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 **001-40350**

FTC SOLAR, INC.
(Exact name of registrant as specified in its charter)

Delaware	**81-4816270**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9020 N Capital of Texas Hwy , **Suite I-260** , **Austin** , **Texas** **78759**	**78759**
(Address of principal executive offices)	(Zip Code)

(737) 787-7906
Registrant's telephone number, including area code

Not Applicable
Former name, former address and former fiscal year, if changed since last report

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, $0.0001 par value	FTCI	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 Act). ☐ Yes ☐ No

As of April 26, 2024,

125,979,165
shares of the registrant's common stock were outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements. All statements other than statements of historical or current facts contained in this Quarterly Report may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, liquidity, growth and profitability strategies and factors and trends affecting our business are forward-looking statements. Forward-looking statements can be identified in some cases by the use of words such as “believe,” “can,” “could,” “potential,” “plan,” “predict,” “goals,” “seek,” “should,” “may,” “may have,” “would,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” the negative of these words, other similar expressions or by discussions of strategy, plans or intentions.

The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the factors set forth under Part II, Item 1A. "Risk Factors" of this Quarterly Report, and more comprehensively in Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report with the understanding that our actual future results may be materially different from what we expect. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of any new information, future events or otherwise.

ITEM 1. FINANCIAL STATEMENTS

FTC Solar, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(in thousands, except shares and per share data)	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,041	$ 25,235
Restricted cash	1,896	—
Accounts receivable, net	66,379	65,279
Inventories	3,844	3,905
Prepaid and other current assets	14,069	14,089
Total current assets	100,229	108,508
Operating lease right-of-use assets	1,637	1,819
Property and equipment, net	1,994	1,823
Intangible assets, net	399	542
Goodwill	7,213	7,353
Equity method investment	1,010	240
Other assets	2,548	2,785
Total assets	$ 115,030	$ 123,070
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 12,059	$ 7,979
Accrued expenses	29,690	34,848
Income taxes payable	27	88

Deferred revenue	4,897	3,612
Other current liabilities	7,859	8,138
Total current liabilities	54,532	54,665
Operating lease liability, net of current portion	934	1,124
Other non-current liabilities	4,406	4,810
Total liabilities	59,872	60,599
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock par value of $ 0.0001 per share, 10,000,000 shares authorized; none issued as of March 31, 2024 and December 31, 2023	—	—
Common stock par value of $ 0.0001 per share, 850,000,000 shares authorized; 125,952,253 and 125,445,325 shares issued and outstanding as of March 31, 2024 and December 31, 2023	13	13
Treasury stock, at cost; 10,762,566 shares as of March 31, 2024 and December 31, 2023	—	—
Additional paid-in capital	363,525	361,886
Accumulated other comprehensive loss	(474)	(293)
Accumulated deficit	(307,906)	(299,135)
Total stockholders' equity	55,158	62,471

Total liabilities and stockholders' equity	$ 115,030	$ 123,070

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

FTC Solar, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)

(in thousands, except shares and per share data)	Three months ended March 31, 2024	2023
Revenue:		
Product	$ 10,905	$ 32,579
Service	1,682	8,315
Total revenue	12,587	40,894
Cost of revenue:		
Product	12,367	31,767
Service	2,328	7,092
Total cost of revenue	14,695	38,859
Gross profit (loss)	(2,108)	2,035
Operating expenses		
Research and development	1,439	1,922
Selling and marketing	2,388	1,711
General and administrative	6,567	10,799
Total operating expenses	10,394	14,432
Loss from operations	(12,502)	(12,397)
Interest expense, net	(136)	(58)
Gain from disposal of investment in unconsolidated subsidiary	4,085	898
Other income (expense), net	36	(74)
Loss from unconsolidated subsidiary	(265)	—
Loss before income taxes	(8,782)	(11,631)

(Provision for) benefit from income taxes	11	(131)
Net loss	(8,771)	(11,762)
Other comprehensive loss:		
Foreign currency translation adjustments	(181)	(5)
Comprehensive loss	$ (8,952)	$ (11,767)
Net loss per share:		
Basic and diluted	$ (0.07)	$ (0.11)
Weighted-average common shares outstanding:		
Basic and diluted	125,569,375	106,791,198

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

FTC Solar, Inc.
Condensed Consolidated Statements of Changes in Stockholders’ Equity
(unaudited)

Three months ended March 31, 2024:

(in thousands, except shares)	Preferred stock		Common stock		Treasury stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-In capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity (deficit)
Balance as of December 31, 2023	—	$ —	125,445,325	$ 13	10,762,566	$ —	$ 361,886	$ (293)	$ (299,135)	$ 62,471
Shares issued during the period for vested restricted stock awards	—	—	506,928	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,639	—	—	1,639
Net loss	—	—	—	—	—	—	—	—	(8,771)	(8,771)
Other comprehensive loss	—	—	—	—	—	—	—	(181)	—	(181)
Balance as of March 31, 2024	—	$ —	125,952,253	$ 13	10,762,566	$ —	$ 363,525	$ (474)	$ (307,906)	$ 55,158

Three months ended March 31, 2023:

(in thousands, except shares)	Preferred stock		Common stock		Treasury stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-In capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity (deficit)
Balance as of December 31, 2022	—	$ —	105,032,588	$ 11	10,762,566	$ —	$ 315,345	$ (61)	$ (248,845)	$ 66,450
Shares issued during the period for vested restricted stock awards	—	—	1,498,987	—	—	—	2,775	—	—	2,775
Issuance of common stock upon exercise of stock options	—	—	265,125	—	—	—	51	—	—	51
Shares issued for legal settlement	—	—	797,396	—	—	—	2,000	—	—	2,000

Sale of shares	—	—	2,683,000	—	—	—	6,292	—	—	6,292
Stock offering costs	—	—	—	—	—	—	(32)	—	—	(32)
Stock-based compensation	—	—	—	—	—	—	2,472	—	—	2,472
Net loss	—	—	—	—	—	—	—	—	(11,762)	(11,762)
Other comprehensive loss	—	—	—	—	—	—	—	(5)	—	(5)
Balance as of March 31, 2023	—	$ —	110,277,096	$ 11	10,762,566	$ —	$ 328,903	$ (66)	$ (260,607)	$ 68,241

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

FTC Solar, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in thousands)	Three months ended March 31, 2024	2023
Cash flows from operating activities		
Net loss	$ (8,771)	$ (11,762)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	1,639	4,890
Depreciation and amortization	404	334
Amortization of debt issue costs	177	177
Provision (credit) for obsolete and slow-moving inventory	177	1,261
Loss from unconsolidated subsidiary	265	—
Gain from disposal of investment in unconsolidated subsidiary	(4,085)	(898)
Warranty and remediation provisions	838	1,543
Warranty recoverable from manufacturer	98	(54)
Credit loss provisions	670	—
Deferred income taxes	225	216
Lease expense and other	309	229
Impact on cash from changes in operating assets and liabilities:		
Accounts receivable	(1,770)	(11,412)
Inventories	(116)	5,078
Prepaid and other current assets	45	817
Other assets	(226)	(882)
Accounts payable	3,989	7,882

Accruals and other current liabilities	(6,200)	(616)
Deferred revenue	1,285	(2,677)
Other non-current liabilities	(523)	(2,212)
Lease payments and other, net	(287)	(230)
Net cash used in operations	(11,857)	(8,316)
Cash flows from investing activities:		
Purchases of property and equipment	(432)	(28)
Equity method investment in Alpha Steel	(1,035)	(900)
Proceeds from disposal of investment in unconsolidated subsidiary	4,085	898
Net cash provided by (used in) investing activities	2,618	(30)
Cash flows from financing activities:		
Sale of common stock	—	5,450
Stock offering costs paid	—	(32)
Proceeds from stock option exercises	—	51
Net cash provided by financing activities	—	5,469
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(59)	(15)
Decrease in cash, cash equivalents and restricted cash	(9,298)	(2,892)
Cash and cash equivalents at beginning of period	25,235	44,385
Cash, cash equivalents and restricted cash at end of period	$ 15,937	$ 41,493
Supplemental disclosures of cash flow information:		
Purchases of property and equipment included in ending accounts payable and accruals	$ 175	$ 32
Stock issued for accrued legal settlement	$ —	$ 2,000
Right-of-use asset and lease liability recognition for new leases	$ —	$ 1,417

Cash paid during the period for interest	$ 140	$ 129
Cash paid during the period for taxes, net of refunds	$ 58	$ 6

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

FTC Solar, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of business

FTC Solar, Inc. (the “Company”, “we”, “our”, or “us”) was founded in 2017 and is incorporated in the state of Delaware. In April 2021, we completed an initial public offering ("IPO"), and our common stock began trading on the Nasdaq Global Market under the symbol “FTCI”.

We are a global provider of solar tracker systems, supported by proprietary software and value-added engineering services. Solar tracker systems move solar panels throughout the day to maintain an optimal orientation relative to the sun, thereby increasing the amount of solar energy produced at a solar installation. Our original two-panel in-portrait solar tracker system is currently marketed under the Voyager brand name (“Voyager”) and our one module-in-portrait ("1P") solar tracker system, which became certified in 2023, is marketed under the Pioneer brand name ("Pioneer"). We also have a mounting solution to support the installation and use of U.S.-manufactured thin-film modules by project owners. Our primary software offerings include SUNPATH which is intended to help customers optimize solar tracking for increased energy production, our SUNOPS real-time operations management platform and our web-based ATLAS portfolio management software. In addition, we have a team of renewable energy professionals available to assist our U.S. and worldwide clients in site layout, structural design, pile testing and other needs across the solar project development and construction cycle. The Company is headquartered in Austin, Texas, and has international subsidiaries in Australia, China, India, South Africa and Spain.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups (JOBS) Act. Under the JOBS Act, we elected to use the allowed extended transition period to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

2. Summary of significant accounting policies

Basis of presentation and principles of consolidation

The accompanying unaudited condensed consolidated financial statements include the results of the Company and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial statements and pursuant to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature have been made that are considered necessary for a fair statement of our financial position as of March 31, 2024, and December 31, 2023, our results of operations for the three months ended March 31, 2024 and 2023, and our cash flows for the three months ended March 31, 2024 and 2023. The condensed consolidated balance sheet as of December 31, 2023 has been derived from the Company’s audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. Intercompany balances and transactions have been eliminated in consolidation.

Certain information and disclosures normally included in the notes to annual financial statements prepared in accordance with U.S. GAAP have been omitted from these interim financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (our "2023 Annual Report").

We currently operate in one business segment, the manufacturing and servicing of solar tracker systems .

Liquidity

We have incurred cumulative losses since inception and have a history of cash outflows from operations. As of March 31, 2024, we had $

14.0
million of cash on hand, $

45.7
million of working capital and approximately $

64.9
million of remaining capacity available for future sales of our common stock under our ATM program as defined and described further in Note 4 below. There can be no assurance that we will be able to sell any additional shares of our common stock under the ATM program and no assurance regarding the price at

which we will be able to sell such shares, and any sales of our common stock under the ATM program may be at prices that result in additional dilution to our existing stockholders. On December 22, 2023, we received notification from The Nasdaq Stock Market LLC (“Nasdaq”) that we were not in compliance with the requirement to maintain a minimum closing bid price of $1.00 per share, as set forth in Nasdaq Listing Rule 5450(a)(1), because the closing bid price of the Company’s common stock was below $1.00 per share for 30 consecutive business days. The notification does not impact the listing of our common stock on the Nasdaq Global Market at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a period of 180 calendar days from the date of notification, or until June 19, 2024, to regain compliance with the minimum bid price requirement. During this period, our common stock will continue to trade on the Nasdaq Global Market. If at any time before June 19, 2024 the bid price of our common stock closes at or above $1.00 per share for a minimum of ten consecutive business days, Nasdaq will provide written notification that we have achieved compliance with this minimum bid price requirement.

In the event we do not regain compliance by June 19, 2024, we may be eligible for an additional 180 calendar day compliance period to demonstrate compliance with the minimum bid price requirement. To qualify for the additional 180-day period, we may be required to meet the continued listing requirements for market value of publicly held shares and all other initial listing standards (with the exception of the bid price requirement) and transfer our listing to the Nasdaq Capital Market. In addition, we will need to provide written notice to Nasdaq of our intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If we do not qualify for the second compliance period or fail to regain compliance during the second 180-day period, then Nasdaq will notify us that our common stock is subject to delisting.

As of March 31, 2024, we were not in compliance with the minimum liquidity covenant in our existing Senior Secured Revolving Credit Facility (the "Credit Facility") which prevented us from borrowing under the Credit Facility prior to its termination on April 30, 2024.

Also, as of March 31, 2024, we had a material contractual obligation that could require us to make additional capital contributions of up to $1.6 million to Alpha Steel, as described further in Note 3, "Equity method investment".

The most notable incentive program impacting our U.S. business has historically been the investment tax credit ("ITC") for solar energy projects, which allows taxpayers to offset their U.S. federal income tax liability by a certain percentage of their cost basis in solar energy systems placed in service for commercial use. The Inflation Reduction Act of 2022, passed by the U.S. Congress and signed into law by President Biden on August 16, 2022, expanded and extended the tax credits and other tax benefits available to solar energy projects and the solar energy supply chain. ITCs have been extended for such projects through at least 2032 and, depending on the location of a particular project and its ability to satisfy certain labor and domestic content requirements, the ITC percentage can range between 30% and 50%. U.S. manufacturers of specific solar components are now eligible to claim production tax credits as an alternative to the ITC. Implementing regulations for this law are, in certain cases, still being finalized and the impact of these regulations continue to be evaluated by developers of new solar projects and manufacturers of solar components. Our investment in and commitments made to Alpha Steel will allow us to obtain certain benefits as a result of this new production tax credit program.

We have taken steps to expand and diversify our manufacturing partnerships and have adjusted our modes of transportation to mitigate the impact of headwinds that might arise in the global supply chain and logistics markets. As an example, we modified our ocean freight from previously using charter shipments to now using containerized shipments as costs in the container market began to decrease starting in 2022. We continue to monitor the logistics markets and will continue to evaluate our use of various modes of transportation when warranted to optimize our transportation costs. Additionally, from February 2022 to September 2023, we utilized a related-party consulting firm to support us in making improvements to our processes and performance in various areas, including design, sourcing, logistics, pricing, software and our distributed generation business. For further information regarding this consulting firm, see Note 16, "Related party transactions" below.

Similar to previous periods, we continue to evaluate our opportunities in 2024 to address existing market challenges, our cost structure and our historical use of cash. Further, in 2023, we introduced a new mounting solution to support the installation and use of U.S.-manufactured thin-film modules, Pioneer, our 1P solar tracker solution became certified, and we introduced SUNOPS, a cloud-based, tracker agnostic solar asset monitoring solution allowing asset owners and managers to evaluate the operation and performance of their solar deployments. Additionally, we have seen improvements in the logistics markets and easing of supply chain constraints since 2022. These factors contributed to us having positive gross profit during each quarter in 2023, a first since our IPO in April 2021.

In accordance with Accounting Standards Codification ("ASC") 205-40, Going Concern, we have evaluated whether there are conditions and events, considered in the aggregate, which raise substantial doubt about our ability to continue as a going concern within one year after the date our condensed consolidated financial statements are issued.

Management believes that our existing cash on hand, including cash received in April 2024 as a result of our agreement with a major customer as discussed further in Note 18, "Subsequent events" below, as well as the continuing impact of certain of the actions described above and our expectations of (i) improved market conditions, (ii) the expected timing of customer project activity, including activity related to certain large project awards received in 2023, and (iii) positive results in recent periods from our efforts to increase our direct product margins, will allow us to grow profitably and generate positive cash flow from operations during the next twelve months in amounts that will be sufficient, along with our other available resources such as our existing working capital and, if conditions become more conducive, the remaining capacity available for future sales of our common stock under our ATM program, to fund our operations for at least one year from the date of issuance of the condensed consolidated financial statements.

While there are already many underlying drivers of growth in the solar industry, the expected positive impact on demand for our products, or the timing of construction activity by existing customers and solar project developers, could take longer than expected to occur. In addition, domestic and international market conditions could deteriorate significantly from what we currently expect, and regulatory and international trade policies could become more stringent as a result of (i) findings from an ongoing investigation by the U.S. Department of Commerce (the Solar Circumvention Investigation") in response to a petition by Auxin Solar, Inc. of claims related to alleged circumvention of U.S. antidumping and countervailing duties ("AD/CVD") by solar manufacturers in certain Southeast Asian countries, (ii) enforcement of the Uyghur Forced Labor Prevention Act ("UFLPA") passed by the U.S. Congress and signed into law by President Biden on December 23, 2021, by U.S. Customs and Border Protection ("CBP'), and (iii) other factors, which may result in a need for us to issue additional debt or obtain new equity financing to adequately fund our existing operations beyond the next twelve months. We continue to actively explore options to obtain additional sources of capital through the issuance of new debt, asset financing or other potential measures for our longer-term needs. However, we may be unable to obtain any desired additional financing on terms favorable to us, or at all, depending on market and other conditions, which could result in curtailment of our current operations and our ability to further invest in our products and new technology. The ability to raise additional financing depends on numerous factors, some of which that are outside of our control, including macroeconomic factors such as the impact of inflation, the level of interest rates, supply chain or other effects from the ongoing conflicts in the Ukraine and the Middle East, general market conditions, the health of financial institutions (including recent bankruptcies and financial difficulties involving certain regional banks and related impacts that have occurred and continue to occur in the banking industry), investors' and lenders' assessments of our prospects and the prospects of the solar industry in general and the ability of our common stock to continue to trade in active markets.

Use of estimates

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 at the date of the financial statements, and the reported revenue and expenses during the period. Estimates are used for calculating the measure of progress of our solar tracker projects and deriving the standalone selling prices of the individual performance obligations when determining amounts to recognize for revenue, estimating allowances for credit losses and slow-moving and obsolete inventory, determining useful lives of long-lived assets and the estimated fair value of those assets for impairment assessments, and estimating the fair value of investments, stock compensation awards, warranty liabilities and federal and state taxes, including tax valuation allowances, as well as other contingencies. We base our estimates on historical experience and anticipated results, trends, and various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates due to risks and uncertainties.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable.

We regularly maintain cash balances with various financial institutions that exceed federally insured amounts, but we have experienced no losses associated with these amounts to date. We also took action in early 2023 to reallocate cash balances between different financial institutions based on our assessment as to the financial health of certain institutions.

We extend credit to customers in the normal course of business, often without requiring collateral. We also perform credit analyses and monitor the financial health of our customers to reduce credit risk.

The Company’s accounts receivables are derived from revenue earned from customers primarily located in the U.S. and Australia. No countries other than the U.S. and Australia accounted for

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% or more of our revenue. Most of our customers are project developers, solar asset owners and engineering, procurement and construction (“EPC”) contractors that design and build solar energy projects. We typically rely on a small number of customers that account for a large portion of our revenue each period and our outstanding receivables at each period end.

Cash and cash equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certain of our cash equivalents include deposits in money market funds that invest primarily in short-term securities issued or guaranteed by the U.S. government or its agencies or instrumentalities and contain no restrictions on immediate redemption. These deposits totaled $

9.3

million at March 31, 2024 and $

13.9

million at December 31, 2023 . Interest earned on cash equivalents is included in interest income, which is reported net of interest expense in our condensed consolidated statements of comprehensive loss .

Restricted cash

Cash balances that are legally, contractually or otherwise restricted as to withdrawal or usage are considered restricted cash .

Accounts receivable, net

Trade receivables are recorded at invoiced amounts, net of allowances for credit losses, and do not bear interest. We generally do not require collateral from our customers; however, in certain circumstances, we may require letters of credit, other collateral, additional guarantees or advance payments.

The allowance for credit losses is based on the lifetime expected credit loss of our customer accounts. To assess the lifetime expected credit loss, we utilize a loss rate method that takes into consideration historical experience and certain other factors, as appropriate, such as credit quality and current economic or other conditions that may affect a customer's ability to pay. Provisions for credit losses are included as a component of our selling and marketing expenses.

Receivables arising from revenue recognized in excess of billings represents our unconditional right to consideration before customers are invoiced due to the level of progress obtained as of period end on our contracts to procure and deliver tracker systems and related equipment. Further information may be found below in our revenue recognition policy.

Inventories, net

Inventories are stated at the lower of cost or net realizable value, with costs computed on a first-in, first-out basis. The Company periodically reviews its inventories for excess and obsolete items and adjusts carrying costs to estimated net realizable values when they are determined to be less than cost.

Impairment

We review our long-lived assets that are held for use for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable or that its useful life may be shorter than previously expected. If such impairment indicators are present or other factors exist that indicate the carrying amount of the asset may not be recoverable, we determine whether an impairment has occurred through the use of an undiscounted cash flow analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, we recognize a loss for the difference between the carrying amount and the fair value of the asset, which in most cases is estimated based upon Level 3 unobservable inputs. If the asset is determined to have a remaining useful life shorter than previously expected, an adjustment for the shorter remaining life will be made for purposes of recognizing future depreciation expense. Assets are classified as held for sale when we have a plan, approved by the appropriate levels of management, for disposal of such assets, as well as other considerations, and those assets are stated at the lower of carrying value or estimated fair value less estimated costs to sell.

Intangible assets, net

Intangible assets are recorded at fair value when acquired in connection with a business combination and consist of developed technology in the form of software tools, licenses, and intellectual property, which are amortized over the period of their estimated useful lives, generally 2.5 - 3.0 years, using the straight-line method. Costs incurred to renew or extend the term of a recognized intangible asset, if any, are expensed as incurred. We evaluate intangible assets for impairment using the method described above under "Impairment".

Goodwill

We recognize goodwill as the excess of the purchase price over the estimated fair value of the identified assets and liabilities acquired in a business combination accounted for using the acquisition method. Goodwill is not amortized but is subject to a periodic assessment for impairment at least annually, or whenever events and circumstances indicate an impairment may exist. Our assessments may include qualitative factors such as current or expected industry and market conditions, our overall financial performance, share price trends, market capitalization and other company-specific events.

We operate in one segment, being the consolidated entity, which we have also determined is the reporting unit for goodwill impairment.

No

impairment of goodwill was recognized as of March 31, 2024 or 2023.

Equity method investment

We use the equity method of accounting for investments in which we have the ability to exercise significant influence, but not control, over operating and financial policies of the investee. Our proportionate share of the net income or loss of these investees is included in our condensed consolidated statements of comprehensive loss. Judgment regarding the level of influence over each equity method investment includes considering key factors such as our ownership interest, legal form of the investee, representation on the board of directors or managers, participation in policy-making decisions and material intra-entity transactions.

We account for distributions received from equity method investees under the “nature of the distribution” approach based on the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as cash inflows from operating activities) or a return of investment (classified as cash inflows from investing activities).

We evaluate equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by the Company when reviewing an equity method investment for impairment include the length of time and the extent to which the fair value of the equity method investment has been less than its cost, the investee’s financial condition and near-term prospects and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than temporary is recognized in the period identified.

We made an accounting policy election that, upon the sale of our equity method investments, we will recognize contractual contingent gains arising from earnout provisions and project escrow releases when such amounts are realizable in periods subsequent to the disposal date.

Warranty

Typically, the sale of solar tracker projects includes parts warranties to customers as part of the overall price of the product. We provide standard assurance type warranties for our products for periods generally ranging from five to ten years . We also accrue for costs relating to remediation efforts involving product issues we believe require correction. We record a provision for estimated warranty and remediation expenses in cost of sales, net of amounts recoverable from manufacturers under their warranty obligations to us. When historical claims information relating to our equipment is not sufficient, we will base our estimates on industry studies involving the nature and frequency of product failure rates for similar parts used by our competitors, as well as other related businesses. We do not maintain general or unspecified reserves; all warranty reserves are related to specific projects. All actual or estimated material costs incurred for warranty or remediation services in subsequent periods are charged to those established reserves.

While we periodically monitor our warranty activities and claims, if actual costs incurred were to be different from our estimates, we would recognize adjustments to our warranty reserves in the period in which those differences arise or are identified.

Stock-based compensation

We recognize compensation expense for all share-based payment awards made, including stock options and restricted stock units ("RSUs"), based on the estimated fair value of the award on the grant date. We calculate the fair value of stock options using the Black-Scholes option pricing model for awards with service-based vesting or through use of a lattice model or a Monte Carlo simulation for stock option and RSU awards with market conditions. The fair value of RSUs with service or performance-based vesting is based on the estimated fair value of the Company's common stock on the date of grant. We consider the closing price of our stock, as reported on the Nasdaq Global Market, to be the fair value of our stock on the grant date.

Forfeitures are accounted for as they occur. For service-based awards, stock-based compensation is recognized using the straight-line attribution approach over the requisite service period. For performance-based awards, stock-based compensation is recognized based on graded vesting over the requisite service period when the performance condition is probable of being achieved. Stock compensation expense for market-based awards is recognized over the derived service period determined in the valuation model, inclusive of any vesting conditions.

Revenue recognition

Product revenue is derived from the sale of solar tracker systems and customized components for those systems, individual part sales for certain specific transactions and the sale of term-based software licenses. Term-based licensed software is deployed on the customers' own servers and has significant standalone functionality.

Service revenue includes revenue from shipping and handling services, engineering consulting and pile testing services, our subscription-based enterprise licensing model and maintenance and support services in connection with the term-based software licenses. Our subscription-based enterprise licensing model typically has contract terms ranging from one to two years and consists of subscription fees from the licensing of subscription services. Our hosted on-demand service arrangements do not provide customers with the right to take possession of the software supporting the hosted services. Support services include ongoing security updates, upgrades, bug fixes, and maintenance.

We recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled to in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when or as the Company satisfies a performance obligation, as further described below.

Identify the contract with a customer: A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products and services to be transferred and identifies the payment terms related to these products and services, (ii) the contract has commercial substance, and (iii) the Company determines that collection of substantially all consideration for products and services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. In assessing the recognition of revenue, we also evaluate whether two or more contracts should be combined and accounted for as one contract and if the combined or single contract should be accounted for as multiple performance obligations which could change the amount of revenue and profit (loss) recorded in a period. Change orders may include changes in specifications or design, manner of performance, equipment, materials, scope of work, and/or the period of completion of the project. We analyze change orders to determine if they should be accounted for as a modification to an existing contract or a new stand-alone contract.

Contracts we enter into with our customers for sale of solar tracker systems are generally under two different types of arrangements: (1) purchase agreements and equipment supply contracts ("Purchase Agreements"), and (2) sale of individual parts for those systems.

Change orders from our customers are generally modifications to existing contracts and are included in the total estimated contract revenue when it is probable that the change order will result in additional value that can be reliably estimated and realized.

Identify the performance obligations in the contract: We enter into contracts that can include various combinations of products and services, which are either capable of being distinct and accounted for as separate performance obligations or as one performance obligation since the majority of tasks and services are part of a single project or capability. However, determining whether products or services are considered distinct performance obligations that should be accounted for separately versus together may sometimes require significant judgment.

Our Purchase Agreements typically include two performance obligations: 1) our solar tracker systems or customized components of those systems, and 2) shipping and handling services. The deliverables included as part of our solar tracker systems are predominantly accounted for as one performance obligation, as these deliverables are part of a combined promise to deliver a project.

The revenue for shipping and handling services will be recognized over time based on progress in meeting shipping terms of the arrangements, as this faithfully depicts the Company's performance in transferring control. Revenue for stand-alone engineering consulting and pile testing services is recognized at a point in time upon completion of the services performed.

Sales of individual parts of our solar tracker systems for certain specific transactions include multiple performance obligations consisting of individual parts of those systems. Revenue is recognized for parts sales at a point in time when the obligations under the terms of the contract with our customer are satisfied. Generally, this occurs with the transfer of control of the asset, which is in line with shipping terms.

Determine the transaction price: The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring services to the customer. Such amounts are typically stated in the customer contract, and to the extent that we identify variable consideration, we will estimate the variable consideration at the onset of the arrangement as long as it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The majority of our contracts do not contain variable consideration provisions as a continuation of the original contract. None of our contracts contain a significant financing component. Taxes collected from customers and remitted to governmental authorities are not included in revenue.

Allocate the transaction price to performance obligations in the contract: Once we have determined the transaction price, we allocate the total transaction price to each performance obligation in a manner depicting the amount of consideration to which we expect to be entitled in exchange for transferring the good(s) or service(s) to the customer. We allocate the transaction price to each performance obligation identified in the contract on a relative standalone selling price basis.

We use the expected cost-plus margin approach based on hardware, labor, and related overhead cost to estimate the standalone selling price of our solar tracker systems, customized components of those systems, and individual parts for certain specific transactions. We also use the expected cost-plus margin approach based on expected third-party shipping and transportation costs to estimate the standalone selling price of our shipping, handling and logistics performance obligations. We use the adjusted market assessment approach for all other performance obligations.

Recognize revenue when or as the Company satisfies a performance obligation: For each performance obligation identified, we determine at contract inception whether we satisfy the performance obligation over time or at a point in time. The performance obligations in the contracts for our solar tracker systems and customized components of those systems are satisfied over time as work progresses, utilizing an input measure of progress determined by cost-to-cost measures on these projects as this faithfully depicts our performance in transferring control. Additionally, our performance does not create an asset with an alternative use, due to the highly customized nature of the product, and we have an enforceable right to payment for performance completed to date. Our performance obligations for individual part sales for certain specific transactions are recognized at a point in time as and when control transfers based on the Incoterms for the contract. Our performance obligations for engineering consulting and pile testing services are recognized at a point in time upon completion of the services. Our performance obligations for term-based software licenses are recognized at a point in time as and when control transfers, either upon delivery to the customer or the software license start date, whichever is later. Our performance obligations for shipping and handling services are satisfied over time as the services are delivered over the term of the contract. We recognize revenue for subscription and other services on a straight-line basis over the contract period. With regard to support revenue, a time-elapsed method is used to measure progress because we transfer control evenly over the contractual period. Accordingly, the fixed consideration related to support revenue is generally recognized on a straight-line basis over the contract term.

Contract assets and liabilities: The timing of revenue recognition, billing, and cash collection results in the recognition of accounts receivable, unbilled receivables for revenue recognized in excess of billings, and deferred revenue in the condensed consolidated balance sheets. We have elected to use the practical expedient of expensing incremental costs of obtaining a contract as incurred since the majority of the performance obligations in our contracts are satisfied in less than one year. We may receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities, which are reflected as "deferred revenue" in our condensed consolidated balance sheets. Customer deposits are short term as the related performance obligations are typically fulfilled within 12 months. Changes in deferred revenue relate to fluctuations in the timing of customer deposits and completion of performance obligations. Revenue recognized during the three months ended March 31, 2024 and 2023, from amounts included in deferred revenue at December 31, 2023 and December 31, 2022, totaled $

2.4
million and $

7.6
million, respectively.

Cost of revenue consists primarily of costs related to raw materials, equipment manufacturing activities, freight and delivery, product warranty, remediation and personnel costs (salaries, bonuses, benefits, and stock-based compensation). Personnel costs in cost of revenue include both direct labor costs, as well as costs attributable to any individuals whose activities relate to the procurement, installment and delivery of the finished product and services. Cost of revenue owed but not yet paid is recorded as accrued cost of revenue in the accompanying condensed consolidated financial statements. Deferred cost of revenue results from the timing differences between the costs incurred in advance of the satisfaction of all revenue recognition criteria consistent with our revenue recognition policy.

Recent accounting and regulatory pronouncements not yet adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which will become effective for us for our year end 2024 financial reporting and our interim reporting beginning January 1, 2025. ASU 2023-07 requires public companies to disclose significant segment expenses and other segment items on an annual and interim basis and will require interim disclosures about a reportable segment's profit or loss and assets that are currently required annually. As noted above, we operate in one segment. We are currently evaluating the impact of ASU 2023-07 on our existing disclosures. ASU 2023-07 will be applied retrospectively to all periods when presented in our consolidated financial statements for the year ending December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires companies to disclose (i) additional categories of information about federal, state and foreign income taxes above a quantitative threshold in their rate reconciliation table and (ii) income taxes paid, net of refunds, disaggregated by federal, state and foreign taxes for annual periods, as well as other disclosure changes. As an emerging growth company, we are not required to adopt ASU 2023-09 prior to 2026, although earlier adoption is permitted. We are currently evaluating the impact of ASU 2023-09 on our existing income tax disclosures.

In March 2024, the U.S. Securities and Exchange Commission ("SEC") adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule would require registrants to disclose certain climate-related information in registration statements and annual reports. In April 2024, the SEC issued a stay of the final rules pending a judicial review of the validity of the rules by the Eighth Circuit Court of Appeals. We are currently evaluating the final rule to determine its impact on our disclosures.

Other standards or regulatory requirements that have been issued but not yet adopted as of March 31, 2024, are either not applicable to us or are not expected to have any material impact upon adoption.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. There was no impact on our financial condition or results of operations as a result of the reclassification.

3. Equity method investment

On February 9, 2023, we entered into a limited liability company agreement (the "LLC Agreement") with Taihua New Energy (Thailand) Co., LTD ("Taihua"), a leading steel fabricator and an existing vendor, and DAYV LLC, for the creation of Alpha Steel LLC ("Alpha Steel"), a Delaware limited liability company dedicated to producing steel components, including torque tubes, for utility-scale solar projects. The Alpha Steel facility, which is located outside of Houston in Sealy, Texas, began commercial production late in the fourth quarter of 2023.

We entered into amendment no. 1 to the Alpha Steel LLC Agreement with Taihua and DAYV LLC on July 28, 2023, to allow for members at their option, and with the approval of the Board of Managers, to make payments in respect of Alpha Steel's contractual obligations in the event that Alpha Steel does not or is not able to make such payments from its own resources ("Credit Support Payments"). Any such Credit Support Payments will be treated as capital contributions by the members to Alpha Steel, with any member funding more than its ratable share of Credit Support Payments being deemed to have loaned such excess to each underfunding member at the U.S. prime rate plus

2
%.

Alpha Steel is intended to enhance our domestic supply chain, our ability to support our customers and the growth of the U.S. solar market, with domestic manufacturing utilizing U.S. steel. We have a 45% interest in Alpha Steel, which is accounted for under the equity method of accounting. Taihua has a 51% interest in Alpha Steel and DAYV LLC, an entity owned by members of the Board of Managers of Alpha Steel and a related party with the parent company of Taihua, has a 4% interest in Alpha Steel. The Chief Executive Officer of Taihua is the General Manager of Alpha Steel. We have equal voting representation with Taihua and DAYV LLC, combined, on Alpha Steel's Board of Managers which will be responsible, through majority vote, for making certain "major decisions" involving Alpha Steel, as specified in the LLC Agreement, including, among other things, approval of an annual business plan.

During 2023, we made a required initial capital contribution of $0.9 million to Alpha Steel. For the three months ended March 31, 2024, we also made a required additional capital contribution of $1.0 million. Pursuant to the LLC Agreement, we could be required to make up to $1.6 million in future additional capital contributions as Alpha Steel continues to expand production. For the three months ended March 31, 2024, we recognized a loss of $0.3 million which represents our share of the net operating losses incurred by Alpha Steel during the period.

In connection with the creation of Alpha Steel, we also entered into a three-year equipment supply agreement (the "Supply Agreement") with Alpha Steel, the terms of which will apply to our equipment purchase orders. Pursuant to the Supply Agreement, we have committed to placing a minimum level of purchase orders for torque tubes with Alpha Steel during the year ended December 31, 2024, with such volume commitments increasing in each of the next two annual periods. In the event we fail to meet our minimum required purchase commitments in any annual period, we may be required to make a cash payment for the net profit attributable to any unfilled requirements, calculated as specified in the agreement, in an amount not to exceed $4.0 million in the aggregate. As of March 31, 2024, we had met approximately 6% of our 2024 annual purchase commitments. The Supply Agreement may be terminated early in accordance with its provisions or may be extended beyond the initial term if mutually agreed to by the parties.

At March 31, 2024, in addition to our requirement to meet the remaining minimum purchase obligations for the remainder of the year, as described above, we were contingently liable for unpaid vendor obligations, including issued but unsatisfied purchase orders, of Alpha Steel totaling approximately $5.2 million. We expect Alpha Steel will be able to satisfy these obligations with financial resources available to them in the normal course of operations.

4. ATM program

On September 14, 2022, we filed a prospectus supplement and entered into an equity distribution agreement (as amended from time to time, the "EDA") under which we may from time to time, in one or more transactions, offer and sell newly issued shares of our common stock having an aggregate offering price of up to $100 million in "at the money" offerings (the "ATM program"). We have and may continue to use the net proceeds from this offering for general corporate purposes, including working capital and operating expenses. We may also use a portion of such proceeds to acquire or invest in businesses, products, services or technologies.

Barclays Capital Inc. ("Barclays") is our sales agent under the EDA. The offering of our common stock under the EDA will terminate upon the earlier of (1) the sale of all common stock subject to the EDA or (2) the termination of the EDA by us or by Barclays as permitted therein. The EDA contains customary representations, covenants and indemnification provisions.

We sold no shares of newly issued common stock under the ATM program during the three months ended March 31, 2024, however, during the three months ended March 31, 2023, we sold 2,683,000 shares of newly issued common stock valued at $6.5 million for proceeds, net of commissions and fees, of approximately $6.3 million, including $0.8

million for shares sold but not yet settled as of March 31, 2023. As of March 31, 2024, approximately $

64.9
million of capacity remained for future sales of our common stock under the ATM program.

5. Accounts receivable, net

Accounts receivable consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Trade receivables	$ 49,474	$ 46,152
Related party receivables	1,672	868
Revenue recognized in excess of billings	24,456	26,813
Other receivables	4	3
Total	75,606	73,836
Allowance for credit losses	(9,227)	(8,557)
Accounts receivable, net	$ 66,379	$ 65,279

Information relating to related party receivables at March 31, 2024, may be found below in Note 16, "Related party transactions".

Included in total receivables above are amounts billed under retainage provisions totaling $ 0.6 million and $ 0.9 million as of March 31, 2024 and December 31, 2023, respectively, which are due within the next twelve months.

Activity in the allowance for credit losses during the three months ended March 31, 2024 and 2023 was as follows:

(in thousands)	Three months ended March 31, 2024	2023
Balance at beginning of period	$ 8,557	$ 1,184
Impact of adoption of ASU 2016-13, effective January 1, 2023	N/A	—
Additions charged to earnings during the period	670	—
Balance at end of period	$ 9,227	$ 1,184

6. Inventories, net

Inventories consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Finished goods	$ 4,362	$ 4,246
Allowance for slow-moving and obsolete inventory	(518)	(341)

Total	$ 3,844	$ 3,905

7. Prepaid and other current assets

Prepaid and other current assets consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Vendor deposits	$ 5,894	$ 5,667
Vendor deposits with related party	1,504	520
Prepaid expenses	710	1,251
Prepaid taxes	471	447
Deferred cost of revenue	611	666
Surety collateral	55	—
Other current assets	4,824	5,538
Total	$ 14,069	$ 14,089

At March 31, 2024, other current assets included $ 2.5 million of (i) a short-term, interest-bearing loan to a customer, as well as (ii) a non-interest-bearing customer advance, both of which are for pre-project construction financing activities. These amounts are secured by customer assets and, additionally in one case by a financial guarantee.

8. Leases

We lease office and warehouse space in various locations, including our corporate headquarters in Austin, Texas. Additionally, we lease space for an applications laboratory in Austin, Texas and a research and development facility in Seguin, Texas. All of our manufacturing is outsourced to contract manufacturing partners, and we currently do not own or lease any manufacturing facilities.

Our expense for our operating leases consisted of the following:

(in thousands)	Three months ended March 31, 2024	2023
Operating lease cost	$ 309	$ 229
Short-term lease cost	93	92
Total lease cost	$ 402	$ 321
Reported in:		
Cost of revenue	$ 236	$ 215
Research and development	14	15
Selling and marketing	48	15
General and administrative	104	76
Total lease cost	$ 402	$ 321

Future remaining operating lease payment obligations were as follows:

(in thousands)	March 31, 2024
Remainder of 2024	$ 607
2025	755
2026	219
2027	192
2028	16
Total lease payments	1,789
Less: imputed interest	(113)

Present value of operating lease liabilities	$ 1,676

Current portion of operating lease liability	$ 742
Operating lease liability, net of current portion	934
Present value of operating lease liabilities	$ 1,676

9. Property and equipment, net

Property and equipment consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Leasehold improvements	$ 162	$ 157
Field equipment	1,062	1,062
Information technology equipment	508	466
Tooling	1,381	1,014
Capitalized software	761	734
Total	3,874	3,433
Accumulated depreciation	(1,880)	(1,610)
Property and equipment, net	$ 1,994	$ 1,823

Depreciation expense recognized for the three months ended March 31, 2024 and 2023, totaled $0.3 million and $0.2 million, respectively.

10. Intangible assets, net and goodwill

Intangible assets consisted of the following:

(in thousands)	Estimated Useful Lives (Years)	March 31, 2024	December 31, 2023
Developed technology	2.5 – 3.0	$ 2,529	$ 2,555
Total		2,529	2,555
Accumulated amortization		(2,130)	(2,013)
Intangible assets, net		$ 399	$ 542

Amortization expense recognized for the three months ended March 31, 2024 and 2023, totaled $0.1 million and $0.1 million, respectively.

During the three months ended March 31, 2024 and 2023, activity in our goodwill balance was as follows:

(in thousands)	Three months ended March 31, 2024	2023
Balance at beginning of period	$ 7,353	$ 7,538
Translation	(140)	(185)
Balance at end of period	$ 7,213	$ 7,353

11. Debt

On April 30, 2021, we entered into our Credit Facility with various lenders, including Barclays Bank PLC, as issuing lender, the swingline lender and as administrative agent providing aggregate commitments of up to $100.0 million. We had not made any draws on our Credit Facility as of March 31, 2024. However, as of March 31, 2024, we had $1.9 million in letters of credit outstanding that reduced our unused borrowing capacity to approximately $98.1 million. At March 31, 2024, we have deposited $1.9 million in an escrow account with Barclays related to our outstanding letters of credit, which is reflected as restricted cash in our condensed consolidated balance sheets.

Under the Credit Facility, we were required to maintain a liquidity level (defined as unrestricted cash and cash equivalents plus the available borrowing capacity under the Credit Facility) of no less than $125.0 million at each quarter end in order to utilize the Credit Facility. As of March 31, 2024, we were under the required minimum liquidity level thus not allowing us to continue to access our Credit Facility up to the available borrowing capacity. The Credit Facility provided for payment of commitment fees of 0.50% per annum on our unused borrowing capacity and outstanding letter of credit fees of

3.25 % per annum during its term. During the three months ended March 31, 2024 and 2023, we incurred interest expense of $ 0.3 million in each period, for commitment and letter of credit fees, as well as amortization of costs relating to the establishment of the Credit Facility.

Our Credit Facility expired unused on April 30, 2024.

12. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Accrued cost of revenue	$ 22,423	$ 26,773
Related party accrued cost of revenue	1,370	1,451
Accrued compensation	3,650	3,858
Other accrued expenses	2,247	2,766
Total accrued expenses	$ 29,690	$ 34,848
Warranty reserves	$ 6,992	$ 7,279
Current portion of operating lease liability	742	740
Non-federal tax obligations	125	119
Total other current liabilities	$ 7,859	$ 8,138

Information relating to our related party accrued cost of revenue at March 31, 2024 and December 31, 2023 may be found below in Note 16, "Related party transactions".

Other accrued expenses primarily include amounts due for (i) legal costs associated with outstanding corporate or legal matters and (ii) other professional services.

Activity by period in the Company's warranty accruals was as follows:

(in thousands)	Three months ended March 31, 2024	2023
Balance at beginning of period	$ 11,002	$ 12,426
Warranties issued and remediation added during the period	838	1,543
Settlements made during the period	(849)	(1,103)
Changes in liability for pre-existing warranties	(519)	(309)
Balance at end of period	$ 10,472	$ 12,557
Warranty accruals are reported in:		
Other current liabilities	$ 6,992	$ 8,085
Other non-current liabilities	3,480	4,472
Balance at end of period	$ 10,472	$ 12,557

13. Income taxes

For the three months ended March 31, 2024 and 2023, we recorded an income tax benefit of $ 0.01 million and an income tax expense of $ 0.13 million respectively. These amounts for each period were lower than the statutory rate of 21 %, primarily due to a valuation allowance established against the U.S. deferred tax assets.

We have had no material change in our unrecognized tax benefits since December 31, 2023. We recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of March 31, 2024 and December 31, 2023, we had no accrued interest or penalties related to unrecognized tax benefits.

14. Commitments and contingencies

We may become involved in various claims, lawsuits, investigations, and other proceedings, arising in the normal course of business. We accrue a liability when information available prior to the issuance of our financial statements indicates it is probable a loss has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. If the reasonable estimate of the probable loss is a range, we record an accrual for the most likely estimate of the loss, or the low end of the range if there is no one best estimate. We adjust our accruals to reflect the impact of negotiation, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Legal costs are expensed as incurred.

In March of 2023, CBP issued notices of tariff assessment that indicated an action taken at the Import Specialist (i.e., the port) level with respect to merchandise imported from Thailand under entry number 004-1058562-5 (the “625 Assessment”) and entry number 004-1063793-9 (the “Original 939 Assessment”, and collectively with the 625 Assessment, the “Original CBP Assessments”). The Original CBP Assessments related to certain torque beams that are used in our Voyager+ product that were imported in 2022. In the Original CBP Assessments, CPB asserted that Section 301 China tariffs, Section 232 steel & aluminum tariffs, and antidumping and countervailing duties applied to the merchandise. Based on correspondence received to date from CBP and our calculations based on applicable duty and tariff rates, the 625 Assessment is currently for approximately $

2.84

million. In September of 2023, CBP informed us (the "Revised 939 Assessment", and together with the 625 Assessment, the "Revised CBP Assessments") that the amount owed under the Original 939 Assessment was being revised downward to approximately $

2.01

million. In particular, CBP accepted our position that the Section 301 tariffs of

25

% or

7.5

% of the value of the merchandise, depending on tariff classification, as well as the antidumping and countervailing duties, previously assessed under the Original 939 Assessment are not applicable as they are only applicable to articles that originate in China and that, in this case, the finished goods are products of Thailand.

Upon review of the facts involved, and in consultation with outside legal counsel, we believe that the remaining amounts claimed in the Revised CBP Assessments are incorrect. In particular, the Section 301 tariffs of 25% or 7.5% of the value of the merchandise, depending on tariff classification, as well as the antidumping and countervailing duties, are not applicable under the 625 Assessment for the same reason stated above with respect to the Revised 939 Assessment, which has been accepted by CBP . Moreover, with respect to both Revised CBP Assessments, we believe that the goods in question were properly classified as parts of structures at the time of importation and that when properly classified, the beams and other materials are not subject to Section 232 duties applicable to more basic steel products.

CBP has legally finalized both Revised CBP Assessments. We filed a formal protest for the 625 Assessment in September of 2023 and for the Revised 939 Assessment in March of 2024. Based on the above, and under the relevant accounting guidance related to loss contingencies, we have made no accrual for the amounts claimed by CBP as of March 31, 2024, as we do not consider these amounts to be a probable obligation, as such term is defined and interpreted under the relevant accounting guidance, for us at this time. However, because matters of this nature are subject to inherent uncertainties, and unfavorable rulings or developments, including future assessments of additional duties or tariffs owed in respect of other shipments or other materials beyond what is presently included in the Revised CBP Assessments, could occur despite our belief that the tariffs and duties asserted are incorrect, there can be no certainty that the Company may not ultimately incur charges that are not currently recorded as liabilities. Since the outcome of these matters cannot be predicted with certainty, the costs associated with them could have a material adverse effect on our consolidated results of operations, financial position, or liquidity.

15. Stock-based compensation

Stock compensation expense for each period was as follows:

(in thousands)	Three months ended March 31, 2024	2023
Cost of revenue	$ 216	$ 816
Research and development	81	249
Selling and marketing	44	384
General and administrative	1,298	3,441
Total stock compensation expense	$ 1,639	$ 4,890

16. Related party transactions

Transaction with Ayna.AI LLC

In February 2022, we engaged Ayna.AI LLC (as successor in interest to Fernweh Engaged Operator Company LLC) (“Ayna”) to support us with improvements to our processes and performance in various areas including design, sourcing, logistics, pricing, software and standard configuration. The foregoing engagement constituted a related party transaction as South Lake One LLC, an entity affiliated with Isidoro Quiroga Cortés, a member of our board of directors, and a holder of more than 5% of our outstanding capital stock, is an investor in Ayna. In addition, Discrimen LLC is an investor in Ayna, and Isidoro Quiroga Cortés is affiliated with that entity. Isidoro Quiroga Cortés is also on the board of directors of Ayna. On September 13, 2023, we executed a termination of the master services agreement and statement of work (collectively, the "Service Agreement") with Ayna and Fernweh Group LLC, the parent company of Fernweh Engaged Operator Company LLC.

For the three months ended March 31, 2023, we incurred $2.3 million of general and administrative expense, including expense relating to stock-based compensation awards, and made cash payments of $0.8 million associated with our engagement of Ayna.

Related party receivables and payables

We have related party receivables at March 31, 2024 and December 31, 2023, totaling $1.7 million and $0.9 million, respectively, for future material costs discounts contractually owed to us by Alpha Steel in connection with the expected receipt of manufacturing incentives available to Alpha Steel under the Inflation Reduction Act as costs are incurred by Alpha Steel to purchase raw materials and manufacture torque tubes and other products that will be used to fulfill purchase orders we issue to Alpha Steel.

We also have related party liabilities to Alpha Steel at March 31, 2024 and December 31, 2023, totaling $1.4 million and $1.5 million, respectively, for the accrued cost of revenue recognized on certain of our customer projects associated with the cost of products that are being manufactured for us by Alpha Steel.

During the three months ended March 31, 2024, we made vendor deposits of $1.6 million to Alpha Steel and received invoices from Alpha Steel totaling $1.6 million. Our balance of vendor deposits with Alpha Steel as of March 31, 2024 and December 31, 2023 is shown in Note 7, "Prepaids and other current assets" above as "Vendor deposits with related party". After payments and application of vendor deposits to invoices received, we owe $0.4 million to Alpha Steel, which is included in our accounts payable balance at March 31, 2024 (none at December 31, 2023) in our condensed consolidated balance sheets.

17. Net loss per share

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net loss (in thousands)	$ (8,771)	$ (11,762)
Weighted average shares outstanding for calculating basic and diluted loss per share	125,569,375	106,791,198
Basic and diluted loss per share	$ (0.07)	$ (0.11)

For purposes of computing diluted loss per share, weighted average common shares outstanding do not include potentially dilutive securities that are anti-dilutive, as shown below.

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Anti-dilutive securities excluded from calculating dilutive loss per share:		
Shares of common stock issuable under stock option plans outstanding	2,427,526	6,544,725
Shares of common stock issuable upon vesting of RSUs	12,178,375	6,612,849
Potential common shares excluded from diluted net loss per share calculation	14,605,901	13,157,574

18. Subsequent events

On April 3, 2024, we entered into a First Amendment (“the Amendment”) to Master Project Supply Agreements dated October 11, 2021 with a customer and major solar project developer. As of March 31, 2024, our customer owed us approximately $30.8 million for project equipment we had previously completed and made available to the customer pursuant to the Master Project Supply Agreements.

The Amendment was executed in consideration of and concurrent with the sale of the uncompleted projects by our customer, including the amended Master Project Supply Agreements, to a new third-party developer ("the Purchaser"), who will assume certain obligations to us under the amended Master Project Supply Agreements.

Pursuant to the Amendment, the only completed project equipment that will be provided to the Purchaser are foundation piles. All remaining equipment completed and made available to our customer under the original Master Project Supply Agreements will be retained by us and returned to our inventory in exchange for forgiveness of the associated outstanding receivable balance owed by our customer, to the extent of the current fair value of the retained equipment, which approximated $

13.2

million. During the three months ended March 31, 2024, we recorded an additional estimated credit loss provision of $

0.7

million to recognize the difference between the receivable balance owed us and the expected cash to be received from the Purchaser plus the current estimated fair value of the equipment that would be added to our inventory pursuant to this Amendment. At March 31, 2024, we had a total credit loss reserve relating to this customer of approximately $

9.0

million.

Upon execution of the Amendment, we received a cash payment of $

9.0

million from the Purchaser to acquire the foundation piles and we anticipate receiving certain additional amounts for temporary storage and upon final delivery to the project sites, which is expected to occur no later than the fourth quarter of 2024.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included in Item 1 of this Form 10-Q and along with information included in our 2023 Annual Report. In addition to historical financial information, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in Part I, Item 1A. "Risk Factors" included in our 2023 Annual Report. Additionally, our historical results are not necessarily indicative of the results that may be expected in any future period.

This discussion and analysis of our financial condition and results of operations contain the presentation of Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS, which are not presented in accordance with U.S. GAAP. Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS are being presented because they provide the Company and readers of this Form 10-Q with additional insight into our operational performance relative to earlier periods and relative to our competitors. We do not intend Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS to be substitutes for any U.S. GAAP financial information. Readers of this Form 10-Q should use Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS only in conjunction with Net Loss and Net Loss per Share, the most comparable U.S. GAAP financial measures. Reconciliations of Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS to Net Loss and Net Loss per Share, the most comparable U.S. GAAP measures, are provided in "Non-GAAP Financial Measures" below.

Overview

FTC Solar, Inc. (the "Company", "we", "our", or "us") was founded in 2017 and is incorporated in the state of Delaware. In April 2021, we completed an initial public offering ("IPO"), and our common stock began trading on the Nasdaq Global Market under the symbol "FTCI".

We are a global provider of solar tracker systems, supported by proprietary software and value-added engineering services. Solar tracker systems move solar panels throughout the day to maintain an optimal orientation relative to the sun, thereby increasing the amount of solar energy produced at a solar installation. Our original two-panel in-portrait solar tracker system is currently marketed under the Voyager brand name ("Voyager") and our one module-in-portrait ("1P") solar tracker system, which became certified in 2023, is marketed under the Pioneer brand name ("Pioneer"). We also have a mounting solution to support the installation and use of U.S.-manufactured thin-film modules by project owners. Our primary software offerings include SUNPATH which is intended to help customers optimize solar tracking for increased energy production, our SUNOPS real-time operations management platform and our web-based ATLAS portfolio management software. In addition, we have a team of renewable energy professionals available to assist our U.S. and worldwide clients in site layout, structural design, pile testing and other needs across the solar project development and construction cycle. The Company is headquartered in Austin, Texas, and has international subsidiaries in Australia, China, India, South Africa and Spain.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups (JOBS) Act. Under the JOBS Act, we elected to use the allowed extended transition period to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Key Factors Affecting Our Performance

Government Regulations. Changes in the U.S. trade environment, including the imposition of import tariffs, AD/CVD investigations and the UFLPA, which became effective in June 2022, can have an impact on the timing of developer projects. The UFLPA resulted in new rules for module importers and reviews by CBP. There is currently uncertainty in the market around achieving full compliance with UFLPA, whether related to sufficient traceability of materials or other factors. Escalating trade tensions, particularly between the United States and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain raw materials and components for our products. We have taken measures with the intention of mitigating the effect of tariffs and the impact of AD/CVD and UFLPA on our business by reducing our reliance on China and enhancing our U.S.-based supply chain, including through our investment in Alpha Steel, as described further in Note 3, "Equity method investment" in Part I, Item 1 of this Form 10-Q. As an example, we have reduced our reliance on suppliers in China in terms of meeting our supply chain requirements from 90% in 2019 to less than 20% as of the date of this Quarterly Report. As of March 31, 2024, we have qualified suppliers outside of China for certain of our commodities and we continue to work to have second-source capability for all Chinese-manufactured components to help reduce the extent to which our supply chain for U.S.-based projects is subject to existing tariffs and to be able to quickly address potential future regulatory and governmental policy changes. We have entered into partnerships with manufacturers based in the United States, Hong Kong, India, Mexico, Canada, Spain, Brazil, Turkey, Saudi Arabia, Thailand, Vietnam and Korea to diversify our supply chain and optimize costs. On June 6, 2022, President Biden issued an Executive Order allowing U.S. solar deployers to import solar modules and cells from Cambodia, Malaysia, Thailand and Vietnam free from certain duties for 24 months, along with other incentives designed to accelerate U.S. domestic production of clean energy technologies. However, on December 29, 2023, Auxin Solar, Inc. and Concept Clean Energy, Inc. filed suit in the U.S. Court of International Trade challenging the legal basis for the moratorium and implementing regulations. If the suit proves successful, solar module importers could owe retroactive duties on goods that have already cleared customs.

The most notable incentive program impacting our U.S. business has historically been the ITC for solar energy projects, which allows taxpayers to offset their U.S. federal income tax liability by a certain percentage of their cost basis in solar energy systems placed in service for commercial use. The Inflation Reduction Act of 2022, passed by the U.S. Congress and signed into law by President Biden on August 16, 2022, expanded and extended the tax credits and other tax benefits available to solar energy projects and the solar energy supply chain. ITCs have been extended for such projects through at least 2032 and, depending on the location of a particular project and its ability to satisfy certain labor and domestic content requirements, the ITC percentage can range between 30% and 50%. U.S. manufacturers of specific solar components are now eligible to claim production tax credits as an alternative to the ITC. Implementing regulations for this law are, in certain cases, still being finalized and the impact of these regulations continue to be evaluated by developers of new solar projects and manufacturers of solar components. Our investment in and commitments made to Alpha Steel will allow us to obtain certain benefits as a result of this new production tax credit program. We believe this law will bolster and extend future demand for our products in the United States, however as the implementing regulations for this law are not completely finalized, this creates uncertainty about the extent of its impact on our Company and the solar energy industry.

Disruptions in Transportation and Supply Chain. Our costs are affected by the costs of certain components and materials, such as steel, motors and micro-chips, as well as transportation costs. Current market conditions and international conflicts that constrain the supply of materials and disrupt the flow of materials from international vendors impact the cost of our products and services, along with overall rates of inflation in the global economy, which have been higher than pre-COVID 19 pandemic historical rates. While certain costs have moderated compared to pre-pandemic rates, domestic fuel prices continue to be elevated. These cost increases and decreases impact our operating margins.

We have taken steps to expand and diversify our manufacturing partnerships and have adjusted our modes of transportation to mitigate the impact of headwinds that might arise in the global supply chain and logistics markets. As an example, we modified our ocean freight from previously using charter shipments to now using containerized shipments as costs in the container market began to decrease starting in 2022. We continue to monitor the logistics markets and will continue to evaluate our use of various modes of transportation when warranted to optimize our transportation costs. Additionally, from February 2022 to September 2023, we utilized a related-party consulting firm to support us in making improvements to our processes and performance in various areas, including design, sourcing, logistics, pricing, software and our distributed generation business. For further information regarding this consulting firm, see Note 16, "Related party transactions" included in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report with regard to the related-party consulting firm. We also intend to maintain a sharp focus on our design-to-value initiative to continue to improve margins by reducing manufacturing and material costs of our products.

Megawatts ("MW") Produced and MW Shipped and Average Selling Price ("ASP"). The primary operating metrics we use to evaluate our sales performance and to track market acceptance of our products are the change in quantity of MW produced and MW shipped from period to period. MW are measured for each individual project and are calculated based on the expected output of that project once installed and fully operational. We also utilize metrics related to price and cost of goods sold per watt, including the change in ASP from period to period and cost per watt. ASP is calculated by dividing product and service revenue by total watts produced or shipped and product and service cost per watt is calculated by dividing product or service costs of goods sold by total watts produced or shipped. These metrics enable us to evaluate trends in pricing, manufacturing and logistics costs and profitability. Events such as the COVID-19 pandemic, global inflation rates and international conflicts have in the past impacted and may continue to impact the U.S. economy, global supply chains, and our business. These impacts can cause significant shipping delays and cost increases, as well as offsetting ASP increases, and also raise the price of inputs like steel and logistics, affecting our cost per watt.

Investment in Technology and Personnel. We invest in both the people and technology behind our products. We intend to continue making significant investments in the technology for our products and expansion of our patent portfolio to attract and retain customers, expand the capabilities and scope of our products, and enhance user experience. As an example, in August 2023, we introduced SUNOPS, a cloud-based, tracker-agnostic solar asset monitoring solution allowing asset owners and managers to evaluate the operation and performance of their solar deployments. We also intend over time to make significant investments to attract and retain employees in key positions, including sales leads, engineers, software developers, quality assurance personnel, supply chain personnel, product management, and operations personnel, to help us drive additional efficiencies across our marketplace and, in the case of sales leads, to continue to enhance and diversify our sales capabilities, including international expansion.

Impact of Climate Change. Climate change has primarily impacted our business operations by increasing demand for solar power generation and, as a result, for use of our products. While climate change has not resulted in any material negative impact to our operations to date, we recognize the risk of disruptions to our supply chain due to extreme weather events. This, among other things, has led us to expand the diversity of our supplier base and to partner with more local suppliers to reduce shipping and transportation needs. We are also increasingly partnering with larger scale steel producers rather than smaller suppliers to facilitate scaling of our operations while remaining conscious of the environmental impacts of steel manufacturing as the regulatory landscape around these high-emitting industries evolves. An example of this strategy is our investment in Alpha Steel, a U.S.-based manufacturing partnership with Taihua, a leading steel fabricator.

We also attempt to mitigate the climate-related risks from the use of our products by designing our equipment and systems to have a high-slope tolerance and wind mitigation capabilities, while at the same time reducing the required foundation/pile count needed. This allows our trackers to be installed in increasingly hostile environments with minimal disturbance to the surrounding land.

Liquidity. See "Liquidity and Capital Resources" below for a discussion of the impact of the items above on our liquidity position.

Non-GAAP Financial Measures

Adjusted EBITDA, adjusted net loss and adjusted earnings per share ("EPS")

We utilize Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS as supplemental measures of our performance. We define Adjusted EBITDA as net loss plus (i) provision for (benefit from) income taxes, (ii) interest expense, net, (iii) depreciation expense, (iv) amortization of intangibles, (v) stock-based compensation, and (vi) non-routine legal fees, severance and certain other costs (credits). We also deduct the contingent gains from the disposal of our investment in an unconsolidated subsidiary from net loss in arriving at Adjusted EBITDA. We define Adjusted Net Loss as net loss plus (i) amortization of debt issue costs and intangibles, (ii) stock-based compensation, (iii) non-routine legal fees, severance and certain other costs (credits), and (iv) the income tax expense (benefit) of those adjustments, if any. We also deduct the contingent gains from the disposal of our investment in an unconsolidated subsidiary in arriving at Adjusted Net Loss. Adjusted EPS is defined as Adjusted Net Loss on a per share basis using our weighted average diluted shares outstanding.

Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS are intended as supplemental measures of performance that are neither required by, nor presented in accordance with, U.S. GAAP. We present Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS, because we believe they assist investors and analysts in comparing our performance across reporting periods on an ongoing basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA, Adjusted Net Loss and Adjusted EPS to evaluate the effectiveness of our business strategies.

Among other limitations, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS do not reflect (i) our cash expenditures, or future requirements, for capital expenditures or contractual commitments, and (ii) the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations. Further, the adjustments noted in Adjusted EBITDA do not reflect the impact of any income tax expense or benefit. Additionally, other companies in our industry may calculate Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS differently than we do, which limits its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS should not be considered in isolation or as substitutes for performance measures calculated in accordance with U.S. GAAP, and you should not rely on any single financial measure to evaluate our business. These non-GAAP financial measures, when presented, are reconciled to the most closely applicable U.S. GAAP measure as disclosed below:

(in thousands, except shares and per share data)	Three months ended March 31, 2024 Adjusted EBITDA	2024 Adjusted Net Loss	2023 Adjusted EBITDA	2023 Adjusted Net Loss
Net loss per U.S. GAAP	$ (8,771)	$ (8,771)	$ (11,762)	$ (11,762)
Reconciling items -				
Provision for (benefit from) income taxes	(11)	—	131	—
Interest expense, net	136	—	58	—
Amortization of debt issue costs in interest expense	—	177	—	177
Depreciation expense	270	—	194	—
Amortization of intangibles	134	134	140	140
Stock-based compensation	1,639	1,639	4,890	4,890
Gain from disposal of investment in unconsolidated subsidiary[(a)]	(4,085)	(4,085)	(898)	(898)
Non-routine legal fees[(b)]	33	33	108	108
Severance	—	—	(13)	(13)
Adjusted Non-GAAP amounts	$ (10,655)	$ (10,873)	$ (7,152)	$ (7,358)
U.S. GAAP net loss per share:				
Diluted	N/A	$ (0.07)	N/A	$ (0.11)
Adjusted Non-GAAP net loss per share (Adjusted EPS):				
Diluted	N/A	$ (0.09)	N/A	$ (0.07)
Weighted-average common shares outstanding:				
Diluted	N/A	125,569,375	N/A	106,791,198

(a) Our management excludes the gain from collections of contingent contractual amounts arising from the sale in 2021 of our investment in an unconsolidated subsidiary.
(b) Non-routine legal fees represent legal fees and other costs incurred for specific matters that were not ordinary or routine to the operations of the business.

Key Components of Our Results of Operations

The following discussion describes certain line items in our condensed consolidated statements of comprehensive loss.

Revenue

Revenue from the sale of our solar tracker systems and customized components of those systems is recognized over time, as work progresses, utilizing an input measure of progress determined by cost incurred to date relative to total expected cost on these projects to correlate with our performance in transferring control over the tracker systems and their components. Revenue from the sale of individual parts is recognized at a point in time as and when control transfers based on the terms of the contract. Revenue from sale of term-based software licenses is recognized upon transfer of control to the customer. Revenue for shipping and handling services is recognized over time based on progress in meeting shipping terms of the arrangements. Revenue for stand-alone engineering consulting and pile testing services is recognized at a point in time upon completion of the services performed. Subscription revenue, which is derived from our subscription-based enterprise licensing model, and support revenue, which is derived from ongoing security updates and maintenance, are generally recognized on a straight-line basis over the term of the contract.

Our customers include project developers, solar asset owners and EPC contractors that design and build solar energy projects. 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 our solar tracker systems and related parts can vary depending on size of the project and availability of vessels and other means of delivery. Contracts can range in value from tens of thousands to tens of millions of dollars.

Our revenue is affected by changes in the volume and ASP of our solar tracking systems purchased by our customers and volume of sales of software products and engineering services, among other things. The ASP of our solar tracker systems and quarterly volume of sales is driven by the supply of, and demand for, our products, changes in product mix, geographic mix of our customers, strength of competitors' product offerings, tariff and import restrictions, supply chain issues and availability of government incentives to the end-users of our products. Additionally, our revenue may be impacted by seasonality due to cold weather, which can cause variability in site construction activity.

The vast majority of our revenue in the periods presented was attributable to sales in the United States and Australia. Our revenue growth is dependent on continued growth in the number of solar tracker projects and engineering services we win in competitive bidding processes and growth in our software sales each year, as well as our ability to increase our market share in each of the geographies in which we currently compete, expand our global footprint to new emerging markets, grow our sources of production to meet demand and continue to develop and introduce new and innovative products that address the changing technology and performance requirements of our customers, among other things.

Cost of revenue and gross profit (loss)

We subcontract with third-party companies to manufacture and deliver our products directly to our customers. Our product costs are affected by the underlying cost of raw materials procured by these contract manufacturers, including steel and aluminum; component costs, including electric motors and gearboxes; technological innovation in manufacturing processes; and our ability to achieve economies of scale resulting in lower component costs. We do not currently hedge against changes in the price of raw materials, but we continue to explore opportunities to mitigate the risks of foreign currency and commodity fluctuations through the use of hedges and foreign exchange lines of credit. Some of these costs, primarily personnel, are not directly affected by sales volume.

We have made changes to our headcount in recent years as we initially scaled up our business and, more recently, made adjustments at the end of 2022 and in August 2023 in response to current project activity levels. Our gross profit may vary period-to-period due to changes in our headcount, ASP, product costs, product mix, customer mix, geographical mix, shipping methods, warranty costs and seasonality.

Operating expenses

Operating expenses consist of research and development expenses, selling and marketing expenses and general and administrative expenses. Personnel-related costs are the most significant component of our operating expenses and include salaries, benefits, bonuses, commissions and stock-based compensation expenses.

We implemented reductions in our workforce at the end of 2022 and in August 2023, in response to regulatory and other issues that were negatively impacting our solar project activity levels. We also had certain executive departures near the end of 2023. In addition, our operating costs have been impacted by (i) our level of research activities to originate, develop and enhance our products, (ii) our sales and marketing efforts as we expand our development activities in other parts of the world, and (iii) variations in legal and professional fees, compliance costs, insurance, facility costs and other costs associated with strategic changes in response to changing market conditions and other matters.

Results of Operations - Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

	Three months ended March 31,			
	2024		2023	
(in thousands, except percentages)	Amounts	Percentage of revenue	Amounts	Percentage of revenue
Revenue:				
Product	$ 10,905	86.6%	$ 32,579	79.7%
Service	1,682	13.4%	8,315	20.3%
Total revenue	12,587	100.0%	40,894	100.0%
Cost of revenue:				
Product	12,367	98.3%	31,767	77.7%
Service	2,328	18.5%	7,092	17.3%
Total cost of revenue	14,695	116.7%	38,859	95.0%
Gross profit (loss)	(2,108)	(16.7%)	2,035	5.0%
Operating expenses				
Research and development	1,439	11.4%	1,922	4.7%
Selling and marketing	2,388	19.0%	1,711	4.2%
General and administrative	6,567	52.2%	10,799	26.4%
Total operating expenses	10,394	82.6%	14,432	35.3%
Loss from operations	(12,502)	(99.3%)	(12,397)	(30.3%)
Interest expense, net	(136)	(1.1%)	(58)	(0.1%)
Gain from disposal of investment in unconsolidated subsidiary	4,085	32.5%	898	2.2%
Other income (expense), net	36	0.3%	(74)	(0.2%)
Loss from unconsolidated subsidiary	(265)	(2.1%)	—	0.0%
Loss before income taxes	(8,782)	(69.8%)	(11,631)	(28.4%)
(Provision for) benefit from income taxes	11	0.1%	(131)	(0.3%)
Net loss	$ (8,771)	(69.7%)	$ (11,762)	(28.8%)

Revenue

We generate our revenue in two streams – Product revenue and Service revenue. Product revenue is derived from the sale of solar tracker systems and customized components for those systems, individual part sales for certain specific transactions and the sale of term-based software licenses. Service revenue includes revenue from shipping and handling services, engineering consulting and pile testing services, our subscription-based enterprise licensing model and maintenance and support services in connection with the term-based software licenses.

	Three months ended March 31,			
(in thousands)	2024	2023	$ Change	% Change
Product	$ 10,905	$ 32,579	$ (21,674)	(66.5)%
Service	1,682	8,315	(6,633)	(79.8)%
Total revenue	$ 12,587	$ 40,894	$ (28,307)	(69.2)%

Product revenue

The decrease in product revenue for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was primarily due to a decrease of 72% in the amount of megawatts produced as activity was adversely impacted by customer project delays and a decline in order levels during the latter part of 2023 as compared to the same period in 2022. However, we also had an increase of 20% in ASP for the three months ended March 31, 2024, as a result of better pricing as compared to the three months ended March 31, 2023, which partially offset some of the impact of the decline in activity.

Service revenue

The decrease in service revenue for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily resulted from (i) a decrease of 75% in the amount of MW delivered as a result of timing of project deliveries, (ii) lower engineering consulting and software revenues, and (iii) a decrease of 20% in ASP as compared to the three months ended March 31, 2023.

Cost of revenue and gross profit (loss)

Cost of revenue consists primarily of costs related to raw materials, equipment manufacturing activities, freight and delivery, product warranty, remediation and personnel costs (salaries, bonuses, benefits, and stock-based compensation). Personnel costs in cost of revenue include both direct labor costs, as well as costs attributable to any individuals whose activities relate to the procurement, installment and delivery of the finished product and services.

Gross profit may vary from period-to-period and is primarily affected by our ASP, product costs, timing of tracker production and delivery, customer mix, geographical mix, shipping method, logistics costs, warranty costs, indirect cost control efforts and seasonality.

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Product	$ 12,367	$ 31,767	$ (19,400)	(61.1)%
Service	2,328	7,092	(4,764)	(67.2)%
Total cost of revenue	$ 14,695	$ 38,859	$ (24,164)	(62.2)%
Gross profit (loss)	$ (2,108)	$ 2,035	$ (4,143)	(203.6)%
Gross profit (loss) percentage of revenue	(16.7%)	5.0%		

The decrease in cost of revenue for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was primarily driven by (i) a decrease of 72% in MW produced, (ii) a decrease of 75% in shipping and logistics activity and, (iii) by a reduction of 40% in the cost per MW produced as largely a result of lower direct costs due to our design to value efforts and lower (a) remediation costs, (b) obsolete and slow-moving inventory provisions and, (c) stock-based compensation expense during the current period.

Our gross margin percentage of revenue for the three months ended March 31, 2024 was a negative 16.7%, as compared to a positive 5.0% for the three months ended March 31, 2023.

We had negative gross margin for the three months ended March 31, 2024 as production volumes were not sufficient to cover certain relatively fixed overhead costs and our service revenue was not sufficient to fully cover our related shipping, transportation and warehousing costs.

We had positive gross margin for the three months ended March 31, 2023 due to (i) improved product average selling prices in the period, (ii) lower direct and indirect product costs resulting from our design to value efforts and (iii) positive margins on our shipping and logistics services.

Research and development

Research and development expenses consist primarily of salaries, employee benefits, stock-based compensation expense and travel expense related to our engineers performing research and development activities to originate, develop and enhance our products. Additional expenses include consulting charges, component purchases and other costs for performing research and development on our software products.

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Research and development	$ 1,439	$ 1,922	$ (483)	(25.1%)

The decrease in research and development expenses for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was primarily attributable to (i) lower stock-based compensation costs of $0.2 million, largely due to (a) award forfeitures resulting from a reduction in force in August 2023 and (b) the absence of stock award grants during the three months ended March 31, 2024 for incentive compensation, as compared to the issuance of such awards for incentive compensation earned during the three months ended March 31, 2023, (ii) lower spending on lab and other research activities of $0.2 million and, (iii) lower payroll costs of $0.1 million. Research and development expenses as a percentage of revenue were 11.4% for the three months ended March 31, 2024, as compared to 4.7% for the three months ended March 31, 2023. The increase in the percentage research and development costs to revenue for the three months ended March 31, 2024, is largely a function of the lower level of revenue.

Selling and marketing

Selling and marketing expenses consist primarily of salaries, employee benefits, stock-based compensation expense and travel expense related to our sales and marketing and business development personnel. Additionally, selling and marketing expenses include costs associated with professional fees and support charges for software subscriptions and licenses, trade shows and conventions.

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Selling and marketing	$ 2,388	$ 1,711	$ 677	39.6 %

The increase in selling and marketing expenses for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was primarily attributable to higher provisions for credit losses of $0.7 million related mainly to a charge associated with a specific customer account during the three months ended March 31, 2024 . Selling and marketing costs as a percentage of revenue were 19.0% for the three months ended March 31, 2024, compared to 4.2% for the three months ended March 31, 2023.

General and administrative

General and administrative expenses consist primarily of salaries, employee benefits, stock-based compensation expense and travel expense related to our executives, finance team, and administrative employees. It also consists of legal, consulting, and professional fees, rent and lease expense pertaining to our headquarters and international offices, business insurance costs and certain other costs.

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
General and administrative	$ 6,567	$ 10,799	$ (4,232)	(39.2 %)

The decrease in general and administrative expenses for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was primarily attributable to $2.1 million of lower stock-based compensation expense related primarily to (i) forfeiture of awards in connection with the September 2023 termination of the Service Agreement with a related party as described further in Note 16, "Related party transactions" in Part I, Item 1 above, (ii) forfeiture of awards in connection with our reduction in force in August 2023 and executive terminations during the fourth quarter of 2023 and (iii) the absence of stock-based incentive compensation awards during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. In addition, the terminations described above contributed to lower payroll expense of $0.9 million during the three months ended March 31, 2024 and we were able to lower our insurance costs by $0.8 million and our legal costs by $0.2 million as compared to the three months ended March 31, 2023. General and administrative expenses as a percentage of revenue were 52.2% for the three months ended March 31, 2024, compared to 26.4% for the three months ended March 31, 2023, largely due to the lower level of revenue.

Interest expense, net

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Interest expense, net	$ 136	$ 58	$ 78	134.5 %

Interest expense totaled approximately $0.3 million during each of the three months ended March 31, 2024 and 2023, and primarily consisted of letter of credit and commitment fees on the Credit Facility, along with associated debt issue cost amortization. Interest income earned on our cash equivalents was approximately $0.2 million during each of the three months ended March 31, 2024 and 2023.

Gain from disposal of investment in unconsolidated subsidiary

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Gain from disposal of investment in unconsolidated subsidiary	$ 4,085	$ 898	$ 3,187	354.9 %

We sold our interest in our unconsolidated subsidiary, Dimension Energy LLC ("Dimension"), on June 24, 2021. Dimension is a community solar developer based in Atlanta, Georgia that provides renewable energy solutions for local communities in the United States. The sales agreement with Dimension included an earnout provision which provides the potential to receive additional contingent consideration of up to approximately $14.0 million through December 2024, based on Dimension achieving certain performance milestones. The sales agreement also includes a projects escrow release which is an additional contingent consideration to receive $7 million based on Dimension's completion of certain construction projects in progress at the time of the sale. We made an accounting policy election to account for the contingent gains from the earnout provision and projects escrow release only when those amounts become realizable in the periods subsequent to the disposal date. During the three months ended March 31, 2024 and 2023, we received earnout and escrow release payments of $4.1 million and $0.9 million, respectively, that were recognized in accordance with our policy election. Since the sale of our interest in Dimension, we have received a total of $7.4 million in contingent earnout and escrow release payments through March 31, 2024.

Loss from unconsolidated subsidiary

	Three months ended March 31,			
(in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Loss from unconsolidated subsidiary	$ 265	$ —	$ 265	N/A

The loss from unconsolidated subsidiary for the three months ended March 31, 2024, represents our share of the net operating losses incurred by Alpha Steel during the period.

Liquidity and Capital Resources

Liquidity

Since our inception, we have financed our operations primarily through sales of shares of common stock, including our IPO in April 2021, issuance of debt and payments from our customers. Our ability to generate positive cash flow from operations is dependent on contract payment terms, timely collections from our customers and the strength of our gross margins.

We have incurred cumulative losses since inception and have a history of cash outflows from operations. As of March 31, 2024, we had $14.0 million of cash on hand, $45.7 million of working capital and approximately $64.9 million of remaining capacity available for future sales of our common stock under our ATM program as defined and described further in Note 4 in the notes to condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report. There can be no assurance that we will be able to sell any additional shares of our common stock under the ATM program and no assurance regarding the price at which we will be able to sell such shares, and any sales of our common stock under the ATM program may be at prices that result in additional dilution to our existing stockholders. On December 22, 2023, we received notification from The Nasdaq Stock Market LLC ("Nasdaq") that we were not in compliance with the requirement to maintain a minimum closing bid price of $1.00 per share, as set forth in Nasdaq Listing Rule 5450(a)(1), because the closing bid price of the Company's common stock was below $1.00 per share for 30 consecutive business days. The notification does not impact the listing of our common stock on the Nasdaq Global Market at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a period of 180 calendar days from the date of notification, or until June 19, 2024, to regain compliance with the minimum bid price requirement. During this period, our common stock will continue to trade on the Nasdaq Global Market. If at any time before June 19, 2024 the bid price of our common stock closes at or above $1.00 per share for a minimum of ten consecutive business days, Nasdaq will provide written notification that we have achieved compliance with this minimum bid price requirement.

In the event we do not regain compliance by June 19, 2024, we may be eligible for an additional 180 calendar day compliance period to demonstrate compliance with the minimum bid price requirement. To qualify for the additional 180-day period, we may be required to meet the continued listing requirements for market value of publicly held shares and all other initial listing standards (with the exception of the bid price requirement) and transfer our listing to the Nasdaq Capital Market. In addition, we will need to provide written notice to Nasdaq of our intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If we do not qualify for the second compliance period or fail to regain compliance during the second 180-day period, then Nasdaq will notify us that our common stock is subject to delisting.

As of March 31, 2024, we were not in compliance with the minimum liquidity covenant in our existing Senior Secured Revolving Credit Facility (the "Credit Facility") which prevented us from borrowing under the Credit Facility prior to its termination on April 30, 2024.

Also, as of March 31, 2024, we had a material contractual obligation that could require us to make additional capital contributions of up to $1.6 million to Alpha Steel, as described further in Note 3, "Equity method investment" in the notes to condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

The most notable incentive program impacting our U.S. business has historically been the ITC for solar energy projects, which allows taxpayers to offset their U.S. federal income tax liability by a certain percentage of their cost basis in solar energy systems placed in service for commercial use. The Inflation Reduction Act of 2022, passed by the U.S. Congress and signed into law by President Biden on August 16, 2022, expanded and extended the tax credits and other tax benefits available to solar energy projects and the solar energy supply chain. ITCs have been extended for such projects through at least 2032 and, depending on the location of a particular project and its ability to satisfy certain labor and domestic content requirements, the ITC percentage can range between 30% and 50%. U.S. manufacturers of specific solar components are now eligible to claim production tax credits as an alternative to the ITC. Implementing regulations for this law are, in certain cases, still being finalized and the impact of these regulations continue to be evaluated by developers of new solar projects and manufacturers of solar components. Our investment in and commitments made to Alpha Steel will allow us to obtain certain benefits as a result of this new production tax credit program.

We have taken steps to expand and diversify our manufacturing partnerships and have adjusted our modes of transportation to mitigate the impact of headwinds that might arise in the global supply chain and logistics markets. As an example, we modified our ocean freight from previously using charter shipments to now using containerized shipments as costs in the container market began to decrease starting in 2022. We continue to monitor the logistics markets and will continue to evaluate our use of various modes of transportation when warranted to optimize our transportation costs. Additionally, from February 2022 to September 2023, we utilized a related-party consulting firm to support us in making improvements to our processes and performance in various areas, including design, sourcing, logistics, pricing, software and our distributed generation business. For further information regarding this consulting firm, see Note 16, "Related party transactions" in the notes to condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Similar to previous periods, we continue to evaluate our opportunities in 2024 to address existing market challenges, our cost structure and our historical use of cash. Further, in 2023, we introduced a new mounting solution to support the installation and use of U.S.-manufactured thin-film modules, Pioneer, our 1P solar tracker solution became certified, and we introduced SUNOPS, a cloud-based, tracker agnostic solar asset monitoring solution allowing asset owners and managers to evaluate the operation and performance of their solar deployments. Additionally, we have seen improvements in the logistics markets and easing of supply chain constraints since 2022. These factors contributed to us having positive gross profit during each quarter in 2023, a first since our IPO in April 2021.

In accordance with Accounting Standards Codification ("ASC") 205-40, Going Concern, we have evaluated whether there are conditions and events, considered in the aggregate, which raise substantial doubt about our ability to continue as a going concern within one year after the date our condensed consolidated financial statements are issued.

Management believes that our existing cash on hand, including cash received in April 2024 as a result of our agreement with a major customer as discussed further in Note 18, "Subsequent events" in the notes to condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report, as well as the continuing impact of certain of the actions described above and our expectations of (i) improved market conditions, (ii) the expected timing of customer project activity, including activity related to certain large project awards received in 2023, and (iii) positive results in recent periods from our efforts to increase our direct product margins, will allow us to grow profitably and generate positive cash flow from operations during the next twelve months in amounts that will be sufficient, along with our other available resources such as our existing working capital and, if conditions become more conducive, the remaining capacity available for future sales of our common stock under our ATM program, to fund our operations for at least one year from the date of issuance of the condensed consolidated financial statements.

While there are already many underlying drivers of growth in the solar industry, the expected positive impact on demand for our products, or the timing of construction activity by existing customers and solar project developers, could take longer than expected to occur. In addition, domestic and international market conditions could deteriorate significantly from what we currently expect, and regulatory and international trade policies could become more stringent as a result of (i) findings from an ongoing Solar Circumvention Investigation in response to a petition by Auxin Solar, Inc. of claims related to alleged circumvention of AD/CVD by solar manufacturers in certain Southeast Asian countries, (ii) enforcement of the UFLPA passed by the U.S. Congress and signed into law by President Biden on December 23, 2021, by CBP, and (iii) other factors, which may result in a need for us to issue additional debt or obtain new equity financing to adequately fund our existing operations beyond the next twelve months. We continue to actively explore options to obtain additional sources of capital through the issuance of new debt, asset financing or other potential measures for our longer-term needs. However, we may be unable to obtain any desired additional financing on terms favorable to us, or at all, depending on market and other conditions, which could result in curtailment of our current operations and our ability to further invest in our products and new technology. The ability to raise additional financing depends on numerous factors, some of which that are outside of our control, including macroeconomic factors such as the impact of inflation, the level of interest rates, supply chain or other effects from the ongoing conflicts in the Ukraine and the Middle East, general market conditions, the health of financial institutions (including recent bankruptcies and financial difficulties involving certain regional banks and related impacts that have occurred and continue to occur in the banking industry), investors' and lenders' assessments of our prospects and the prospects of the solar industry in general and the ability of our common stock to continue to trade in active markets.

Statements of cash flows

The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods:

	Three months ended March 31,	
(in thousands)	**2024**	**2023**
Net cash used in operations	$ (11,857)	$ (8,316)
Net cash provided by (used in) investing activities	2,618	(30)
Net cash provided by financing activities	—	5,469
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(59)	(15)
Decrease in cash, cash equivalents and restricted cash	$ (9,298)	$ (2,892)

Operating activities

During the three months ended March 31, 2024, we used approximately $8.1 million of cash to fund a portion of our current period expenditures for personnel and facilities, legal and professional fees, insurance, research and development and various other operating activities. This compares to approximately $4.1 million of cash used during the three months ended March 31, 2023, also to fund a portion of our prior period expenditures for various operating activities as described above.

Approximately $3.8 million of cash was also used for working capital and other increases during the three months ended March 31, 2024, primarily as a result of production activity and the timing of customer receipts and vendor payments. During the three months ended March 31, 2023, we used approximately $4.3 million of cash for working capital and other increases as a result of production activity and the timing of vendor payments.

Investing activities

During the three months ended March 31, 2024, we made an additional equity investment of $1.0 million in Alpha Steel, a manufacturing partnership with Taihua, in which we hold a 45% interest. Pursuant to our agreement with Alpha Steel, we could be required to make up to $1.6 million in future additional capital contributions as Alpha Steel continues to expand production. We also spent nearly $0.4 million, mainly for tooling and new computer and IT equipment during the three months ended March 31, 2024. In addition, we received $4.1 million of contingent earnout payments in connection with the June 2021 sale of our equity interest in Dimension.

During the three months ended March 31, 2023, we made an initial equity investment of $0.9 million in Alpha Steel and received $0.9 million in contingent payments from escrow in connection with the sale of our equity interest in Dimension as described above.

Financing activities

During the three months ended March 31, 2023, we began selling newly issued shares of our common stock in various daily transactions under our ATM program, receiving cash proceeds of nearly $5.5 million. We also received $0.1 million of proceeds from employee exercises of stock options.

Revolving line of credit

On April 30, 2021, we entered into our Credit Facility with various lenders, including Barclays Bank PLC, as issuing lender, the swingline lender and as administrative agent providing aggregate commitments of up to $100.0 million. We had not made any draws on our Credit Facility as of March 31, 2024. However, as of March 31, 2024, we had $1.9 million in letters of credit outstanding that reduced our unused borrowing capacity to approximately $98.1 million.

Under the Credit Facility, we were required to maintain a liquidity level (defined as unrestricted cash and cash equivalents plus the available borrowing capacity under the Credit Facility) of no less than $125.0 million at each quarter end in order to utilize the Credit

Facility. As of March 31, 2024, we were not in compliance with this minimum liquidity covenant and were therefore, unable to utilize our available borrowing capacity.

Our Credit Facility expired unused on April 30, 2024.

Critical Accounting Policies and Significant Management Estimates

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 at the date of the financial statements, and the reported revenue and expenses during the period. Estimates are used for calculating the measure of progress of our solar tracker projects and deriving the standalone selling prices of the individual performance obligations when determining amounts to recognize for revenue, estimating allowances for credit losses and slow-moving and obsolete inventory, determining useful lives of long-lived assets and the estimated fair value of those assets for impairment assessments, and estimating the fair value of investments, stock compensation awards, warranty liabilities and federal and state taxes, including tax valuation allowances, as well as other contingencies. We base our estimates on historical experience and anticipated results, trends, and various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates due to risks and uncertainties.

To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates. Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our condensed consolidated financial condition and results of operations.

Revenue recognition

Our accounting policy on revenue recognition may be found in Note 2, "Summary of significant accounting policies" in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

The timing and amounts of revenue and cost of revenue recognition, as well as recording of related receivables and deferred revenue, is highly dependent on our identification of performance obligations in each contract and our estimates by contract of total project cost and our progress toward project completion as of each period end. Certain estimates are subject to factors outside of our control that may impact our suppliers and the global supply chain. As an example, we began to experience increases in steel prices and shipping and logistics costs, as well as delays in delivery of our products to customers during 2021, which negatively impacted our results of operations as we were not able to recover all of the additional costs under certain of our fixed fee contracts. In addition, regulatory, tariff and import concerns such as those caused by the UFLPA and the Solar Circumvention Investigation have in the past, and may continue to, affect our ability to obtain project materials and may delay the timing of customer project activity which has had in the past, and may continue to have, an adverse impact on our results of operations, including the expected timing of the recognition of revenue needed to cover our relatively fixed overhead costs. We base our estimates on the best information available at each period end, but future events and their effects cannot be determined with certainty, and actual results could differ materially from our assumptions and estimates.

Accounts receivable, net

Our accounting policy relating to our accounts receivable and allowance for credit losses may be found in Note 2, "Summary of significant accounting policies" in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

The allowance for credit losses is based on the lifetime expected credit loss of our customer accounts. To assess the lifetime expected credit loss, we utilize a loss rate method that takes into consideration historical experience and certain other factors, as appropriate, such as credit quality and current economic or other conditions that may affect a customer's ability to pay. This method accelerates the recognition of expected credit losses as compared to the incurred loss model used prior to 2023 and may result in material differences between our estimates and actual collection results. We may also have greater fluctuations in our credit loss expense over time based on changes in our historical experience or changes in estimates of future economic conditions which may not adequately reflect future actual customer payment activity.

Adjustments to the allowance are largely dependent on historical experience involving amounts previously collected from our customers in recent years or based on specific changes in a customer's ability to pay. As an example, we recognized a $0.6 million credit loss provision in our selling and marketing expenses during the three months ended March 31, 2024, related to indications received of a specific customer's inability to fully pay amounts owed. Historical experience, when used in making such adjustments, may not reflect current actual experience.

Warranty

Our accounting policy relating to our warranty obligations may be found in Note 2, "Summary of significant accounting policies" in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

We base our estimated warranty obligations on available industry data relating to the nature and frequency of product failure rates and, where possible, on our historical experience, to make estimates of costs to address future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience or fluctuations in available industry data may result in material changes to our warranty reserves in the future. Additionally, we make estimates of what costs we believe will be recoverable from the manufacturers of our products that we use to offset our obligations to our customers.

While we periodically monitor our warranty activities and claims, if actual costs incurred were to be different from our estimates, we would recognize adjustments to our warranty reserves in the period in which those differences arise or are identified. Such adjustments could be material to cost of revenue in our results of operations in the period the adjustments are made.

Stock-based compensation

Our accounting policy relating to our stock-based compensation may be found in Note 2, "Summary of significant accounting policies" in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

The Black-Scholes model relies on various assumptions, in addition to the exercise price of the option and the value of our common stock on the date of grant. These assumptions include:

Expected Term: The expected term represents the period that the Company’s stock-based awards are expected to be outstanding and is calculated as the average of the option vesting and contractual terms, based on the simplified method, as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for options granted. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options. The contractual life of an option may be up to 10 years.

Expected Volatility: Since the Company did not have a trading history of its common stock prior to our IPO and since such trading history subsequent to our IPO is limited and may be less than the expected term of an award, the expected volatility is derived from the average historical stock volatilities of several public companies within the Company's industry that it considers to be comparable to its business over a period equivalent to the expected term of the stock option grants.

Risk-Free-Interest-Rate: The Company bases the risk-free interest rate on the implied yield available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the expected term.

Expected Dividend: The Company has not issued any dividends in its history and does not expect to issue dividends over the life of the options and, therefore, has estimated the dividend yield to be zero.

We used Monte Carlo simulations for certain awards granted with market conditions which provided an estimated average present value for each award based on a simulation assuming Geometric Brownian Motion in a risk-neutral framework using 100,000 simulation paths to determine the derived service and vesting periods.

Our use of the simplified method for estimating the expected outstanding term our options may differ significantly from future actual exercise patterns of our option holders. Estimates of the outstanding term our options that are less than the actual exercise patterns of our option holders, may result in lower recognized expense. Alternatively, our recognized expense may be higher if our option holders exercise their options sooner than our estimates project.

Similarly, our use of a volatility estimate based on historical stock volatilities of a peer group of other public companies may differ significantly from the actual future volatility of our stock over the term options are held. Higher estimated volatility compared to future actual results may result in higher recognized expense and alternatively, lower expected volatility compared to future actual results may result in lower recognized expense.

Changes to any of our assumptions, but particularly our estimates of expected term and volatility, could change the fair value of our options and impact the amount of stock-based compensation expense we report each period.

Impairment

Our accounting policies relating to impairment of our long-lived assets held for use, including intangible assets, and of goodwill may be found in Note 2, "Summary of significant accounting policies" in our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

Key judgments and assumptions involving our assessment of impairment of our long-lived and intangible assets, as well as goodwill, may include:

- Determination of whether events or changes in circumstances indicate that the carrying value of our long-lived assets or goodwill might be impaired. Such factors to consider may include an evaluation of changes in the business or regulatory climate, market conditions or other events impacting our operations;
- Estimating future cash flows of our long-lived assets or asset groups and intangible assets, which may involve assumptions as to the lowest level of our assets at which cash flows are generated, including future growth and risk-adjusted discount rates, as well as a terminal growth rate or value and future market conditions;
- Estimates of assumptions a market participant would use in determining the fair value of the affected long-lived assets or asset groups; and
- Estimating the fair value of the consolidated company.

In estimating the fair value of the consolidated company, we used our market capitalization based on our closing stock price on the Nasdaq Global Market at March 31, 2024. Our daily closing stock price is affected by numerous factors, some of which may not directly involve the operations of the company, and, historically, has demonstrated high volatility.

We did not identify any impairments of our long-lived assets, intangible assets or goodwill during the three months ended March 31, 2024 and 2023.

JOBS Act accounting election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We elected to use the allowed extended transition period for adopting new or revised accounting standards.

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 customer concentrations and fluctuations in steel, aluminum and logistics/transportation prices. We do not hold or issue financial instruments for trading purposes.

Fair value of financial instruments

Our financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable, short-term interest-bearing loans and accounts payable. Cash, cash equivalents, restricted cash, accounts receivable and accounts payable are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

We had $14.0 million of cash and cash equivalents on hand, the vast majority of which was located in the United States, and no debt outstanding as of March 31, 2024. We regularly maintain cash balances with various financial institutions that exceed federally insured amounts, but we have experienced no losses associated with these amounts to date. We also took action in early 2023 to reallocate cash balances between different financial institutions based on our assessment as to the financial health of certain institutions.

Certain of our cash equivalents include deposits in money market funds that invest primarily in short-term securities issued or guaranteed by the U.S. government or its agencies or instrumentalities and contain no restrictions on immediate redemption. The carrying value for these money market fund deposits approximates fair value based on quoted prices in active markets for units held (Level 1 classification) and totaled $9.3 million at March 31, 2024 and $13.9 million at December 31, 2023.

We have no other financial instruments as of March 31, 2024 or December 31, 2023, other than cash equivalents, short-term interest-bearing loans and certain non-functional currency intercompany and third-party receivables and payables, which are subject to foreign exchange, interest rate or market risks.

Concentrations of major customers

Our customers include project developers, solar asset owners and EPC contractors that design and build solar energy projects. We extend credit to customers in the normal course of business, often without requiring collateral. We also perform credit analyses and monitor the financial health of our customers to reduce credit risk.

We typically rely on a small number of customers that account for a large portion of our revenue each period and our outstanding receivables at each period end.

Further, our accounts receivables are from companies within or serving the solar industry and, as such, we are exposed to normal industry credit risks. We continually evaluate our reserves for potential credit losses and establish initial reserves based on our expectation of lifetime expected credit losses.

Commodity Price Risk

We subcontract to various contract manufacturers, who manufacture and deliver products directly to our customers. We, therefore, do not procure raw materials and commodities directly, except for items added to our inventory. We are subject to indirect risk from fluctuating market prices of certain commodity raw materials, including steel and aluminum, which are used in our products, through our contract manufacturers, as increases in these commodity prices would increase our cost of procuring subcontracting services. Prices of these raw materials may be affected by supply restrictions or other market factors from time to time. Significant price increases for these raw materials could reduce our operating margins if we are unable to recover such increases in costs from our customers, and could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chairman of the Board of Directors (functioning as our principal executive officer) and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chairman of the Board of Directors and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024 in providing reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various claims, lawsuits, investigations, and other proceedings, arising in the normal course of business.

In March of 2023, CBP issued notices of tariff assessment that indicated an action taken at the Import Specialist (i.e., the port) level with respect to merchandise imported from Thailand under entry number 004-1058562-5 (the “625 Assessment”) and entry number 004-1063793-9 (the “Original 939 Assessment”, and collectively with the 625 Assessment, the “Original CBP Assessments”). The Original CBP Assessments related to certain torque beams that are used in our Voyager+ product that were imported in 2022. In the Original CBP Assessments, CPB asserted that Section 301 China tariffs, Section 232 steel & aluminum tariffs, and antidumping and countervailing duties applied to the merchandise. Based on correspondence received to date from CBP and our calculations based on applicable duty and tariff rates, the 625 Assessment is currently for approximately $2.84 million. In September of 2023, CBP informed us (the "Revised 939 Assessment", and together with the 625 Assessment, the "Revised CBP Assessments") that the amount owed under the Original 939 Assessment was being revised downward to approximately $2.01 million. In particular, CBP accepted our position that the Section 301 tariffs of 25% or 7.5% of the value of the merchandise, depending on tariff classification, as well as the antidumping and countervailing duties, previously assessed under the Original 939 Assessment are not applicable as they are only applicable to articles that originate in China and that, in this case, the finished goods are products of Thailand.

Upon review of the facts involved, and in consultation with outside legal counsel, we believe that the remaining amounts claimed in the Revised CBP Assessments are incorrect. In particular, the Section 301 tariffs of 25% or 7.5% of the value of the merchandise, depending on tariff classification, as well as the antidumping and countervailing duties, are not applicable under the 625 Assessment for the same reason stated above with respect to the Revised 939 Assessment, which has been accepted by CBP. Moreover, with respect to both Revised CBP Assessments, we believe that the goods in question were properly classified as parts of structures at the time of importation and that when properly classified, the beams and other materials are not subject to Section 232 duties applicable to more basic steel products.

CBP has legally finalized both Revised CBP Assessments. We filed a formal protest for the 625 Assessment in September of 2023 and for the Revised 939 Assessment in March of 2024. Based on the above, and under the relevant accounting guidance related to loss contingencies, we have made no accrual for the amounts claimed by CBP as of March 31, 2024, as we do not consider these amounts to be a probable obligation, as such term is defined and interpreted under the relevant accounting guidance, for us at this time. However, because matters of this nature are subject to inherent uncertainties, and unfavorable rulings or developments, including future assessments of additional duties or tariffs owed in respect of other shipments or other materials beyond what is presently included in the Revised CBP Assessments, could occur despite our belief that the tariffs and duties asserted are incorrect, there can be no certainty that the Company may not ultimately incur charges that are not currently recorded as liabilities. Since the outcome of these matters cannot be predicted with certainty, the costs associated with them could have a material adverse effect on our consolidated results of operations, financial position, or liquidity.

ITEM 1A. RISK FACTORS

We are subject to a number of risks that if realized could adversely affect our business, strategies, prospects, financial condition, results of operations and cash flows. Some of the more significant risks and uncertainties we face include those summarized below. The summary below is not exhaustive and is qualified by reference to the full set of risk factors set forth in Item 1A. "Risk Factors" in our 2023 Annual Report. Please carefully consider all of the information in this Quarterly Report and our 2023 Annual Report, including the full set of risks set forth in Item 1A. "Risk Factors" of our 2023 Annual Report, and in our other filings with the SEC before making an investment decision regarding us.

- **Risks related to our business and our industry** – We are a relatively new public company with a history of losses that provides products and services to the solar industry, which is rapidly changing and dependent on being competitive with the price of electricity generated from other sources. We face competition from other companies that may be larger than us and have more financial resources than we have which could impact our ability to compete for new business. We also currently rely on a limited number of customers which may have material adverse effects on our revenue, operating results and cash flows.

- **Risks related to government regulations and legal compliance –** We face risks to the demand for our products from our customers due to changes in, or expiration of, governmental incentives and existing tax credits and other benefits. Additionally, changes in the trade environment and tax treaties between the United States and other countries, such as China, as well as import tariffs and other laws and regulations that impact the ability to import our products or other products necessary for the construction of solar energy projects, have adversely and could continue to adversely affect our business.

• **Risks related to manufacturing and supply chain** – We face risks in meeting the needs of our customers due to our reliance on a limited number of contract manufacturers, including on their ability to obtain raw materials in a cost effective and timely manner and to provide timely deliveries of finished products to us and our customers.

• **Risks related to intellectual property** – We face the risk of not being able to adequately protect or defend our intellectual property and property rights in the various countries in which we do business.

• **Risks related to information technology and data privacy** – We face reputational and monetary risks from cybersecurity incidents and the unauthorized disclosure of personal or sensitive data relating to our employees, customers, vendors and others.

• **Risks related to ownership of our common stock** – The holders of our common stock face a risk of loss in their investment in us due to fluctuations in our stock price as a result of changing market conditions, any future issuances of stock, our future financial performance, our corporate legal structure, the substantial ownership in our stock by our directors, executive officers and principal stockholders and the potential for our common stock to not be able to trade in active, liquid markets.

• **Risks related to health epidemics** – We face risks of our business being adversely impacted by the effects of future widespread outbreaks of contagious disease. For example, the COVID-19 pandemic caused significant supply chain disruptions beginning in 2020 that resulted in delays in product delivery and completion and caused increased transportation costs, as well as labor shortages.

Additionally, as described further in Note 2 in Part I, Item 1 under the section "Liquidity" and in Part I, Item 2 of this Quarterly Report under the section "Liquidity and Capital Resources", we have a history of cash outflows to fund operations.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) Information required to be disclosed in a report on Form 8-K during the period covered by this Form 10-Q, but not reported.

None

(b) Furnish the information required by Item 407(c)(3) of Regulation S-K (§229.407 of this chapter)

None

(c) Furnish the information required by Item 408(a) of Regulation S-K (17 CFR 229.408(a)).

During the three months ended March 31, 2024, none of our directors or officers adopted , amended or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this report:

Exhibit Number		Description
3.1	**	Amended and Restated Certificate of Incorporation of FTC Solar, Inc.(filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2021 and incorporated herein by reference).
3.2	**	Amended and Restated Bylaws of FTC Solar, Inc.(filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2021 and incorporated herein by reference).
3.3	**	Certificate of Correction of Amended and Restated Certificate of Incorporation (Filed as Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 8, 2021 and incorporated herein by reference)
4.1	**	Specimen Common Stock Certificate (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 2021 and incorporated herein by reference)
10.1	*	Amendment dated July 1, 2022, to Employment Agreement, dated as of June 14, 2022, between FTC Solar, Inc. and Sasan Aminpour
10.2	*	Amendment dated August 17, 2022, to Employment Agreement, dated as of June 14, 2022, between FTC Solar, Inc. and Sasan Aminpour
10.3	*	Amendment dated May 11, 2023, to Employment Agreement, dated as of June 14, 2022, between FTC Solar, Inc. and Sasan Aminpour
31.1	*	Certification of Principal Executive Officer Pursuant to SEC Rule 13a−14(a)/15d−14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	*	Certification of Principal Financial Officer Pursuant to SEC Rule 13a−14(a)/15d−14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Incorporated herein by reference

SIGNATURE

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

FTC SOLAR, INC.

Date: May 10, 2024	/s/ Cathy Behnen Cathy Behnen, Chief Financial Officer

Exhibit 10.1

July 1, 2022

Re: Amendment to Employment Agreement, dated as of June 14, 202[2] (the “Employment Agreement”), between FTC Solar, Inc. (the “Company”) and Sasan Aminpour (“you”)

Dear Sasan:

As discussed between you and the Company, and as approved by the Compensation Committee of the Board of Directors of the Company on June 7, 2022, you are agreeing to forego your cash salary (other than the Retained Cash Salary, as defined below) for the period from July 1, 2022 until December 31, 2022. In exchange, you will receive 42,422 Restricted Stock Units (“RSUs”) that will entitle you to receive the Company’s Common Stock (the “Common Stock”) in accordance with the Company’s equity plan and based on the delivery terms described herein and therein. Your RSUs shall become vested over a six-month period as follows: 1/6 of such award will vest on the last day of each of July, August, September, October, November and December of 2022, so long as you are providing services to the Company at all times from the grant date through each applicable vesting date. Following a reasonable amount of time after the vesting of the RSUs (but no later than March 15 of the year following such date), the Company shall issue to you a number of shares of Company stock equal to the then-vested RSUs.

The foregoing shall not apply to your Retained Cash Salary, and your Retained Cash Salary will continue to be paid to you in accordance with the Company’s standard payroll practices. “Retained Cash Salary” means the minimum cash salary that is required to be paid to you in compliance with applicable law.

Except as provided by this letter, your Employment Agreement shall remain in full force and effect and is hereby ratified and confirmed, and the execution, delivery and performance of this letter shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any party under your Employment Agreement. This letter supersedes all prior oral or written understandings, discussions or agreements that cover the subject matter of this letter.

This letter may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement, and shall become effective when signed and delivered by each of the Company and you. A manual signature on this letter whose image shall have been transmitted electronically will constitute an original signature, and delivery of copies of this letter by electronic transmission will constitute delivery of this letter, for all purposes.

Please confirm your agreement to the above by signing and returning this letter to the Company.

Sincerely,
/s/ Sean Hunkler
Sean Hunkler
Chief Executive Officer FTC Solar, Inc.

Acknowledged and Accepted:

By: /s/ Sasan Aminpour
Name: Sasan Aminpour

Exhibit 10.2

August 17, 2022

Re: Amendment to Employment Agreement, dated as of June 14, 2022 (the "Employment Agreement"), between FTC Solar, Inc. (the "Company") and Sasan Aminpour ("you")

Dear Sasan:

As discussed between you and the Company, you are agreeing to forego your cash bonus that was otherwise earned by you in respect of Q2 of 2022 under the Company's bonus policies. In exchange, you will receive Restricted Stock Units ("RSUs") that will entitle you to receive the Company's Common Stock (the "Common Stock") in accordance with the Company's equity plan and based on the delivery terms described herein and therein. The grant date for such award will be August 17, 2022. Your RSUs shall become vested in full upon grant. Shortly after vesting, the Company shall issue to you a number of shares of Company stock equal to the then-vested RSUs.

The number of RSUs granted pursuant to the foregoing paragraph will be determined as follows: the applicable cash bonus earned in respect of Q2 of 2022 divided by the 30-day volume-weighted average price (VWAP) of the Company's publicly traded stock as of the date of grant.

In addition, you and the Company hereby agree that any cash bonus that you earn in respect of Q3 or Q4 of 2022 under the Company's bonus policies may also be paid in the form of RSUs based on the same terms and conditions as set forth above. Any decision to pay such cash bonuses in the form of RSUs shall be in the Company's sole discretion, and the Company may elect not to pay such bonuses in such a manner (or pay only a portion of such bonuses in such a manner).

Except as provided by this letter, your Employment Agreement shall remain in full force and effect and is hereby ratified and confirmed, and the execution, delivery and performance of this letter shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any party under your Employment Agreement.

This letter may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement, and shall become effective when signed and delivered by each of the Company and you. A manual signature on this letter whose image shall have been transmitted electronically will constitute an original signature, and delivery of copies of this letter by electronic transmission will constitute delivery of this letter, for all purposes.

Please confirm your agreement to the above by signing and returning this letter to the Company.

Sincerely,

/s/ Sean Hunkler
Sean Hunkler
Chief Executive Officer FTC Solar, Inc.

Acknowledged and Accepted:

By: /s/ Sasan Aminpour

Name: Sasan Aminpour

Exhibit 10.3

May 11, 2023

Re: Amendment to Employment Agreement, dated as of June 14, 2022 (the "Employment Agreement"), between FTC Solar, Inc. (the "Company") and Sasan Aminpour ("you")

Dear Sasan:

As discussed between you and the Company, you are agreeing to forego your cash bonus(es) that was otherwise earned by you in respect of Q1 of 2023 under the Company's bonus policies. In exchange, you will receive Restricted Stock Units ("RSUs") that will entitle you to receive the Company's Common Stock (the "Common Stock") in accordance with the Company's equity plan and based on the delivery terms described herein and therein. The grant date for such award will be May 17, 2023. Your RSUs shall become vested in full upon grant. Shortly after vesting, the Company shall issue to you a number of shares of Company stock equal to the then-vested RSUs.

The number of RSUs granted pursuant to the foregoing paragraph will be determined as follows: the applicable cash bonus earned in respect of Q1 of 2023 divided by the 30-day volume-weighted average price (VWAP) of the Company's publicly traded stock as of the date of grant.

In addition, you and the Company hereby agree that any cash bonus that you earn in respect of Q2, Q3 or Q4 of 2023 (or any other cash bonus in respect of 2023) under the Company's bonus policies may also be paid in the form of RSUs or other equity based compensation as determined by the Company. Any decision to pay such cash bonuses in the form of RSUs or other equity based compensation shall be in the Company's sole discretion, and the Company may elect not to pay such bonuses in such a manner (or pay only a portion of such bonuses in such a manner).

Except as provided by this letter, your Employment Agreement shall remain in full force and effect and is hereby ratified and confirmed, and the execution, delivery and performance of this letter shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any party under your Employment Agreement.

This letter may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement, and shall become effective when signed and delivered by each of the Company and you. A manual signature on this letter whose image shall have been transmitted electronically will constitute an original signature, and delivery of copies of this letter by electronic transmission will constitute delivery of this letter, for all purposes.

Please confirm your agreement to the above by signing and returning this letter to the Company.

Sincerely,
/s/ Sean Hunkler
Sean Hunkler
Chief Executive Officer FTC Solar, Inc.

Acknowledged and Accepted:

By: /s/ Sasan Aminpour
Name: Sasan Aminpour

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Shaker Sadasivam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FTC Solar 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

By: /s/ Shaker Sadasivam
Shaker Sadasivam
Chairman of the Board of Directors of FTC Solar, Inc.

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cathy Behnen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FTC Solar 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

By: /s/ Cathy Behnen
Cathy Behnen
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of FTC Solar, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2024	By:	/s/ Shaker Sadasivam
		Shaker Sadasivam
		Chairman of the Board of Directors of FTC Solar, Inc.

Exhibit 32.2

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

In connection with the Quarterly Report of FTC Solar, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2024

By: /s/ Cathy Behnen
Cathy Behnen
Chief Financial Officer