

**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 September 30, 2021

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

(State or Other Jurisdiction of Incorporation or Organization)

**9020 N Capital of Texas Hwy, Suite I-260,
Austin, Texas 78759**

(Address of Principal Executive Offices)

81-4816270

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

78759

(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 October 31, 2021, 84,984,645 shares of the registrant's common stock were outstanding.

FTC Solar, Inc.
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical or current facts contained in this Quarterly Report on Form 10-Q 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 on Form 10-Q 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 the heading “Risk Factors.” 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 on Form 10-Q, 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 on Form 10-Q 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 on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

FTC Solar, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	December 31, 2020	September 30, 2021
ASSETS		
Current assets		
Cash	\$ 32,359	\$ 140,662
Restricted cash	1,014	—
Accounts receivable, net	23,734	53,668
Inventories	1,686	11,276
Prepaid and other current assets	6,924	23,558
Total current assets	65,717	229,164
Investments in unconsolidated subsidiary	1,857	—
Other assets	3,819	6,265
Total assets	\$ 71,393	\$ 235,429
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 17,127	\$ 16,556
Line of credit	1,000	—
Accrued expenses and other liabilities	18,495	40,246
Accrued interest – related party	207	—
Deferred revenue	22,980	9,606
Total current liabilities	59,809	66,408
Long-term debt and other borrowings	784	—
Other non-current liabilities	3,349	5,662
Total liabilities	63,942	72,070
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock par value of \$0.0001 per share, 10,000,000 shares authorized; none issued as of December 31, 2020 and September 30, 2021	—	—
Common stock par value of \$0.0001 per share, 850,000,000 shares authorized; 66,155,340 and 84,944,145 shares issued and outstanding as of December 31, 2020 and September 30, 2021	1	8
Treasury stock, at cost; 9,896,666 and 10,762,566 shares as of December 31, 2020 and September 30, 2021	—	—
Additional paid-in capital	50,096	288,696
Accumulated other comprehensive income (loss)	(3)	6
Accumulated deficit	(42,643)	(125,351)
Total stockholders' equity	7,451	163,359
Total liabilities and stockholders' equity	\$ 71,393	\$ 235,429

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

FTC Solar, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
Revenue:				
Product	\$ 48,879	\$ 45,582	\$ 122,197	\$ 137,799
Service	10,761	7,407	20,976	31,005
Total revenue	59,640	52,989	143,173	168,804
Cost of revenue:				
Product	46,513	48,090	114,883	146,964
Service	10,261	12,938	19,826	45,810
Total cost of revenue	56,774	61,028	134,709	192,774
Gross profit (loss)	2,866	(8,039)	8,464	(23,970)
Operating expenses				
Research and development	1,438	2,116	4,047	9,653
Selling and marketing	1,041	2,224	2,374	6,421
General and administrative (Note 10)	2,912	10,392	7,630	63,217
Total operating expenses	5,391	14,732	14,051	79,291
Loss from operations	(2,525)	(22,771)	(5,587)	(103,261)
Interest expense	(70)	(301)	(303)	(515)
Gain from disposal in equity investment	-	210	-	20,829
Gain (loss) on extinguishment of debt	(34)	-	(75)	790
Other expense	(1)	(13)	(1)	(59)
Loss before income taxes	(2,630)	(22,875)	(5,966)	(82,216)
(Expense) benefit from income taxes	(24)	(41)	115	(137)
Loss from unconsolidated subsidiary	(186)	-	(345)	(354)
Net loss	\$ (2,840)	\$ (22,916)	\$ (6,196)	\$ (82,707)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(12)	3	(20)	9
Comprehensive loss	\$ (2,852)	\$ (22,913)	\$ (6,216)	\$ (82,698)
Net loss per share:				
Basic	\$ (0.04)	\$ (0.24)	\$ (0.09)	\$ (1.00)
Diluted	\$ (0.04)	\$ (0.24)	\$ (0.09)	\$ (1.00)
Weighted-average common shares outstanding:				
Basic	67,567,724	94,596,519	69,857,468	82,677,824
Diluted	67,567,724	94,596,519	69,857,468	82,677,824

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

FTC Solar, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(unaudited)

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2019	—	\$ —	63,633,981	\$ 1	—	\$ —	\$ 18,273	\$ —	\$ (26,719)	\$ (8,445)
Restricted stock awards vested during the period	—	—	2,014,091	—	—	—	—	—	—	—
Issuance of common stock	—	—	9,162,976	—	—	—	30,000	—	—	30,000
Stock-based compensation	—	—	—	—	—	—	933	—	—	933
Net loss	—	—	—	—	—	—	—	—	(3,356)	(3,356)
Other comprehensive loss	—	—	—	—	—	—	—	(8)	—	(8)
Balance as of June 30, 2020	—	\$ —	74,811,048	\$ 1	—	\$ —	\$ 49,206	\$ (8)	\$ (30,075)	\$ 19,124
Restricted stock awards vested during the period	—	—	594,712	—	—	—	—	—	—	—
Repurchase of common stock, held in treasury	—	—	(9,896,666)	—	9,896,666	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	448	—	—	448
Net loss	—	—	—	—	—	—	—	—	(2,840)	(2,840)
Other comprehensive loss	—	—	—	—	—	—	—	(12)	—	(12)
Balance as of September 30, 2020	—	\$ —	65,509,094	\$ 1	9,896,666	\$ -	\$ 49,654	\$ (20)	\$ (32,915)	\$ 16,720

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

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020	—	\$ —	66,155,340	\$ 1	9,896,666	\$ —	\$ 50,096	\$ (3)	\$ (42,643)	\$ 7,451
Restricted stock awards vested during the period	—	—	3,413,849	—	—	—	—	—	—	—
Repurchase of treasury stock	—	—	(865,900)	—	865,900	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	213,690	—	—	—	50	—	—	50
Repurchase and retirement of common stock	—	—	(4,455,384)	(1)	—	—	(54,154)	—	—	(54,155)
Issuance of common stock in connection with IPO	—	—	19,840,000	2	—	—	241,153	—	—	241,155
Impact of stock split	—	—	—	6	—	—	(6)	—	—	—
Deferred offering costs	—	—	—	—	—	—	(7,093)	—	—	(7,093)
Stock-based compensation	—	—	—	—	—	—	53,150	—	—	53,150
Net loss	—	—	—	—	—	—	—	—	(59,792)	(59,792)
Other comprehensive income	—	—	—	—	—	—	—	6	—	6
Balance as of June 30, 2021	—	\$ —	84,301,595	\$ 8	10,762,566	\$ —	\$ 283,196	\$ 3	\$ (102,435)	\$ 180,772
Issuance of common stock upon exercise of stock options	—	—	642,550	-	—	—	107	—	—	107
Deferred offering costs	—	—	—	—	—	—	12	—	—	12
Stock-based compensation	—	—	—	—	—	—	5,381	—	—	5,381
Net loss	—	—	—	—	—	—	—	—	(22,916)	(22,916)
Other comprehensive income	—	—	—	—	—	—	—	3	—	3
Balance as of September 30, 2021	—	\$ —	84,944,145	\$ 8	10,762,566	\$ —	\$ 288,696	\$ 6	\$ (125,351)	\$ 163,359

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

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

	Nine Months Ended September 30,	
	2020	2021
Cash flows from operating activities		
Net loss	\$ (6,196)	\$ (82,707)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	1,381	58,531
Depreciation and amortization	43	383
(Gain) loss from unconsolidated subsidiary	345	354
Gain from disposal of equity investment	—	(20,829)
(Gain) loss on extinguishment of debt	75	(790)
Warranty provision	5,195	2,118
Warranty asset	(726)	(484)
Bad debt expense	—	83
Deferred income taxes	(2)	—
Other non-cash items	43	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(12,219)	(30,017)
Inventories	(1,523)	(9,590)
Prepaid and other current assets	(4,351)	(16,609)
Other assets	(365)	180
Accounts payable	4,009	(535)
Accruals and other current liabilities	13,825	21,243
Accrued interest – related party debt	(112)	(207)
Deferred revenue	(14,108)	(13,374)
Other non-current liabilities	386	904
Other, net	(338)	(1,068)
Net cash used in operating activities	<u>(14,638)</u>	<u>(92,414)</u>
Cash flows from investing activities:		
Purchases of property and equipment	—	(778)
Proceeds from disposal of equity method investment	—	22,332
Net cash provided by investing activities:	<u>—</u>	<u>21,554</u>
Cash flows from financing activities:		
Proceeds from borrowings	784	—
Repayments of borrowings	(4,000)	(1,000)
Repurchase and retirement of common stock	—	(54,155)
Offering costs paid	—	(5,942)
Deferred financing costs for revolving credit facility	—	(2,077)
Proceeds from stock issuance	30,000	241,314
Net cash provided by financing activities	<u>26,784</u>	<u>178,140</u>
Effect of exchange rate changes on cash and restricted cash	(20)	9
Net increase in cash and restricted cash	<u>12,126</u>	<u>107,289</u>
Cash and restricted cash at beginning of period	8,235	33,373
Cash and restricted cash at end of period	<u>\$ 20,361</u>	<u>\$ 140,662</u>
Supplemental disclosures of cash flow information:		
Purchase of property and equipment included in accounts payable	\$ —	\$ 40
Non-cash gain on extinguishment of debt from PPP loan forgiveness	\$ —	\$ (790)
Cash paid during the period for interest	\$ 350	\$ 332
Reconciliation of cash and restricted cash at period end	December 31, 2020	September 30, 2021
Cash	\$ 32,359	\$ 140,662
Restricted cash	1,014	—
Total cash and restricted cash	<u>\$ 33,373</u>	<u>\$ 140,662</u>

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. We are a global provider of advanced solar tracker systems, supported by proprietary software and value-added engineering services. Our mission is to provide differentiated products, software and services that maximize energy generation and cost savings for our customers, and to help facilitate the continued growth and adoption of solar power globally. Trackers significantly increase the amount of solar energy produced at a solar installation by moving solar panels throughout the day to maintain an optimal orientation relative to the sun. Our tracker systems are currently marketed under the Voyager brand name (“Voyager Tracker” or “Voyager”). Voyager is a next-generation two-panel in-portrait single-axis tracker solution that we believe offers industry-leading performance and ease of installation. We are a team of dedicated renewable energy professionals focused on delivering cost reductions to our clients across the solar project development and construction cycle. With significant US and worldwide project installation experience, our differentiated offerings drive value for solar solutions spanning a range of applications including ground mount, tracker, canopy, and rooftop. The Company is headquartered in Austin, Texas and has subsidiaries in Australia, India, Singapore, and South Africa.

Initial Public Offering and Related Transaction

The Company’s common stock began trading on the Nasdaq Stock Exchange on April 28, 2021, under the symbol “FTCI” and on April 30, 2021, the Company completed its Initial Public Offering (“IPO”). In connection with the IPO, the Company issued and sold 19,840,000 shares of its common stock at a public offering price of \$13.00 per share.

Prior to the completion of the IPO, the Board of Directors and Stockholders approved an approximately 8.25-for-1 forward stock split (the “Forward Stock Split”) of the Company’s shares of common stock which became effective on April 28, 2021.

The Company received aggregate proceeds of \$241.2 million from the IPO, net of the underwriting discount and commissions and before offering costs and used \$54.2 million to purchase and retire an aggregate of 4,455,384 shares of our common stock, some of which resulted from the settlement of certain vested Restricted Stock Units (“RSUs”) and the exercise of certain options in connection with the IPO at the IPO price less underwriting discounts and commissions.

Offering costs, including legal, accounting, printing and other IPO-related costs, were reclassified to Additional paid-in capital and recorded against the proceeds from the offering during the quarter ended June 30, 2021.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups (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. Accordingly, we have elected to use the extended transition period to adopt new or revised accounting standards.

2. Revision of Previously Issued Financial Statements

Background of the Revision

In connection with the preparation of the Company's financial statements as of and for the three months ended September 30, 2021, the Company identified an error in the basic and diluted earnings per share ("EPS") calculation for the three and six months ended June 30, 2021. Specifically, the Company incorrectly omitted from the basic and diluted weighted-average shares outstanding calculation shares of common stock underlying RSUs that became fully vested during the period but had not yet been settled through the legal issuance of common stock. Additionally, the Company identified that it overstated stock-based compensation expense by \$3.5 million for the three and six months ended June 30, 2021 due to an error in the calculation of expense related to grantees' RSU awards. Although the Company has concluded that these errors are immaterial to the previously issued interim financial statements, the Company is correcting these errors by revising the previously issued unaudited condensed consolidated financial statements as of June 30, 2021 and for the three and six months ended June 30, 2021.

Effect of the Revision

The following table summarizes the effect of the revision on the affected financial statement line items within the previously reported unaudited condensed consolidated financial statements as of the date, and for the periods indicated. The errors had no impact on total cash flows for operating, investing, or financing activities, but did impact line items in the indirect method of operating cash flow presentation as shown below:

	As of and for Three Months Ended June 30, 2021 (As Previously Reported)	Adjustments	As of and for Three Months Ended June 30, 2021 (As Revised)
<i>(in thousands, except share and per share data)</i>			
Condensed Consolidated Balance Sheet			
Additional paid-in capital	\$ 286,687	\$ (3,491)	\$ 283,196
Accumulated deficit	(105,926)	3,491	(102,435)
Condensed Consolidated Statement of Comprehensive Loss			
Cost of Revenue - Product	\$ 43,885	\$ (7)	\$ 43,878
Research and development	5,585	(2)	5,583
Selling and Marketing	3,258	(161)	3,097
General and administrative	51,063	(3,321)	47,742
Total operating expenses	59,906	(3,484)	56,422
Loss from operations	(75,963)	3,491	(72,472)
Loss before income taxes	(55,590)	3,491	(52,099)
Net loss	(55,841)	3,491	(52,350)
Comprehensive loss	(55,834)	3,491	(52,343)
Net loss per share - basic	(0.70)	0.09	(0.61)
Net loss per share - diluted	(0.70)	0.09	(0.61)
Weighted-average common shares outstanding - basic	79,229,174	6,927,135	86,156,309
Weighted-average common shares outstanding - diluted	79,229,174	6,927,135	86,156,309
Condensed Consolidated Statement of Stockholders' Equity			
Additional paid-in capital	\$ 286,687	\$ (3,491)	\$ 283,196
Accumulated deficit	(105,926)	3,491	(102,435)
Net loss	(55,841)	3,491	(52,350)
Stock-based compensation	56,192	(3,491)	52,701
Note 11. Net loss per share			
Net loss	\$ (55,841)	\$ 3,491	\$ (52,350)
Basic weighted-average number of common shares outstanding	79,229,174	6,927,135	86,156,309
Diluted weighted-average number of common shares outstanding	79,229,174	6,927,135	86,156,309
Basic loss per share	(0.70)	0.09	(0.61)
Diluted loss per share	(0.70)	0.09	(0.61)

	As of and for the Six Months Ended June 30, 2021 (As Previously Reported)	Adjustments	As of and for the Six Months Ended June 30, 2021 (As Revised)
	<i>(in thousands, except share and per share data)</i>		
Condensed Consolidated Balance Sheet			
Additional paid-in capital	\$ 286,687	\$ (3,491)	\$ 283,196
Accumulated deficit	(105,926)	\$ 3,491	(102,435)
Condensed Consolidated Statement of Comprehensive Loss			
Cost of Revenue - Product	\$ 98,881	\$ (7)	\$ 98,874
Research and development	7,539	(2)	7,537
Selling and Marketing	4,358	(161)	4,197
General and administrative	56,147	(3,321)	52,826
Total operating expenses	68,044	(3,484)	64,560
Loss from operations	(83,982)	3,491	(80,491)
Loss before income taxes	(62,833)	3,491	(59,342)
Net loss	(63,283)	3,491	(59,792)
Comprehensive loss	(63,277)	3,491	(59,786)
Net loss per share - basic	(0.87)	0.09	(0.78)
Net loss per share - diluted	(0.87)	0.09	(0.78)
Weighted-average common shares outstanding - basic	73,106,935	3,474,582	76,581,517
Weighted-average common shares outstanding - diluted	73,106,935	3,474,582	76,581,517
Condensed Consolidated Statement of Cash Flows			
Net loss	\$ (63,283)	\$ 3,491	\$ (59,792)
Stock-based compensation	56,641	(3,491)	53,150
Note 11. Net loss per share			
Net loss	\$ (63,283)	\$ 3,491	\$ (59,792)
Basic weighted-average number of common shares outstanding	73,106,935	3,474,582	76,581,517
Diluted weighted-average number of common shares outstanding	73,106,935	3,474,582	76,581,517
Basic loss per share	(0.87)	0.09	(0.78)
Diluted loss per share	(0.87)	0.09	(0.78)
Shares of common stock issuable upon vesting of restricted stock awards	15,079	(9,885)	5,194
Potential common shares excluded from diluted net loss per share	23,231	(9,885)	13,346

3. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These unaudited condensed consolidated financial statements include the results of the Company and its wholly owned subsidiaries and have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”). Intercompany accounts and transactions have been eliminated upon consolidation.

Forward Stock Split

On April 28, 2021, we effected an approximately 8.25-for-1 forward split of our issued and outstanding shares of common stock, par value \$0.0001 per share. As a result of the Forward Stock Split, one (1) share of common stock issued and outstanding was automatically increased to approximately 8.25 shares of issued and outstanding common stock, without any change in the par value per share. All information related to common stock, stock options, restricted stock awards and earnings per share have been retroactively adjusted to give effect to the Forward Stock Split for all periods presented.

Use of Estimates

The preparation of the Company’s financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities, expenses, and the disclosure of contingent assets and liabilities in the Company’s financial statements and accompanying notes. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus 2019 (“COVID-19”) a global pandemic. The COVID-19 pandemic has had and may continue to have an unfavorable impact on certain parts of our business. The broader implications of the COVID-19 pandemic on our business, financial condition and results of operations remain uncertain and will depend on certain developments, including the duration and severity of the COVID-19 pandemic, the impact of virus variants, the rate of vaccinations, the COVID-19 pandemic’s impact on our customers and suppliers and the range of governmental and community reactions to the pandemic. We have experienced delays in production and shipments in the current quarter due to an outbreak of COVID at a supplier site and a quarantine imposed on one of our shipping vessels. Due to the nature of the pandemic, we may continue to experience reduced customer demand in certain parts of our business or constrained supply that could materially and adversely impact our business, financial condition, results of operations, liquidity and cash flows in future periods.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements as of September 30, 2021 and for the three and nine months ended September 30, 2020 and 2021, have been prepared in accordance with 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 have been made that are considered necessary for a fair statement of our financial position as of December 31, 2020 and September 30, 2021, our results of operations for the three and nine months ended September 30, 2020 and 2021 and our cash flows for the nine months ended September 30, 2020 and 2021. The condensed consolidated balance sheets as of December 31, 2020 have been derived from the Company’s audited consolidated financial statements. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

Certain information and disclosures normally included in the notes to annual financial statements prepared in accordance with 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 final prospectus (the “IPO Prospectus”) dated as of April 29, 2021, and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended (the “Securities Act”).

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company is exposed to credit risk in the event of default by the financial institutions holding our cash and cash equivalents that are recorded on our balance sheets. The Company mitigates its risk by investing in high-grade instruments and limiting the concentration in any one issuer, which limits its exposure. The Company has not experienced any losses since inception.

The carrying amounts of cash and cash equivalents, prepaid expenses, accounts payable and accrued other liabilities are reasonable estimates of their fair value because of the short maturity of these items.

Equity Method Investments

The Company uses the equity method of accounting for equity investments if the investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the investee. The Company’s 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 the Company’s ownership interest, legal form of the investee, representation on the board of directors, participation in policy-making decisions and material intra-entity transactions.

The Company evaluates 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 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.

The Company accounts for distributions received from equity method investees under the "nature of the distribution" approach. Under this approach, distributions received from equity method investees are classified on the basis of 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).

The Company has made an accounting policy election, as a result of disposing of its equity method investment on June 24, 2021, 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. (See Note 7)

Stock -Based Compensation

The Company recognizes compensation expense for all share-based payment awards made, including stock options and restricted stock, based on the estimated fair value of the award on the grant date, in the accompanying consolidated statements of operations over the requisite service period of the awards. The Company calculates the fair value of stock options using the Black-Scholes Option-Pricing model. The fair value of restricted stock grants represents the estimated fair value of the Company's common stock on the date of grant. The Company accounts for forfeitures 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.

Revenue Recognition

The Company derives its revenue primarily from sale of: (1) Voyager Tracker and customized components of Voyager Tracker, (2) individual parts of Voyager Tracker for certain specific transactions, (3) shipping and handling services, (4) term-based software licenses, (5) maintenance and support services for the term-based software licenses, and (6) subscription services. Product revenue includes revenue from Voyager Tracker and customized components of Voyager Tracker, individual part sales for certain specific transactions, and sale of term-based software licenses. Service revenue includes revenue from shipping and handling services, subscription-based enterprise licensing model, and maintenance and support services in connection with the term-based software licenses.

Voyager Tracker and individual parts of Voyager Tracker (including shipping and handling)

The Company contracts with customers for sale of Voyager Trackers under two different types of arrangements: (1) Purchase Agreements and Equipment Supply Contracts ("Purchase Agreements") and (2) sale of individual parts of the Voyager Tracker.

The Company's Purchase Agreements typically include two performance obligations- (1) Voyager Tracker or customized components of Voyager Tracker and (2) shipping and handling services. The deliverables included as part of the Voyager Tracker are predominantly accounted for as one performance obligation, as these deliverables are part of a combined promise to deliver a project. Voyager Tracker and customized components of Voyager Tracker performance obligations in the contract are satisfied over-time as work progresses for its custom assembled Voyager Tracker, utilizing an input measure of progress determined by cost-to-cost measures on these projects as this faithfully depicts the Company's performance in transferring control.

The revenue for shipping and handling services is recognized over-time based on shipping terms of the arrangements, as this faithfully depicts the Company's performance in transferring control.

The Company's sale of individual parts of Voyager Tracker for certain specific transactions include multiple performance obligations consisting of individual parts of the Voyager Tracker. Revenue recognized for the Company's part sales are recorded at a point in time and recognized when 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.

Term-based software license revenue

Term-based software license revenue included under product revenue is primarily derived from sale of term-based software licenses that are deployed on the customers' own servers and have significant standalone functionality. The revenue is recognized upon transfer of control to the customer. The control for term-based software licenses is transferred at the later of delivery to the customer or the software license start date. Term-based software license revenue is immaterial for the three and nine month periods ended September 30, 2020 and September 30, 2021.

Subscription and Maintenance and support services revenue

Subscription revenue is derived from a subscription-based enterprise licensing model with contract terms typically ranging from one to two years and consists of subscription fees from the licensing of Subscription services. Subscription services revenue is immaterial for the three and nine month periods ended September 30, 2020 and September 30, 2021. The hosted on-demand service arrangements do not provide customers with the right to take possession of the software supporting the hosted services. Services revenue includes maintenance and support activities related to term-based software licenses. Support revenue is derived from ongoing security updates, upgrades, bug fixes, and maintenance. A time-elapsed method is used to measure progress because the Company transfers control evenly over the contractual period. Accordingly, the fixed consideration related to these revenues is generally recognized on a straight-line basis over the contract term beginning on the date access is provided.

Cost of Revenue

Cost of revenue consists primarily of costs related to raw materials, freight and delivery, product warranty, 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. 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.

Warranty

We provide standard assurance type warranties with our Voyager Trackers for periods generally ranging from five to ten years. We record a provision for estimated warranty expenses, net of amounts recoverable from manufacturers, to cost of sales when we recognize revenue. These estimates are based on our historical experience and forward-looking factors including the expected nature and frequency of product failure rates and 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 may result in material changes to our warranty reserve in the future. We do not maintain general or unspecified reserves; all warranty reserves are related to specific projects. All actual or estimated costs incurred in subsequent periods are charged to those established reserves.

Remaining Performance Obligations

Remaining performance obligations relate to contracts that have original expected durations of one year or less. Therefore, the transaction price allocated to performance obligations that are unsatisfied or partially satisfied as of the end of the reporting period are not required to be disclosed under ASC 606.

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”). ASU 2019-12 removes certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. The Company adopted ASU 2019-12 in the first quarter of 2021, and the adoption had no material impact to the Company’s consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 changes the impairment model for most financial assets and requires the use of an expected loss model in place of the currently used incurred loss method. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The Company is currently evaluating the impact that the adoption of ASU 2016-13 will have on its condensed consolidated financial statements and the Company plans to adopt effective January 1, 2023.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This standard provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. Entities may apply this ASU upon issuance through December 31, 2022 on a prospective basis. The Company is currently evaluating the impact this adoption will have on the Company’s condensed consolidated financial statements and will apply this guidance to transactions and modifications of these arrangements as appropriate.

4. Revenue

The Company’s product revenue and service revenue is presented in the Condensed Consolidated Statement of Comprehensive Loss. Revenue by geographic region is based on the customer’s location and presented under Note 14.

Unbilled revenue and contract liabilities

The timing of revenue recognition, billing, and cash collection results in the recognition of accounts receivable, unbilled receivables, and deferred revenue in the Condensed Consolidated Balance Sheets. Unbilled receivables represent an unconditional right to consideration before customers are invoiced. Unbilled receivables are recorded within accounts receivable on the Condensed Consolidated Balance Sheets at the end of the reporting period and consist of \$1.2 million and \$15.7 million as of December 31, 2020 and September 30, 2021, respectively.

The Company’s contracts have a varied range of terms based on the type of products and services sold. Deferred revenue amounts to \$23.0 million and \$9.6 million as of December 31, 2020 and September 30, 2021, respectively, consisting of customer deposits related to products and services which were billed in advance. The Company expects to recognize 100% of the revenue related to deferred revenue within the next 12 months. During the nine months ended September 30, 2020 and 2021, the Company recognized \$19.9 million and \$23.0 million, respectively from deferred revenue recorded at December 31, 2019 and 2020.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31, 2020	September 30, 2021
Vendor deposits	\$ 4,205	\$ 18,125
Prepaid expenses	1,043	4,060
Deferred cost of revenue	992	—
Surety collateral	113	246
Other current assets	571	1,127
	<u>\$ 6,924</u>	<u>\$ 23,558</u>

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31, 2020	September 30, 2021
Accrued cost of revenue	\$ 7,812	\$ 33,279
Accrued expenses	2,856	3,205
Warranty reserves	3,985	1,183
Accrued compensation	2,869	1,766
Accrued interest expense	28	128
Other	945	685
Total	<u>\$ 18,495</u>	<u>\$ 40,246</u>

7. Sale of Equity Method Investments

On June 24, 2021, the Company disposed of its 4,791,566 Class A common unit interest in Dimension Energy LLC, (“Dimension”) representing approximately 23% of the total outstanding common shares, for approximately \$22.0 million, net of a success-based fee of \$1.9 million. The Company recognized a gain of \$20.8 million due to its disposal of approximately 23% non-controlling interest in Dimension during the nine months ended September 30, 2021. The Company has recognized a net loss from the unconsolidated subsidiary of \$0.4 million that is included in the nine months ended September 30, 2021 and recognized net loss of \$0.2 million and \$0.3 million for the three months and nine months ended September 30, 2020, respectively.

The sales agreement with Dimension includes an earnout provision which provides the potential to receive an additional contingent consideration of up to approximately \$14.0 million through December 2024, based on Dimension achieving certain performance milestones. This potential earnout is calculated each quarter starting January 1, 2022. The potential payment is calculated as \$200 per the number of kilowatts constituting each Notice To Proceed (NTP) megawatt (MW) achieved during such quarterly earnout period, provided that no earnout amount is payable in respect to the first 100 NTP MW achieved in any earnout year.

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 currently in progress. The Company has 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. On June 29, 2021, the Company made a success-based fee payment in the amount of \$1.9 million to two Executive Members of Dimension for entering into voting and support letter agreements and for recommending to all Executive Members of Dimension to support the purchase agreement and the consummation of the transaction on June 24, 2021.

During the three months ended September 30, 2021, the Company received a \$0.2 million escrow release payment and recognized the income in accordance with our policy election.

8. Debt and Other Borrowings

On January 30, 2017, the Company sold \$7.0 million in aggregate principal amount of secured five-year promissory notes (“the Notes”) through a private placement. Pursuant to the issuance of the Notes, the Company issued 25,000 shares of common stock for every \$250,000 of Notes purchased. The fair value of common stock issued was accounted for as debt discount and was amortized over the term of the Notes. The Notes had a fixed rate of 5% per annum payable at maturity. The Company repaid the principal during the year ended December 31, 2020.

On June 17, 2019, the Company entered into a revolving line of credit agreement with the Western Alliance Bank for a total principal amount of \$1.0 million and maturity in two years from the date of borrowing. The line of credit had a variable rate of interest, based on movement of prime rate as calculated and published by the Wall Street Journal and required the Company to pay regular monthly payments of all interest accrued as of each payment date. The prime rate at the time of borrowing was at 5.50% per annum. The outstanding balance for the revolving line of credit as of December 31, 2020 was \$1 million. The outstanding balance was paid in full and the revolving credit line was closed as of March 31, 2021.

On April 30, 2020, the Company received a Paycheck Protection Program (“PPP”) loan pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act) in the amount of \$0.8 million. The PPP loan had a two-year term and bore a fixed interest rate of 1%. Under the terms of the CARES act, the PPP loan was eligible to be forgiven, in part or whole, if the proceeds were used to retain and pay employees and for other qualifying expenditures. On January 20, 2021, the Company received notification from the Small Business Administration that they approved the forgiveness of the full \$0.8 million PPP loan. The Company recorded the forgiveness of the PPP loan as a gain on debt extinguishment in other income.

On April 30, 2021, the Company entered into a \$100 million senior secured revolving credit facility, by and among the Company, as borrower, the several financial institutions from time-to-time parties thereto, and Barclays Bank PLC, as an issuing lender, the swingline lender and as administrative agent (the “Credit Agreement”). The Credit Agreement has an initial three-year term, and it will be used for working capital and for other general corporate purposes. The Company has not made any draws on the revolving credit facility. The Credit Agreement includes the following terms: (i) aggregate commitments of up to \$100 million, with letter of credit and swingline sub-limits; (ii) customary base rate of LIBOR plus 3.25% per annum, respectively; (iii) initial commitment fees of 0.50% per annum; (iv) initial letter of credit fees of 3.25% per annum; and (v) other customary terms for a corporate revolving credit facility.

The facility is secured by a first priority lien on substantially all of the Company’s assets, subject to certain exclusions, and customary guarantees. The Credit Agreement includes the following financial condition covenants that the Company is required to satisfy: (i) maintain a minimum liquidity of \$125 million for each quarter; (ii) maintain a 3.75 times leverage ratio; and (iii) maintain a 1.5 times interest coverage ratio. The leverage and interest coverage ratios will be triggered when the Company achieves \$50 million in adjusted EBITDA over a trailing twelve months. Once the leverage and interest coverage ratios are triggered the minimum liquidity will not have a minimum limit. Minimum liquidity includes unrestricted cash plus the undrawn balance of the revolving credit facility. The minimum liquidity covenant was the only financial condition covenant the Company had to satisfy as of the period ended September 30, 2021. As of September 30, 2021, the Company was in full compliance with its financial condition covenant.

The Company added \$2.1 million in debt issuance costs related to the revolving credit facility which were included in other assets in the Condensed Consolidated Balance Sheets. The debt issuance costs are being amortized over a three-year initial term of the loan. As of September 30, 2021 the unamortized debt issuance costs amounted to \$1.8 million.

Included in interest expense for the three and nine months periods ended September 30, 2021 are credit facility revolver fees and amortization of debt issuance costs. The Company had \$0.1 million in revolver fees and \$0.2 million in amortized debt issuance cost for the three months ended September 30, 2021 and \$0.2 million in revolver fees and \$0.3 million in amortized debt issuance cost for the nine months ended September 30, 2021, respectively.

The Company recognized \$0.1 million and \$0.3 million of interest expense on its debt and other borrowings for the three months ended September 30, 2020 and 2021 and \$0.3 million and \$0.5 million for the nine months ended September 30, 2020 and 2021, respectively.

9. Commitments and Contingencies

Litigation

The Company may be involved in various claims, lawsuits, investigations, and other proceedings, arising from the normal course of its business. The Company accrues a liability when management believes information available prior to the issuance of 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. The Company adjusts its 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.

On April 21, 2021, FCX Solar, LLC (“FCX”), filed a lawsuit against us in the United States District Court for the Southern District of New York. The complaint alleges breach of contract and tort claims related to a patent license agreement and consulting relationship between FCX and us. FCX seeks damages of approximately \$134 million in the lawsuit. On July 2, 2021, we filed a motion to dismiss the tort claims. On July 16, 2021, rather than responding to that motion, FCX filed an amended complaint asserting the same claims as the original complaint. On July 22, 2021, we advised the court that FTC would stand on its motion to dismiss, and at the request of the court, we filed a revised motion citing the amended complaint. FCX filed its response on August 19, 2021, and we filed a reply and a request for oral argument on September 7, 2021. Discovery in the Southern District of New York matter is ongoing. On May 29, 2021, FCX filed a separate lawsuit against us in the United States District Court for the Western District of Texas, alleging a claim for patent infringement related to U.S. Patent No. 10,903,782. FCX seeks an unspecified amount of damages, including past and future royalties, and injunctive relief. Our answer to that complaint was filed on June 22, 2021, along with our motion to transfer the patent suit to the Southern District of New York to be consolidated with the New York litigation. FCX filed an amended complaint asserting claims for direct patent infringement, indirect infringement by active inducement, and contributory infringement on July 27, 2021, and we filed our answer to that complaint on August 10, 2021. On October 25, 2021, our motion to transfer the case to the Southern District of New York was granted. The Company believes the claims asserted in both lawsuits are without merit, and we plan to vigorously defend against them. The Company and its management considered (a) the facts described above, (b) the preliminary stages of the proceedings and (c) the advice of outside legal counsel on the claims and determined that it is not probable that FCX will prevail on the merits. At this time the Company believes that the likelihood of any material loss related to these matters is remote given the strength of the Company’s defenses

The Company has not recorded any material loss contingency in the Condensed Consolidated Balance Sheets as of December 31, 2020 and September 30, 2021.

Warranties

The Company provides standard warranties on its hardware products. The liability amount is based on actual historical warranty spending activity by type of product, customer, and geographic region, modified for any known differences such as the impact of reliability improvements. As of September 30, 2021, warranty reserves totaling \$1.2 million were recorded in accrued expenses and other current liabilities and \$4.2 million were recorded in other non-current liabilities, in the Company’s Condensed Consolidated Balance Sheets.

Changes in the Company’s product warranty reserves were as follows (*in thousands*):

	September 30, 2021
Balance at beginning of period, December 31, 2020	\$ 6,811
Warranties issued during the period	2,902
Settlements made during the period	(3,507)
Changes in liability for pre-existing warranties	(783)
Balance at end of period	<u>\$ 5,423</u>

10. Stock-Based Compensation

On April 30, 2021, in connection with the IPO offering, the Company used \$54.2 million of net proceeds from the IPO to purchase and retire an aggregate of 4,455,384 shares of our common stock, of which 2,191,557 was a repurchase of common shares and 2,263,827 shares were from the settlement of certain vested RSUs and common shares exercised from options in connection with the IPO offering, at the initial public offering price net of underwriters' fees and commissions.

The Company's stock-based compensation expense for the three and nine months ended September 30, 2021 was \$5.4 million and \$58.5 million, an increase of \$5.0 million and \$57.1 million when compared to stock-based compensation expense for the three and nine months ended September 30, 2020, respectively. The increases have been primarily due to RSUs, for which the service-based vesting condition was satisfied and for which the liquidity event performance vesting condition was met in connection with our IPO. We utilized a graded vesting method which results in an accelerated recognition of compensation costs.

Stock-based compensation expense incurred was \$0.4 million and \$5.4 million for the three months ended September 30, 2020 and 2021 and \$1.4 million and \$58.5 million for the nine months ended September 30, 2020 and 2021, respectively.

11. Stockholders' Equity

Preferred Stock

The Certificate of Incorporation, as amended as of April 28, 2021, and amended as of June 7, 2021, (the "Certificate of Incorporation"), authorizes the Company to issue 10 million shares of Preferred Stock with a par value of \$0.0001 with such designation, rights and preferences as may be determined from time to time by the Company's board of directors. As of September 30, 2021 there were no shares of preferred stock issued or outstanding.

Common Stock

The Certificate of Incorporation authorizes the Company to issue 850 million shares of \$0.0001 par value of Common Stock. Holders of Common Stock are entitled to dividends, as and when, declared by the Board of Directors, subject to the rights of the holders of all classes of stock outstanding having priority rights as to dividends. There have been no dividends declared to date. The holders of the Common Stock are entitled to one vote for each share of Common Stock; provided that, except as otherwise required by law, holders of Common Stock (in such capacity) shall not be entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation.

In March 2020, the Company sold 9,162,976 shares of common stock at \$3.27 per share for an aggregate purchase price of \$30.0 million. The proceeds are available for working capital and other corporate purposes.

On April 30, 2021, the Company closed on its IPO in which we issued and sold 19,840,000 shares of our common stock at a public offering price of \$13.00 per share. We received aggregate proceeds of \$241.2 million from the IPO, net of approximately \$16.8 million in underwriting discount and commissions and before offering costs.

The Company used \$54.2 million of net proceeds from the IPO to purchase and retire an aggregate of 4,455,384 shares of our common stock, of which 2,191,557 was a repurchase of common shares and 2,263,827 shares were from the settlement of certain vested RSUs and common shares exercised from options in connection with the IPO offering.

The Company is using the proceeds from the IPO 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; however, we do not have binding agreements for any material acquisitions or investments at this time though, we would expect to use a portion of such proceeds to provide funding for future development capital in connection with the multi project opportunity for 1.7 gigawatts ("GWs") of projects using our tracker systems.

Treasury Stock

On July 21, 2020, the Company's Board of Directors approved a share repurchase of 9,896,666 shares of common stock for an aggregate price of \$0 from founders of the Company. The repurchase of these shares are recorded as treasury stock on the Company's Condensed Consolidated Balance Sheets as of December 31, 2020 and the shares will be added to the overall pool of stock available to be utilized for future option/stock award issuances to other employees of the organization.

On January 8, 2021, the Company's Board of Directors approved a share repurchase of 148,440 shares of common stock for an aggregate price of \$0 from founders of the Company. The repurchase of these shares are recorded as treasury stock on the Company's Condensed Consolidated Balance Sheets as of the period ended September 30, 2021 and the shares will be added to the overall pool of stock available to be utilized for future option/stock award issuances to other employees of the organization.

On April 5, 2021, the Company's Board of Directors approved a share repurchase of 717,460 shares of common stock for an aggregate price of \$0 from founders of the Company. The repurchase of these shares are recorded as treasury stock on the Company's Consolidated Balance Sheets as of the period ended September 30, 2021 and the shares will be added to the overall pool of stock available to be utilized for future option/stock award issuances to other employees of the organization.

12. Net loss per share

The table below sets forth the computation of basic and diluted loss per share. All shares and per share amounts have been adjusted for an approximately 8.25-for-1 share forward stock split which took effect on April 28, 2021 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
Basic and diluted:				
Net loss	\$ (2,840)	\$ (22,916)	\$ (6,196)	\$ (82,707)
Basic weighted-average number of common shares outstanding	67,567,724	94,596,519	69,857,468	82,677,824
Diluted weighted-average number of common shares outstanding	67,567,724	94,596,519	69,857,468	82,677,824
Basic loss per share	\$ (0.04)	\$ (0.24)	\$ (0.09)	\$ (1.00)
Diluted loss per share	\$ (0.04)	\$ (0.24)	\$ (0.09)	\$ (1.00)

For purposes of computing diluted net income per share, weighted-average common shares do not include potentially dilutive securities that are anti-dilutive. The following potentially dilutive securities were excluded (in thousands):

	As of September 30,	
	2020	2021
Shares of common stock issuable under stock option plans outstanding	8,566	9,610
Shares of common stock issuable upon vesting of restricted stock awards	13,622	5,598
Potential common shares excluded from diluted net loss per share	22,188	15,208

13. Income Taxes

For the three months ended September 30, 2020 and 2021, the Company recorded an income tax expense of \$0.02 million and \$0.04 million respectively. For the nine months ended September 30, 2020 and 2021, the Company recorded an income tax benefit of \$0.12 million and income tax expense of \$0.14 million, respectively. Income tax expense recorded for three and nine months ended September 30, 2020 and 2021, was lower than the statutory tax rate of 21% primarily due to a valuation allowance established against the U.S. deferred tax assets.

As of September 30, 2021, the Company had total unrecognized tax benefits of approximately \$0.1 million. All of our gross unrecognized tax benefits, if recognized, would affect our effective tax rate. We recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of September 30, 2021, the Company had not accrued any interest or penalties related to unrecognized tax benefits.

14. Segment Information

The Company has one segment: manufacturing and servicing of Voyager Tracker. The Company's Chief Executive Officer (the chief operating decision maker) views and evaluates operations, manages resource allocations, and measures performance based on the results of the Company's reportable operating segment under its management reporting system. The application of this structure permits us to align our strategic business initiatives and corporate goals in a manner that best focuses our businesses and support operations for success.

The following table summarizes the Company's total revenue by geographic area based on the billing address of the customers (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
United States	\$ 59,591	\$ 52,984	\$ 143,034	\$ 168,540
Other	49	5	139	264
Total net revenue	\$ 59,640	\$ 52,989	\$ 143,173	\$ 168,804

15. Related Parties

On July 21, 2020, the Company's Board of Directors approved a share repurchase of 9,896,666 shares of common stock for an aggregate price of \$0 from founders of the Company.

On January 8, 2021, the Company's Board of Directors approved a share repurchase of 148,440 shares of common stock for an aggregate price of \$0 from founders of the Company.

On April 5, 2021, the Company's Board of Directors approved a share repurchase of 717,460 shares of common stock for an aggregate price of \$0 from founders of the Company.

On June 29, 2021, the Company made a success-based fee payment in the amount of \$1.9 million to two Executive Members of Dimension Energy LLC. (See Note. 7)

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 IPO prospectus filed on April 29, 2021, which includes our audited financial statements for the year ended December 31, 2019 and 2020. In addition to historical financial information, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events 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 the sections titled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included in our prospectus. 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 and Adjusted Net Income, which are not presented in accordance with GAAP. Adjusted EBITDA and Adjusted Net Income 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 and Adjusted Net Income to be substitutes for any GAAP financial information. Readers of this Form 10-Q should use Adjusted EBITDA and Adjusted Net Income only in conjunction with Net Income, the most comparable GAAP financial measure. Reconciliations of Adjusted EBITDA and Adjusted Net Income to Net Income, the most comparable GAAP measure, is provided in Non-GAAP Financial Matters.

Overview

We are a global provider of advanced solar tracker systems. Our trackers are supported by proprietary software designed to increase energy production yield from our tracker systems. We also support our customers in project design and development by providing value-added engineering services that assist customers in optimizing our products and reducing total project costs. Our mission is to provide differentiated products, software and services that maximize energy generation and cost savings for our customers. We believe achieving our mission will help facilitate the continued growth and adoption of solar power globally. Trackers significantly increase the amount of solar energy produced at a solar installation by moving solar panels throughout the day to maintain an optimal orientation relative to the sun. Our systems offer efficiency gains relative to other tracker systems due to our their enhanced design, which includes a two-panel in-portrait format and independent rows, and its optimization for use with bifacial panels. Additionally, these efficiency gains can be enhanced by our proprietary software solutions. Our customers include leading project developers, solar asset owners and engineering procurement and construction ("EPC") contractors that design and build solar energy projects. Our team of experienced renewable energy professionals is focused on delivering compelling value to customers across the full solar energy project lifecycle, including at the development, construction and operations phases.

Our corporate headquarters and testing lab are located in Austin, Texas, and we have a training and technology development site in Aurora, Colorado. To assist with our global expansion effort, we have grown our sales and support network abroad, with employees located in Australia, Canada, India, the Middle East, China, Europe, South Africa, and South-East Asia. As of September 30, 2021, we had 216 full-time employees.

We currently offer tracking and software solutions targeting the utility-scale solar energy markets to current and potential customers in the United States, Asia, the Middle East, North Africa, Europe, South America and Australia. In 2020 and for the nine months ended September 30, 2021, we derived the majority of our revenue from EPC contractors in the United States. We expect this revenue profile to shift over time as project developers and solar asset owners make more direct purchases of solar installations and as we continue to expand our global footprint in Latin America, Europe and certain other markets. We derived 81% of all of our revenue from tracker system sales for the nine months ended September 30, 2021. During this same period, substantially all of our revenues were derived from sales to our customers in the United States. The solar industry continues to experience higher commodities and logistics costs. These increased input costs result in downward pressure on our margins. In addition, a group called American Solar Manufacturers Against Chinese Circumvention (A-SMACC) filed an anti-dumping and countervailing duties (AD/CVD) claim with the US Department of Commerce to investigate solar cells and modules imported from certain companies in Malaysia, Thailand and Vietnam. The Department of Commerce has not made a decision regarding the request and this uncertainty is causing some customers to push out certain projects. We are taking meaningful action to further diversify our supply chain and accelerate our product cost roadmap to mitigate the impact of these cost increases to our business and provide compelling solutions for our customers. At the end of the quarter, we hired a new CEO to accelerate the growth and profitability of the Company. We have maintained focus on our growth strategy throughout the quarter ended September 30, 2021 and experienced growth in our contracted and awarded projects which we believe will produce revenue growth in 2022. We have secured several international project awards and a multi project transaction to provide trackers for 1.7 GWs of projects in development by a leading project developer. As part of this transaction, FTC intends to make a limited amount of development capital available to some of these projects. We also added another order of our SunPath performance enhancing software product which we introduced at the end of 2020. Our SunPath product boosts project energy production yield and our solution is differentiated from other products in the marketplace by eliminating row-to-row shading, optimizing capture of diffuse light and increasing the system yield. We estimate this enables customers to achieve up to a 6% increase in energy yield at a solar installation.

We also launched a large format module tracker system in January 2021 which is currently being utilized by various customers. To meet market demand for large format modules, we are providing tracker systems that are compatible with a wide variety of module sizes and configurations, while maintaining the format and installation speed for in portrait orientation. FTC is committed to providing innovative solutions designed to benefit our customers and deliver value.

Key Factors Affecting Our Performance

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. We also intend 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.

Megawatts Shipped and Average Selling Price. The primary operating metric we use to evaluate our sales performance and to track market acceptance of our products is the change in megawatts (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 MW, including the change in average selling price (“ASP”) from period to period and cost per watt. ASP is calculated by dividing total revenue by total MW and cost per watt is calculated by dividing total costs of goods sold by total MW. These metrics enable us to evaluate trends in pricing, manufacturing cost and profitability.

Government Regulations. Changes in the U.S. trade environment, including the imposition of import tariffs and the recent anti-dumping and countervailing duties (AD/CVD) claim currently pending with the Department of Commerce, affect the amount and timing of our revenue, results of operations and cash flows. Escalating trade tensions, particularly between the United States and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain raw materials and components for our products. We have taken measures with the intention of mitigating the effect of tariffs on our business by reducing our reliance on China. In 2019, 90% of our supply chain was sourced from China. As of September 30, 2021, we have qualified suppliers outside of China for all our commodities and reduced the extent to which our supply chain for U.S.-based projects is subject to existing tariffs. We have entered into partnerships with manufacturers in the United States, Mexico, Canada, Spain, Brazil, Turkey, Saudi Arabia, India, China, Vietnam and Korea to diversify our supply chain and optimize costs.

Disruptions in Transportation and Supply Chain. Our costs are affected by the underlying costs of raw materials including steel, component costs including motors and micro-chips and transportation costs. Current market conditions that constrain supply of materials and disrupt the flow of materials from international vendors impacts the cost of our products and services. We have also seen increases in domestic transportation costs. These cost increases impact our margins. We are taking steps to expand and diversify our manufacturing partnerships and we are implementing alternative modes of transportation to mitigate the impacts of these current headwinds in the global supply chain and logistics market. We also have a sharp focus on our design to value initiative to improve margin by reducing manufacturing and material costs of our products.

Impact of the COVID-19 Pandemic

In March of 2020, the World Health Organization declared that the worldwide spread and severity of a new coronavirus, referred to as COVID-19, was severe enough to be characterized as a pandemic. In response to the continued spread of COVID-19, governmental authorities in the United States and around the world have imposed various restrictions designed to slow the pace of the pandemic, including restrictions on travel and other restrictions that prohibit employees from going to work, including in cities where we have offices, employees, and customers, causing severe disruptions in the worldwide economy. We have experienced significant supply chain disruptions that have caused delays in product deliveries due to diminished vessel capacity and port detainment of vessels as a consequence of the COVID-19 pandemic, which have contributed to an increase in lead times for delivery of our tracker systems. The reduced capacity for logistics is also causing increases in logistics costs. We also experienced a COVID-19 related supplier production slowdown due to isolated outbreaks. Additionally, ground operations at project sites have been impacted by health-related restrictions, shelter-in-place orders and worker absenteeism, which resulted in delays in project completions in 2020, and these restrictions have also hindered our ability to provide on-site support to our customers and conduct inspections of our contract manufacturers. The disruptions in the global supply chain have resulted in extended lead times for some of our component parts. Management will continue to monitor the impact of the global situation on our financial condition, cash flows, operations, contract manufacturers, industry, workforce and customer relationships.

Key Components of Our Results of Operations

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

Revenue

We generate our revenue in two streams – Product revenue and Service revenue. Product revenue is derived from the sale of Voyager Trackers, customized components of Voyager Trackers, individual part sales for certain specific transactions and sale of term-based software licenses. Revenue from the sale of Voyager Trackers and customized components of Voyager Trackers 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 Voyager Trackers and its components. Revenue from the sale of a Voyager Tracker's individual parts is recognized 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. Service revenue includes revenue from shipping and handling services, subscription-based enterprise licensing model and maintenance and support services in connection with the term-based software licenses. Revenue for shipping and handling services is recognized over time based on shipping terms of the arrangements. Subscription revenue, which is derived from a subscription-based enterprise licensing model, and support revenue, which is derived from ongoing security updates and maintenance, is 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 a customer covering the price, specifications, delivery dates and warranty for the products being purchased, among other things. Our contractual delivery period for Voyager Trackers and related parts can vary between twelve weeks and 23 weeks. 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 and availability of government incentives to the end-users of our products. Additionally, our revenue may be impacted by seasonality and variability related to Investment Tax Credit ("ITC") step-downs and construction activity as well as inclement weather conditions.

Our revenue growth is dependent on continued growth in the number of solar tracker projects, software sales and engineering services we win in competitive bidding processes. Our growth targets are impacted by our ability to increase our market share in each of the geographies in which we currently compete and to expand our global footprint to new emerging markets. To support this planned growth, we must grow our production capabilities to meet demand and continue to develop and introduce new and innovative products that address the changing technology and performance requirements of our customers.

Cost of Revenue and Gross Profit

Cost of revenue consists primarily of Voyager Trackers' raw material costs, including purchased components, as well as costs related to freight and delivery, product warranty, supply chain personnel and consultants, insurance, and customer support. Personnel costs include both direct labor costs as well as costs attributable to any individuals whose activities relate to the procurement, installation and delivery of the finished product and provision of services.

We subcontract to third party contract manufacturers 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 apply financial hedges 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. The industry is currently experiencing rising steel and logistics costs. We do not have any multi-year contracts with unhedged steel exposure. Subject to the last sentence of this paragraph, we fix our steel input prices as close to signing a customer purchase order as possible. We continue to expand our global supply chain which improves our ability to secure necessary supplies and further diversifies us on key components and positions us with additional flexibility moving forward. During the three month period ended June 30, 2021 we entered into contracts to ensure necessary steel capacity and more price certainty for a substantial portion of the steel commodities required for our anticipated production the rest of the fiscal year.

Gross profit may vary from quarter-to-quarter and is primarily affected by our volume of MW, ASP, product costs, product mix, customer mix, geographical mix, shipping method and costs, warranty costs, personnel 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.

Our full-time employee headcount in research and development, selling and marketing and general and administrative capacities has grown as we invested in new employees to support our growth and operations as a publicly traded company.

The timing of these additional hires could materially affect our operating expenses in any particular period, both in absolute dollars and as a percentage of revenue. We expect to continue to invest substantial resources to support our growth and anticipate that each of the following categories of operating expenses will increase in absolute dollar amounts for the foreseeable future.

Research and Development Expenses

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

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of salaries, employee benefits, stock-based compensation expenses and travel expenses related to our selling 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.

We expect an increase in the number of selling and marketing personnel in connection with the expansion of our global selling and marketing footprint as we enter new markets. The majority of our selling and marketing expenses for the three and nine months ended September 30, 2020 were related to sales to customers in the United States and business development in other parts of the world. As of September 30, 2021, we have a sales presence in the United States, Australia, India, the Middle East, China, Europe, South Africa, and South-East Asia. We intend to continue to expand our sales presence and marketing efforts to additional countries.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, employee benefits, stock-based compensation, and travel related to our executives, finance team, and administrative employees. It also consists of legal, consulting, and professional fees, rent and lease expenses pertaining to our international offices, business insurance and other costs. We have and will continue to incur additional audit, tax, accounting, legal and other costs related to compliance with applicable securities and other regulations, as well as additional insurance, investor relations and other costs associated with being a public company.

Non-Operating Expenses and Other Items

Interest Expense

Interest expense for the nine months ended September 30, 2021, consists of commitment fees related to a revolving credit facility we entered into in April 2021, amortization of debt issuance costs and interest expense related to a revolving line of credit with Western Alliance Bank, which was paid off during the quarter ended March 31, 2021.

Gain on extinguishment of debt

Gain on extinguishment of debt is the result of a forgiveness of a loan effective January 20, 2021 (See "Debt Obligations" below) under the SBA's Paycheck Protection Program (PPP).

Income Taxes

Provision for income taxes consists primarily of income taxes related to foreign and state jurisdictions in which we conduct business.

Gain on disposal in equity investment

Gain on disposal in equity investment resulted from the Company disposing of its approximate 23% non-controlling interest in Dimension Energy, LLC (See "Note 7." in the Notes to Condensed Consolidated Financial Statements.)

Loss from Unconsolidated Subsidiary

Loss from unconsolidated subsidiary represents our allocated net loss arising from our equity method investment in Dimension Energy, LLC through the disposal date.

Results of Operations

The following tables summarizes our results of operations as well as other financial data management considers meaningful for the three and nine months ended September 30, 2020 and 2021. This information should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. The results of historical periods are not necessarily indicative of the results of operations for any future period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
(dollars in thousands)				
Revenue:				
Product revenue	\$ 48,879	\$ 45,582	\$ 122,197	\$ 137,799
Service revenue	10,761	7,407	20,976	31,005
Total revenue	59,640	52,989	143,173	168,804
Cost of revenue ^(a):				
Product cost of revenue	46,513	48,090	114,883	146,964
Service cost of revenue	10,261	12,938	19,826	45,810
Total cost of revenue	56,774	61,028	134,709	192,774
Gross profit (loss)	2,866	(8,039)	8,464	(23,970)
Operating expenses				
Research and development ^(a)	1,438	2,116	4,047	9,653
Selling and marketing ^(a)	1,041	2,224	2,374	6,421
General and administrative ^(a)	2,912	10,392	7,630	63,217
Total operating expenses	5,391	14,732	14,051	79,291
Loss from operations	(2,525)	(22,771)	(5,587)	(103,261)
Interest expense	(70)	(301)	(303)	(515)
Gain from disposal in equity investment	—	210	—	20,829
Gain (loss) on extinguishment of debt	(34)	—	(75)	790
Other expense	(1)	(13)	(1)	(59)
Loss before income taxes	(2,630)	(22,875)	(5,966)	(82,216)
(Expense) benefit from income taxes	(24)	(41)	115	(137)
Loss from unconsolidated subsidiary	(186)	—	(345)	(354)
Net Loss	\$ (2,840)	\$ (22,916)	\$ (6,196)	\$ (82,707)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(12)	3	(20)	9
Comprehensive Loss	\$ (2,852)	\$ (22,913)	\$ (6,216)	\$ (82,698)

(a) Includes stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
Cost of revenue	\$ 80	\$ 342	\$ 244	\$ 7,571
Research and development	16	200	47	3,925
Selling and marketing	9	1,135	28	2,942
General and administrative	343	3,704	1,062	44,093
Total stock-based compensation expense	\$ 448	\$ 5,381	\$ 1,381	\$ 58,531

Comparison of the Three and Nine Months ended September 30, 2020 and 2021

Product Revenue

Product revenue for the three months ended September 30, 2021 was \$45.6 million, a decrease of \$3.3 million or 7%, as compared to \$48.9 million for the three months ended September 30, 2020, primarily driven by a 16% decrease in MW shipped, partially offset by an increase in ASP. During the three months ended September 30, 2021, 42% of the MW shipped were to new customers that we did not have in the three months ended September 30, 2020 and 58% represented new projects with customers we worked with in the three months ended September 30, 2020. The revenue was primarily generated by customer projects located in the United States.

Product revenue for the nine months ended September 30, 2021 was \$137.8 million, an increase of \$15.6 million or 13%, as compared to \$122.2 million for the nine months ended September 30, 2020, primarily driven by a 15% increase in MW shipped and a slight increase in ASP. During the nine months ended September 30, 2021, 15% of the MW shipped were to new customers that we did not have in the nine months ended September 30, 2020 and 85% represented new projects with customers we worked with in the nine months ended September 30, 2020. The revenue was primarily generated by customer projects located in the United States.

Service Revenue

Service revenue for the three months ended September 30, 2021, was \$7.4 million, a decrease of \$3.4 million, as compared to \$10.8 million for the three months ended September 30, 2020, primarily driven by a decrease in MW shipped offset by an increase in shipping and logistics revenue on Voyager Tracker sales due to increases in contract pricing which helped offset the significant rise in shipping and logistics costs.

Service revenue for the nine months ended September 30, 2021, was \$31.0 million, an increase of \$10.0 million, as compared to \$21.0 million for the nine months ended September 30, 2020, primarily driven by an increase in shipping and logistics revenue on Voyager Tracker sales due to a 15% increase in MW shipped to our U.S. customers and by increased contract prices which help offset rising shipping and logistics costs.

Cost of Revenue and Gross Profit

Cost of revenue for the three months ended September 30, 2021 was \$61.0 million, an increase of \$4.3 million as compared to \$56.8 million for the three months ended September 30, 2020, primarily driven by an increase in personnel, shipping and logistics costs and steel commodity prices which were partially offset by a reduction in MW shipped. Cost per MW increased 27% year over year due to increases in steel prices and shipping and logistics costs. Overhead costs were higher due to increased headcount. Our approach when we receive a contract from our customers, is to place the related supply purchase orders for tracker components as soon as possible thus locking our costs for commodities like steel. We continue to develop innovative approaches to mitigate the impacts of global increases in shipping and logistics costs due to the capacity constraints within the market.

Cost of revenue for the nine months ended September 30, 2021 was \$192.8 million, an increase of \$58.1 million as compared to \$134.7 million for the nine months ended September 30, 2020, primarily driven by the aforementioned increase in MW shipped as well as increases in steel costs and shipping and logistics costs. Cost per MW increased 24% due to increases in steel prices and shipping and logistics costs. Overhead costs were higher year over year due to increased headcount to support our growth and the higher stock-based compensation expense recorded in the second quarter of 2021 due to our IPO triggering vesting of a significant number of shares. Cost of revenue for the nine months ended September 30, 2021 was also impacted by approximately \$4.5 million in expenditures related to certain retrofits, remediations and product reconfigurations for certain of our solar tracker systems that had been previously installed, or were in the process of being installed, at customer sites.

Gross margin was negative for the quarter ended September 30, 2021 due to increased shipping and logistics costs of approximately \$5.5 million that were not passed on to our customers, product reconfiguration, higher costs for our components and higher overhead costs due to an increase in headcount.

Our gross margin for the nine months ended September 30, 2021 decreased \$32.4 million as compared to the nine months ended September 30, 2020 due primarily to increased logistics costs that were not passed on to our customers, increases in headcount as we scale and higher stock-based compensation triggered by the IPO. The gross profit for the nine months ended September 30, 2020 benefitted from a higher mix of safe harbor projects which carried a higher margin as customers were seeking to take advantage of the expected ITC step down.

Research and Development (R&D) Expenses

Research and development expenses for the three months ended September 30, 2021 were \$2.1 million, an increase of \$0.7 million as compared to \$1.4 million for the three months ended September 30, 2020. The increase in expenses was primarily attributable to an increase of \$0.3 million in personnel-related expenses, due to a net increase in headcount for the research and development of our products, \$0.2 million increase in patent related expense and \$0.1 increase in R&D focused on design to value initiatives. Research and development expenses as a percentage of revenue were approximately 2% for the three months ended September 30, 2020 and 4% for the three months ended September 30, 2021.

Research and development expenses for the nine months ended September 30, 2021 were \$9.7 million, an increase of \$5.6 million, as compared to \$4.0 million for the nine months ended September 30, 2020. The increase in expenses was primarily attributable to an increase of \$3.9 million attributable to stock-based compensation triggered by our IPO, \$0.7 million in personnel-related expenses, due to a net increase in headcount for the research and development of our products and an increase of \$0.6 million in R&D related to our design to value initiatives to reduce the costs of our tracker product. Research and development expenses as a percentage of revenue were 3% for the nine months ended September 30, 2020 and 6% for the nine months ended September 30, 2021.

Selling and Marketing Expenses

Selling and marketing expenses for the three months ended September 30, 2021 were \$2.2 million, an increase of \$1.2 million as compared to \$1.0 million for the three months ended September 30, 2020. The increase in selling and marketing expenses was primarily attributable to an increase of \$1.1 million of stock-based compensation and a \$0.2 million increase in personnel-related expenses due to a net increase in headcount to support our international expansion plans. Selling and marketing expenses as a percentage of revenue were 2% for the three months ended September 30, 2020 and 4% for the three months ended September 30, 2021.

Selling and marketing expenses for the nine months ended September 30, 2021 were \$6.4 million, an increase of \$4.0 million, as compared to \$2.4 million for the nine months ended September 30, 2020. The increase in selling and marketing expenses was primarily attributable to an increase in of \$3.1 million for stock-based compensation triggered by our IPO, and \$1.1 million in personnel-related expenses, due to a net increase in headcount to support our international expansion plans. Selling and marketing expenses as a percentage of revenue were 2% for the nine months ended September 30, 2020 and 4% for the nine months ended September

30, 2021.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2021 were \$10.4 million, an increase of \$7.5 million, as compared to \$2.9 million for the three months ended September 30, 2020. The increase in general and administrative expenses was primarily attributable to an increase in stock based compensation of \$3.4 million, an increase of \$0.6 million in personnel-related expenses due to a net increase in headcount, an increase of \$0.5 million in professional fees for consulting, legal and accounting services to support becoming a public company, an increase of \$0.9 million in business insurance costs and an increase of \$0.4 million pertaining to rent, lease and other office expenses in line with an increase in headcount. General and administrative expenses as a percentage of revenue were approximately 5% for the three months ended September 30, 2020 and 20% for the three months ended September 30, 2021.

General and administrative expenses for the nine months ended September 30, 2021 were \$63.2 million, an increase of \$55.6 million, as compared to \$7.6 million for the nine months ended September 30, 2020. The increase in general and administrative expenses was primarily attributable to an increase of \$47.4 million for stock based compensation triggered by our IPO, an increase of \$2.4 million in personnel-related expenses due to an increase in headcount, an increase of \$2.3 million in professional fees for consulting, legal and accounting services, an increase of \$1.5 million in business insurance costs and an increase of \$0.8 million pertaining to rent, lease and other office expenses in line with an increase in headcount. General and administrative expenses as a percentage of revenue were approximately 5% for the nine months ended September 30, 2020 and 37% for the nine months ended September 30, 2021.

Interest Expense

Interest expense consists of interest expense in connection with our revolving line of credit with Western Alliance Bank, which was scheduled to mature on June 10, 2021 but was paid off during the quarter ended March 31, 2021 and interest expense in connection with our commitment fee for our revolving credit facility and amortization of debt issuance costs that we entered into in April 2021. (See “Debt Obligations” below).

Loss from Unconsolidated Subsidiary

We sold our interest in our unconsolidated subsidiary, 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. Loss from unconsolidated subsidiary for the period from January 1, 2021, to the disposal date was \$0.4 million. For the nine months ended September 30, 2020, we recognized a loss of \$0.3 million on this equity investment.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through sales of shares of common stock, issuance of debt and payments from our customers. Our ability to generate positive cash flow from operations is dependent on contract payment terms and the strength of our gross margins. During the nine months ended September 30, 2021, we used cash generated from operations to ensure steel capacity for our projects in the back half of the year and to acquire inventory that has a longer lead time due to global market supply and logistics constraints. The economic conditions causing our industry to experience rapid commodity price increases and significant increases in transportation costs negatively impacts our margin in the near term and thus our cash from operations. We are taking steps to diversify our supply chain and design lower material requirements for our trackers in order to mitigate these economic headwinds. We believe this impact to be temporary as we work through our improvement roadmap. We intend to make up to \$30M of development capital available to a tracker customer that is committing to use our trackers on a significant portion of their development projects. We believe that our operating cash flows, our cash balances, as well as the available borrowing capacity under our revolving credit facility will be sufficient to meet our cash needs for the next 12 months.

We intend to maintain appropriate debt levels based upon cash flow expectations, our overall cost of capital and expected cash requirements for our operations, such as systems and project development activities in certain international regions. Any incremental debt financings could result in increased debt service expenses and/or restrictive covenants, which could limit our ability to pursue our strategic plans.

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

	Nine Months Ended	
	September 30,	
	2020	2021
	(in thousands)	
Net cash used in operating activities	\$ (14,638)	\$ (92,414)
Net cash provided by investing activities	—	21,554
Net cash provided by financing activities	26,784	178,140
Effect of exchange rate changes on cash and restricted cash	(20)	9
Increase in cash and restricted cash	<u>\$ 12,126</u>	<u>\$ 107,289</u>

Operating Activities

For the nine months ended September 30, 2020, net cash used in operating activities was \$14.6 million, primarily due to a net loss of \$6.2 million and an increase of \$13.8 million in accrued expenses, \$12.2 million in accounts receivable, and \$4.4 million in prepaid and other current assets, and a decrease of \$14.1 million in deferred revenue.

For the nine months ended September 30, 2021, net cash used in operating activities was \$92.4 million, primarily due to a net loss of \$82.7 million which is reflective of our current investment in growing our operations and becoming a public company, global increases in logistics costs and expanding our presence to additional countries. This reflects an increase of \$30.0 million in receivables, \$16.6 million in prepaid deposits to secure supply capacity for the remainder of the year, \$20.7 million in accounts payable and accrued expenses and \$9.6 million in inventory and a decrease in deferred revenue of \$13.4 million.

Investing Activities

For the nine months ended September 30, 2021, net cash provided by investing activities was \$21.6 million, which was attributable to proceeds from the disposal of the equity method investment.

Financing Activities

For the nine months ended September 30, 2020, net cash provided by financing activities was \$26.8 million which was primarily due to proceeds received from the sale of stock.

For the nine months ended September 30, 2021, net cash provided by financing activities was \$178.1 million which was primarily attributable to the proceeds from sale of common stock from our initial IPO in April 2021, less underwriting commissions and repurchases of approximately 4.5 million shares of our common stock which resulted from the settlement of certain vested RSUs and the exercise of certain options in connection with the IPO.

Debt Obligations

Revolving Line of Credit

On June 17, 2019, we entered into a revolving line of credit agreement with the Western Alliance Bank for a total aggregate principal amount of \$1.0 million, which was scheduled to mature on June 10, 2021. In the quarter ended March 31, 2021, the outstanding balance for the revolving line of credit was paid in full and the revolving credit line was closed.

On April 30, 2021, the Company entered into a \$100 million senior secured revolving credit facility, by and among the Company, as borrower, the several financial institutions from time-to-time parties thereto, and Barclays Bank PLC, as an issuing lender, the swingline lender and as administrative agent (the "Credit Agreement"). The Credit Agreement has an initial three-year term and it will be used for working capital and for other general corporate purposes. The Company has not made any draws on the revolving credit facility. The Credit Agreement includes the following terms: (i) aggregate commitments of up to \$100 million, with letter of credit and swingline sub-limits; (ii) customary base rate of LIBOR plus 3.25% per annum, respectively; (iii) initial commitment fees of 0.50% per annum; (iv) initial letter of credit fees of 3.25% per annum; and (v) other customary terms for a corporate revolving credit facility. The Company did not draw any funds on its credit facility during the three and nine months ended September 30, 2021.

The facility is secured by a first priority lien on substantially all of the Company's assets, subject to certain exclusions, and customary guarantees. The Credit Agreement includes the following financial condition covenants that the Company is required to satisfy: (i) maintain a minimum liquidity limit of \$125 million for each quarter; (ii) maintain a 3.75 times leverage ratio; and (iii) maintain a 1.5 times interest coverage ratio. The leverage and interest coverage ratios will be triggered when the Company achieves \$50 million in adjusted EBITDA over a trailing twelve months. Once the leverage and interest coverage ratios are triggered the minimum liquidity limit will not have a minimum limit. Minimum liquidity includes unrestricted cash plus the undrawn balance of the revolving credit facility. The minimum liquidity covenant was the only financial condition covenant the Company had to satisfy as of the period ended September 30, 2021. As of September 30, 2021, the Company was in full compliance with its financial condition covenant.

Paycheck Protection Program

On April 30, 2020, we received a PPP loan pursuant to the Cares Act in the amount of \$0.8 million. The PPP loan had a two-year term maturing on April 30, 2022 and a fixed interest rate of 1%. Under the terms of the CARES Act the loan is eligible for forgiveness, in part or whole, if the proceeds are used to retain and pay employees and for other qualifying expenditures. The PPP loan and the related accrued interest were fully forgiven on January 20, 2021.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Non-GAAP Net Loss and Adjusted Non-GAAP Net Loss Per Share ("Adjusted EPS")

We present Adjusted EBITDA, Adjusted Non-GAAP Net Loss and Adjusted EPS as supplemental measures of our performance. We define Adjusted EBITDA as net loss plus (i) income tax (benefit) or expense, (ii) interest expense, (iii) depreciation expense, (iv) amortization of intangibles, (v) amortization of debt issuance costs, (vi) stock-based compensation (vii) gain on extinguishment of debt, (viii) gain from disposal in equity investment, (ix) non-routine legal fees, (x) severance, (xi) other costs and (xii) loss from unconsolidated subsidiary. We define Adjusted Net Loss as net loss plus (i) amortization of intangibles, (ii) amortization of debt issuance costs (iii) stock-based compensation, (iv) gain on extinguishment of debt, (v) gain from disposal of equity investment, (vi) non-routine legal fees, (vii) severance, (viii) other costs, (ix) loss from unconsolidated subsidiary and (x) income tax expense of adjustments. Adjusted EPS is defined as Adjusted Non-GAAP Net Loss Per Share using the weighted average basic and diluted shares outstanding.

Adjusted EBITDA, Adjusted Non-GAAP Net Loss and Adjusted EPS are intended as supplemental measures of performance that are neither required by, nor presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). We present Adjusted EBITDA, Adjusted Non-GAAP 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 Non-GAAP Net Loss and Adjusted EPS to evaluate the effectiveness of our business strategies.

Among other limitations, Adjusted EBITDA, Adjusted Non-GAAP 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 Non-GAAP Net Loss and Adjusted EPS differently than we do, which limits its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA, Adjusted Non-GAAP Net Loss and Adjusted EPS should not be considered in isolation or as substitutes for performance measures calculated in accordance with 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 GAAP measure as disclosed below.

Revision of Previously Issued Financial Statements

In connection with the preparation of the Company's financial statements as of and for the three months ended September 30, 2021, the Company identified an error in the basic and diluted earnings per share ("EPS") calculation for the three and six months ended June 30, 2021. The revisions for the stock-based compensation did not have any impact on Non-GAAP Adjusted EBITDA or Adjusted Non-GAAP Net Loss. However, the adjustment to the weighted average shares outstanding did have an impact to the Adjusted EPS. The Adjusted EPS as previously reported was \$(0.21) and \$(0.32) loss per share for the three and six months ended June 30, 2021 and after the revision the Adjusted EPS increased to \$(0.19) and \$(0.31) loss per share for the three and six months ended June 30, 2021. (See Footnote 2. to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.)

The following table reconciles Net Loss to Adjusted EBITDA for the three and nine months ended September 30, 2020 and 2021, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands)			
Net loss	\$ (2,840)	\$ (22,916)	\$ (6,196)	\$ (82,707)
Income tax (benefit)	24	41	(115)	137
Interest expense, net	70	128	303	227
Depreciation expense	3	53	10	95
Amortization of intangibles	—	—	33	—
Amortization of debt issuance costs	—	173	—	288
Stock-based compensation	448	5,381	1,381	58,531
(Gain) loss on extinguishment of debt(a)	34	—	75	(790)
(Gain) from disposal of equity investment	—	(210)	—	(20,829)
Non-routine legal fees (b)	—	988	—	1,763
Severance(c)	—	—	—	295
Other costs(d)	—	270	—	3,135
Loss from unconsolidated subsidiary(e)	186	—	345	354
Adjusted EBITDA	\$ (2,075)	\$ (16,092)	\$ (4,164)	\$ (39,501)

(a) The gain on extinguishment of debt for the nine months ended September 30, 2021 resulted from forgiveness of a loan under SBA's Paycheck Protection Program. See "Note -8 Debt and Other Borrowings".

(b) Represents legal fees incurred that were not ordinary or routine to the operations of the business.

(c) Represents severance accrued related to an agreement with an employee due to restructuring changes.

(d) Represents consulting fees in connection with operations and finance and other costs associated with our IPO and one-time CEO transition cost.

(e) Represents results of an entity that we do not consolidate, as our management excludes these results when evaluating our operating performance.

The following table reconciles Net Loss to Adjusted Non-GAAP Net Loss and Adjusted EPS for the three and nine months ended September 30, 2020 and 2021, respectively. All shares and per share amounts have been adjusted for an approximately 8.25-for-1 share forward stock split which took effect on April 28, 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2021	2020	2021
	(in thousands, except per share data)			
Net loss	\$ (2,840)	\$ (22,916)	\$ (6,196)	\$ (82,707)
Amortization of intangibles	—	—	33	—
Amortization of debt issuance costs	—	173	—	288
Stock-based compensation	448	5,381	1,381	58,531
(Gain) loss on extinguishment of debt(a)	34	—	75	(790)
(Gain) from disposal of equity investment	—	(210)	—	(20,829)
Non-routine legal fees(b)	—	988	—	1,763
Severance(c)	—	—	—	295
Other costs(d)	—	270	—	3,135
Loss from unconsolidated subsidiary(e)	186	—	345	354
Income tax expense of adjustments(f)	—	—	(3)	—
Adjusted Non-GAAP net loss	<u>\$ (2,172)</u>	<u>\$ (16,314)</u>	<u>\$ (4,365)</u>	<u>\$ (39,960)</u>

Adjusted Non-GAAP net loss per share (Adjusted EPS)

Basic	\$ (0.03)	\$ (0.17)	\$ (0.06)	\$ (0.48)
Diluted	\$ (0.03)	\$ (0.17)	\$ (0.06)	\$ (0.48)

Weighted-average common shares outstanding:

Basic	67,567,724	94,596,519	69,857,468	82,677,824
Diluted	67,567,724	94,596,519	69,857,468	82,677,824

(a) The gain on extinguishment of debt for the nine months ended September 30, 2021 resulted from forgiveness of a loan under SBA's Paycheck Protection Program. See "Note -8 Debt and Other Borrowings".

(b) Represents legal fees incurred that were not ordinary or routine to the operations of the business.

(c) Represents severance accrued related to an agreement with an employee due to restructuring changes.

(d) Represents consulting fees in connection with operations and finance and other costs associated with our IPO and one-time CEO transition cost.

(e) Represents results of an entity that we do not consolidate, as our management excludes these results when evaluating our operating performance.

(f) Represents incremental tax expense of adjustments made to reconcile Net Loss to Adjusted Non-GAAP Net Loss driven from loss from unconsolidated subsidiary.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets or any obligation arising out of a material variable interest in an unconsolidated entity.

Recently Issued Accounting Pronouncements

See Note 3 to our condensed consolidated financial statements included elsewhere in this report.

Critical Accounting Policies and Significant Management Estimates

The preparation of our interim unaudited condensed consolidated financial statements in accordance with GAAP requires estimates, judgments and assumptions that affect the reported amounts and classifications of assets and liabilities, revenues and expenses and the related disclosures of contingent liabilities in our interim unaudited condensed consolidated financial statements and accompanying notes. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of the company's financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the following critical accounting policies and estimates:

- Revenue recognition;
- Equity method investments;
- Warranties;
- Stock-based compensation;
- Deferred revenues;
- Leases;
- Contingent consideration; and
- Income taxes

We have other key accounting policies which involve the use of estimates, judgments and assumptions that are significant to understanding our results. See Note 3 - Summary of Significant Accounting Policies to the interim unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Of those policies, we believe that the accounting policies enumerated above involve the greatest degree of complexity and exercise of judgment by our management.

During the three months and nine months ended September 30, 2021, there were no significant changes in our critical accounting policies or estimates which were included in the condensed consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2020, which are included in our year ended December 31, 2020 financial statements in the Company's IPO Prospectus for its IPO dated as of April 29, 2021 and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act.

We evaluate our estimates, judgments and assumptions on an ongoing basis, and while we believe that our estimates, judgments and assumptions are reasonable, they are based upon information available at the time. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions

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.

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. We are subject to indirect risk from fluctuating market prices of certain commodity raw materials, including steel and aluminum, that 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 disclosure controls and procedures are designed to ensure that the information relating to our Company, including our consolidated subsidiary, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow for timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of the evaluation date, our disclosure controls and procedures were not effective due to material weaknesses in our internal control over financial reporting, as described below.

Previously Reported Material Weaknesses in Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. During the course of preparing for our IPO and as reported in the IPO Prospectus, we identified a material weakness in our internal control over financial reporting as we did not design and maintain effective controls over financial reporting that constituted the following material weaknesses:

- We did not have a sufficient complement of experienced personnel with the requisite technical knowledge of public company accounting and reporting and for non-routine, unusual or complex transactions. This material weakness contributed to the following material weaknesses.
- We did not design and maintain adequate controls over the period-end close and financial reporting process including establishment of accounting policies and procedures, certain account reconciliations, cut-off, segregation of duties, journal entries and financial statement preparation. This material weakness contributed to material adjustments in the 2019 consolidated financial statements principally, but not limited to, in the following areas: definite-lived intangibles, warranty obligation, cut-off of revenue transactions and related cost of sales. This material weakness also contributed to misstatements in our stock-based compensation and weighted-average common shares outstanding, which led to the revision of the Company's consolidated financial statements as of June 30, 2021 and for the three and six months period then ended.
- We did not design and maintain effective information technology general controls (ITGC) over the IT systems used for preparation of the financial statements. Specifically, we did not design and maintain (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs and data to appropriate Company personnel; and (iii) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

Although there were no material adjustments to the consolidated financial statements as a result of IT deficiencies, these IT deficiencies, when aggregated, could impact the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, we have determined that these IT deficiencies in the aggregate constitute a material weakness

Additionally, the above material weaknesses could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement of the annual or interim financial statements that would not be prevented or detected.

Status of Remediation Plan

Our remediation efforts for these material weaknesses are ongoing and we continue our initiatives to enhance and improve our control activities and processes. Our remediation plan includes but is not limited to the following:

- We appointed a new Director of Internal Audit with previous experience with internal controls and internal audit process and procedure for publicly traded companies;
- We have increased communication and training to employees regarding internal control over financial reporting, disclosure controls, processes and procedures;
- We have established an Internal Control Committee that will be chaired by our new Director of Internal Audit to serve as an oversight and monitoring committee of the Company's internal controls;
- We have hired and will continue to hire accounting personnel, as needed, from the finance and accounting profession with experience in publicly traded companies;
- We continue to utilize third-party consultants and specialists to supplement our internal resources;
- We continue to enhance and improve our established accounting policies and procedures;
- We continue to enhance processes and procedures to monitor and evaluate the effectiveness of our ITGCs on an ongoing basis and are committed to taking further action in making additional improvements, as we find necessary.

We plan to continue to assess our internal controls and procedures and implement processes and procedures to remediate these material weaknesses.

Changes in Internal Control

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report 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 are subject to routine legal proceedings in the normal course of operating our business. Currently there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows.

On April 21, 2021, FCX Solar, LLC (“FCX”), filed a lawsuit against us in the United States District Court for the Southern District of New York. The complaint alleges breach of contract and tort claims related to a patent license agreement and consulting relationship between FCX and us. FCX seeks damages of approximately \$134 million in the lawsuit. On July 2, 2021, we filed a motion to dismiss the tort claims. On July 16, 2021, rather than responding to that motion, FCX filed an amended complaint asserting the same claims as the original complaint. On July 22, 2021, we advised the court that FTC would stand on its motion to dismiss, and at the request of the court, we filed a revised motion citing the amended complaint. FCX filed its response on August 19, 2021, and we filed a reply and a request for oral argument on September 7, 2021. Discovery in the Southern District of New York matter is ongoing. On May 29, 2021, FCX filed a separate lawsuit against us in the United States District Court for the Western District of Texas, alleging a claim for patent infringement related to U.S. Patent No. 10,903,782. FCX seeks an unspecified amount of damages, including past and future royalties, and injunctive relief. Our answer to that complaint was filed on June 22, 2021, along with our motion to transfer the patent suit to the Southern District of New York to be consolidated with the New York litigation. FCX filed an amended complaint asserting claims for direct patent infringement, indirect infringement by active inducement, and contributory infringement on July 27, 2021, and we filed our answer to that complaint on August 10, 2021. On October 25, 2021, our motion to transfer the case to the Southern District of New York was granted. The Company believes the claims asserted in both lawsuits are without merit, and we plan to vigorously defend against them. The Company and its management considered (a) the facts described above, (b) the preliminary stages of the proceedings and (c) the advice of outside legal counsel on the claims and determined that it is not probable that FCX will prevail on the merits. At this time the Company believes that the likelihood of any material loss related to these matters is remote given the strength of the Company’s defenses.

ITEM 1A. RISK FACTORS

This Quarterly Report on Form 10-Q should be read in conjunction with the risk factors included in our Prospectus. There have been no material changes to the risk factors disclosed under the heading “Risk Factors” in our Prospectus which is included in the Company’s IPO Prospectus dated as of April 29, 2021 and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds from Initial Public Offering of Common Stock

On April 30, 2021, we closed the IPO in which we issued and sold 19,840,000 shares of our common stock at a public offering price of \$13.00 per share.

The offer and sale of all of the shares of our common stock in the IPO was registered under the Securities Act pursuant to our Registration Statements on Form S-1, as amended (File No. 333-254797), which became effective on April 27, 2021. Barclays, BofA Securities, Credit Suisse and UBS Investment Bank acted as joint book-running managers and representatives of the underwriters for the IPO. HSBC, Cowen, Simmons Energy | A Division of Piper Sandler, Raymond James and Roth Capital Partners acted as co-managers for the IPO.

We received aggregate proceeds of \$241.2 million from the IPO, net of approximately \$16.8 million in underwriting discount and commissions and before offering costs.

We used \$54.2 million of the net proceeds of the IPO to purchase and retire an aggregate of 4,455,384 shares of our common stock, some of which resulted from the settlement of certain vested RSUs and the exercise of certain options in connection with the IPO offering, at the initial public offering price net of underwriters' fees and commissions.

We have and intend to continue to use the remaining \$187.0 million 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; however, we do not have binding agreements or commitments for any material acquisitions or investments at this time, though we would expect to use a portion of such proceeds for the development capital in connection with the multi project transaction for 1.7 gigawatts ("GWs") described herein.

There has been no material change in our planned use of the net proceeds from the IPO as described in the IPO prospectus.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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 (As Corrected June 8, 2021).
10.1	** Registration Rights Agreement, dated April 29, 2021, by and among FTC Solar, Inc. and certain holders of its capital stock (filed as Exhibit 10.1 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).
10.2	** Senior Secured Revolving Credit Facility, by and among FTC Solar, Inc., as borrower, the several financial institutions from time to time parties thereto, and Barclays Bank PLC, as an issuing lender, the swingline lender and as administrative agent (filed as Exhibit 10.2 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).
10.3	* Employment Agreement by and between FTC Solar, Inc. and Sean Hunkler.
10.4	** Employment Agreement by and between FTC Solar, Inc. and Patrick M. Cook (filed as Exhibit 10.4 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).
10.6	* FTC Solar, Inc. 2021 Stock Incentive Plan and form of agreement
10.7	* FTC Solar, Inc. 2021 Employee Stock Purchase Plan
31.1	* Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	* Certification of Chief 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 Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	* Certification 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
101.SCH	* Inline XBRL Taxonomy Extension Schema Document
101.CAL	* Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	* Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	* Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	* Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	* Cover Page Interactive Data File (formatted as Inline XBRL and contained in exhibit 101)

* Filed herewith

** Incorporated herein by reference

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FTC SOLAR, INC.

Date: November 12, 2021

/s/ Sean Hunkler

Sean Hunkler, Chief Executive Officer

Date: November 12, 2021

/s/ Patrick M. Cook

Patrick M. Cook, Chief Financial Officer

FTC SOLAR, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of September 13, 2021, by and between FTC Solar, Inc., a Delaware corporation (the "Company" and together with its Affiliates, the "Company Group"), and Sean Hunkler ("Executive" and, together with the Company, the "Parties").

RECITALS

WHEREAS, the Parties intend that Executive shall serve the Company as its Chief Executive Officer commencing effective as of September 24, 2021 (the "Effective Date") under the terms and conditions specified herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Term. Executive's employment with the Company Group under the terms and conditions of this Agreement shall continue as of the Effective Date and shall continue until such time as Executive's employment is terminated in accordance with the terms and conditions of Section 5 of this Agreement (the "Term"). Notwithstanding any provision of this Agreement to the contrary, Executive shall be employed on an "at-will" basis and Executive's employment may be terminated by either Party at any time.

2. Title; Services and Duties.

(a) During the Term, Executive shall be employed by the Company as its Chief Executive Officer, and shall report to the Board of Directors of the Company (the "Board"), pursuant to the terms of this Agreement.

(b) During the Term, Executive shall (i) be a full-time employee of the Company, or such other member of the Company Group as determined by the Board, (ii) have such duties, responsibilities and authority as are reasonably prescribed by the Board from time to time and normally associated with the role of a chief executive officer at an entity of similar size and nature as the Company and (iii) devote substantially all of Executive's business time and best efforts to the performance of his duties to the Company Group and shall not engage in any other business, profession or occupation for compensation. Notwithstanding the foregoing, Executive may (x) serve as a director or advisor of non-profit organizations without approval of the Board and as director or advisor of for profit companies with the prior approval of the Board, which shall not be unreasonably withheld, (y) perform and participate in charitable civic, educational, professional, community, industry affairs and other related activities, and (z) manage personal investments; provided, however, that such activities do not materially interfere, individually or in the aggregate, with the performance of his duties hereunder and do not materially breach the Proprietary Information and Inventions Agreement between Executive and the Company or Section 6(c) hereof or have an adverse impact on the Company Group.

(c) The principal location of Executive's employment with the Company shall be at the Company's headquarters in Austin, Texas, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons. Company acknowledges that Executive does not live in Austin, Texas, and agrees to provide Executive with a taxable stipend of \$7,500 per month for (i) travel to and from Austin, Texas, and (ii) accommodations while in Austin, Texas.

3. Compensation.

(a) Base Salary. The Company Group shall pay Executive a base salary in the amount of \$650,000 per annum, as adjusted as permitted herein (the "Base Salary") during the Term, payable in accordance the Company Group's regular payroll practices as in effect from time to time. The Base Salary shall be periodically reviewed by the Board during the Term and subject to change upon reasonable notice.

(b) Sign-On Bonus. The Company Group shall pay Executive a sign-on bonus of \$500,000, which will be paid in two installments: (i) \$250,000 on the Effective Date and (ii) provided Executive is still then employed by the Company Group, \$250,000 upon the one-year anniversary of the Effective Date. If Executive ceases to be an active employee of the Company for any reason prior to the one-year anniversary of the Effective Date, Executive shall be required to pay back to the Company Group a *pro rata* amount of the \$250,000 that was paid on the Effective Date. By way of illustration, if Executive ceases to be an active employee on the six-month anniversary of the Effective Date, he would be required to pay back \$125,000.

(c) Equity Compensation.

(i) RSUs. Effective as the Effective Date, the Company shall grant Executive 632,250 Restricted Stock Units ("RSUs") that will entitle Executive to receive the Company's common stock (the "Common Stock") in accordance with, and subject to the terms of, the Company's 2021 Stock Plan. The RSUs will vest over a four-year period as follows: (i) 25% of such RSUs will vest on the one-year anniversary of the date of grant and (ii) 1/48 of such RSUs will vest at the end of each month thereafter until the four-year anniversary of the date of grant; provided, in each case, that Executive is an active employee as of each such relevant vesting date.

(ii) Options. As of the Effective Date, the Company shall grant Executive the following stock options (each an "Option") to acquire shares of Company Common Stock in accordance with, and subject to the terms of, the Company's 2021 Stock Plan, with a per-share exercise price equal to the closing per-share trading price of the Common Stock on the Effective Date:

(A) Options (\$30). An Option to acquire 1,053,750 shares of Common Stock (the "Options (\$30)"). Executive's Options (\$30) shall become vested over a four-year period as follows: (i) 25% of such Options (\$30) will vest on the one-year anniversary of the \$30 Effective Date and (ii) 1/48 of such Options (\$30) will vest at the end of each month thereafter until the four-year anniversary of the \$30 Effective Date; provided, in each case, that Executive is an active employee as of each such relevant vesting date. The "\$30 Effective Date" shall mean the first date after which the Company's Common Stock has (a) closed above \$30 per share on both the first and last day of any ninety (90) calendar day period, (b) closed above \$30 per share on both the

first and last day of any sixty (60) trading day period during such 90 calendar day period and (c) closed above \$30 per share on at least forty-five (45) trading days during such 60 trading day period; provided, that such date must occur either (X) within the first four (4) years from the Effective Date or (Y) between the four (4) year anniversary of the Effective Date and the seven (7) year anniversary of the Effective Date if the \$60 Effective Date shall have also occurred as of such date. For clarity, if the \$30 Effective Date never occurs, the Options (\$30) will never vest and be forfeited upon Executive's departure or the seven (7) year anniversary of the Effective Date, as applicable.

(B) Options (\$60). An Option to acquire 1,053,750 shares of Common Stock (the "Options (\$60)"). Executive's Options (\$60) shall become vested over a four-year period as follows: (i) 25% of such Options (\$60) will vest on the one-year anniversary of the \$60 Effective Date and (ii) 1/48 of such Options (\$60) will vest at the end of each month thereafter until the four-year anniversary of the \$60 Effective Date; provided, in each case, that Executive is an active employee as of each such relevant vesting date. The "\$60 Effective Date" shall mean the first date after which the Company's Common Stock has (a) closed above \$60 per share on both the first and last day of any ninety (90) calendar day period, (b) closed above \$60 per share on both the first and last day of any sixty (60) trading day period during such 90 calendar day period and (c) closed above \$60 per share on at least forty-five (45) trading days during such 60 trading day period; provided, that such date must occur within the first seven (7) years from the Effective Date. For clarity, if the \$60 Effective Date never occurs, the Options (\$60) will never vest and be forfeited upon Executive's departure or the seven (7) year anniversary of the Effective Date, as applicable.

The Company shall not grant Executive any other equity incentive compensation awards during the three-year period following the Effective Date except as the Board or the Compensation Committee of the Board may in its sole discretion otherwise determine.

(d) Annual Cash Bonus.

(i) Executive shall be eligible to participate in the Company's annual incentive plan for each fiscal year of the Company during the Term with a target amount equal to 100% of the Base Salary (the "Target Bonus"). The Target Bonus may be increased, but not decreased during the Term. The actual amount of the annual cash bonus, if any, payable to Executive in respect of any fiscal year during the Term may be based on the achievement of performance criteria established by, and may relate to financial and non-financial metrics as determined by, the Board or the Compensation Committee of the Board.

(ii) Any annual cash bonus that becomes payable to Executive under this Section 3(d) shall be paid to Executive, in cash, as soon as practicable following the end of the year of the Company to which it relates; provided, that, except as otherwise provided in Section 5(a)(ii), Section 5(b) or Section 5(c) herein, Executive is an active employee of the Company Group, and has not given or received notice of termination or resignation of employment as of the date on which such payment is made.

(e) Long Term Incentives. Subject to Section 3(c) above, Executive shall be eligible to participate in any long-term incentive compensation program adopted by the Compensation Committee from time to time in its sole discretion.

4. Employee Benefits.

(a) Employee Benefits and Perquisites. During the Term, Executive shall be eligible to participate in all benefit plans made available by the Company Group to its executives generally. Such benefits shall be subject to the applicable limitations and requirements imposed by the terms of such benefit plans and shall be governed in all respects in accordance with the terms of such plans as in effect from time to time. Nothing in this Section 4(a), however, shall require the Company or any member of the Company Group to maintain any benefit plan or provide any type or level of benefits to its current or former employees, including Executive.

(b) Paid Vacation. During the Term, Executive shall be entitled to paid vacation in accordance with the terms and conditions of the Company's vacation policies as in effect from time to time.

(c) Reimbursement of Business Expenses. The Company Group shall reimburse Executive for any expenses reasonably and necessarily incurred by Executive during the Term in furtherance of Executive's duties hereunder, including travel, meals and accommodations, upon submission by Executive of vouchers or receipts and in compliance with such rules and policies relating thereto as the Company may from time to time adopt. This provision shall not apply to expenses related to travel to and from Austin, Texas, and accommodations while in Austin, Texas, which are covered by the stipend described above.

5. Termination of Employment. Executive's employment shall be terminated at the earliest to occur of the following during the Term: (i) the date on which the Company Group provides notice to Executive of termination for "Disability" (as defined below); (ii) the date of Executive's death; (iii) the date on which the Company Group provides notice to Executive of termination for "Cause" (as defined below); (iv) the date which is 30 days following the date on which the Company Group provides notice to Executive of termination without Cause (or, in the sole discretion of the Company, pay in lieu of 30 days' notice of termination); (v) the date which is 30 days following the date on which Executive provides notice to the Company of termination of employment by Executive other than for "Good Reason" (as defined below); or (vi) the applicable date set forth in the definition of Good Reason if such termination is by Executive for Good Reason. For purposes of this Agreement, the last day of Executive's employment with the Company for any reason shall be referred to herein as the "Date of Termination."

(a) For Cause; Resignation by Executive Other than for Good Reason; Death or Disability. If Executive's employment with the Company Group is terminated by the Company for Cause or as a result of Executive's death or Disability, or Executive resigns his employment other than for Good Reason, Executive shall not be entitled to any further compensation or benefits other than, in each case if applicable as of the Date of Termination: (i) any accrued but unpaid Base Salary (payable as provided in Section 3(a) hereof); (ii) if the Executive's employment with the Company Group is terminated as a result of Executive's death or Disability, any unpaid annual cash bonus for the immediately preceding (completed) fiscal year, as determined and payable at the same time as other senior officers of the Company; (iii) reimbursement for any expenses properly incurred and reported by Executive prior to the Date of Termination in accordance with Section 4(c) hereof, payable on the Company Group's first regularly scheduled payroll date which occurs at least 10 business days after the Date of Termination; and (iv) vested employee benefits, if any, to which Executive may be entitled under the Company Group's employee benefit plans

described in Section 4(a) and Section 4(b) as of the Date of Termination (collectively, the “Accrued Rights”).

(b) Termination by the Company without Cause or Resignation for Good Reason. If Executive’s employment is terminated by the Company Group without Cause or Executive terminates his employment for Good Reason, then Executive shall be entitled to receive the Accrued Rights, and if (x) subject to Section 5(d), Executive executes a release of claims substantially in the form attached as Exhibit A hereto, subject to any revisions necessary to reflect changes in applicable law occurring after the date hereof (the “Release”), and the applicable revocation period with respect to the Release expires within 60 days (or such longer period as required by law) following the Date of Termination and (y) Executive does not breach in any material respect the restrictive covenants set forth in Section 6 hereof, then Executive shall receive the following:

(i) An amount in cash equal to 1.5 times the Base Salary as in effect immediately prior to the Date of Termination (without regard to any reduction resulting in Good Reason), which amount shall be payable in substantially equal installments during the 18 month period immediately following the Date of Termination in accordance with the Company Group’s regular payroll practices as in effect from time to time; provided, that, the first such payment shall be made on the first regularly scheduled payroll date of the Company Group that occurs on or following the 60th day after the Date of Termination (the “Payment Commencement Date”) and shall include all payments that would have been made to Executive had such payments commenced on the first regularly scheduled payroll date of the Company Group following the Date of Termination;

(ii) any unpaid annual cash bonus for the immediately preceding (completed) fiscal year as determined and payable at the same time as other senior officers of the Company for such year, and a pro rata annual cash bonus for the year in which the Date of Termination occurs for days worked through the Date of Termination, based on actual Company financial performance, payable at the same time as annual cash bonuses are paid to senior officers of the Company for such year; and

(iii) with respect to health insurance coverage, COBRA benefits (to the extent elected by the Executive) and a lump sum payment equal to the cost of COBRA benefits for Executive and his spouse and eligible dependents for a period of 18 months following the Date of Termination, payable on the Payment Commencement Date. Executive acknowledges that such payments shall be taxable to him.

(c) Termination by the Company without Cause or Resignation for Good Reason on or Following a Change in Control. If, on or within 12 months following a Change in Control, Executive’s employment is terminated by the Company Group without Cause or Executive resigns his employment for Good Reason, then Executive shall be entitled to receive the Accrued Rights, and if (x) subject to Section 5(d), Executive executes the Release and the applicable revocation period with respect to the Release expires within 60 days (or such longer period as required by law) following the Date of Termination and (y) Executive does not breach in any material respect the restrictive covenants set forth in Section 6 hereof, then Executive shall receive the following:

(i) An amount in cash equal to two (2) times the sum of (A) the Base Salary as in effect immediately prior to the Date of Termination (without regard to any reduction resulting

in Good Reason) and (B) the Target Bonus (without regard to any reduction resulting in Good Reason), which amount shall be payable in a lump sum on the first regularly scheduled payroll date of the Company Group that occurs on or following the Payment Commencement Date;

(ii) any unpaid annual cash bonus for the immediately preceding (completed) fiscal year as determined and payable at the same time as other senior officers of the Company, and a pro rata annual cash bonus for the year in which the Date of Termination occurs for days worked through the Date of Termination, based on actual Company financial performance, payable in each case at the same time as annual cash bonuses are paid to senior officers of the Company for such years;

(iii) with respect to health insurance coverage, COBRA benefits (to the extent elected by Executive) and a lump sum payment equal to the cost of COBRA benefits for Executive and his spouse and eligible dependents for a period of 18 months following the Date of Termination, payable on the Payment Commencement Date. Executive acknowledges that such payments shall be taxable to him;

(iv) The stock option awards held by Executive shall become vested and exercisable in full, the restricted stock units held by Executive shall become vested in full (and the Company shall be required to thereafter settle such restricted stock units in common stock (provided that, to the extent that the restricted stock unit award is subject to Section 409A of the Code, the restricted stock units shall be settled at the time and in the form required by the restricted stock unit award agreement), and any other restrictions with respect to any stock-based awards held by Executive shall lapse in full (including for any performance-based award, with respect to the number of shares that would be earned at the target level of achievement), and, in the case of stock options, any such stock options (together with any stock options that have vested and become exercisable prior to the Date of Termination) shall remain exercisable for a period of 90 days following the Date of Termination. The provisions of this clause (iv) shall apply in respect of any stock options, restricted stock units or other stock-based award of Executive, whether issued pursuant to a stock incentive plan of the Company or otherwise. Notwithstanding the foregoing, (i) the Options (\$30) shall become vested and exercisable pursuant to the terms of this clause (iv) if and only if the \$30 Effective Date has occurred as of the date of the applicable Change in Control, and (ii) the Options (\$60) shall become vested and exercisable pursuant to the terms of this clause (iv) if and only if the \$60 Effective Date has occurred as of the date of such Change in Control. The provisions of this clause (iv) shall be fully incorporated into any agreement between the Company and Executive governing stock options, restricted stock units or other stock-based awards of Executive, and shall supplement (and shall not limit or restrict) any other rights of Executive under any such agreement related to accelerated vesting or exercise or lapsing of any restrictions for stock-based awards (or the terms of any stock incentive plan that is incorporated therein); and

(v) The Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of Executive's written requests for payment accompanied with such evidence of fees and expenses

incurred as the Company reasonably may require; provided that in no event will payment be made for requests that are submitted later than December 31st of the year following the year in which the expense is incurred.

(d) If the Company does not provide the Release to Executive within ten (10) business days of the Date of Termination pursuant to Section 5(b) or 5(c), as the case may be, or if the Company informs Executive that Executive will not be obligated to sign the Release, then Executive shall be entitled to receive the severance and other benefits provided by such section without signing the Release.

(e) Definitions. For purposes of this Agreement:

(i) “Affiliate” as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities (the ownership of more than 50% of the voting securities of an entity shall for purposes of this definition be deemed to be “control”), by contract or otherwise.

(ii) “Cause” means (in each case, other than due to death or Disability): (A) Executive’s conviction of, or plea of guilty or *nolo contendere* to, any felony or crime involving fraud, misrepresentation or moral turpitude (excluding traffic offenses other than traffic offenses involving the use of alcohol or illegal substances); (B) any act of theft, dishonesty, embezzlement or misappropriation by Executive against the Company or any of its Affiliates that has or could reasonably be expected to result in economic harm to any member of the Company Group; (C) Executive’s willful or material breach of a fiduciary obligation or any willful malfeasance or gross negligence; (D) a violation by Executive of any written policy of the Company that has or could reasonably be expected to result in material harm to member of the Company Group; (E) a material breach by Executive of Section 6 of this Agreement or of any other noncompetition, non-solicitation, confidentiality or similar agreement between Executive and the Company or any of its Affiliates; (F) any willful failure by Executive to follow the reasonable and lawful written directives of the Board that are related to Executive’s position with the Company; or (G) Executive’s material violation of the Company Group’s code of conduct, employee handbook or similar written policies, including, without limitation, the Company Group’s sexual harassment policy and policies or rules relating to other types of harassment or abusive conduct. For the avoidance of doubt, a failure of the Company to attain any applicable performance goals or financial metrics shall not, in and of itself, constitute Cause. Notwithstanding the foregoing, in no event will the occurrence of any such condition constitute Cause unless the Company provides notice to Executive of the existence of the condition giving rise to Cause within 120 days following the Company’s knowledge of its existence.

(iii) “Change in Control” has the meaning set forth in the Company’s 2021 Stock Plan, as amended from time to time, or any successor plan thereto.

(iv) “Disability” means Executive is unable, due to physical or mental incapacity, to perform his duties to the Company under this Agreement for a period of either (A) 90 consecutive days or (B) 180 days in any 365 day period.

(v) “Good Reason” means, in each case without Executive’s written consent, (A) a material diminution in Executive’s Base Salary or Target Bonus opportunity; (B) a material diminution or material adverse change in Executive’s authority, duties, responsibilities or role (and following a Change in Control, the assignment of duties or responsibilities that are materially inconsistent with those in effect immediately prior to the Change in Control; including, without limitation, if the Executive was, immediately prior to the Change in Control, an executive officer of a public company, any such change in duties or responsibilities attributable to the Executive ceasing to be an executive officer of a public company) or an adverse change in Executive’s title or role; (C) any relocation of Executive’s primary office location that increases Executive’s one-way commute by fifty (50) miles or more, and, following a Change in Control, any required travel on the Company’s business to an extent substantially inconsistent with the Executive’s business travel obligations immediately prior to a Change in Control; (D) in connection with a Change in Control, the failure of the Company to obtain an express assumption and agreement by a successor of the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; or (E) a material breach of this Agreement by the Company. Notwithstanding the foregoing, in no event will the occurrence of any such condition constitute Good Reason unless (1) Executive provides notice to the Company of the existence of the condition giving rise to Good Reason within 60 days following Executive’s knowledge of its existence and (2) the Company fails to cure such condition within 30 days following the date of such notice, upon which failure to cure Executive’s employment will immediately terminate with Good Reason.

(vi) “Person” means any individual, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

6. Restrictive Covenants.

(a) Acknowledgment. Executive agrees and acknowledges that, in the course of Executive’s employment, Executive shall acquire access to and become acquainted with information about the Company Group that is non-public, confidential or proprietary in nature. Executive acknowledges that the Company is engaged throughout the world in a highly competitive business and the success of the Company in the marketplace depends upon its goodwill and reputation, and that Executive has developed and shall continue to develop such goodwill and reputation through substantial investment by the Company. Executive agrees and acknowledges that reasonable limits on Executive’s ability to engage in activities competitive with the Company are warranted to protect its substantial investment in developing and maintaining its status in the marketplace, reputation and goodwill. Executive recognizes that in order to guard the legitimate interests of the Company, it is necessary for it to protect all “Confidential Information” (as defined below) and the disclosure of Confidential Information would place the Company at a competitive disadvantage. Executive further agrees that Executive’s obligations under this Section 6 are reasonable and shall be absolute and unconditional.

(b) Confidential Information. During Executive's employment and at all times following Executive's termination of employment for any reason, Executive shall hold in a fiduciary capacity for the benefit of the Company all non-public information, matters and materials of the Company Group, including, without limitation, know-how, trade secrets, customer lists, pricing policies, operational methods, information relating to products, processes, customers, services and other business and financial affairs and information as to customers or other third parties (collectively, the "Confidential Information"), in each case to which Executive has had or may have access and shall not, directly or indirectly, use or disclose such Confidential Information to any Person other than (i) to the extent required in the course of Executive's employment or as otherwise expressly required in connection with court process or requested by a governmental or regulatory body, (ii) as may be required by law (with advance notice to the Company prior to any such disclosure to the extent legally permitted) or (iii) to Executive's personal advisers for purposes of enforcing or interpreting this Agreement (or in the case of any other litigation between Executive and the Company), or to a court or arbitrator for the purpose of enforcing or interpreting this Agreement (or in the case of any other litigation between Executive and the Company), and who in each case have been informed as to the confidential nature of such Confidential Information and, as to advisers, their obligation to keep such Confidential Information confidential. "Confidential Information" shall not include any information which is in the public or industry domain during Executive's employment, provided such information is not in the public or industry domain as a consequence of any action or inaction by Executive in violation of this Agreement. Upon the termination of Executive's employment for any reason, Executive shall deliver to the Company all documents, papers and records (including, but not limited to, electronic media) in Executive's possession or subject to Executive's control that (x) belong to the Company Group or (y) contain or reflect any Confidential Information concerning the Company Group.

(c) Non-Competition and Non-Solicitation. In consideration of the Company's obligations hereunder, during Executive's employment and for a period of 18 months thereafter, Executive will not, whether for Executive's own account or for any other Person, directly or indirectly, with or without compensation:

(i) Own, operate, manage, or control, serve as an officer, director, partner, employee, agent, consultant, advisor or developer or in any similar capacity to, or have any financial interest in, or aid or assist anyone else in the conduct of, any Person which directly competes with any product line of or application or service offered by the Company or any member of the Company Group or any of their respective subsidiaries anywhere in the world;

(ii) Call upon for competitive purposes, solicit, divert, take away or attempt to solicit for competitive purposes any of the customers, prospective customers or suppliers or any other business contacts of the Company or any member of the Company Group or any of their respective subsidiaries with whom Executive had direct or indirect contact during Executive's employment with the Company Group; or

(iii) Solicit, retain, knowingly hire, knowingly offer to hire, entice away or in any manner persuade or attempt to persuade any officer, employee or agent of the Company or any member of the Company Group or any of their respective subsidiaries who was employed, engaged or recruited during Executive's employment with the Company Group to discontinue his or her relationship with the Company Group or such Affiliates.

Non-targeted, general, solicitations to the public shall be deemed not to breach this Section 6. Notwithstanding the foregoing, nothing in this Section 6(c) will prohibit Executive from acquiring or holding not more than two percent (2%) of any class of publicly traded securities.

(d) Intellectual Property. All copyrights, trademarks, trade names, servicemarks, patents and other intangible or intellectual property rights that may be invented, conceived, developed or enhanced during Executive's employment with the Company Group (whether prior to or after the Effective Date) that either (i) relate to the business of the Company Group or (ii) result from any work performed by Executive for the Company Group, shall be the sole property of the Company or such Affiliate, as the case may be, and Executive hereby waives any right or interest that Executive may otherwise have in respect thereof. Upon request of the Company Group, Executive shall execute, acknowledge and deliver any assignment or other instrument or document reasonably necessary or appropriate to give effect to this Section 6(d) and do all other acts and things reasonably necessary to enable the Company or such Affiliate, as the case may be, to exploit the same or to obtain patents or similar protection with respect thereto. Executive agrees that Executive shall execute such additional stand-alone agreements protecting the intellectual property of the Company Group as are provided generally to employees of the Company upon their hire or otherwise as a condition to employment.

(e) Non-Disparagement. Executive agrees that, at all times after Executive's employment with the Company Group, Executive shall not make critical, negative or disparaging remarks about the Company Group that could reasonably be expected to result in material harm to the Company Group, including, but not limited to, comments about any of their respective products, services, management, business or employment practices; provided, that, nothing in this paragraph shall prevent Executive from asserting his legal rights before an administrative agency or court of law, or from responding fully and accurately to any question, inquiry or request for information when required by applicable law or legal process.

(f) Modification. The parties agree and acknowledge that the duration, scope and geographic area of the covenants described in this Section 6 are fair, reasonable and necessary in order to protect the goodwill and other legitimate interests of the Company, that adequate consideration has been received by Executive for such obligations, and that these obligations do not prevent Executive from earning a livelihood. If, however, for any reason any arbitrator or court of competent jurisdiction determines that the restrictions in this Section 6 are not reasonable, that consideration is inadequate or that Executive has been prevented unlawfully from earning a livelihood, such restrictions shall be interpreted, modified or rewritten to include as much of the duration, scope and geographic area identified in this Section 6 as shall render such restrictions valid and enforceable.

(g) Remedies for Breach. The Parties agree that the restrictive covenants contained in this Agreement are severable and separate, and the unenforceability of any specific covenant herein shall not affect the validity of any other covenant set forth herein. Executive acknowledges that the Company shall suffer irreparable harm as a result of a material breach of such restrictive covenants by Executive for which an adequate monetary remedy does not exist and a remedy at law may prove to be inadequate. Accordingly, in the event of any actual or threatened material breach by Executive of any provision of this Section 6, the Company shall, in addition to any other remedies permitted by law, be entitled to seek to obtain remedies in equity, including, without limitation, specific performance, injunctive relief, a temporary restraining order, and/or a

permanent injunction in any court of competent jurisdiction (each, an “Equitable Remedy”), to prevent or otherwise restrain a material breach of this Section 6, without the necessity of proving damages, posting a bond or other security. Such relief shall be in addition to and not in substitution of any other remedies available to the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of said covenants. .

(h) Permitted Disclosures. Executive and the Company acknowledge that nothing contained in this Agreement or in any other agreement with or policy of the Company is intended, nor shall be construed, to restrict Executive from voluntarily communicating with, or participating in any investigation or proceeding that may be conducted by, any governmental agency, regulatory authority or self- regulatory organization concerning possible violations of law, including providing documents or other information in that connection to any governmental agency, regulatory authority or self- regulatory organization, in each case without notice to the Company or any other member of the Company Group. Moreover, pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), Executive and the Company acknowledge that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

7. Assignment. This Agreement, and all of the terms and conditions hereof, shall bind the Company and its successors and assigns and shall bind Executive and Executive’s heirs, executors and administrators. No transfer or assignment of this Agreement shall release the Company from any obligation to Executive hereunder. Neither this Agreement, nor any of the Company’s rights or obligations hereunder, may be assigned or otherwise subject to hypothecation by Executive, and any such attempted assignment or hypothecation shall be null and void. The Company may assign any of its rights hereunder, in whole or in part, to any successor or assign in connection with the sale of all or substantially all of the Company’s assets or equity interests or in connection with any merger, acquisition and/or reorganization.

8. Arbitration.

(a) Except as otherwise set forth in Section 6 of this Agreement, the Company and Executive mutually consent to the resolution by final and binding arbitration of any and all disputes, controversies or claims between them including, without limitation, (i) any dispute, controversy or claim related in any way to Executive’s employment with the Company or any termination thereof, (ii) any dispute, controversy or claim of alleged discrimination, harassment or retaliation (including, but not limited to, claims based on race, sex, sexual preference, religion, national origin, age, marital or family status, medical condition, handicap or disability) and (iii) any claim arising out of or relating to this Agreement or the breach thereof (collectively, “Disputes”); provided, however, that nothing herein shall require arbitration of any claim or charge which, by law, cannot be the subject of a compulsory arbitration agreement. All Disputes shall be resolved exclusively by arbitration administered by the Judicial Arbitration and Mediation

Services (“JAMS”) under the JAMS Comprehensive Arbitration Rules & Procedures then in effect (the “JAMS Rules”).

(b) Any arbitration proceeding brought under this Agreement shall be conducted in Austin, Texas or another mutually agreed upon location before one arbitrator selected in accordance with the JAMS Rules. Each party to any Dispute shall pay its own expenses, including attorneys’ fees; provided, that, the arbitrator shall award the prevailing party reasonable costs and attorneys’ fees incurred but shall not be able to award any special or punitive damages. The arbitrator shall issue a decision or award in writing, stating the essential findings of fact and conclusions of law.

(c) Any judgment on or enforcement of any award, including an award providing for interim or permanent injunctive relief, rendered by the arbitrator may be entered, enforced or appealed from in any court of competent jurisdiction. Any arbitration proceedings, decision or award rendered hereunder, and the validity, effect and interpretation of this arbitration provision, shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq.

(d) It is part of the essence of this Agreement that any Disputes hereunder shall be resolved expeditiously and as confidentially as possible. Accordingly, the Company and Executive agree that all proceedings in any arbitration shall be conducted under seal and kept strictly confidential. In that regard, no party shall use, disclose or permit the disclosure of any information, evidence or documents produced by any other party in the arbitration proceedings or about the existence, contents or results of the proceedings except as may be required by any legal process, as required in an action in aid of arbitration or for enforcement of or appeal from an arbitral award or as may be permitted by the arbitrator for the preparation and conduct of the arbitration proceedings. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall give the other party reasonable written notice of the intended disclosure and afford such other party a reasonable opportunity to protect its interests.

9. General.

(a) Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile or e-mail; or (iv) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9(a)):

To the Company:

Attention: General Counsel
9020 N Capital of Texas Hwy
Suite I-260, Austin, Texas 78759
Email: jwolf@ftcsolar.com

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To Executive:

At the address shown in the Company Group's personnel records.

(b) Entire Agreement. This Agreement (including any Exhibits hereto) constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and, effective as of the Effective Date, supersedes all other prior and contemporaneous representations, warranties, understandings and agreements, both written and oral, with respect to such subject matter.

(c) Headings

. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(d) Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by all of the parties hereto. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

(f) Survivorship. The provisions of this Agreement necessary to carry out the intention of the parties as expressed herein shall survive the termination or expiration of this Agreement, including without limitation, the provisions of Section 6 hereof.

(g) No Third-party Beneficiaries

. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(h) Construction. The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties, each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of the same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

(i) Withholding. All compensation payable to Executive pursuant to this Agreement shall be subject to any applicable statutory withholding taxes and such other taxes as are required or permitted under applicable law and such other deductions or withholdings as authorized by Executive to be collected with respect to compensation paid to Executive.

(j) Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until Executive would be considered to have incurred a "separation from service" from the Company Group within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between Executive and the Company Group during the six-month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six months following Executive's separation from service (or, if earlier, Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. If any payments under this Agreement could commence or be made in more than one taxable year based on when Executive executes the Release, then to the extent required to avoid the imposition of tax under Section 409A of the Code, any such amounts that otherwise would have been paid in such first taxable year instead shall be paid on the first payroll day in the second of such two taxable years (with any remaining payments to be made as if no such delay had occurred). The Company makes no representation that any or all of the payments described in this Agreement shall be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment.

(k) 280G Payments. Any other provision of this Agreement to the contrary notwithstanding, if any portion of any payment or benefit under this Agreement either individually or in conjunction with any payment or benefit under any other plan, agreement or arrangement (all such payments and benefits, the "Total Payments") would constitute an "excess parachute payment" within the meaning of Internal Revenue Code Section 280G, that is subject to the tax imposed by Section 4999 of such Code (the "Excise Tax"), then the Total Payments to be made to Executive shall be reduced, but only to the extent that Executive would retain a greater amount on an after-tax basis than he would retain absent such reduction, such that the value of the Total Payments that Executive is entitled to receive shall be \$1 less than the maximum amount which the Employee may receive without becoming subject to the Excise Tax. For purposes of this Section 9(k), the determination of whichever amount is greater on an after-tax basis shall be (x) based on maximum federal, state and local income and employment tax rates and the Excise Tax that would be imposed on Executive and (y) made at the Company's expense by independent consultants or accountants selected by the Company and Executive (which may be the Company's income tax return preparers provided that Executive so agrees) which determination shall be binding on both Executive and the Company. Any such reduction as may apply under this Section 9(k) shall be applied in the following order: (i) payments that are payable in cash the full amount of which are treated as parachute payments under Treasury Regulation Section 1.280G-1, Q&A

24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity the full amount of which are treated as parachute payments under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will next be reduced pro-rata.

(l) No Mitigation. The Company agrees that, upon termination of Executive's employment hereunder, Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by the Company Group under this Agreement or otherwise. Further, no payment or benefit provided for in this Agreement or elsewhere shall be reduced by any compensation earned by Executive as the result of employment by another employer.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page is left blank intentionally]

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IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND THEREBY, the parties hereto have executed and delivered this Agreement as of the year and date first above written.

FTC SOLAR, INC.

By: /s/ Jacob D. Wolf

Name: Jacob D. Wolf

Title: General Counsel

EXECUTIVE

By: /s/ Sean Hunkler

Sean Hunkler

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Exhibit A

Form of General Release of Claims

This General Release of Claims (this "Agreement") is entered into by and between FTC Solar, Inc., a Delaware corporation (the "Company"), and [●] ("Executive") on the below-indicated date.

WHEREAS, Executive, and the Company entered into an Employment Agreement dated as of [●], (the "Employment Agreement"), that provides Executive certain severance and other benefits in the event of certain terminations of Executive's employment;

WHEREAS, Executive's employment has so terminated; and

WHEREAS, pursuant to [Section 5(b)] [Section 5(c)] of the Employment Agreement, a condition precedent to Executive's entitlement to certain severance and other benefits thereunder is his agreement to this Agreement.

NOW, THEREFORE, in consideration of the severance and other benefits provided under [Section 5(b)] [Section 5(c)] of the Employment Agreement, the sufficiency of which Executive hereby acknowledges, Executive agrees as follows:

1. General Release of Claims. Executive, for and on behalf of Executive and Executive's heirs, executors, administrators, successors and assigns, hereby voluntarily, knowingly and willingly release and forever discharge the Company and all of its past and present parents, subsidiaries, and affiliates, each of their respective members, officers, directors, stockholders, partners, employees, agents, representatives and attorneys, and each of their respective subsidiaries, affiliates, estates, predecessors, successors, and assigns (each, individually, a "Releasee," collectively referred to as the "Releasees") from any and all rights, claims, charges, actions, causes of action, complaints, sums of money, suits, debts, covenants, contracts, promises, obligations, damages, demands or liabilities of every kind whatsoever, in law or in equity, whether known or unknown, suspected or unsuspected (collectively, "Claims") which Executive or Executive's heirs, executors, administrators, successors or assigns ever had, now has or may hereafter claim to have by reason of any matter, cause or thing whatsoever: (i) arising from the beginning of time up to the date Executive executes this Agreement with respect to (A) any such Claims relating in any way to Executive's employment relationship with the Company or any other Releasee, and (B) any such Claims arising under any federal, local or state statute or regulation, including, without limitation, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, each as amended and including each of their respective implementing regulations and/or any other federal, state, local or foreign law (statutory, regulatory or otherwise) that may be legally waived and released; (ii) arising out of or relating to the termination of Executive's employment; or (iii) arising under or relating to any policy, agreement, understanding or promise, written or oral, formal or informal, between the Company or any other Releasee and Executive.

2. Exceptions to General Release of Claims.

a. Nothing contained in this Agreement shall in any way diminish or impair: (i) any Claims Executive may have that cannot be waived under applicable law, (ii) Executive's rights under this Agreement and to severance and other benefits provided under Section 5[(b)][(c)] of the Employment Agreement, (iii) any rights Executive may have to vested benefits under health, welfare and tax-qualified retirement employee benefit plans, or (iv) any rights Executive may have to indemnification from the Company or coverage under any director and officer liability insurance policy. The Company acknowledges and agrees that this Agreement does not preclude Executive from filing any charge with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any other governmental agency or from any way participating in any investigation, hearing, or proceeding of any government agency. Executive does not need prior authorization from the Company to make any such reports or disclosures and except as may otherwise be required by applicable law, is not required to notify the Company that Executive has made such reports or disclosures. This Agreement does not limit Executive's right to receive an award for information provided to any governmental agency or entity.

b. Pursuant to 18 U.S.C. §1833(b), Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to Executive's attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, if Executive (1) files any document containing the trade secret under seal, and (2) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. §1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in any agreement Executive has with the Company shall prohibit or restrict Executive from making any voluntary disclosure of information or documents related to any violation of law to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.

3. Affirmations. Executive affirms that he has not filed, caused to be filed, or presently is a party to any claim, complaint, or action against the Company or the other Releasees in any forum or form. Executive furthermore affirms that Executive has no known workplace injuries or occupational diseases, and has been provided and has not been denied any leave requested under the Family and Medical Leave Act. Executive disclaims and waives any right of reinstatement with the Company.

4. Restrictive Covenants. Executive acknowledges and agree that each of the restrictive covenants to which Executive is subject as of the date hereof (including without limitation, the provisions set forth in Section 6 of the Employment Agreement) shall continue to apply in accordance with their terms for the applicable periods with respect thereto.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

6. No Admission of Wrongdoing. The parties agree that neither this Agreement nor the furnishing of the consideration set forth in the Employment Agreement shall be deemed or construed at any time for any purpose as an admission by any party of any liability, wrongdoing or unlawful conduct of any kind.

7. Consultation With Attorney; Voluntary Agreement. Executive acknowledges that (a) the Company has advised Executive of Executive's right to consult with an attorney of Executive's own choosing prior to executing this Agreement, (b) Executive has carefully read and fully understands all of the provisions of this Agreement, (c) Executive is entering into this Agreement, including the releases set forth in Section 1, knowingly, freely and voluntarily in exchange for good and valuable consideration and (d) Executive would not be entitled to the benefits described in the applicable sections of the Employment Agreement in the absence of this Agreement.

8. Revocation. Executive acknowledges that Executive has been given 21 calendar days to consider the terms of this Agreement, although Executive may sign it sooner. Executive agrees that any modifications, material or otherwise, made to this agreement do not restart or affect in any manner the original 21 calendar day consideration period. Executive shall have seven calendar days from the date on which Executive sign this Agreement to revoke Executive's consent to the terms of this Agreement by providing notice to the Company in accordance with Section 9(a) of the Employment Agreement. Notice of such revocation must be received within the seven calendar days referenced above. In the event of such revocation by Executive, this Agreement shall not become effective and Executive shall not have any rights under Section 5[(b)][c] of the Employment Agreement. Provided that Executive does not revoke this Agreement within such seven calendar day period, this Agreement shall become effective on the eighth calendar day after the date on which Executive signs this Agreement.

[Remainder of page is left blank intentionally]

IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND THEREBY, the parties hereto have executed and delivered this Agreement as of the date written below.

FTC SOLAR, INC.

By: _____

Name:

Title:

EXECUTIVE

[Name]

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FTC SOLAR, INC.
2021 STOCK INCENTIVE PLAN

Section 1. Purpose of Plan.

The name of the Plan is the FTC Solar, Inc. 2021 Stock Incentive Plan (the "Plan"). The purposes of the Plan are to provide an additional incentive to selected officers, employees, non-employee directors, and consultants of the Company or its Affiliates (as hereinafter defined) whose contributions are essential to the growth and success of the business of the Company and its Affiliates, in order to strengthen the commitment of such persons to the Company and its Affiliates, motivate such persons to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated persons whose efforts will result in the long-term growth and profitability of the Company and its Affiliates. To accomplish such purposes, the Plan provides that the Company may grant Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Stock Bonuses, Other Stock-Based Awards, Cash Awards or any combination of the foregoing.

Section 2. Definitions.

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) "Administrator" means the Board, or, if and to the extent the Board does not administer the Plan, the Committee in accordance with Section 3 hereof.
- (b) "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.
- (c) "Award" means any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Stock Bonus, Other Stock-Based Award or Cash Award granted under the Plan.
- (d) "Award Agreement" means any written agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan. Each Participant who is granted an Award shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion.
- (e) "Base Price" has the meaning set forth in Section 8(b) hereof.
- (f) "Beneficial Owner" (or any variant thereof) has the meaning defined in Rule 13d-3 under the Exchange Act.
- (g) "Board" means the Board of Directors of the Company.
- (h) "Cash Award" means an Award granted pursuant to Section 12 hereof.

(i) “Cause” has the meaning assigned to such term in the Award Agreement or in any individual employment, service or severance agreement with the Participant or, if any such agreement does not define “Cause,” Cause means (i) the commission of an act of fraud or dishonesty by the Participant in the course of the Participant’s employment or service; (ii) the indictment of, or conviction of, or entering of a plea of nolo contendere by, the Participant for a crime constituting a felony or in respect of any act of fraud or dishonesty; (iii) the commission of an act by the Participant which would make the Participant or the Company (including any of its Subsidiaries or Affiliates) subject to being enjoined, suspended, barred or otherwise disciplined for violation of federal or state securities laws, rules or regulations, including a statutory disqualification; (iv) gross negligence or willful misconduct in connection with the Participant’s performance of his or her duties in connection with the Participant’s employment by or service to the Company (including any Subsidiary or Affiliate for whom the Participant may be employed by or providing services to at the time) or the Participant’s failure to comply with any of the restrictive covenants to which the Participant is subject; (v) the Participant’s willful failure to comply with any material policies or procedures of the Company as in effect from time to time, provided that the Participant shall have been delivered a copy of such policies or notice that they have been posted on a Company website prior to such compliance failure; or (vi) the Participant’s failure to perform the material duties in connection with the Participant’s position, unless the Participant remedies the failure referenced in this clause (vi) no later than ten (10) days following delivery to the Participant of a written notice from the Company (including any of its Subsidiaries or Affiliates) describing such failure in reasonable detail (provided that the Participant shall not be given more than one opportunity in the aggregate to remedy failures described in this clause (vi)).

(j) “Change in Capitalization” means any (i) merger, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase or other reorganization or corporate transaction or event; (ii) special or extraordinary dividend or other extraordinary distribution (whether in the form of cash, Common Stock, or other property), stock split, reverse stock split, subdivision or consolidation; (iii) combination or exchange of shares; or (iv) other change in corporate structure, which, in any such case, the Administrator determines, in its sole discretion, affects the Common Stock such that an adjustment pursuant to Section 5 hereof is appropriate.

(k) “Change in Control” means, unless otherwise defined in an Award Agreement, an event set forth in any one of the following paragraphs shall have occurred:

(1) any Person (or any group of Persons acting together which would constitute a “group” for purposes of Section 13(d) of the Exchange Act) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of paragraph (2) below;

(2) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation or other entity, other than (I) a merger or consolidation (A) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or

by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, more than fifty percent (50%) of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation and (B) immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities;

(3) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (A) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by shareholders of the Company following the completion of such transaction in substantially the same proportions as their ownership of the Company immediately prior to such sale or (B) a sale or disposition of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or, if such entity is a subsidiary, the ultimate parent thereof; or

(4) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended.

Notwithstanding the foregoing, for each Award that constitutes deferred compensation under Section 409A of the Code, and to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Change in Control shall be deemed to have occurred under the Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

(l) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(m) “Committee” means any committee or subcommittee the Board may appoint to administer the Plan. Subject to the discretion of the Board, the Committee shall be composed entirely of individuals who meet the qualifications of (i) a “non-employee director” within the meaning of Rule 16b-3 and (ii) any other qualifications required by the applicable stock exchange on which the Common Stock is traded. If at any time or to any extent the Board shall not administer the Plan, then the functions of the Administrator specified in the Plan shall be exercised by the Committee.

(n) “Common Stock” means the Class A common stock, \$0.0001 par value per share, of the Company.

(o) “Company” means FTC Solar, Inc., a Delaware corporation (or any successor company, except as the term “Company” is used in the definition of “Change in Control” above).

(p) “Consultant” means a consultant or advisor who is not an Employee or Non-Employee Director and who performs bona fide services for the Company, a Parent or Subsidiary.

(q) “Disability” has the meaning assigned to such term in the Award Agreement or in any individual employment, service or severance agreement with the Participant or, if any such agreement does not define “Disability,” Disability means, with respect to any Participant, that such Participant, as determined by the Administrator in its sole discretion, is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company or an Affiliate thereof.

(r) “Effective Date” has the meaning set forth in Section 20 hereof.

(s) “Eligible Recipient” means an Employee, Non-Employee Director or Consultant of the Company or any Affiliate of the Company who has been selected as an eligible participant by the Administrator; provided, however, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, an Eligible Recipient of an Option or a Stock Appreciation Right means an Employee, Non-Employee Director, or Consultant of the Company or any Affiliate of the Company with respect to whom the Company is an “eligible issuer of service recipient stock” within the meaning of Section 409A of the Code.

(t) “Employee” means any individual who is a common-law employee of the Company, a Parent or a Subsidiary and who is an “employee” within the meaning of section 3401(c) of the Code and regulations issued thereunder, including without limitation the officers of the Company.

(u) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(v) “Exercise Price” means, with respect to any Option, the per share price at which a holder of such Option may purchase such shares of Common Stock issuable upon the exercise of such Option.

(w) “Fair Market Value” of Common Stock or another security as of a particular date shall mean the fair market value as determined by the Administrator in its sole discretion; provided, however, (i) if the Common Stock or other security is admitted to trading on a national securities exchange, the fair market value on any date shall be the closing sale price reported on the date of grant, or if no shares were traded on such date, on the last preceding date for which there was a sale of a share of Common Stock or other security on such exchange, or (ii) if the Common Stock or other security is then traded in an over-the-counter market, the fair market value on any date shall be the average of the closing bid and asked prices for such share of Common Stock or other security in such over-the-counter market for the last preceding date on which there was a sale of such share of Common Stock or other security in such market.

(x) “Free Standing Right” has the meaning set forth in Section 8(a) hereof.

(y) “Good Reason” has the meaning assigned to such term in the Award Agreement or in any individual employment, service or severance agreement with the Participant; provided that if no such agreement exists or if such agreement does not define “Good Reason,” Good Reason and any provision of the Plan that refers to Good Reason shall not be applicable to such Participant.

(z) “ISO” means an Option intended to be and designated as an “incentive stock option” within the meaning of Section 422 of the Code.

(aa) “Non-Employee Director” means a member of the Board of the Company, a Parent or a Subsidiary who is not an Employee.

(bb) “Nonqualified Stock Option” means an Option that is not designated as an ISO.

(cc) “Option” means an option to purchase shares of Common Stock granted pursuant to Section 7 hereof. The term “Option” as used in the Plan includes the terms “Nonqualified Stock Option” and “ISO.”

(dd) “Other Stock-Based Award” means an Award granted pursuant to Section 10 hereof.

(ee) “Participant” means any Eligible Recipient selected by the Administrator, pursuant to the Administrator’s authority provided for in Section 3 hereof, to receive grants of Awards, and, upon his or her death, his or her successors, heirs, executors and administrators, as the case may be.

(ff) “Person” has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof.

(gg) “Plan” has the meaning set forth in Section 1 hereof.

(hh) “Related Right” has the meaning set forth in Section 8(a) hereof.

(ii) “Restricted Stock” means Shares granted pursuant to Section 9 hereof subject to certain restrictions that lapse at the end of a specified period or periods.

(jj) “Restricted Stock Unit” means the right, granted pursuant to Section 9 hereof, to receive an amount in cash or Shares (or any combination thereof) equal to the Fair Market Value of a Share subject to certain restrictions that lapse at the end of a specified period or periods.

(kk) “Rule 16b-3” has the meaning set forth in Section 3(a) hereof.

(ll) “Shares” means Common Stock reserved for issuance under the Plan, as adjusted pursuant to the Plan, and any successor (pursuant to a merger, consolidation or other reorganization) security.

(mm) “Stock Appreciation Right” means the right to receive, upon exercise of the right, the applicable amounts as described in Section 8 hereof.

(nn) “Stock Bonus” means a bonus payable in fully vested shares of Common Stock granted pursuant to Section 11 hereof.

(oo) “Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such first Person owns or otherwise controls, directly or indirectly, more than 50% of the voting shares or other similar interests or a sole general partner interest or managing member or similar interest of such other Person.

(pp) “Transfer” has the meaning set forth in Section 18 hereof.

Section 3. Administration.

(a) The Plan shall be administered by the Administrator and shall be administered in accordance with the requirements of Rule 16b-3 under the Exchange Act (“Rule 16b-3”), to the extent applicable.

(b) Pursuant to the terms of the Plan, the Administrator, subject, in the case of any Committee, to any restrictions on the authority delegated to it by the Board, shall have the power and authority, without limitation:

(1) to select those Eligible Recipients who shall be Participants;

(2) to determine whether and to what extent Awards are to be granted hereunder to Participants;

(3) to determine the number of Shares to be covered by each Award granted hereunder;

(4) to determine the terms and conditions, not inconsistent with the terms of the Plan, of each Award granted hereunder (including, but not limited to, (i) the restrictions

applicable to Restricted Stock or Restricted Stock Units and the conditions under which restrictions applicable to such Restricted Stock or Restricted Stock Units shall lapse, (ii) the performance goals and periods applicable to Awards, (iii) the Exercise Price of each Option and the Base Price of each Stock Appreciation Right, (iv) the vesting schedule applicable to each Award, (v) the number of Shares or amount of cash or other property subject to each Award and (vi) subject to the requirements of Section 409A of the Code (to the extent applicable), any amendments to the terms and conditions of outstanding Awards, including, but not limited to, extending the exercise period of such Awards and accelerating the vesting schedule of such Awards);

(5) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all written instruments evidencing Awards;

(6) to determine the Fair Market Value in accordance with the terms of the Plan;

(7) to determine the duration and purpose of leaves of absence which may be granted to a Participant without constituting termination of the Participant's employment or service for purposes of Awards granted under the Plan;

(8) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(9) to prescribe, amend and rescind rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or qualifying for favorable tax treatment under applicable foreign laws, which rules and regulations may be set forth in an appendix or appendices to the Plan; and

(10) to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award Agreement relating thereto), and to otherwise supervise the administration of the Plan and to exercise all powers and authorities either specifically granted under the Plan or necessary and advisable in the administration of the Plan.

(c) All decisions made by the Administrator pursuant to the provisions of the Plan shall be final, conclusive and binding on all Persons, including the Company and the Participants. No member of the Board or the Committee, nor any officer or employee of the Company or any Subsidiary thereof acting on behalf of the Board or the Committee, shall be personally liable for any action, omission, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company and of any Subsidiary thereof acting on their behalf shall, to the maximum extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, omission, determination or interpretation.

(d) The Administrator may, in its sole discretion, delegate its authority, in whole or in part, under this Section 3 (including, but not limited to, its authority to grant Awards under the Plan, other than its authority to grant Awards under the Plan to any Participant who is subject to reporting under Section 16 of the Exchange Act) to one or more officers of the Company, subject to the requirements of applicable law or any stock exchange on which the Shares are traded.

Section 4. Shares Reserved for Issuance; Certain Limitations

(a) Share Reserve.

(1) The maximum number of shares of Common Stock reserved for issuance under the Plan shall be 12,645,239 (the "Share Reserve") (subject to adjustment as provided Section 5); provided, however the Share Reserve will automatically increase on January 1st of each calendar year (each, an "Evergreen Date"), prior to the tenth anniversary of the Effective Date, in an amount equal to the lesser of (i) 4% of the total number of shares of Common Stock outstanding on the December 31st immediately preceding the applicable Evergreen Date and (ii) a number of shares of Common Stock determined by the Administrator.

(2) All and up to 12,645,239 Shares (subject to adjustment as provided in Section 5 hereof) may be granted as ISOs.

(b) Share Issuance and Counting. Shares issued under the Plan may, in whole or in part, be authorized but unissued Shares or Shares that shall have been or may be reacquired by the Company in the open market, in private transactions or otherwise. If any Shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award otherwise terminates or expires without a distribution of Shares to the Participant, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for Awards under the Plan. Notwithstanding the foregoing, Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with the exercise of any Option or Stock Appreciation Right under the Plan or the payment of any purchase price with respect to any other Award under the Plan, as well as any Shares exchanged by a Participant or withheld by the Company or any Subsidiary to satisfy the tax withholding obligations related to any Award under the Plan, shall not be available for subsequent Awards under the Plan, and notwithstanding that a Stock Appreciation Right is settled by the delivery of a net number of shares of Common Stock, the full number of shares of Common Stock underlying such Stock Appreciation Right shall not be available for subsequent Awards under the Plan. In addition, (i) to the extent an Award is denominated in shares of Common Stock, but paid or settled in cash, the number of shares of Common Stock with respect to which such payment or settlement is made shall again be available for grants of Awards pursuant to the Plan and (ii) shares of Common Stock underlying Awards that can only be settled in cash shall not be counted against the aggregate number of shares of Common Stock available for Awards under the Plan.

(c) Certain Limitations. No Participant who is a Non-Employee Director shall be granted (i) Awards during any calendar year that, when aggregated with such Non-Employee Director's cash fees with respect to such calendar year, exceed \$750,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for the Company's financial reporting purposes) or (ii) initial Awards upon the election of the Non-Employee Director to the Board exceeding \$750,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for the Company's financial reporting purposes).

Section 5. Equitable Adjustments.

(a) In the event of any Change in Capitalization (including a Change in Control), an equitable substitution or proportionate adjustment shall be made, in each case, as may be determined by the Administrator, in its sole discretion, in (i) the aggregate number of shares of Common Stock reserved for issuance under the Plan, (ii) the kind and number of securities subject to, and the Exercise Price or Base Price of, any outstanding Options and Stock Appreciation Rights granted under the Plan, (iii) the kind, number and purchase price of shares of Common Stock, or the amount of cash or amount or type of other property, subject to outstanding Restricted Stock, Restricted Stock Units, Stock Bonuses and Other Stock-Based Awards granted under the Plan or (iv) the performance goals and performance periods applicable to any Awards granted under the Plan; provided, however, that any fractional shares resulting from the adjustment shall be eliminated. Such other equitable substitutions or adjustments shall be made as may be determined by the Administrator, in its sole discretion.

(b) Without limiting the generality of the foregoing, in connection with a Change in Capitalization (including a Change in Control), the Administrator may provide, in its sole discretion, but subject in all events to the requirements of Section 409A of the Code, for the cancellation of any outstanding Award in exchange for payment in cash or other property having an aggregate Fair Market Value equal to the Fair Market Value of the shares of Common Stock, cash or other property covered by such Award, reduced by the aggregate Exercise Price or Base Price thereof, if any; provided, however, that if the Exercise Price or Base Price of any outstanding Award is equal to or greater than the Fair Market Value of the shares of Common Stock, cash or other property covered by such Award, the Board may cancel such Award without the payment of any consideration to the Participant.

(c) The determinations made by the Administrator or the Board, as applicable, pursuant to this Section 5 shall be final, binding and conclusive.

Section 6. Eligibility.

The Participants under the Plan shall be selected from time to time by the Administrator, in its sole discretion, from those individuals that qualify as Eligible Recipients.

Section 7. Options.

(a) General. Each Participant who is granted an Option shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, which Award Agreement shall set forth, among other things, the Exercise Price of the Option, the term of the Option and provisions regarding exercisability of the Option, and whether the Option is intended to be an ISO or a Nonqualified Stock Option (and in the event the Award Agreement has no such designation, the Option shall be a Nonqualified Stock Option). The provisions of each Option need not be the same with respect to each Participant. More than one Option may be granted to the same Participant and be outstanding concurrently hereunder. Options granted under the Plan shall be subject to the terms and conditions set forth in this Section 7 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable and set forth in the applicable Award Agreement.

(b) Exercise Price. The Exercise Price of Shares purchasable under an Option shall be determined by the Administrator in its sole discretion at the time of grant, but, except as provided in the applicable Award Agreement, in no event shall the exercise price of an Option be less than one hundred percent (100%) of the Fair Market Value of the related shares of Common Stock on the date of grant.

(c) Option Term. The maximum term of each Option shall be fixed by the Administrator, but no Option shall be exercisable more than ten (10) years after the date such Option is granted. Each Option's term is subject to earlier expiration pursuant to the applicable provisions in the Plan and the Award Agreement.

(d) Exercisability. Each Option shall be exercisable at such time or times and subject to such terms and conditions, including the attainment of performance goals, as shall be determined by the Administrator in the applicable Award Agreement. The Administrator may also provide that any Option shall be exercisable only in installments, and the Administrator may waive such installment exercise provisions at any time, in whole or in part, based on such factors as the Administrator may determine in its sole discretion. Notwithstanding anything to the contrary contained herein, an Option may not be exercised for a fraction of a share.

(e) Method of Exercise. Options may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of whole Shares to be purchased, accompanied by payment in full of the aggregate Exercise Price of the Shares so purchased in cash or its equivalent, as determined by the Administrator. As determined by the Administrator, in its sole discretion, with respect to any Option or category of Options, payment in whole or in part may also be made (i) by means of consideration received under any cashless exercise procedure approved by the Administrator (including the withholding of Shares otherwise issuable upon exercise, referred to as "net exercise," with a Fair Market Value up to or equal to (but not exceeding) the applicable aggregate Exercise Price with the remainder paid in cash or other form of payment permitted by the Award Agreement), (ii) in the form of unrestricted Shares already owned by the Participant which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) in any other form of consideration approved by the Administrator and permitted by applicable law or (iv) by any combination of the foregoing.

(f) ISOs. The terms and conditions of ISOs granted hereunder shall be subject to the provisions of Section 422 of the Code and the terms, conditions, limitations and administrative procedures established by the Administrator from time to time in accordance with the Plan. At the discretion of the Administrator, ISOs may be granted only to an employee of the Company, its "parent corporation" (as such term is defined in Section 424(e) of the Code) or its subsidiary corporation (as such term is defined in Section 424(e) of the Code).

(i) ISO Grants to 10% Stockholders. Notwithstanding anything to the contrary in the Plan, if an ISO is granted to a Participant who owns shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company, its "parent corporation" (as such term is defined in Section 424(e) of the Code) or a Subsidiary of the Company, the term of the ISO shall not exceed five (5) years from the time of grant of such ISO

and the Exercise Price shall be at least one hundred and ten percent (110%) of the Fair Market Value of the Shares on the date of grant.

(ii) \$100,000 Per Year Limitation For ISOs. To the extent the aggregate Fair Market Value (determined on the date of grant) of the Shares for which ISOs are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess ISOs shall be treated as Nonqualified Stock Options.

(iii) Disqualifying Dispositions. Each Participant awarded an ISO under the Plan shall notify the Company in writing promptly after the date the Participant makes a “disqualifying disposition” of any Share acquired pursuant to the exercise of such ISO. A “disqualifying disposition” is any disposition (including any sale) of such Shares before the later of (i) two years after the date of grant of the ISO and (ii) one year after the date the Participant acquired the Shares by exercising the ISO. The Company may, if determined by the Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable Participant until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Shares.

(iv) Expiration Date. Notwithstanding provisions of Section 20 hereof, the term of any ISO granted hereunder shall not extend beyond the 10th anniversary of the date the Board adopted the Plan.

(g) Rights as Stockholder. Except as provided in the applicable Award Agreement, a Participant shall have no rights to dividends, dividend equivalents or distributions or any other rights of a stockholder with respect to the Shares subject to an Option until the Participant has given written notice of the exercise thereof, has paid in full for such Shares and has satisfied the requirements of Section 16 hereof.

(h) Termination of Employment or Service. In the event of the termination of employment or service with the Company and all Affiliates thereof of a Participant who has been granted one or more Options, such Options shall be exercisable at such time or times and subject to such terms and conditions as set forth in the Award Agreement.

(i) Other Change in Employment or Service Status. An Option shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment status or service status of a Participant, in the discretion of the Administrator.

Section 8. Stock Appreciation Rights.

(a) General. Stock Appreciation Rights may be granted either alone (“Free Standing Rights”) or in conjunction with all or part of any Option granted under the Plan (“Related Rights”). Related Rights may be granted either at or after the time of the grant of such Option. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, grants of Stock Appreciation Rights shall be made, the number of Shares to be awarded, the Base Price, and all other conditions of Stock Appreciation Rights. Notwithstanding the

foregoing, no Related Right may be granted for more Shares than are subject to the Option to which it relates. The provisions of Stock Appreciation Rights need not be the same with respect to each Participant. Stock Appreciation Rights granted under the Plan shall be subject to the following terms and conditions set forth in this Section 8 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable, as set forth in the applicable Award Agreement.

(b) Base Price. Except as provided in the applicable Award Agreement, each Stock Appreciation Right shall be granted with a base price that is not less than one hundred percent (100%) of the Fair Market Value of the related shares of Common Stock on the date of grant (such amount, the "Base Price").

(c) Rights as Stockholder. Except as provided in the applicable Award Agreement, a Participant shall have no rights to dividends, dividend equivalents or distributions or any other rights of a stockholder with respect to the Shares, if any, subject to a Stock Appreciation Right until such Stock Appreciation Right has been exercised and settled in the form of Shares and the Participant and has satisfied the requirements of Section 16 hereof.

(d) Exercisability.

(1) Stock Appreciation Rights that are Free Standing Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator in the applicable Award Agreement.

(2) Stock Appreciation Rights that are Related Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate shall be exercisable in accordance with the provisions of Section 7 hereof and this Section 8.

(e) Consideration Upon Exercise.

(1) Upon the exercise of a Free Standing Right, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to (i) the excess of the Fair Market Value of a share of Common Stock as of the date of exercise over the Base Price per share specified in the Free Standing Right, multiplied by (ii) the number of Shares in respect of which the Free Standing Right is being exercised.

(2) A Related Right may be exercised by a Participant by surrendering the applicable portion of the related Option. Upon such exercise and surrender, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to (i) the excess of the Fair Market Value of a share of Common Stock as of the date of exercise over the Exercise Price specified in the related Option, multiplied by (ii) the number of Shares in respect of which the Related Right is being exercised. Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Rights have been so exercised.

(3) Notwithstanding the foregoing, the Administrator may determine to settle the exercise of a Stock Appreciation Right in cash (or in any combination of Shares and cash), to the extent set forth in the Award Agreement.

(f) Termination of Employment or Service.

(1) In the event of the termination of employment or service with the Company and all Affiliates thereof of a Participant who has been granted one or more Free Standing Rights, such rights shall be exercisable at such time or times and subject to such terms and conditions as set forth in the Award Agreement.

(2) In the event of the termination of employment or service with the Company and all Affiliates thereof of a Participant who has been granted one or more Related Rights, such rights shall be exercisable at such time or times and subject to such terms and conditions as set forth in the related Options.

(g) Term.

(1) The term of each Free Standing Right shall be fixed by the Administrator, but no Free Standing Right shall be exercisable more than ten (10) years after the date such right is granted.

(2) The term of each Related Right shall be the term of the Option to which it relates, but no Related Right shall be exercisable more than ten (10) years after the date such right is granted.

(h) Other Change in Employment or Service Status. Stock Appreciation Rights shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment status or service status of a Participant, in the discretion of the Administrator.

Section 9. Restricted Stock and Restricted Stock Units.

(a) General. Restricted Stock and Restricted Stock Units may be issued under the Plan. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, Restricted Stock or Restricted Stock Units shall be made; the number of Shares to be awarded; the price, if any, to be paid by the Participant for the acquisition of Restricted Stock or Restricted Stock Units; the period of time prior to which Restricted Stock or Restricted Stock Units become vested and free of restrictions on Transfer (the "Restricted Period"); the performance goals (if any); and all other conditions of the Restricted Stock and Restricted Stock Units. If the restrictions, performance goals and/or conditions established by the Administrator are not attained, a Participant shall forfeit his or her Restricted Stock or Restricted Stock Units, in accordance with the terms of the grant. The provisions of Restricted Stock or Restricted Stock Units need not be the same with respect to each Participant.

(b) Awards and Certificates.

(1) Except as otherwise provided in Section 9(b)(3) hereof, (i) each Participant who is granted an Award of Restricted Stock may, in the Company's sole discretion, be issued a stock certificate in respect of such Restricted Stock; and (ii) any such certificate so issued shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the

terms, conditions, and restrictions applicable to any such Award. The Company may require that the stock certificates, if any, evidencing Restricted Stock granted hereunder be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any award of Restricted Stock, the Participant shall have delivered a stock transfer form, endorsed in blank, relating to the Shares covered by such award. Certificates for shares of unrestricted Common Stock may, in the Company's sole discretion, be delivered to the Participant only after the Restricted Period has expired without forfeiture in respect of such Restricted Stock.

(2) With respect to an Award of Restricted Stock Units to be settled in Shares, at the expiration of the Restricted Period, stock certificates in respect of the shares of Common Stock underlying such Restricted Stock Units may, in the Company's sole discretion, be delivered to the Participant, or his or her legal representative, in a number equal to the number of shares of Common Stock underlying the Award of Restricted Stock Units.

(3) Notwithstanding anything in the Plan to the contrary, any Restricted Stock or Restricted Stock Units to be settled in Shares (at the expiration of the Restricted Period) may, in the Company's sole discretion, be issued in uncertificated form.

(4) Further, notwithstanding anything in the Plan to the contrary, with respect to Restricted Stock Units, at the expiration of the Restricted Period, Shares (either in certificated or uncertificated form) or cash, as applicable, shall promptly be issued to the Participant, unless otherwise deferred in accordance with procedures established by the Company in accordance with Section 409A of the Code, and such issuance or payment shall in any event be made no later than March 15th of the calendar year following the year of vesting or within such other period as is required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code.

(c) Restrictions and Conditions. The Restricted Stock and Restricted Stock Units granted pursuant to this Section 9 shall be subject to the following restrictions and conditions and any additional restrictions or conditions as determined by the Administrator at the time of grant or, subject to Section 409A of the Code where applicable, thereafter:

(1) The Award Agreement may provide for the lapse of restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as set forth in the Award Agreement, including, but not limited to, the attainment of certain performance related goals, the Participant's termination of employment or service with the Company or any Affiliate thereof, or the Participant's death or Disability. Notwithstanding the foregoing, upon a Change in Control, the outstanding Awards shall be subject to Section 13 hereof.

(2) Except as provided in the applicable Award Agreement, the Participant shall generally have the rights of a stockholder of the Company with respect to shares of Restricted Stock during the Restricted Period, including the right to vote such shares and to receive any dividends declared with respect to such shares; provided, however, that except as provided in the applicable Award Agreement, any dividends declared during the Restricted Period with respect to such shares shall only become payable if (and to the extent) the underlying Restricted Shares

vest. Except as provided in the applicable Award Agreement, the Participant shall generally not have the rights of a stockholder with respect to shares of Common Stock subject to Restricted Stock Units during the Restricted Period; provided, however, that, subject to Section 409A of the Code, an amount equal to any dividends declared during the Restricted Period with respect to the number of shares of Common Stock covered by Restricted Stock Units may, to the extent set forth in an Award Agreement, be provided to the Participant at the time (and to the extent) that shares of Common Stock in respect of the related Restricted Stock Units are delivered to the Participant.

(d) Termination of Employment or Service. The rights of Participants granted Restricted Stock or Restricted Stock Units upon termination of employment or service with the Company and all Affiliates thereof for any reason during the Restricted Period shall be set forth in the Award Agreement.

(e) Form of Settlement. The Administrator reserves the right in its sole discretion to provide (either at or after the grant thereof) that any Restricted Stock Unit represents the right to receive the amount of cash per unit that is determined by the Administrator in connection with the Award, to the extent set forth in the Award Agreement.

Section 10. Other Stock-Based Awards.

Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including but not limited to dividend equivalents, may be granted either alone or in addition to other Awards (other than in connection with Options or Stock Appreciation Rights) under the Plan. Any dividend or dividend equivalent awarded hereunder shall be subject to the same restrictions, conditions and risks of forfeiture as the underlying Awards and shall only become payable if (and to the extent) the underlying Awards vest. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the individuals to whom and the time or times at which such Other Stock-Based Awards shall be granted, the number of shares of Common Stock to be granted pursuant to such Other Stock-Based Awards, or the manner in which such Other Stock-Based Awards shall be settled (e.g., in shares of Common Stock, cash or other property), or the conditions to the vesting and/or payment or settlement of such Other Stock-Based Awards (which may include, but not be limited to, achievement of performance criteria) and all other terms and conditions of such Other Stock-Based Awards.

Section 11. Stock Bonuses.

In the event that the Administrator grants a Stock Bonus, the Shares constituting such Stock Bonus shall, as determined by the Administrator, be evidenced in uncertificated form or by a book entry record or a certificate issued in the name of the Participant to whom such grant was made and delivered to such Participant as soon as practicable after the date on which such Stock Bonus is payable.

Section 12. Cash Awards.

The Administrator may grant Awards that are payable solely in cash, as deemed by the Administrator to be consistent with the purposes of the Plan, and such Cash Awards shall be

subject to the terms, conditions, restrictions and limitations determined by the Administrator, in its sole discretion, from time to time. Cash Awards may be granted with value and payment contingent upon the achievement of performance goals.

Section 13. Change in Control Provisions.

Except as provided in the applicable Award Agreement, in the event that (a) a Change in Control occurs and (b) either (x) an outstanding Award is not assumed or substituted in connection therewith or (y) an outstanding Award is assumed or substituted in connection therewith and the Participant's employment or service is terminated by the Company, its successor or an Affiliate thereof without Cause or by the Participant for Good Reason (if applicable) on or after the effective date of the Change in Control but prior to twelve (12) months following the Change in Control, then:

- (a) any unvested or unexercisable portion of any Award carrying a right to exercise shall become fully vested and exercisable; and
- (b) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to an Award granted under the Plan shall lapse and such Awards shall be deemed fully vested and any performance conditions imposed with respect to such Awards shall be deemed to be achieved at target performance levels.

For purposes of this Section 13, an outstanding Award shall be considered to be assumed or substituted for if, following the Change in Control, the Award remains subject to the same terms and conditions that were applicable to the Award immediately prior to the Change in Control except that, if the Award related to Shares, the Award instead confers the right to receive common stock of the acquiring entity (or such other security or entity as may be determined by the Administrator, in its sole discretion, pursuant to Section 5 hereof).

Section 14. Amendment and Termination.

The Board may amend, alter or terminate the Plan, but no amendment, alteration, or termination shall be made that would adversely affect the rights of a Participant under any Award theretofore granted without such Participant's consent. Unless the Board determines otherwise, the Board shall obtain approval of the Company's stockholders for any amendment to the Plan that would require such approval in order to satisfy any rules of the stock exchange on which the Common Stock is traded or other applicable law. The Administrator may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Section 5 hereof and the immediately preceding sentence, no such amendment shall adversely affect the rights of any Participant without his or her consent. In addition, the Administrator shall, without the approval of the stockholders of the Company, have the authority to (a) amend any outstanding Option or Stock Appreciation Right to reduce its exercise price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award.

Section 15. Unfunded Status of Plan.

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein

shall give any such Participant any rights that are greater than those of a general creditor of the Company.

Section 16. Withholding Taxes.

As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Whenever cash is to be paid pursuant to an Award, the Company shall have the right to deduct therefrom an amount sufficient to satisfy any applicable withholding tax requirements related thereto as determined by the Company. Whenever Shares or property other than cash are to be delivered pursuant to an Award, the Company shall have the right to require the Participant to remit to the Company in cash an amount sufficient to satisfy any related taxes to be withheld and applied to the tax obligations as determined by the Company; provided that, with the approval of the Administrator, a Participant may satisfy the foregoing requirement by either (i) electing to have the Company withhold from such delivery Shares or other property, as applicable, or (ii) by delivering already owned unrestricted shares of Common Stock, in each case, having a value not exceeding the applicable taxes to be withheld and applied to the tax obligations as determined by the Company. Such already owned and unrestricted shares of Common Stock shall be valued at their Fair Market Value on the date on which the amount of tax to be withheld is determined and any fractional share amounts resulting therefrom shall be settled in cash. Such an election may be made with respect to all or any portion of the Shares to be delivered pursuant to an award. The Company may also use any other method of obtaining the necessary payment or proceeds, as permitted by law, to satisfy its withholding obligation with respect to any Award as determined by the Company.

Section 17. Transfer of Awards.

Until such time as the Awards are fully vested and/or exercisable in accordance with the Plan or an Award Agreement, no purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any Award or any agreement or commitment to do any of the foregoing (each, a "Transfer") by any holder thereof in violation of the provisions of the Plan or an Award Agreement will be valid, except with the prior written consent of the Administrator, which consent may be granted or withheld in the sole discretion of the Administrator or except for estate planning purposes, subject to the Participant's and/or the transferee's execution of any additional documentation reasonably required by the Company. Any purported Transfer of an Award or any economic benefit or interest therein in violation of the Plan or an Award Agreement shall be null and void ab initio, and shall not create any obligation or liability of the Company, and any Person purportedly acquiring any Award or any economic benefit or interest therein transferred in violation of the Plan or an Award Agreement shall not be entitled to be recognized as a holder of any shares of Common Stock or other property underlying such Award. Unless otherwise determined by the Administrator in accordance with the provisions of the immediately preceding sentence, an Option or Stock Appreciation Right may be exercised, during the lifetime of the Participant, only by the

Participant or, during any period during which the Participant is under a legal disability, by the Participant's guardian or legal representative.

Section 18. Continued Employment or Service.

Neither the adoption of the Plan nor the grant of an Award hereunder shall confer upon any Eligible Recipient any right to continued employment or service with the Company or any Affiliate thereof, as the case may be, nor shall it interfere in any way with the right of the Company or any Affiliate thereof to terminate the employment or service of any of its Eligible Recipients at any time.

Section 19. Effective Date.

The Plan was adopted by the Board on April 16, 2021, was approved by its stockholders on April 16, 2021 and became effective on April 27, 2021 ("Effective Date").

Section 20. Term of Plan.

No Award shall be granted pursuant to the Plan on or after the tenth (10th) anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

Section 21. Securities Matters and Regulations.

(a) Notwithstanding anything herein to the contrary, the obligation of the Company to sell or deliver Common Stock with respect to any Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. The Administrator may require, as a condition of the issuance and delivery of certificates evidencing shares of Common Stock pursuant to the terms hereof, that the recipient of such shares make such agreements and representations, and that such certificates bear such legends, as the Administrator, in its sole discretion, deems necessary or advisable.

(b) Each Award is subject to the requirement that, if at any time the Administrator determines that the listing, registration or qualification of Common Stock issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Common Stock, no such Award shall be granted or payment made or Common Stock issued, in whole or in part, unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

(c) In the event that the disposition of Common Stock acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act and is not otherwise exempt from such registration, such Common Stock shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a Participant receiving Common Stock pursuant to the Plan, as a condition precedent to

receipt of such Common Stock, to represent to the Company in writing that the Common Stock acquired by such Participant is acquired for investment only and not with a view to distribution.

Section 22. Notification of Election Under Section 83(b) of the Code.

If any Participant shall, in connection with the acquisition of shares of Common Stock under the Plan, make the election permitted under Section 83(b) of the Code, such Participant shall notify the Company of such election in accordance with the regulations under Section 83 of the Code.

Section 23. No Fractional Shares.

No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Administrator shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

Section 24. Beneficiary.

A Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the executor or administrator of the Participant's estate shall be deemed to be the Participant's beneficiary.

Section 25. Paperless Administration.

In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

Section 26. Severability.

If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected but shall be applied as if the invalid or unenforceable provision had not been included in the Plan.

Section 27. Clawback.

(a) Each Award granted under the Plan shall be subject to any applicable recoupment policy maintained by the Company or any of its Affiliates as in effect from time to time.

(b) Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 28. Section 409A of the Code.

The Plan as well as payments and benefits under the Plan are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Code, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment or service with the Company for purposes of the Plan and no payment shall be due to the Participant under the Plan or any Award until the Participant would be considered to have incurred a “separation from service” from the Company and its Affiliates within the meaning of Section 409A of the Code. Any payments described in the Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in the Plan, to the extent that any Awards (or any other amounts payable under any plan, program or arrangement of the Company or any of its Affiliates) are payable upon a separation from service and such payment would result in the imposition of any individual tax and penalty interest charges imposed under Section 409A of the Code, the settlement and payment of such awards (or other amounts) shall instead be made on the first business day after the date that is six (6) months following such separation from service (or upon the Participant’s death, if earlier). Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code. The Company makes no representation that any or all of the payments or benefits described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.

Section 29. Governing Law.

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such state.

Section 30. Titles and Headings.

The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Section 31. Successors.

The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

Section 32. Relationship to other Benefits.

No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare, or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

Section 33. Provisions for Foreign Participants.

The Administrator may modify Awards granted to Participants who are nationals of a country other than the United States or employed or residing outside the United States, establish subplans or procedures under the Plan or take any other necessary or appropriate action to address applicable law, including (a) differences in laws, rules, regulations or customs of such jurisdictions with respect to tax, securities, currency, employee benefit or other matters, (b) listing and other requirements of any non-U.S. securities exchange, and (c) any necessary local governmental or regulatory exemptions or approvals.

Exhibit A

Form of Restricted Stock Unit Agreement

FTC SOLAR, INC.

[FORM OF] RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT is made effective as of _____ (the "Grant Date") between FTC Solar, Inc., a Delaware corporation (the "Company"), and _____ (the "Participant") pursuant to the FTC Solar, Inc. 2021 Stock Incentive Plan (as amended or amended and restated from time to time, the "Plan").

WHEREAS, the Company desires to grant to the Participant an award denominated in units (the "Restricted Stock Units") of its Common Stock; and

WHEREAS, the Restricted Stock Units are being issued under and subject to the Plan, and any terms used herein have the same meanings as under the Plan.

NOW, THEREFORE, in consideration of the following mutual covenants and for other good and valuable consideration, the parties agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant _____ Restricted Stock Units upon the terms and conditions and subject to all the limitations and restrictions set forth herein and in the Plan, which is incorporated herein by reference. The Participant acknowledges receipt of a copy of the Plan. Each Restricted Stock Unit is a notional amount that represents one share of Common Stock (subject to adjustment from time to time in accordance with Section 5 of the Plan in the event of any stock split, subdivision, stock dividend or other similar event affecting the Common Stock). Each Restricted Stock Unit constitutes the right (subject to the terms, conditions and vesting schedule under this Agreement and subject to the terms and conditions of the Plan) to receive a distribution of one share of Common Stock (subject to adjustment from time to time in accordance with Section 5 of the Plan in the event of any stock split, subdivision, stock dividend or other similar event affecting the Common Stock).

2. Purchase Price. The purchase price of the Restricted Stock Units shall be deemed to be \$0.00 per share.

3. Awards Subject to Acceptance of Agreement. The Award granted hereunder shall be null and void unless the Participant accepts and executes this Agreement, including such acceptances and execution through the On-line Platform (as hereinafter defined).

4. Rights as a Stockholder. The Participant shall not have any rights of a stockholder as a result of receiving an Award under this Agreement, including, but not limited to, any right to vote the shares of Common Stock to be issued hereunder, unless and until (and only to the extent) the Restricted Stock Units have vested and, thereafter, the shares of Common Stock have been distributed pursuant to Sections 5 and 7 hereof.

5. Vesting of Restricted Stock Units.

(a) The Restricted Stock Units shall become vested in accordance with the vesting schedule approved by the Board (or any Committee designated thereby) and as notified to the Participant through the On-Line Platform or the vesting schedule to which the Participant and the Company have each approved or accepted through the On-Line Platform (the "Vesting Schedule"), so long as the Participant is providing services to the Company at all times from the Grant Date through each such vesting date included in the Vesting Schedule. The Vesting Schedule is incorporated herein and made part of this Agreement.

(b) For purposes of this Agreement, each date on which any portion of the Restricted Stock Units become vested pursuant to this Section 5 shall be referred to as a "Vesting Date".

6. Termination Provisions.

(a) Termination Prior to Vesting. Notwithstanding Section 5, if the Participant ceases to be an Employee prior to a Vesting Date for any reason, any unvested Restricted Stock Units shall be forfeited by the Participant[; *provided, however*, that such termination will not result in forfeiture, and the Restricted Stock Units instead will vest as of the Participant's termination from service, if the Participant's status as an Employee is terminated involuntarily by the Company without Cause or by the Participant for Good Reason within twelve months following a Change in Control.]

7. Settlement of Restricted Stock Units.

(a) Subject to the terms of the Plan and this Agreement, Restricted Stock Units shall be settled in shares of Common Stock. Certificates representing shares of Common Stock in connection with vested Restricted Stock Units will be issued to the Participant within a reasonable time following the applicable Vesting Date, but in no event shall the Shares be issued later than the date that is later than March 15 of the year following the end of the calendar year in which such Vesting Date occurs.

8. Withholding Taxes.

(a) As a condition to acceptance of any shares of Common Stock in settlement of the Restricted Stock Units, the Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations (the "Required Tax Payments") of the Company or an Affiliate, if any, which arise in connection with the Award. If the Participant shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Participant.

(b) The Participant may elect, subject to Company approval, to satisfy his or her obligation to advance the Required Tax Payments with respect to the Restricted Stock Unit Award by any of the following means: (1) a cash payment to the Company pursuant to Section 8(a), (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock (which the Participant has held for

at least six months prior to the delivery of such shares or which the Participant purchased on the open market and for which the Participant has good title, free and clear of all liens and encumbrances) having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold from the shares of Common Stock otherwise to be delivered to the Participant pursuant to the Award, a number of whole shares of Common Stock having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment following the Participant's sale of (or by a broker-dealer acceptable to the Company through which the Participant has sold) a number of shares of Common Stock with respect to which the Required Tax Payments have arisen having a Fair Market Value determined as of the Tax Date equal to the Required Tax Payments, or (5) any combination of (1), (2), (3) and (4). Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the Participant. No certificate representing a share of Common Stock shall be delivered until the Required Tax Payments have been satisfied in full.

9. Compliance with Applicable Law. The Restricted Stock Unit Award is subject to the condition that if the listing, registration or qualification of the Common Stock to be issued upon the vesting of the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting of the Restricted Stock Units or delivery of shares hereunder, the Restricted Stock Units subject to the Award shall not vest or the shares of Common Stock will not be delivered unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not approved by the Company (which approval will not be unreasonably withheld).

10. Market Stand-Off Agreement. Participant agrees that Participant shall not Transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale of, any Common Stock (or other securities) of the Company held by the Participant (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of the initial registration statement of the Company filed under the Securities Act of 1933, as amended (the "1933 Act"), in connection with the Initial Public Offering (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation) and during the ninety (90) day period following the effective date of any subsequent registration statement of the Company filed under the 1933 Act (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation); *provided* that such restrictions with respect to any subsequent registration shall terminate one year after the effective date of the Initial Public Offering. The foregoing provisions shall not apply to the sale of any securities to an underwriter pursuant to an underwriting agreement. The underwriters in connection with any public offering subject to the foregoing provisions are intended third party beneficiaries and shall have the right to enforce the provisions hereof as though they were a party hereto. The provisions hereof shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or Rule 145 transactions on Form S-4, or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the securities subject to the

provisions hereof until the end of the applicable periods. If requested, the Participant agrees to execute a market stand-off agreement with the underwriters in customary form.

11. Miscellaneous.

(a) Successors. The provisions of this Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as otherwise expressly provided in this Agreement to the contrary, the provisions of this Agreement shall inure to the benefit of and be binding upon the Participant and the Participant's successors and assigns.

(b) No Employment or Service Contract. Nothing in this Agreement shall confer upon Participant any right to continue in the service of the Company (or any affiliated entity) for any period of time or restrict in any way the rights of the Company (or any affiliated entity) or the Participant to terminate the services of the Participant at any time for any reason, with or without cause. [If the Participant has a written employment agreement with the Company or any Affiliate which contains different or additional provisions relating to Plan awards, or otherwise conflicts with the terms of this Agreement, the provisions of the employment agreement will govern.]

(c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

(d) Notices. All notices under this Agreement must be in writing and shall be deemed given when delivered personally or by confirmed facsimile or email, one (1) day after being sent by nationally recognized courier service, or three (3) days after being sent by prepaid certified mail, to the address of the party to be noticed as set forth herein or such other address as such party last provided to the other party by written notice.

(e) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such state.

(f) Counterparts; Facsimile; Electronic Signatures; Electronic Delivery. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered by facsimile or electronic transmission (including by means of signature, acceptance or approval via an on-line or electronic system established and maintained by the Company or a third party designated by the Company (the "On-line Platform"), and upon such delivery, the facsimile or electronic transmission (including by means of a signature, acceptance or approval via the On-line Platform) shall have the same effect as if an original signature had been delivered to the other party. This Agreement shall also be deemed to be updated, modified, amended or completed, as applicable, by any terms relating to the Restricted Stock Units under this Agreement that are accepted, agreed or approved through the On-line Platform by the Company and the Participant, including any term that completes a "blank" in this document. The Company also may, in its sole discretion, decide to deliver by email, through the On-line Platform or other electronic means any documents related to the Participant's current or future participation in the Plan, this Agreement, the Restricted Stock Units, any other securities of the Company or any other Company-related

documents, including notices to stockholders required by applicable law, the Company's Certificate of Incorporation and/or Bylaws. The Participant hereby: (i) consents to receive such documents by email, through the On-line Platform or other electronic means, (ii) consents to the use of electronic signatures or signatures, acceptances or approvals obtained through the On-line Platform, and (iii) if applicable, agrees to participate in the Plan and/or receive any such documents related to the Plan through the On-line Platform. The Company may deliver the above-described documents to the Participant by sending a communication to the Participant's email address on file with the Company or delivery made through the On-line Platform.

(g) Transfers. Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

(h) Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

(i) Code Section 409A; Reformation.

(i) The intent of the parties is that the payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith or exempt therefrom. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between the Participant and the Company during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's date of death). All payments under this Agreement shall be considered to be separate payments for purposes of Section 409A. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.

(ii) If any provision of this Agreement or the Plan shall be invalid or unenforceable, in whole or in part, or as applied to any circumstance, under the laws of any

jurisdiction that may govern for such purpose, or if any provision of this Agreement or the Plan needs to be interpreted to comply with the requirements of Section 409A of the Code, then such provision shall be deemed to be modified or restricted, or so interpreted, to the extent and in the manner necessary to render the same valid and enforceable, or to the extent and in the manner necessary to be interpreted in compliance with such requirements of the Code, either generally or as applied to such circumstance, or shall be deemed excised from this Agreement or the Plan, as the case may require, and this Agreement or the Plan shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

(j) Restricted Stock Unit Agreement Subject to Plan. This Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Administrator in respect of the Plan, this Agreement and the Restricted Stock Units shall be final and conclusive.

(k) Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.

(l) Entire Agreement. Except as may be set forth in an employment agreement between the Company and the Participant, this Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof, and supersede any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company and the Participant have caused this Agreement to be executed on its and his or her behalf effective the day and year first above written.

COMPANY:

FTC SOLAR, INC.

Accepted and executed via the On-Line Platform

Address: As set forth in the On-Line Platform

PARTICIPANT:

Accepted and executed via the On-Line Platform

Address: As set forth in the On-Line Platform

Exhibit B

Form of Non-Qualified Stock Option Award Agreement

FTC SOLAR, INC.

[FORM OF] NON-QUALIFIED STOCK OPTION AWARD AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AWARD AGREEMENT is made effective as of _____ (the "Grant Date") between FTC Solar, Inc., a Delaware corporation (the "Company"), and _____ (the "Participant") pursuant to the FTC Solar, Inc. 2021 Stock Incentive Plan (as amended or amended and restated from time to time, the "Plan").

WHEREAS, the Company desires to grant to the Participant an option (the "Option") to purchase shares of Common Stock; and

WHEREAS, Options are being issued under and subject to the Plan, and any terms used herein have the same meanings as under the Plan.

NOW, THEREFORE, in consideration of the following mutual covenants and for other good and valuable consideration, the parties agree as follows:

1. Grant of Non-Qualified Stock Option. The Company hereby grants to the Participant, pursuant to the terms of this Agreement and the Plan, an option to purchase [•] Shares at an exercise price of \$[] per share that will vest on the satisfaction of the conditions set forth in Section 4(a) of this Agreement (the "Option").

2. Awards Subject to Acceptance of Agreement. The Award granted hereunder shall be null and void unless the Participant accepts and executes this Agreement, including such acceptances and execution through the On-line Platform (as defined below).

3. Voting and Other Rights. The Participant shall have no rights of a stockholder with respect to the Shares subject to the Option (including the right to vote and the right to receive distributions or dividends) unless and until Shares are issued in respect of the exercise of the Option in accordance with Sections 5 and 6 hereof.

4. Vesting.

(a) The Shares subject to the Option shall vest and become exercisable upon satisfying the vesting schedule approved by the Board (or any Committee designated thereby) and as notified to the Participant through the On-Line Platform (as hereinafter defined) or the vesting schedule to which the Participant and the Company have each approved or accepted through the On-Line Platform (the "Vesting Schedule"), so long as the Participant is providing services to the Company at all times from the Grant Date through each such vesting date included in the Vesting Schedule. The Vesting Schedule is incorporated herein and made part of this Agreement.

(b) If the Participant's service is terminated for any reason, (i) the Shares subject to the Option that have not satisfied the vesting requirement as of the date of termination shall be forfeited without payment of any consideration and all rights of the Participant with respect to such Shares subject to the Option shall immediately terminate, and (ii) neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such forfeited Shares subject to the Option [*provided, however, that*

such termination will not result in forfeiture, and Options instead will vest as of the Participant's termination from service, if the Participant's status as an Employee is terminated involuntarily by the Company without Cause or by the Participant for Good Reason within twelve months following a Change in Control].

5. Timing of Exercise. Following the vesting of the Option as set forth in Section 4 hereof, the Participant may exercise all or any portion of such Option at any time prior to the 10th anniversary of the Grant Date.

6. Method of Exercise. The Participant may exercise the Option by giving written notice of exercise to the Company specifying the number of Shares to be purchased, accompanied by payment in full of the aggregate exercise price of the Shares so purchased in cash or its equivalent; *provided*, that, notwithstanding the foregoing, the Participant shall be permitted, at his or her election, to satisfy payment of the aggregate exercise price of such Shares by cashless exercise or net share settlement, pursuant to which the Company shall be authorized to withhold from the shares of Common Stock otherwise to be delivered to the Participant pursuant to the Award, a number of whole shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate exercise price of the Shares with respect to which the Option is being exercised.

7. Withholding Taxes.

(a) As a condition to the exercise of Options, the Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations (the "Required Tax Payments") of the Company or an Affiliate, if any, which arise in connection with the Award. If the Participant shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Participant.

(b) The Participant may elect to satisfy his or her obligation to advance the Required Tax Payments with respect to the Option by any of the following means: (1) a cash payment to the Company pursuant to Section 7(a), (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock (which the Participant has held for at least six months prior to the delivery of such shares or which the Participant purchased on the open market and for which the Participant has good title, free and clear of all liens and encumbrances) having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold from the shares of Common Stock otherwise to be delivered to the Participant pursuant to the Award, a number of whole shares of Common Stock having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment following the Participant's sale of (or by a broker-dealer acceptable to the Company through which the Participant has sold) a number of shares of Common Stock with respect to which the Required Tax Payments have arisen having a Fair Market Value determined as of the Tax Date equal to the Required Tax Payments, or (5) any combination of (1), (2), (3) and (4). Any fraction of a share of

Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the Participant. No certificate representing a share of Common Stock shall be delivered until the Required Tax Payments have been satisfied in full.

8. Compliance with Applicable Law. The Options are subject to the condition that if the listing, registration or qualification of the Common Stock to be issued upon the exercise of the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the exercise of the Options or delivery of shares hereunder, the shares of Common Stock will not be delivered unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not approved by the Company (which approval will not be unreasonably withheld).

9. Miscellaneous.

(a) Successors. The provisions of this Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as otherwise expressly provided in this Agreement to the contrary, the provisions of this Agreement shall inure to the benefit of and be binding upon the Participant and the Participant's successors and assigns.

(b) No Employment or Service Contract. Nothing in this Agreement shall confer upon Participant any right to continue in the service of the Company (or any affiliated entity) for any period of time or restrict in any way the rights of the Company (or any affiliated entity) or the Participant to terminate the services of the Participant at any time for any reason, with or without cause.

(c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

(d) Notices. All notices under this Agreement must be in writing and shall be deemed given when delivered personally or by confirmed facsimile or email, one (1) day after being sent by nationally recognized courier service, or three (3) days after being sent by prepaid certified mail, to the address of the party to be noticed as set forth herein or such other address as such party last provided to the other party by written notice.

(e) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such state.

(f) Counterparts; Facsimile; Electronic Signatures; Electronic Delivery. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered by facsimile or electronic transmission (including by means of signature, acceptance or approval via an on-line or electronic system established and maintained by the Company or a third party designated by the Company (the "On-line Platform"), and upon such delivery, the facsimile or electronic transmission (including by means of a signature, acceptance or approval via the On-line Platform) shall have the same effect as if an original signature had been delivered to the other

party. This Agreement shall also be deemed to be updated, modified, amended or completed, as applicable, by any terms relating to the Options under this Agreement that are accepted, agreed or approved through the On-line Platform by the Company and the Participant, including any term that completes a "blank" in this document. The Company also may, in its sole discretion, decide to deliver by email, through the On-line Platform or other electronic means any documents related to the Participant's current or future participation in the Plan, this Agreement, the Options, any other securities of the Company or any other Company-related documents, including notices to stockholders required by applicable law, the Company's Certificate of Incorporation and/or Bylaws. The Participant hereby: (i) consents to receive such documents by email, through the On-line Platform or other electronic means, (ii) consents to the use of electronic signatures or signatures, acceptances or approvals obtained through the On-line Platform, and (iii) if applicable, agrees to participate in the Plan and/or receive any such documents related to the Plan through the On-line Platform. The Company may deliver the above-described documents to the Participant by sending a communication to the Participant's email address on file with the Company or delivery made through the On-line Platform.

(g) Transfers. The Options may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

(h) Severability; Reformation. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction. If any provision of this Agreement or the Plan needs to be interpreted to comply with the requirements of Section 409A of the Code, then such provision shall be deemed to be modified or restricted, or so interpreted, to the extent and in the manner necessary to render the same valid and enforceable, or to the extent and in the manner necessary to be interpreted in compliance with such requirements of the Code, either generally or as applied to such circumstance, or shall be deemed excised from this Agreement or the Plan, as the case may require, and this Agreement or the Plan shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

(i) Option Award Agreement Subject to Plan. This Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Administrator in respect of the Plan, this Agreement and the Option shall be final and conclusive.

(j) Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.

(k) Entire Agreement. Except as may be set forth in an employment agreement between the Company and the Participant, this Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof, and supersede any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company and the Participant have caused this Agreement to be executed on its and his or her behalf effective the day and year first above written.

COMPANY:

FTC SOLAR, INC.

Accepted and executed via the On-Line Platform

Address: As set forth in the On-Line Platform

PARTICIPANT:

Accepted and executed via the On-Line Platform

Address: As set forth in the On-Line Platform

FTC SOLAR, INC.
2021 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the FTC Solar, Inc. 2021 Employee Stock Purchase Plan.

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code. However, the Company may grant options pursuant to one or more offerings under the Plan that are not intended to meet the requirements of Code Section 423.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the Class A common stock of the Company.

(d) "Company" shall mean FTC Solar, Inc., a Delaware corporation.

(e) "Compensation" shall mean the base salary payable to an Employee by the Company or one or more Designated Subsidiaries during such individual's period of participation in one or more offerings under the Plan, plus any pre-tax contributions made by the Employee to any cash-or-deferred arrangement that meets the requirements of Section 401(k) of the Code or any cafeteria benefit program that meets the requirements of Section 125 of the Code, now or hereafter established by the Company or any Designated Subsidiary. The Plan Administrator may make modifications to the definition of Compensation for one or more offerings as deemed appropriate.

(f) "Designated Subsidiaries" shall mean all Subsidiaries of the Company designated by the Plan Administrator from time to time in its sole discretion as eligible to participate in the Plan.

(g) "Employee" shall mean any individual who is a regular employee of the Company or a Designated Subsidiary, excluding those individuals who (i) have not been regular employees of the Company or a Designated Subsidiary for, at least, thirty (30) days prior to the Offering Period, or such other period of time as specified by the Plan Administrator in the Company's eligibility policy as from time to time amended and in effect, (ii) are customarily employed twenty (20) hours or less per week, and (iii) are customarily employed not more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Unless otherwise determined by the Plan Administrator and set forth in the applicable offering, where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the 1st day following the expiration of such three (3)-month period.

(h) "Enrollment Date" shall mean the first day of each Offering Period.

(i) "Exercise Date" shall mean the last Trading Day in each Offering Period.

(j) “Fair Market Value” of Common Stock or another security as of a particular date shall mean the fair market value as determined by the Administrator in its sole discretion; provided, however, (i) if the Common Stock or other security is admitted to trading on a national securities exchange, the fair market value on any date shall be the closing sale price reported on the date of grant, or if no shares were traded on such date, on the last preceding date for which there was a sale of a share of Common Stock or other security on such exchange, or (ii) if the Common Stock or other security is then traded in an over-the-counter market, the fair market value on any date shall be the average of the closing bid and asked prices for such share of Common Stock or other security in such over-the-counter market for the last preceding date on which there was a sale of such share of Common Stock or other security in such market

(k) “Offering Period” shall mean a period with respect to which the right to purchase Common Stock may be granted under the Plan, as set forth in Section 5.

(l) “Plan” shall mean this FTC Solar, Inc. 2021 Employee Stock Purchase Plan.

(m) “Plan Administrator” shall mean the Board or a committee of the Board appointed by the Board to administer the Plan in accordance with Section 15.

(n) “Purchase Price” shall mean an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided, however, the Plan Administrator may establish a higher price for one or more offerings under the Plan.

(o) “Reserves” shall mean the number of shares of Common Stock covered by the options under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(p) “Subsidiary” shall mean a corporation, domestic or foreign, of which not less than 50% of the total combined voting power of all classes of stock are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

(q) “Trading Day” shall mean a day on which the National Association of Securities Dealers Automated Quotation (NASDAQ) System is open for trading.

3. Eligibility.

(a) Options may be granted only to Employees. Unless otherwise determined by the Plan Administrator for an offering, any Employee, as defined in Section 2(g), and who shall be employed by the Company on the Enrollment Date for an Offering Period shall be eligible to participate in the Plan for such Offering Period.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (and any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary of the Company, or (ii) which permits his or her rights to purchase stock under all employee stock purchase plans (within the meaning of Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) worth of stock (determined at the Fair Market Value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offerings. The Plan shall be implemented through one or more offerings. Offerings may be consecutive or overlapping. Each offering shall be in such form and shall contain such terms and conditions as the Plan Administrator shall deem appropriate. The terms of separate offerings need not be identical; provided, however, that each offering shall comply with the provisions of the Plan and the participants in each offering shall have equal rights and privileges under that offering in accordance with the requirements of Section 423(b) (5) of the Code and the applicable regulations thereunder.

5. Offering Periods. Offerings shall be implemented by Offering Periods in the discretion of the Plan Administrator. Each Offering Period shall commence at such time and be of such duration not to exceed twenty seven (27) months, as determined by the Plan Administrator prior to the start of the applicable Offering Period. The initial Offering Period shall commence on the date established by the Plan Administrator and shall be of such duration (not to exceed twenty seven (27) months) as determined by the Plan Administrator. The decision of the Plan Administrator to implement an Offering Period shall not require the Plan Administrator to implement any additional consecutive or overlapping Offering Period.

6. Participation. An eligible Employee determined in accordance with Section 3 may elect to become a participant by accessing the website designated by the Company and electronically enrolling in an Offering Period or by submitting an enrollment agreement (in such form as the Company may provide, including by electronic means) authorizing payroll deductions at least ten (10) days prior to the applicable Enrollment Date, unless an earlier or later time for enrolling is set by the Plan Administrator for all eligible Employees with respect to a given offering or Offering Period.

7. Payroll Deductions.

(a) At the time a participant enrolls in an Offering Period, he or she shall elect to have payroll deductions made during the Offering Period pursuant to such procedures as the Plan Administrator may specify from time to time and in an amount between one percent (1%) and ten percent (10%) of the Compensation which he or she receives during the Offering Period.

(b) Payroll deductions shall commence on the first payroll period following the Enrollment Date and shall end on the last payroll period in the Offering Period, unless sooner altered or terminated as provided in the Plan.

(c) All payroll deductions made for a participant shall be credited to his or her account under the Plan and will be withheld in whole percentages only. A participant may not make any additional payments into such account unless specifically provided for in the offering.

(d) A participant may discontinue his or her participation in the Plan as provided in Section 12, or may decrease the rate of his or her payroll deductions during the current Offering Period by amending his or her enrollment agreement or by submitting a new enrollment agreement (in such form as the Company may provide, including by electronic means) authorizing a decrease in payroll deduction rate. The decrease in rate shall be effective with the first full payroll period following ten (10) business days after the Company's receipt of the amended enrollment or earlier to the extent administratively practicable. A participant may increase the rate of his or her payroll deductions for an upcoming Offering Period by amending his or her enrollment agreement or by submitting a new enrollment agreement (in such form as the Company may provide, including by electronic means) authorizing an increase in payroll deduction rate within ten (10) business days prior to commencement of the upcoming Offering Period. A participant's enrollment agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 12. The Plan Administrator shall be authorized to limit the number of participation rate changes during any Offering Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with the limitations of Section 423(b)(8) of the Code and Section 3(b)(ii) herein, a participant's payroll deductions may be decreased to 0% during any Offering Period if such participant would, as a result of such limitations, be precluded from buying any additional Common Stock on the Exercise Date for that Offering Period. The suspension of such deductions shall not terminate the participant's participation in the Plan. Payroll deductions shall recommence at the rate provided in such participant's enrollment agreement at the beginning of the first Offering Period for which the participant is able to purchase shares in compliance with the limitations of Section 423(b)(8) of the Code and Section 3(b)(ii) herein, unless terminated by the participant as provided in Section 12.

8. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date for such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions (and contributions) accumulated prior to such Exercise Date and retained in the participant's account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in Sections 3(b) and 14 hereof. However, the maximum number of shares of Common Stock purchasable per participant on any Exercise Date shall not exceed twenty-five thousand U.S. dollars (\$25,000) worth of shares (calculated based on the closing price of shares of Common Stock on the first day of the applicable Offering Period), subject to periodic adjustments in the event of certain changes in the Company's capitalization as provided in Section 20. Exercise of the option shall occur as provided in Section 10, unless the participant has withdrawn pursuant to Section 12.

9. Exercise of Option.

(a) Unless a participant withdraws from the Plan as provided in Section 12 below, his or her option for the purchase of shares will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions (and contributions) in his or her account. No fractional shares will be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 12. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant as soon as administratively practicable following the Exercise Date. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, local, foreign or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefit attributable to sale or early disposition of Common Stock by the participant. The Plan Administrator may require the participant to notify the Company before the participant sells or otherwise disposes of any shares acquired under the Plan.

10. Delivery to Broker Account. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall deliver the shares purchased by the participant to a brokerage account established for the participant at a Company-designated brokerage firm. The account will be known as the "ESPP Broker Account". The Company may require that, except as otherwise provided below, the deposited shares may not be transferred (either electronically or in certificate form) from the

ESPP Broker Account until the later of the following two periods: (i) the end of the two (2)-year period measured from the Enrollment Date for the Offering Period in which the shares were purchased and (ii) the end of the one (1)-year period measured from the Exercise Date for that Offering Period.

Such limitation shall apply both to transfers to different accounts with the same broker and to transfers to other brokerage firms. Any shares held for the required holding period may be transferred (either electronically or in certificate form) to other accounts or to other brokerage firms.

The foregoing procedures shall apply to all shares purchased by the participant under the Plan, whether or not the participant continues in Employee status.

11. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions and other contributions, if any, credited to his or her account and not yet used to exercise his or her option under the Plan at any time by accessing the website designated by the Company and electronically withdrawing from the Offering Period or by giving written notice to the Company (in such form as the Company may provide). All of the participant's payroll deductions credited to his or her account will be paid to such participant as soon as practicable after receipt of notice of withdrawal and such participant's option for the Offering Period will be automatically terminated, and no further payroll deductions (or contributions) for the purchase of shares will be made during the Offering Period. If a participant withdraws from an Offering Period, payroll deductions (or contributions) will not resume at the beginning of the succeeding Offering Period unless the participant timely enrolls in that Offering Period.

(b) Upon a participant's ceasing to be an Employee for any reason or upon termination of a participant's employment relationship (as described in Section 2(g)), the payroll deductions and other contributions, if any, credited to such participant's account during the Offering Period but not yet used to exercise the option will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 16, and such participant's option will be automatically terminated. A participant whose employment is deemed to have terminated under Section 2(g) may participate in any future Offering Period in which such individual is eligible to participate by timely enrollment in that Offering Period.

12. Interest. No interest shall accrue on the payroll deductions credited to a participant's account under the Plan unless otherwise required by applicable law.

13. Stock Reserve.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 1,686,031 shares of Common Stock. The share reserve shall be subject to adjustment upon changes in capitalization of the Company as provided in Section 19. If on a given Exercise Date the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) In addition, the number of shares of the Company's Common Stock available for issuance under the Plan will automatically increase on the first day of each fiscal year, for a period of not more than ten years from the date the Plan is approved by the stockholders of the Company, commencing on January 1, 2022, and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) one percent (1%) of the total number of shares of the Company's capital stock outstanding on the last day

of the calendar month prior to the date of such automatic increase or (ii) such lesser number of shares of Common Stock as determined by the Plan Administrator at any time prior to the first day of a given fiscal year.

(c) The participant will have no interest or voting right in shares covered by his option until such option has been exercised and the participant has become a holder of record of the purchased shares of Common Stock.

14. Administration.

(a) The Plan shall be administered by the Plan Administrator. The Plan Administrator shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties. Members of the Board who are eligible Employees are permitted to participate in the Plan, provided that:

(i) Members of the Board who are eligible to participate in the Plan may not vote on any matter affecting the administration of the Plan or the grant of any option pursuant to the Plan.

(ii) If a committee is established to administer the Plan, no member of the Board who is eligible to participate in the Plan may be a member of the committee.

(b) In addition, subject to the provisions of the Plan and, in the case of a committee, the specific duties delegated by the Board to such committee, the Board shall have the authority, in its sole discretion to approve addenda pursuant to Section 15(c) to accommodate participation of Employees employed by a non-U.S. Subsidiary with such terms and conditions as the Board deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in the Plan to the extent necessary or appropriate to accommodate such differences.

(c) The Board may approve such addenda to the Plan as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom, which, if so required under applicable laws, may deviate from the terms and conditions set forth in the Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant (and his or her spouse, if any) at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the

participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions (or contributions) credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 16 by the participant). Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 12.

17. Use of Funds. All payroll deductions (and contributions) received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such monies unless otherwise required by applicable law.

18. Reports. Individual book accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves as well as the number of shares and price per share of Common Stock covered by each option under the Plan which has not yet been exercised and the maximum number of shares that may be purchased per participant on any Exercise Date, shall be equitably adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Plan Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option. The Plan Administrator may, if it so determines in the exercise of its sole discretion, make provision for adjusting the Reserves as well as the price per share of Common Stock covered by each outstanding option and the maximum number of shares that may be purchased per participant on any Exercise Date, in the event the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods will terminate and all participant contributions in respect of an open Offering Period will be refunded to participants immediately prior to the consummation of such proposed action, unless otherwise provided by the Plan Administrator.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Plan Administrator may determine, in the exercise of its sole discretion, to shorten the Offering Periods then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Plan Administrator shortens the

Offering Periods then in progress in lieu of assumption or substitution in the event of a merger or sale of assets, the Plan Administrator shall notify each participant in writing, at least ten (10) days prior to the New Exercise Date, that the Exercise Date for his option has been changed to the New Exercise Date and that his option will be exercised automatically on the New Exercise Date, unless prior to such date he has withdrawn from the Offering Period as provided in Section 12. If no New Exercise Date is set by the Plan Administrator, all participant contributions in respect of an open Offering Period will be refunded to participants immediately prior to the closing of the sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 20 or as necessary to comply with applicable laws or regulations, no such termination or amendment can adversely affect options previously granted without the consent of the affected participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision) or any other applicable law or regulation, the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Plan Administrator shall be entitled to change the Offering Periods, change the maximum number of shares of Common Stock purchasable per participant on any Exercise Date, limit the frequency and/or number of changes in the amount withheld during Offering Periods, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation or contributed by the participant, and establish such other limitations or procedures as Plan Administrator determines in its sole discretion advisable which are consistent with the Plan.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. In addition, should the Plan not be registered on an Exercise Date of any Offering Period in any foreign jurisdiction in which such registration is required, then no options granted with respect to the Offering Period to employees in that foreign jurisdiction shall be exercised on such Exercise Date, and all contributions accumulated on behalf of such employees during the Offering Period ending with such Exercise Date shall be distributed to the participating employees in that foreign jurisdiction without interest unless the terms of the offering specifically provide otherwise or otherwise required by applicable law.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel

for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Certain Tax Matters. If a participant makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any share of Stock issued to such participant hereunder, and such disposition occurs within the two-year period commencing on the day of the Offering Date or within the one-year period commencing on the day of the Exercise Date, such participant shall, if requested by the Company, notify the Company thereof.

24. No Right to Employment. Neither the creation of the Plan nor participation therein shall be deemed to create any right of continued employment or in any way affect the right of the Company or Designated Subsidiary to terminate the employment of an Employee.

25. Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such state.

26. Term of Plan. The Plan was adopted by the Board on April 16, 2021, and approved by the Company's stockholders on April 16, 2021. The Plan shall become effective on April 27, 2021. It shall continue in effect until the 10th anniversary of the effective date or until earlier terminated under Section 21.

27. Provisions for Foreign Participants.

(a) The Plan Administrator may establish subplans or procedures under the Plan or take any other necessary or appropriate action to address applicable law, including (a) differences in laws, rules, regulations or customs of such jurisdictions with respect to tax, securities, currency, employee benefit or other matters, (b) listing and other requirements of any non-U.S. securities exchange, and (c) any necessary local governmental or regulatory exemptions or approvals.

(b) By participating in the Plan or accepting any rights under it, each participant consents to the collection and processing of personal data relating to the participant so that the Company and its Subsidiaries can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased or sold under the Plan from time to time and other appropriate financial and other data about the participant and the participant's participation in the Plan.

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

I, Sean Hunkler, 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)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Paragraph omitted in accordance with Exchange Act Rule 13a-14(a);
 - (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: November 12, 2021

By: _____ /s/ Sean Hunkler
Sean Hunkler

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

I, Patrick M. Cook, 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)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Paragraph omitted in accordance with Exchange Act Rule 13a-14(a);
 - (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: November 12, 2021

By: _____ /s/ Patrick M. Cook
Patrick M. Cook

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

I, Sean Hunkler, Chief Executive Officer of FTC Solar, Inc.(the "Company"), do hereby certify, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2021

By: _____ /s/ Sean Hunkler
Sean Hunkler

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

I, Patrick M. Cook, Chief Financial Officer of FTC Solar, Inc. (the "Company"), do hereby certify, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2021

By: _____ /s/ Patrick M. Cook
Patrick M. Cook
