected payments under the agreement. The TRA provides for the payment by Array Tech, Inc., to the former owners for certain federal, state, local and non-U.S. tax benefits deemed realized in post-closing taxable periods by Array Tech, Inc., from the use of certain deductions generated by the increase in the tax value of the developed technology. The TRA is accounted for as contingent consideration and subsequent changes in fair value of the contingent liability are recognized in contingent consideration on the condensed consolidated statements of operations. As of March 31, 2024 and December 31, 2023, the fair value of the TRA was \$ 8.2 million and \$ 10.4 million, respectively.

Estimating the amount of payments that may be made under the TRA is by nature imprecise. The significant fair value inputs used to estimate the future expected TRA payments to the former owners include the timing of tax payments, a discount rate, book income projections, timing of expected adjustments to calculate taxable income and the projected rate of use for attributes defined in the TRA.

Payments made under the TRA consider tax positions taken by the Company and are due within 125 days following the filing of the Company's U.S. federal and state income tax returns under procedures described in the agreement. The current portion of the TRA liability is based on tax returns. The TRA will continue until all tax benefit payments have been made or the Company elects early termination under the terms described in the TRA.

The following table summarizes the activity related to the estimated TRA liability (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 10,363	\$ 8,587
Payments	( 1,427 )	( 1,200 )
Fair value adjustment	( 735 )	1,338
Ending balance	<u>\$ 8,201</u>	<u>\$ 8,725</u>

The TRA liability requires significant judgment and is classified as Level 3 in the fair value hierarchy.

#### **Surety Bonds**

As of March 31, 2024, the Company posted surety bonds in the total amount of \$ 173.5 million. The Company is required to provide surety bonds to various parties as required for certain transactions initiated during the ordinary course of business to guarantee the Company's performance in accordance with contractual or legal obligations. These off-balance sheet arrangements do not adversely impact the Company's liquidity or capital resources.

#### **12. Fair Value of Financial Instruments**

The carrying values and estimated fair values of the Company's debt financial instruments were as follows (in thousands):

	<b>March 31, 2024</b>		<b>December 31, 2023</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Convertible Notes	\$ 416,102	\$ 391,918	\$ 415,632	\$ 416,500

The fair value of the Convertible Notes is estimated using Level 2 inputs, as they are not registered securities nor listed on any securities exchange but may be traded by qualified institutional buyers.

The fair value of the Term Loans and Other Debt is estimated using Level 2 inputs. The carrying values of the Term Loans outstanding under the Senior Secured Credit facility recorded in the condensed consolidated balance sheets approximate fair value due to the variable nature of the interest rates.

Other Debt with an aggregate carrying value of \$ 37.4 million, consists only of variable rate obligations. The carrying value of these variable rate obligations approximate fair value due to the variable nature of the interest rates.

#### **13. Equity-Based Compensation**

##### **2020 Equity Incentive Plan**

On October 14, 2020, the Company's 2020 Equity Incentive Plan (the "2020 Plan") became effective. The 2020 Plan authorized 6,683,919 new shares, subject to adjustments pursuant to the 2020 Plan.

### Restricted Stock Units

Pursuant to the 2020 Plan, the Company grants restricted stock units ("RSUs") to employees and members of the Company's board of directors. The fair value of the RSUs is determined using the market value of the Company's common stock on the grant date.

RSU activity under the 2020 Plan during the three months ended March 31, 2024, was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding non-vested, December 31, 2023	1,670,509	\$ 15.44
Shares granted	1,048,812	12.17
Shares vested	( 506,189 )	15.53
Shares forfeited	( 56,653 )	16.09
Outstanding non-vested, March 31, 2024	<u>2,156,479</u>	<u>\$ 13.77</u>

### Performance Stock Units

The Company has granted performance stock units ("PSUs") to certain employees. The PSUs cliff vest after three years and upon meeting certain revenue and adjusted EPS targets. The PSUs also contain a modifier based on the total stock return ("TSR") compared to a certain index which modifies the number of PSUs that vest. The PSUs were valued using a Monte-Carlo simulation method on the date of grant based on the U.S. Treasury Constant Maturity rates. The following assumptions were used in the Monte Carlo simulation for computing the grant date fair value of the PSUs issued during the three months ended March 31, 2023:

	2024 <sup>(1)</sup>	2023
Volatility	— %	90 %
Risk-free interest rate	— %	3.74 %
Dividend yield	— %	— %

<sup>(1)</sup> No PSUs were issued during the three months ended March 31, 2024.

PSU activity under the 2020 Plan during the three months ended March 31, 2024, was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding non-vested, December 31, 2023	692,473	\$ 14.54
Shares granted	—	—
Shares vested	—	—
Shares forfeited	( 112,708 )	21.61
Outstanding non-vested, March 31, 2024	<u>579,765</u>	<u>\$ 14.09</u>

For three months ended March 31, 2024 and 2023, the Company recognized \$ 4.0 million and \$ 3.3 million, respectively, in equity-based compensation costs. At March 31, 2024, the Company had \$ 28.2 million of unrecognized compensation costs related to RSUs and PSUs, which are expected to be recognized over 2.4 and 1.8 years, respectively.

## 14 Segment Reporting

ASC 280 *Segment Reporting* establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Historically, the Company managed its business on the basis of one operating and reportable segment. Concurrent with the acquisition of STI in January 2022, the Company began operating as two segments; Array Legacy Operations and STI Operations.

The following table provides a reconciliation of certain financial information for the Company's reportable segments to information presented in its condensed consolidated financial statements for the three months ended March 31, 2024 and 2023 (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Array Legacy Operations	\$ 114,381	\$ 305,204
STI Operations	39,022	71,569
<b>Total</b>	<b>\$ 153,403</b>	<b>\$ 376,773</b>
<b>Gross Profit</b>		
Array Legacy Operations	\$ 49,086	\$ 79,835
STI Operations	6,004	17,705
<b>Total</b>	<b>\$ 55,090</b>	<b>\$ 97,540</b>

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and other financial information included in Part I, "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q (this "Quarterly Report"), as well as our audited financial statements and notes thereto as of and for the year ended December 31, 2023, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Annual Report"). Each of the terms the "Company," "Array," "we," or "us" as used herein refers collectively to Array Technologies, Inc. and its wholly owned subsidiaries, unless otherwise stated. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under the sections captioned "Forward-Looking Statements" and "Risk Factors" in this Quarterly Report and our 2023 Annual Report.*

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, technology developments, financing and investment plans, dividend policy, competitive position, industry and regulatory environment, potential growth opportunities and the effects of competition. Forward-looking statements include statements that are not historical facts and can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," "would" or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this report. You should read this report with the understanding that our actual future results may be materially different from what we expect.

Important factors that could cause actual results to differ materially from our expectations include factors in "Summary Risk Factors" and the "Risk Factors" sections of this Quarterly Report. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

### **Summary Risk Factors**

Our business is subject to a number of risks that if realized could materially and adversely affect our business, financial conditions, results of operations, cash flows and access to liquidity. These risks are discussed more fully in the "Risk Factors" section of this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Our principal risks include the following:

- if demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, our business will suffer;
- the viability and demand for solar energy are impacted by many factors outside of our control, including but not limited to, the retail price of electricity, availability of in-demand components like high voltage

breakers, various policies related to the permitting and interconnection costs of solar plants, and the availability of incentives for solar energy and products, which makes it difficult to predict our future prospects;

- competitive pressures within our industry may harm our business, revenues, growth rates and market share;
- 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 revenue, results of operations and cash flow;
- a drop in the price of electricity derived from the utility grid or from alternative energy sources may harm our business, financial condition, results of operations and prospects;
- a failure to maintain effective internal controls over financial reporting may negatively affect our ability to timely report our financial condition or results of operations, which may adversely affect our business;
- a further increase in interest rates, or a reduction in the availability of tax equity or project debt capital in the global financial markets could make it difficult for customers to finance the cost of a solar energy system and could reduce the demand for our products;
- electric utility industry policies and regulations, and any subsequent changes, may present technical, regulatory and economic barriers to the purchase and use of solar energy systems, which may significantly reduce demand for our products or harm our ability to compete;
- the interruption of the flow of materials from international vendors could disrupt our supply chain, including as a result of the imposition of additional duties, tariffs and other charges or restrictions on imports and exports;
- geopolitical, macroeconomic and other market conditions unrelated to our operating performance including the COVID-19 pandemic, the military conflict in Ukraine and Russia, the Israel-Hamas war, attacks on shipping in the Red Sea and rising inflation and interest rates;
- changes in the global trade environment, including the imposition of import tariffs or other import restrictions, 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;
- our results of operations 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, or our failure to optimize the benefits of government incentives for, or regulations mandating the use of, renewable energy and solar energy, particularly in relation to our competitors, could reduce demand for solar energy systems and harm our business;
- if we fail to, or incur significant costs in order to obtain, maintain, protect, defend or enforce, our intellectual property and other proprietary rights, our business and results of operations could be materially harmed;
- significant changes in the cost of raw materials could adversely affect our financial performance;

- defects or performance problems in our products could result in loss of customers, reputational damage and decreased revenue, and we may experience delays, disruptions or quality control problems in our product development 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 continued planned expansion into new markets could subject us to additional business, financial, regulatory and competitive risks;
- cybersecurity or other data incidents, including unauthorized disclosure of personal or sensitive data or theft of confidential information could harm our business;
- internal control deficiencies have been identified that constituted material weaknesses in our internal control over financial reporting. If we fail to implement and maintain effective internal controls over financial reporting, we may be unable to accurately or timely report our financial condition or results of operations, which may adversely affect our business
- our substantial indebtedness could adversely affect our financial condition;
- we face risks related to actual or threatened public health epidemics, pandemics, outbreaks or crises, such as the COVID-19 pandemic, which could have a material and adverse effect on our business, results of operations and financial condition; and
- changes to tax laws and regulations that are applied adversely to us or our customers could materially adversely affect our business, financial condition, results of operations and prospects, including our ability to optimize those changes brought about by the passage of the Inflation Reduction Act.

## Overview

We are one of the world's largest manufacturers of ground-mounting tracking systems used in solar energy projects at utility scale. Our principal products are a portfolio of integrated solar tracking systems comprised of steel supports, electric motors, gearboxes and electronic controllers commonly referred to as a single-axis "tracker." Trackers move solar panels throughout the day to maintain an optimal orientation to the sun, which significantly increases their energy production. Solar energy projects that use trackers typically generate more energy and deliver a lower Levelized Cost of Energy ("LCOE") than projects that use "fixed tilt" mounting systems, which do not move. The vast majority of ground mounted solar systems in the U.S. use trackers.

Our flagship tracker uses a patented design that allows one motor to drive multiple rows of solar panels through articulated driveline joints. To avoid infringing on our U.S. patent, our competitors must use designs that we believe are inherently less efficient and reliable. For example, our largest competitor's design requires one motor for each row of solar panels. As a result, we believe our products have greater reliability, lower installation costs, reduced maintenance requirements and competitive manufacturing costs. Our core U.S. patent is on a linked-row, single-driving apparatus that rotates a plurality of tracker rows connected by an articulating drive shaft. This patent does not expire until February 5, 2030.

With our acquisition of STI in January of 2022, we added a dual-row tracker design to our product portfolio. This tracker uses one motor to drive two connected rows and is ideally suited for sites with irregular and highly angled boundaries or fragmented project areas. To offer a comprehensive set of solutions to the growing market, in September of 2022, we also introduced a third tracker product requiring significantly less grading and civil works permitting prior to installation in addition to accommodating uneven terrain. This suite of

products extends our target applications and ability to deliver the best utility-scale solar tracker solutions to the market.

We sell our products to engineering, procurement and construction firms ("EPCs") that build solar energy projects and to large solar developers, independent power producers and utilities, often under master supply agreements or multi-year procurement contracts. During the three months ended March 31, 2024, we derived 73% and 27% of our revenues from customers in the U.S. and the rest of the world, respectively. As of March 31, 2024, we had shipped more than 74.8 gigawatts of trackers to customers worldwide.

Our corporate headquarters are located in Albuquerque, New Mexico. As of March 31, 2024, we had 975 full-time employees.

### **Research and Development**

The Company incurs research and development ("R&D") costs during its process of researching and developing new products and significant enhancements to existing products. R&D costs are a subset of our total engineering spend and consist primarily of personnel-related costs associated with our team of internal engineers, third-party consultants, materials and overhead. The Company expenses these costs as incurred prior to a respective product being ready for commercial production. Total engineering expense was \$4.3 million and \$3.9 million during the three months ended March 31, 2024 and 2023, respectively, of which \$1.9 million and \$2.1 million were related to R&D activities performed by the Company during the three months ended March 31, 2024 and 2023, respectively.

### **Acquisition of STI Norland**

On January 11, 2022, we completed our acquisition of STI, which resulted in the Company owning 100% of the equity interests in STI. Similar to Array Legacy operations, STI generates revenue through the design, manufacture and sale of its utility-scale solar tracker systems to customers in global markets that include Spain, Brazil, the U.S. and South Africa. The integration of STI has allowed us to accelerate our international expansion and better address rising global demand for utility-scale solar projects, particularly in developing countries in Latin America and Africa.

### **Reversal of Out-of-Period Adjustment Recorded during the three months ended March 31, 2023**

#### *Capped Calls and Put Option*

During the three months ended December 31, 2023, the Company consulted with the staff of the Office of the Chief Accountant of the SEC, and after consultation with the staff, the Company concluded that the change from its historical accounting treatment for its Capped Calls and its Put Option that were made during the three months ended March 31, 2023, was not required. As a result, the Company has chosen to revert to its historical accounting and reverse the initial cumulative catch-up recorded during the three months ended March 31, 2023, as well as any subsequent fair value adjusting entries recorded during the interim periods in 2023. See [Note 2 – Summary of Significant Accounting Policies](#).

### **Factors Affecting Results of Operations**

#### *Project Timing*

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 for any reason may cause our results of operations for a particular period to fall below expectations. Our end-users' ability to install solar energy systems has been affected by a number of factors including:

- *Weather.* Inclement weather can affect our customers' ability to install their systems, particularly in the northeastern United States and in Europe. In addition, weather delays can adversely affect our logistics and operations by causing delays in the shipping and delivery of our materials.
- *The interest rate environment.* As interest rates have risen, we have seen customers looking to renegotiate power purchase agreements to improve project returns. Any unexpected or protracted negotiation can cause installation delays and delay our ability to recognize revenue relating to the relevant projects. In addition, we have had customers delay planned installations in anticipation of interest reductions and more favorable project financing conditions later in 2024.
- *Availability of necessary equipment.* We have a broad portfolio of customer relationships including presence with every Tier 1 utility in the United States. Each utility has unique specifications for access to its grid, which is generally not consistent across the industry. As the supply of renewables projects has increased, severe shortages and long lead-times in the supply of switches, transformers and HV breakers used in the interconnection of utility scale solar power plants to the grid, has affected the timing and completion of these projects, including for some of our customers.
- *Local permitting.* If our customers cannot receive permitting for their projects, they are unable to begin and ultimately complete them in a timely manner. A dramatic increase in solar and battery storage sites has increased the average permitting time in many geographies in which our customers operate.

#### *Impact of IRA*

While solar power is cost-competitive with conventional forms of generation in many U.S. states even without the ITC, we believe step-downs in the ITC have influenced the timing and quantity of some customers' orders. With the passage of the Inflation Reduction Act ("IRA") in August 2022, the ITC was raised to 30% with no step downs before 2032. Accordingly, we do not anticipate the ITC rate to impact our seasonality during that timeframe.

After a period of uncertainty, in December the IRS published proposed regulations on 45X manufacturing credit benefits that largely confirmed our previous understanding around the eligibility of our torque tube. Beginning in late 2023 and continuing into 2024, we have and continue to successfully negotiate agreements with key suppliers around 45X manufacturing credit benefits associated with the torque tube.

The 45X proposed regulations published in December did not further clarify what would be considered a structural fastener; however, we do continue to expect that there will be additional credits we can monetize for a number of our components under the existing law and proposed regulations. We are actively working on multiple initiatives to obtain additional clarity regarding the eligibility and in parallel are negotiating the split of the 45X benefits with our suppliers for parts we do not manufacture internally.

#### *Structured Cost Management*

We actively manage the risk from certain types of customer contracts, including, for example, multi-year contracts that require fixed pricing or pricing tied to certain commodity indices. Depending on the totality of the circumstances and our ability to mitigate risk, we may or may not pursue such contractual arrangements. Where we decline, this may have the effect of driving certain customers or projects to our competitors. We believe this is the right way to manage a high-quality portfolio and drive consistent margins over time.

#### *Impact of Attacks on Shipping in the Red Sea*

Houthi rebels in Yemen have significantly stepped-up attacks against commercial vessels in the Bab-el-Mandeb strait between the Arabian peninsula and the Horn of Africa since late November 2023, which has led many shipping companies to pause shipments through the Suez Canal and the Red Sea. Many of these shipments are being redirected around the Cape of Good Hope in South Africa, adding between 3,000 to 3,500 nautical miles to routes connecting Europe with Asia. As an additional result of the reroute, certain ports could see crowding and delays in unloading shipments. We do not yet know the duration of these disruptions or the severity of their impact on our operations, but we continue to monitor the situation and evaluate our procurement strategy and supply chain as to reduce any negative impact on our business, financial condition and results of operations.

#### *Inflation*

Inflationary pressures may continue to impact, at least in the near-term, and may continue to negatively impact our results of operations. To mitigate the inflationary pressures on our business, despite our ASPs decreasing, we have continued to accelerate our productivity initiatives, expanded our supplier base, and continued to execute on our overhead cost containment practices.

#### *Impact of AD/CVD Petitions and Determinations*

In June 2022, the U.S. President authorized the U.S. Secretary of Commerce to provide a 24-month AD/CVD tariff exemption for imported solar modules from certain Southeast Asian countries. The USDOC previously issued regulations implementing the AD/CVD moratorium in the event that it found circumvention with respect to such Southeast Asian countries. In August 2023, the USDOC issued final affirmative circumvention rulings, finding that solar modules completed in Cambodia, Malaysia, Thailand, and Vietnam using parts and components produced in China circumvent pre-existing AD/CVD orders on China. At this time, it is expected that duties will apply to such solar modules unless they are imported, used, and installed by June 2024.

While we do not sell solar modules, the degree of our exposure is dependent on, among other things, the impact of the investigation on the projects that are also intended to use our products, with such impact being largely out of our control. We have seen a number of projects in our order book delayed as a result of the USDOC investigation. The repeal of the 24-month exemption, and any affirmative determinations made once the exemption expires in any event, would have an adverse effect on our business, financial condition, and results of operations. More broadly, legislation has been proposed that would make it easier for domestic companies to obtain affirmative determinations in antidumping and countervailing duty investigations. The proposed USICA/America COMPETES Act, if enacted, could result in future successful petitions that limit imports from Asia and other regions.

On April 24, 2024, the American Alliance for Solar Manufacturing Trade Committee, an ad hoc coalition of domestic producers of crystalline silicon photovoltaic (CSPV) solar cells and modules, filed a petition with the USDOC and the U.S. International Trade Commission (the "USITC") seeking the imposition of AD/CVD tariffs on imports of CSPV cells and modules from Cambodia, Malaysia, Thailand and Vietnam. If the USDOC or USITC make preliminary affirmative determinations, could have an adverse effect on our business, financial condition, and results of operations.

Additionally, in October 2023, a coalition of U.S. aluminum extruders and a labor union filed AD/CVD cases on aluminum extrusions from fifteen countries. The USDOC has initiated investigations based on the petitions. Certain components in our trackers, including certain clamps, U-joints, and bearing housings are made using extruded aluminum. Our operating results could be adversely impacted if the USDOC imposes duties on such imports. We continue to monitor developments in the above petition and investigation processes and work to

mitigate their impact on our supply chain, but if we are unable to do so, the imposition of AD/CVD orders could negatively impact our business, financial condition, and results of operations.

The possibility of additional tariffs and duties in the future like those described above have created uncertainty in the industry. If the price of solar systems in the U.S. increases, the use of solar systems could become less economically feasible and could reduce our gross margins or reduce the demand of solar systems manufactured and sold, which in turn may decrease demand for our products. Additionally, existing or future tariffs may negatively affect key customers, suppliers, and manufacturing 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.

#### *Foreign Currency Translation*

For non-U.S. subsidiaries that operate in a local currency environment, assets and liabilities are translated into U.S. dollars at period-end exchange rates. Income, expense, and cash flow items are translated at average exchange rates prevailing during the period. For non-U.S. subsidiaries that operate in a U.S. dollar functional currency, local currency inventories and property, plant and equipment are translated into U.S. dollars at rates prevailing when acquired, and all other assets and liabilities are translated at period-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the period. Gains and losses which result from remeasurement are included in earnings.

#### **Performance Measures**

In managing our business and assessing financial performance, we supplement the information provided by the financial statements with other operating metrics. These operating metrics are utilized by our management to evaluate our business, measure our performance, identify trends affecting our business, and formulate projections. The primary operating metric we use to evaluate our sales performance and to track market acceptance of our products is megawatts ("MWs") shipped and specifically the change in MW shipped from period to period. MWs are measured for each individual project and are calculated based on the respective project's expected megawatt output once installed and fully operational.

We also utilize metrics related to price and cost of goods sold per MW, including average selling price ("ASP") and cost per watt ("CPW"). ASP is calculated by dividing total applicable revenues by total applicable MWs, whereas CPW is calculated by dividing total applicable costs of goods sold by total applicable MWs. These metrics enable us to evaluate trends in pricing, manufacturing cost, and customer profitability.

#### **Key Components of Our Results of Operations**

The following discussion describes certain line items in our consolidated statements of operations.

##### *Revenue*

We generate revenue from the sale of solar tracking systems, parts, software, and services. Our customers include EPCs, utilities, solar developers, and independent power producers. For each individual solar project, we enter into a contract with our customers covering the price, specifications, delivery dates, and warranty for the products being purchased, among other things. Our contractual delivery period for the tracker system and parts can vary from days to several months. Contracts can range in value from hundreds of thousands to tens of millions of dollars.

Our revenue is affected by changes in the volume and ASPs of solar tracking systems purchased by our customers. The quarterly volume and ASP of our systems is driven by the supply of, and demand for, our products, changes in project mix between module type and wattage, geographic mix of our customers, strength of competitors' product offerings, and availability of government incentives to the end-users of our products.

Our revenue growth is dependent on continued growth in the size and number of solar energy projects installed each year, as well as our ability to maintain market share in each geography where we compete, expand our global footprint to new and evolving markets, grow our production capabilities to satisfy demand, and continue to develop and introduce new innovative products that integrate emerging technologies and the performance requirements of our customers.

#### *Cost of Revenue and Gross Profit*

Cost of revenue consists primarily of product costs, including raw materials, purchased components, salaries, wages and benefits of manufacturing personnel, freight, tariffs, customer support, product warranty, amortization of developed technology, and depreciation of manufacturing and testing equipment. Our product costs are affected by (i) the underlying cost of raw materials, including steel and aluminum, (ii) component costs, including electric motors and gearboxes, (iii) technological innovation, and (iv) economies of scale and improvements in production processes and automation. We may experience disruptions to our supply chain and increased material and freight costs like those experienced in 2021 and 2022 during the COVID-19 pandemic. When possible, we modify our production schedules and processes to mitigate the impact of these disruptions and cost increases on our margins. We do not currently hedge against changes in the price of our raw materials.

Gross profit may vary from quarter to quarter and is primarily affected by our volume, ASPs, product costs, project mix, customer mix, geographical mix, commodity prices, logistics rates, warranty costs, and seasonality.

#### *Inflation Reduction Act Vendor Rebates*

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted into law, which includes numerous green energy credits. The 45X Advanced Manufacturing Production Tax Credit ("45X Credit") was established as part of the IRA. The 45X Credit is a per-unit tax credit that is earned over time for each clean energy component domestically produced and sold by a manufacturer. We have, and will continue to, enter into arrangements with manufacturing vendors that produce 45X Credit eligible parts, in which the vendors agree to share a portion of the benefit received related to our purchases, in the form of "Vendor Rebates".

We account for these Vendor Rebates as a reduction of the purchase prices of the vendors' products and therefore a reduction in the cost of inventory until the inventory is sold, at which time we recognize such rebates as a reduction of cost of revenues on the condensed consolidated statements of operations. Rebates related to purchases that were made prior to the execution of the agreements are deferred and recognized as a reduction of the prices of future purchases.

#### *Operating Expenses*

General and administrative expense consists primarily of salaries, benefits, and equity-based compensation related to our executive, sales, engineering, finance, human resources, information technology, and legal personnel, as well as travel, facility costs, marketing, bad debt provision, and professional fees. The majority of our sales in the first quarter of 2024 and 2023, were in the U.S.; however, in January 2022, we expanded our international operations with the STI Acquisition. We currently have a sales presence in the U.S., Spain, Brazil, South Africa, Australia, and the U.K. We intend to continue to expand our sales presence and marketing efforts to additional countries.

Contingent consideration consists of the changes in fair value of the tax receivable agreement ("TRA") entered into with a former indirect stockholder, concurrent with the acquisition of Patent LLC by Former Parent. The TRA liability was recorded at fair value as of July 8, 2016 (the "Patent Acquisition Date") and subsequent changes in the fair value are recognized in earnings. For discussion and analysis of the TRA see [Note 11 – Commitments and Contingencies](#).

Depreciation consists of costs associated with property, plant and equipment not used in manufacturing of our products. We expect that as we continue to grow both our revenue and our general and administrative personnel, we may require some additional property, plant and equipment to support this growth resulting in additional depreciation expense.

Amortization consists of the expense recognized over the expected period of use of our customer relationships, contractual backlog, and STI trade name intangible assets. Amortization related to certain acquired intangible assets is recorded as Total cost of revenue under the caption "Amortization of developed technology".

#### *Non-Operating Expenses*

Interest income consists of interest earned on our cash and cash equivalents balance.

Interest expense consists of interest and other charges paid in connection with our Senior Secured Credit Facility, the Convertible Notes, and Other Debt held by our STI Operations.

We are subject to U.S. federal, state and non-U.S. income taxes. As we expand into additional foreign markets, we may be subject to additional foreign tax.

#### *Reportable Segments*

Subsequent to the acquisition of STI, the Company began reporting its results of operations in two segments; the Array Legacy operating segment and the newly acquired STI Legacy operating segment ("STI Legacy Operations") pertaining to legacy STI operations. The segment amounts included in this [Item 2. Management's Discussion and Analysis](#) are presented on a basis consistent with our internal management reporting. Additional information on our reportable segments is contained in [Note 14 – Segment Reporting](#) in the accompanying notes to the condensed consolidated financial statements.

## Results of Operations

The following table sets forth our consolidated statement of operations (dollars in thousands):

	Three Months Ended March 31,		Increase/(Decrease)	
	2024	2023	\$	%
Revenue	\$ 153,403	\$ 376,773	\$ (223,370)	(59) %
Cost of revenue				
Cost of product and service revenue	94,674	275,594	(180,920)	(66) %
Amortization of developed technology	3,639	3,639	—	— %
Total cost of revenue	98,313	279,233	(180,920)	(65) %
Gross profit	55,090	97,540	(42,450)	(44) %
Operating expenses				
General and administrative	37,784	38,142	(358)	(1) %
Change in fair value of contingent consideration	(735)	1,338	(2,073)	(155) %
Depreciation and amortization	9,627	10,602	(975)	(9) %
Total operating expenses	46,676	50,082	(3,406)	(7) %
Income from operations	8,414	47,458	(39,044)	(82) %
Other income, net	814	194	620	320 %
Interest income	3,680	1,231	2,449	199 %
Foreign currency loss	(499)	(194)	305	157 %
Interest expense	(8,940)	(10,731)	(1,791)	(17) %
Total other expense, net	(4,945)	(9,500)	(4,555)	(48) %
Income before income tax expense	3,469	37,958	(34,489)	(91) %
Income tax expense	1,304	8,323	(7,019)	(84) %
Net income	\$ 2,165	\$ 29,635	\$ (27,470)	(93) %

The following table provides details on our operating results by reportable segment for the respective periods (dollars in thousands):

	Three Months Ended March 31,		Increase/(Decrease)	
	2024	2023	\$	%
Revenue				
Array Legacy Operations	\$ 114,381	\$ 305,204	\$ (190,823)	(63) %
STI Operations	39,022	71,569	(32,547)	(45) %
Total	\$ 153,403	\$ 376,773	\$ (223,370)	(59) %
Gross Profit				
Array Legacy Operations	\$ 49,086	\$ 79,835	\$ (30,749)	(39) %
STI Operations	6,004	17,705	(11,701)	(66) %
Total	\$ 55,090	\$ 97,540	\$ (42,450)	(44) %

## **Comparison of the three months ended March 31, 2024 and 2023**

### **Revenue**

Consolidated revenue decreased, \$223.4 million, or 59%, driven by a decrease at STI Operations of \$32.5 million and a decrease at Array Legacy Operations of \$190.8 million.

The \$32.5 million, or 45%, revenue decrease at STI Operations was driven by a volume decrease of 41% and an ASP decrease on lower input costs of 4%.

The \$190.8 million, or 63%, revenue decrease at Array Legacy Operations was driven by a volume decrease of 60% and an ASP decrease on lower input costs of 2%.

### **Cost of Revenue and Gross Profit**

Consolidated cost of revenue decreased by \$180.9 million, or 65%, driven primarily by the reduction in volume combined with a decrease in input costs.

Consolidated gross profit decreased by \$42.5 million, or 44%. As a percentage of revenue, consolidated gross profit increased to 36% for the three months ended March 31, 2024, as compared to 26% during the same period in the prior year. The increase in gross profit as a percent of revenue was driven by structural cost enhancements and the realization of 45X benefits associated with our torque tube. The Company also recognized a one-time \$4.0 million settlement with one of its vendors during the first quarter as a reduction of Cost of revenue.

Array Legacy Operations gross profit decreased by \$30.7 million, or 39%. As a percentage of revenue, gross profit at Array Legacy Operations increased to 43% from 26% for the three months ended March 31, 2024 and 2023, respectively. The increase in gross profit as a percent of revenue was driven by structural cost enhancements and the realization of 45X benefits associated with our torque tube. The Company also recognized a one-time \$4.0 million settlement with one of its vendors during the first quarter as a reduction of Cost of revenue.

STI Operations gross profit decreased by \$11.7 million, or 66%. As a percentage of revenue, gross profit for STI Operations decreased to 15% from 25% for the three months ended March 31, 2024 and 2023, respectively, driven primarily by changes in statutory reductions from incentive tax credits in Brazil, as well as expedite fees we incurred to meet customer delivery schedules.

### **Operating Expenses**

Consolidated general and administrative expenses decreased by \$0.4 million, or 1%. The decrease was primarily due to lower professional and consulting fees primarily driven by our initiative to internalize activities that were historically outsourced in an effort to reduce fees.

Change in the fair value of contingent consideration resulted in a gain of \$0.7 million, for the three months ended March 31, 2024, due to the fair value remeasurement of the TRA liability, primarily driven by an increase in the discount rate used in the valuation.

Consolidated depreciation and amortization expense decreased by \$1.0 million, or 9%, due to the decrease in the amortization of intangibles of \$1.0 million, driven by a subset of intangible assets acquired in January 2022, becoming fully amortized during the first quarter of 2023.

### **Interest Income**

Consolidated interest income increased by \$2.4 million, or 199%, as compared to the prior year, due to higher cash on hand during the first quarter of 2024, coupled with higher interest rates.

### **Interest Expense**

Consolidated interest expense decreased by \$1.8 million, or 17%, primarily due to \$74.3 million of principal pay downs on our Term Loan during 2023, as a result of focused efforts to decrease our outstanding debt balance with free cash flows from operations.

### **Income Tax Expense**

Consolidated income tax decreased by \$7.0 million, or 84%. The Company recorded income tax expense of \$1.3 million for the three months ended March 31, 2024, compared to an expense of \$8.3 million for the three months ended March 31, 2023. Our effective tax rate was 37.6% and 21.9% for the three months ended March 31, 2024 and 2023, respectively. The income tax expense for the three months ended March 31, 2024, was impacted by legislation in Brazil which resulted in a local tax incentive no longer being exempt from federal income tax beginning in 2024. Additionally, tax expense of \$0.4 million was recorded discretely during the quarter related to equity-based compensation. The tax expense for the three months ended March 31, 2023, was unfavorably impacted by higher income reported in non-U.S. jurisdictions, offset by a tax benefit of \$0.4 million related to excess equity-based compensation deductions recorded discretely during the quarter.

## **Liquidity and Capital Resources**

### **Cash Flows (in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net cash provided by operating activities	\$ 47,502	\$ 45,816
Net cash used in investing activities	(2,386)	(3,883)
Net cash used in financing activities	(4,575)	(23,762)
Effect of exchange rate changes on cash and cash equivalents	(2,001)	(4,316)
Net change in cash and cash equivalents	\$ 38,540	\$ 13,855

We have historically financed our operations primarily with the proceeds from contributions, operating cash flows and short and long-term borrowings. Our ability to generate positive cash flow from operations is dependent on the strength of our gross margins as well as our ability to quickly turn our working capital. Based on our past performance and current expectations, we believe that operating cash flows will be sufficient to meet our future cash needs.

As of March 31, 2024, our cash balance was \$287.6 million, of which \$69.2 million was held outside the U.S., and net working capital was \$490.8 million. We had outstanding borrowings of \$237.1 million under our \$575 million Term Loan Facility and \$179.0 million available to us under our \$200 million Revolving Credit Facility.

The Company continually monitors and reviews its liquidity position and funding needs. Management believes that the Company's ability to generate operating cash flows in the future and available borrowing capacity under its Senior Secured Credit Facility will be sufficient to meet its future liquidity needs.

### ***Operating Activities***

For the three months ended March 31, 2024, cash provided by operating activities was \$47.5 million, of which \$21.0 million was generated from net income as adjusted for the impact of non-cash expenses, consisting primarily of depreciation and amortization, equity-based compensation, and amortization of developed technology.

For the three months ended March 31, 2023, cash provided by operating activities was \$45.8 million, of which \$57.2 million was generated from net income as adjusted for the impact of non-cash expenses, consisting primarily of depreciation and amortization, deferred tax expense and equity-based compensation.

### ***Investing Activities***

For the three months ended March 31, 2024, net cash used in investing activities was \$2.4 million, all of which was related to the purchase of property, plant and equipment, net of dispositions.

For the three months ended March 31, 2023, net cash used in investing activities was \$3.9 million, all of which was related to the purchase of property, plant and equipment.

### ***Financing Activities***

For the three months ended March 31, 2024, net cash used in financing activities was \$4.6 million, driven primarily by a \$3.8 million net reduction of other debt and \$1.1 million in payments on our Term Loan, as well as a \$1.4 million TRA payment issued during the first quarter of 2024.

For the three months ended March 31, 2023, net cash used in financing activities was \$23.8 million, driven primarily by \$11.1 million in payments on our Term Loan and a \$10.7 million net reduction of other debt.

### ***Series A Redeemable Perpetual Preferred Stock***

On August 10, 2021, we entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with certain investors (the "Purchasers"). Pursuant to the Securities Purchase Agreement, on August 11, 2021, we issued and sold to the Purchaser 350,000 shares of a newly designated Series A Redeemable Perpetual Preferred Stock, par value \$0.001 per share (the "Series A Shares"), having the powers, designations, preferences, and other rights set forth in the Certificate of Designations, and 7,098,765 shares of our common stock, par value \$0.001 per share, for an aggregate purchase price of \$346.0 million. Further, pursuant to the Securities Purchase Agreement, and subject to the terms and conditions set forth therein, as amended, we have issued and sold to the Purchasers 776,235 shares of common stock for an aggregate purchase price of \$776.

In January 2022, we issued 50,000 of Series A Shares, and 1,125,000 shares of our common stock in the Additional Closing for an aggregate purchase price of \$49.4 million.

For more information related to the Series A Shares, see [Note 8 – Redeemable Perpetual Preferred Stock](#) to the accompanying condensed consolidated financial statements.

### ***Debt Obligations***

For a discussion of our debt obligations see [Note 7 – Debt](#) to our condensed consolidated financial statements included in this Quarterly Report.

## **Surety Bonds**

We are required to provide surety bonds to various parties as required for certain transactions initiated during the ordinary course of business to guarantee our performance in accordance with contractual or legal obligations. As of March 31, 2024, we posted surety bonds in the total amount of approximately \$173.5 million. These off-balance sheet arrangements do not adversely impact our liquidity or capital resources.

## **Critical Accounting Policies and Significant Management Estimates**

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the ("U.S. GAAP"). In connection with the preparation of our condensed consolidated financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our condensed consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We consider an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the condensed consolidated financial statements.

### *Fair Value of Financial Instruments*

The capped call option agreements associated with conversion of the Convertible Notes (the "Capped Calls") are accounted for as an asset that is recorded at fair value within Derivative assets in the consolidated balance sheets. The changes in fair value to Derivative assets are recorded within change in fair value of derivative assets in the Condensed Consolidated Statements of Operations. See [Note 1 – Organization, Business and Out of Period Adjustments](#), and [Note 2 – Summary of Significant Accounting Policies](#), of the condensed consolidated financial statements for further information regarding the accounting of these instruments.

The Capped Calls are valued using a Black-Scholes model, with the most judgmental non-observable input being the volatility measure. Changes in the assumptions around the volatility can cause significant changes in the estimated fair value of the Capped Call.

## **Adoption of New and Recently Issued Accounting Pronouncements**

Refer to [Note 2 – Summary of Significant Accounting Policies](#) to our condensed consolidated financial statements for a discussion of adoption of new and recently issued accounting pronouncements.

### **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 steel and aluminum prices and customer concentrations. We do not hold or issue financial instruments for trading purposes.

There have been no material changes to the information previously provided under Item 7A. of our 2023 Annual Report.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures.**

We maintain "disclosure controls and procedures," as 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 in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at a reasonable assurance level, due to the material weaknesses previously reported in Part II, Item 9A. "Controls and Procedures" of our Annual Report on Form 10-K for the year ended December 31, 2023, as described below.

- We have identified a material weakness due to a deficiency in one of the principles associated with the Control Environment component of the COSO framework, specifically relating to a lack of a sufficient complement of qualified personnel at the appropriate levels to perform control activities in support of preparing the financial statements in accordance with U.S. GAAP.
- Control Activities – STI. We did not design, implement, and monitor general information technology controls in the areas of program change management, user access, and segregation of duties for systems supporting substantially all of STI's internal control processes and we did not design and implement formal accounting policies, procedures, and controls across substantially all of the STI's business processes to achieve timely, complete, accurate financial accounting, reporting, and disclosures.

After giving full consideration to these material weaknesses, and the additional analyses and other procedures that we performed to ensure that our condensed consolidated financial statements included in this Quarterly Report were prepared in accordance with U.S. GAAP, our management has concluded that our condensed consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. GAAP.

##### **Remediation Plan for Previously Identified Material Weaknesses**

We are actively focusing on effectively strengthening our ICFR and remediating our material weaknesses by designing and implementing the following actions:

*Control Environment component of the COSO framework* –We have hired additional qualified resources in finance and accounting since the beginning of 2024, including a Finance executive, Corporate Controller. We have also realigned the accounting functions to strengthen the performance of controls and, enhancing monitoring activities.

Control Activities – (STI): During Q2 2024, we implemented an Enterprise Resource Planning system (“ERP”) for our operations in Brazil, which will result in our ability to implement automated controls and General Information Technology Controls, allowing for less reliance on manual controls.

We are developing monitoring controls and protocols that will allow us to timely assess the design and the operating effectiveness of controls over financial reporting and make necessary changes to the design of controls. We expect to deploy the final phase of enhancements during the second half of 2024.

The steps involved to remediate the material weaknesses are subject to ongoing management review, as well as oversight by the audit committee of our board of directors. Additional or modified measures may also be required to remediate the material weaknesses. We will not be able to conclude that we have completely remediated the material weaknesses until the applicable controls are fully implemented and have operated for a sufficient period of time and management has concluded, through formal testing, that the remediated controls are operating effectively. We will continue to monitor the design and effectiveness of these and other processes, procedures, and controls and make any further changes management deems appropriate.

### **Changes in Internal Control over Financial Reporting**

During the quarter ended March 31, 2024, except for the changes discussed above, there have been no other changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

See [Note 11 – Commitments and Contingencies](#) under the heading “Legal Proceedings” of our condensed consolidated financial statements for legal proceedings and related matters. In addition to the lawsuits described in Note 11 to our condensed consolidated financial statements, from time to time we may be involved in claims arising in the ordinary course of business. To our knowledge, other than the cases described in Note 11 to our condensed consolidated financial statements, no material legal proceedings, governmental actions, investigations or claims are currently pending against us or involve us that, in the opinion of our management, could reasonably be expected to have a material adverse effect on our business and financial condition.

### **Item 1A. Risk Factors**

Except to the extent additional factual information disclosed elsewhere in this Quarterly Report relates to such risk factors (including, without limitation, the matters discussed in [Part I, Item 2, “Management's Discussion and Analysis of Financial Condition and Results of Operations”](#)) there were no material changes to the risk factors disclosed in Part I, Item 1A, in our [2023 Annual Report](#).

### **Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Item 5. Other Information**

From time to time, our directors and officers may adopt plans for the purchase or sale of our securities. Such plans may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K). On March 21, 2024, our Chief Executive Officer, Kevin Hostetler, terminated his Rule 10b5-1 trading arrangement which was adopted on September 5, 2023 and further described in our Quarterly Report on Form 10-Q for the three months ended September 30, 2023.

#### **Item 6. Exhibits**

Number	Exhibit Description	Form	Date	No.
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Array Technologies, Inc., dated October 19, 2020</a>	8-K	10/19/2020	3.1
3.2	<a href="#">Amended and Restated Bylaws of Array Technologies, Inc., dated October 19, 2020</a>	8-K	10/19/2020	3.2
3.3	<a href="#">Certificate of Designations of Series A Perpetual Preferred Stock</a>	8-K	8/11/2021	3.1
31.1*	<a href="#">Certification of the Chief Executive Officer, as required by Section 302 of the Sarbanes- Oxley Act of 2002 (18 U.S.C. 1350)</a>			
31.2*	<a href="#">Certification of the Chief Financial Officer, as required by Section 302 of the Sarbanes- Oxley Act of 2002 (18 U.S.C. 1350)</a>			
32.1**	<a href="#">Certification of the Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)</a>			
32.2**	<a href="#">Certification of the Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)</a>			
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	XBRL Taxonomy Extension Schema Document			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	XBRL Taxonomy Extension Presentation Linkbase Document			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data Files			

\* Filed herewith

\*\* Furnished herewith

## SIGNATURES

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

Array Technologies, Inc.

By: /s/ Kevin G. Hostetler Date: May 9, 2024  
Kevin G. Hostetler  
Chief Executive Officer

By: /s/ Kurt Wood Date: May 9, 2024  
Kurt Wood  
Chief Financial Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Kevin G. Hostetler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Array Technologies, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - 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.

/s/ Kevin G. Hostetler

Kevin G. Hostetler

Chief Executive Officer

Date: May 9, 2024

**CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO  
RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Kurt Wood, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Array Technologies, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - 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.

/s/ Kurt Wood

Kurt Wood

Chief Financial Officer

Date: May 9, 2024

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

In connection with this Quarterly Report of Array Technologies, Inc. (the "Company") filed on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin G. Hostetler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ Kevin G. Hostetler

Kevin G. Hostetler

Chief Executive Officer

Date: May 9, 2024

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

In connection with this Quarterly Report of Array Technologies, Inc. (the "Company") filed on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kurt Wood, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

*/s/* Kurt Wood

Kurt Wood

Chief Financial Officer

Date: May 9, 2024