

**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 **June 30, 2025**

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 July 25, 2025, 14,874,797 shares of the registrant's common stock were outstanding.



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FORWARD-LOOKING STATEMENTS

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

The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the factors set forth under Part II, Item 1A. "[Risk Factors](#)" of this Quarterly Report, and more comprehensively in Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Annual Report"). Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements.

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

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

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

ITEM 1. FINANCIAL STATEMENTS

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

<i>(in thousands, except shares and per share data)</i>	June 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,519	\$ 11,247
Accounts receivable, net of allowance for credit losses of \$1,909 and \$1,717 at June 30, 2025 and December 31, 2024, respectively	45,648	39,709
Inventories	7,316	10,144
Prepaid and other current assets	13,813	15,028
Total current assets	70,296	76,128
Operating lease right-of-use assets	930	1,149
Property and equipment, net	1,931	2,217
Goodwill	7,268	7,139
Equity method investment	391	954
Other assets	2,139	2,341
Total assets	\$ 82,955	\$ 89,928
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 17,867	\$ 12,995
Accrued expenses	30,410	20,134
Income taxes payable	408	325
Deferred revenue	1,492	5,306
Other current liabilities	10,456	10,313
Total current liabilities	60,633	49,073
Long-term debt	10,895	9,466
Operating lease liability, net of current portion	436	411
Warrant liability	—	9,520
Other non-current liabilities	1,949	2,422
Total liabilities	73,913	70,892
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock par value of \$0.0001 per share, 10,000,000 shares authorized; none issued as of June 30, 2025 and December 31, 2024	—	—
Common stock par value of \$0.0001 per share, 850,000,000 shares authorized; 14,872,017 and 12,853,823 shares issued and outstanding as of June 30, 2025 and December 31, 2024	1	1
Treasury stock, at cost; 1,076,257 shares as of June 30, 2025 and December 31, 2024	—	—
Additional paid-in capital	376,464	367,318
Accumulated other comprehensive loss	(433)	(542)
Accumulated deficit	(366,990)	(347,741)
Total stockholders' equity	9,042	19,036
Total liabilities and stockholders' equity	\$ 82,955	\$ 89,928

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

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

(in thousands, except shares and per share data)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue:				
Product	\$ 15,867	\$ 8,776	\$ 34,069	\$ 19,681
Service	4,126	2,654	6,727	4,336
Total revenue	19,993	11,430	40,796	24,017
Cost of revenue:				
Product	18,876	10,467	38,987	22,834
Service	5,036	3,306	9,175	5,634
Total cost of revenue	23,912	13,773	48,162	28,468
Gross loss	(3,919)	(2,343)	(7,366)	(4,451)
Operating expenses				
Research and development	1,129	1,535	2,053	2,974
Selling and marketing	1,291	2,036	2,427	4,424
General and administrative	5,160	6,010	10,213	12,577
Total operating expenses	7,580	9,581	14,693	19,975
Loss from operations	(11,499)	(11,924)	(22,059)	(24,426)
Interest expense	(731)	(117)	(1,442)	(434)
Interest income	5	118	11	299
Gain from disposal of investment in unconsolidated subsidiary	—	—	3,204	4,085
Gain on sale of Atlas	50	—	50	—
Gain (loss) from change in fair value of warrant liability	(2,836)	—	1,768	—
Other income (expense), net	71	(7)	75	29
Loss from unconsolidated subsidiary	(451)	(246)	(563)	(511)
Loss before income taxes	(15,391)	(12,176)	(18,956)	(20,958)
Provision for income taxes	(39)	(65)	(293)	(54)
Net loss	(15,430)	(12,241)	(19,249)	(21,012)
Other comprehensive income (loss):				
Foreign currency translation adjustments	81	36	109	(145)
Comprehensive loss	\$ (15,349)	\$ (12,205)	\$ (19,140)	\$ (21,157)
Net loss per share:				
Basic and diluted(*)	\$ (1.18)	\$ (0.97)	\$ (1.49)	\$ (1.67)
Weighted-average common shares outstanding:				
Basic and diluted(*)	13,098,825	12,617,128	12,948,189	12,581,608

* - Prior year per-share amounts and number of shares, as applicable, have been revised to reflect the Reverse Stock Split effective November 29, 2024.

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

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

For the three and six months ended June 30, 2025:

(in thousands, except shares)	Preferred stock		Common stock		Treasury stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2024	—	\$ —	12,853,823	\$ 1	1,076,257	\$ —	\$ 367,318	\$ (542)	\$ (347,741)	\$ 19,036
Shares issued during the period for vested restricted stock awards	—	—	209,486	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	5,000	—	—	—	3	—	—	3
Stock-based compensation	—	—	—	—	—	—	280	—	—	280
Net loss	—	—	—	—	—	—	—	—	(3,819)	(3,819)
Other comprehensive gain	—	—	—	—	—	—	—	28	—	28
Balance as of March 31, 2025	—	—	13,068,309	1	1,076,257	—	367,601	(514)	(351,560)	15,528
Shares issued during the period for vested restricted stock awards	—	—	53,708	—	—	—	—	—	—	—
Exercise of warrants	—	—	1,750,000	—	—	—	7,927	—	—	7,927
Stock-based compensation	—	—	—	—	—	—	936	—	—	936
Net loss	—	—	—	—	—	—	—	—	(15,430)	(15,430)
Other comprehensive gain	—	—	—	—	—	—	—	81	—	81
Balance as of June 30, 2025	—	\$ —	14,872,017	\$ 1	1,076,257	\$ —	\$ 376,464	\$ (433)	\$ (366,990)	\$ 9,042

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

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

For the three and six months ended June 30, 2024:

(in thousands, except shares)	Preferred stock		Common stock		Treasury stock		Additional paid-In capital(*)	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares(*)	Amount(*)	Shares(*)	Amount				
Balance as of December 31, 2023	—	\$ —	12,544,533	\$ 1	1,076,257	\$ —	\$ 361,898	\$ (293)	\$ (299,135)	\$ 62,471
Shares issued during the period for vested restricted stock awards	—	—	50,693	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,639	—	—	1,639
Net loss	—	—	—	—	—	—	—	—	(8,771)	(8,771)
Other comprehensive loss	—	—	—	—	—	—	—	(181)	—	(181)
Balance as of March 31, 2024	—	—	12,595,226	1	1,076,257	—	363,537	(474)	(307,906)	55,158
Shares issued during the period for vested restricted stock awards	—	—	100,908	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	4,124	—	—	—	3	—	—	3
Stock-based compensation	—	—	—	—	—	—	1,285	—	—	1,285
Net loss	—	—	—	—	—	—	—	—	(12,241)	(12,241)
Other comprehensive gain	—	—	—	—	—	—	—	36	—	36
Balance as of June 30, 2024	—	\$ —	12,700,258	\$ 1	1,076,257	\$ —	\$ 364,825	\$ (438)	\$ (320,147)	\$ 44,241

* - Prior year shares and amounts, as applicable, have been revised to reflect the Reverse Stock Split effective November 29, 2024.

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

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

(in thousands)	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (19,249)	\$ (21,012)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	1,216	2,924
Depreciation and amortization	607	812
Gain from change in fair value of warrant liability	(1,768)	—
Gain from sale of property and equipment	(3)	—
Amortization of debt discount and issue costs	427	236
Paid-in-kind non-cash interest	1,001	—
Provision for obsolete and slow-moving inventory	—	177
Loss from unconsolidated subsidiary	563	511
Gain from disposal of investment in unconsolidated subsidiary	(3,204)	(4,085)
Gain on sale of Atlas	(50)	—
Warranties issued and remediation added	1,614	1,639
Warranty recoverable from manufacturer	191	238
Credit loss provisions	192	587
Deferred income taxes	425	223
Lease expense and other	594	609
Impact on cash from changes in operating assets and liabilities:		
Accounts receivable	(5,956)	23,181
Inventories	2,828	(13,333)
Prepaid and other current assets	1,193	(864)
Other assets	(392)	(562)
Accounts payable	4,819	9,483
Accruals and other current liabilities	9,507	(13,463)
Deferred revenue	(3,814)	(1,017)
Other non-current liabilities	(830)	(1,331)
Lease payments and other, net	(691)	(588)
Net cash used in operations	(10,780)	(15,635)
Cash flows from investing activities:		
Purchases of property and equipment	(268)	(1,131)
Proceeds from sale of Atlas software platform	50	—
Proceeds from sale of property and equipment	3	—
Equity method investment in Alpha Steel	—	(1,800)
Proceeds from disposal of investment in unconsolidated subsidiary	3,204	4,085
Net cash provided by investing activities	2,989	1,154
Cash flows from financing activities:		
Proceeds from stock option exercises	3	3
Net cash provided by financing activities	3	3
Effect of exchange rate changes on cash and cash equivalents	60	22
Decrease in cash and cash equivalents	(7,728)	(14,456)
Cash and cash equivalents at beginning of period	11,247	25,235
Cash and cash equivalents at end of period	\$ 3,519	\$ 10,779
Supplemental disclosures of cash flow information:		
Purchases of property and equipment included in ending accounts payable and accruals	\$ 104	\$ 202
Fair value of common stock issued upon warrant exercise	\$ 7,927	\$ —
Right-of-use asset and lease liability recognition for new leases	\$ 165	\$ 500
Paid-in-kind non-cash interest added to Senior Notes principal	\$ 1,001	\$ —
Cash paid during the period for interest	\$ 14	\$ 189
Cash paid during the period for taxes, net of refunds	\$ 12	\$ 78

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

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

1. Description of business

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

We are a global provider of solar tracker systems, supported by proprietary software and value-added engineering services. Solar tracker systems move solar panels throughout the day to maintain an optimal orientation relative to the sun, thereby increasing the amount of solar energy produced at a solar installation. Our one module-in-portrait ("1P") solar tracker system is marketed under the Pioneer brand name ("Pioneer") and our original two modules-in-portrait ("2P") solar tracker system is marketed under the Voyager brand name ("Voyager"). We also have a mounting solution to support the installation and use of U.S.-manufactured thin-film modules. Our primary software offerings include SUNPATH, which helps customers optimize solar tracking for increased energy production, and our SUNOPS real-time operations management platform. In addition, we have a team of renewable energy professionals available to assist our U.S. and worldwide clients in site layout, structural design, pile testing and other needs across the solar project development and construction cycle. Our products and services provide tracker solutions for large utility-scale solar and distributed generation projects around the world. Our customers are primarily engineering, procurement and construction companies ("EPCs") and we also contract with developers and owners. The Company is headquartered in Austin, Texas, and has international subsidiaries in Australia, China, India, South Africa and Spain.

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

2. Summary of significant accounting policies

Basis of presentation and principles of consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the results of the Company and its wholly owned subsidiaries and have been prepared based on the assumption that the Company will continue as a going concern and are in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial statements and pursuant to Form 10-Q and Article 10 of Regulation S-X. As discussed further in "Liquidity and Going Concern" below, given the Company's current cash balances and recurring losses from operations, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern during the next year.

In the opinion of management, all adjustments of a normal recurring nature have been made that are considered necessary for a fair statement of our financial position as of June 30, 2025 and December 31, 2024, and our results of operations for the three and six months ended June 30, 2025 and cash flows for the six months ended June 30, 2025 and 2024. The Condensed Consolidated Balance Sheet as of December 31, 2024 has been derived from the Company's audited Consolidated Financial Statements but does not include all disclosures required by U.S. GAAP. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. Intercompany balances and transactions have been eliminated in consolidation.

Certain information and disclosures normally included in the notes to our annual Consolidated Financial Statements prepared in accordance with U.S. GAAP have been omitted from these interim Condensed Consolidated Financial Statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Therefore, these unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

We currently operate in one business segment, the manufacturing and servicing of solar tracker systems. See Note 18, "Segment information" below for further discussion.

Liquidity and Going Concern

We have incurred cumulative losses since inception and have a history of cash outflows from operations, inclusive of \$10.8 million in cash utilized in our operating activities during the six months ended June 30, 2025. As of June 30, 2025, we had cash on hand of \$3.5 million and \$9.7 million of working capital.

As of June 30, 2025, in addition to our cash on hand and working capital, we had nearly \$13.8 million of capacity available for future sales of our common stock under our ATM program as defined and described further in Note 14, "ATM Program" below. There can be no assurance regarding the price at which we will be able to sell such shares, and any sales of our common stock under the ATM program may be at prices that result in additional dilution to our existing stockholders.

As described further in Note 19, "Subsequent events", on July 2, 2025 (the "Closing Date"), we entered into a Credit Agreement (the "Credit Agreement") by and among the Company, as borrower, each lender party thereto from time to time (the "Lenders"), and Acquiom Agency Services LLC, as administrative agent for the Lenders. The Credit Agreement provides for a senior secured term facility of up to \$75 million, consisting of (i) \$14.3 million principal amount of Initial Term Loans that were funded on the Closing Date; (ii) \$23.2 million principal amount of First Delayed Draw Term Loans that may be funded during the 90-day period following the Closing Date, subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock issuable upon the full exercise of the warrants issued to the Lenders on the Closing Date in connection with the transaction under the Credit Agreement; and (iii) up to \$37.5 million principal amount of Second Delayed Draw Term Loans that may be requested by the Company and approved by the Lenders in their sole discretion. After deductions for certain fees and expenses, the net proceeds received by the Company on the Closing Date from the funding of the Initial Term Loans totaled approximately \$13.0 million.

Based on our cash position at June 30, 2025, including consideration of the \$13.0 million of net proceeds from the initial funding received on July 2, 2025 under the Credit Agreement, and in view of our recent operating losses and due to the availability of additional financing provided by the Credit Agreement following the Closing Date in the form of the First Delayed Draw Term Loans and Second Delayed Draw Term Loans not being completely within our control, we have concluded that substantial doubt exists as to our ability to continue as a going concern within the next year.

We also have a contractual obligation that could require us to make additional capital contributions of up to \$0.8 million to Alpha Steel, as well as make a minimum level of purchases from Alpha Steel, as described further in Note 9, "Equity method investment" below. In the event we were to fail to meet our minimum required purchase commitments during a specified period, including the period from July 1, 2025 to June 30, 2026, we may be required to make a cash payment for the net profit attributable to any unfilled requirements, calculated as specified in the agreement, in an amount not to exceed \$4.0 million in the aggregate.

Our ability to meet our liquidity needs over the next year is dependent upon (i) our cash on hand (subject to a \$20.0 million minimum unrestricted cash covenant under the Credit Agreement effective for the quarter ended September 30, 2025 (such minimum cash covenant and the other financial covenants under the Credit Agreement as described further in Note 19, "Subsequent events")), (ii) our expectations of increased project activity and cash flow during the twelve-month period following issuance of these Condensed Consolidated Financial Statements, (iii) the availability of expected additional proceeds in the form of First Delayed Draw Term Loans under the Credit Agreement during September 2025, the funding of which is subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock issuable upon the full exercise of the warrants issued, and the potential availability of the Second Delayed Draw Term Loans that may be requested by the Company and approved by the Lenders in their sole discretion, and (iv) utilization, as appropriate, of the capacity available for future sales of our common stock under the ATM program, which is currently constrained to a degree by the size of our non-affiliate market capitalization, our trading volume and other factors. In addition, we continue to remain focused on implementing additional cost savings steps, which could impact, among other things, the location of our headcount and the level of services currently provided by third parties.

Use of estimates

Preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the period. Estimates are used for calculating the measure of progress of our solar tracker projects and deriving the standalone selling prices of the individual performance obligations when determining amounts to recognize for revenue, estimating allowances for credit losses and slow-moving and obsolete inventory, determining useful lives of long-lived assets and the estimated fair value of those assets for impairment assessments, and estimating the fair value of investments, warrants, stock compensation awards, warranty liabilities and federal and state taxes, including tax valuation allowances, as well as other

contingencies. We base our estimates on historical experience and anticipated results, trends, and various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates due to risks and uncertainties.

Concentration of credit risk

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

We regularly maintain cash balances with various financial institutions that exceed federally insured amounts, but we have experienced no losses associated with these amounts to date. We periodically evaluate the financial health of the financial institutions we use and may take action in future periods, similar to past actions, to reallocate cash balances between financial institutions based on our evaluation.

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

The Company's accounts receivables are derived from revenue earned from customers primarily located in the United States and Australia. For the periods included in this Quarterly Report, no company locations other than those in the United States and Australia accounted for more than 10% of our consolidated revenue. Most of our customers are project developers, solar asset owners and engineering, procurement and construction ("EPC") contractors that design and build solar energy projects. We typically rely on a small number of customers that account for a large portion of our revenue each period and our outstanding receivables at each period end.

Cash and cash equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certain of our cash equivalents include deposits in money market funds that invest primarily in short-term securities issued or guaranteed by the U.S. government or its agencies or instrumentalities and contain no restrictions on immediate redemption. These deposits totaled \$0.5 million at both June 30, 2025 and December 31, 2024. Interest earned on cash equivalents is included in interest income in our Condensed Consolidated Statements of Comprehensive Loss.

Accounts receivable, net

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

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

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

Inventories

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

Impairment

We review our long-lived assets that are held for use for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable or that its useful life may be shorter than previously expected. If such impairment

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

Goodwill

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

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

No impairment of goodwill was recognized as of June 30, 2025 or during 2024.

Equity method investment

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

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

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

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

Deferred debt discount and issue costs

Legal, consulting, accounting and other fees that are incremental and directly related to issuances of long-term debt, including any discounts on the debt, are capitalized and reflected as a reduction to the principal amount of our outstanding debt. These costs are amortized to interest expense over the term of the debt using the interest method.

Warrants

Warrants issued for the purchase of our common stock are evaluated for liability or equity classification and recorded at fair value upon issuance. Fair value may be determined using a Black-Scholes model or other valuation technique depending on the terms of the warrants. Warrants containing clauses that could require settlement in cash or with other assets are reflected as liabilities whereas warrants

that may only be settled with the issuance of our common stock are reflected as a component of our equity. Warrants classified as liabilities are adjusted to current fair value at the end of each reporting period with changes reflected in our results of operations. Legal, consulting, accounting and other fees that are incremental and directly related to the issuance of warrants are expensed as incurred for warrants classified as liabilities or shown as a reduction to the value of our warrants as reflected in our equity.

Warranty

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

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

Stock-based compensation

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

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

Revenue recognition

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

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

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

Identify the contract with a customer: A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the products and services to be transferred and identifies the payment terms related

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

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

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

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

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

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

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

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

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

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

Recognize revenue when or as the Company satisfies a performance obligation: For each performance obligation identified, we determine at contract inception whether we satisfy the performance obligation over time or at a point in time. The performance obligations in the contracts for our solar tracker systems and customized components of those systems are satisfied over time as work progresses,

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

Impact of changes in tariffs on our revenue recognition: In cases where our existing contracts have legally enforceable terms that allow us to pass the increased cost of tariffs to our customers automatically, any change in the transaction price will be accounted for as a change in our estimate of variable consideration and allocated to our performance obligations on the same basis as our initial allocation at contract inception. Where price changes resulting from tariffs need to be separately negotiated and agreed to with our customers, we will apply the contract modification guidance in Accounting Standards Codification 606, Revenue from Contracts with Customers, once the modification is enforceable. We will also take into account tariff rates in effect at each period end in measuring our progress toward satisfaction of our performance obligations in recognizing revenue.

Contract assets and liabilities: The timing of revenue recognition, billing, and cash collection results in the recognition of accounts receivable, unbilled receivables for revenue recognized in excess of billings, and deferred revenue in the Condensed Consolidated Balance Sheets. We have elected to use the practical expedient of expensing incremental costs of obtaining a contract for our contracts of less than one year in duration. We may receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities, which are reflected as “deferred revenue” in our Condensed Consolidated Balance Sheets. Customer deposits are short term as the related performance obligations are typically fulfilled within 12 months. Changes in deferred revenue relate to fluctuations in the timing of customer deposits and completion of performance obligations. Revenue recognized during the three and six months ended June 30, 2025, from amounts included in deferred revenue at December 31, 2024, totaled \$1.2 million and \$5.3 million, respectively. Approximately, \$0.2 million and \$2.5 million of revenue was recognized during the three and six months ended June 30, 2024, respectively, from amounts included in deferred revenue at December 31, 2023, which totaled \$3.6 million.

Cost of revenue consists primarily of costs related to raw materials, equipment manufacturing activities, net of incentives earned, freight and delivery, tariffs, product warranty, remediation and personnel costs (salaries, bonuses, benefits, and stock-based compensation). Personnel costs in cost of revenue include both direct labor costs, as well as costs attributable to any individuals whose activities relate to the procurement, installment and delivery of the finished product and services. Cost of revenue owed but not yet paid is recorded as accrued cost of revenue in the accompanying Condensed Consolidated Balance Sheets. Deferred cost of revenue, a component of our prepaid and other current assets, 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.

Inflation Reduction Act of 2022 (“IRA”)

The IRA was enacted into law on August 16, 2022, and provides for various clean energy credits, including an Advanced Manufacturing Production Credit under Section 45X (“45X Credit”) for eligible parts, including torque tubes and structural fasteners, that we purchase from Alpha Steel. Our agreements with Alpha Steel allow for us to receive benefit of the 45X Credits earned by Alpha Steel in the form of reductions to the purchase price of the products manufactured for us on a per-unit basis. Utilizing guidance in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, we recognize the benefits of these reductions as they are earned during the manufacturing process and reflect them as related party receivables and a reduction of our cost of revenue.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act, which accelerates the phase-outs and terminations of various eligible tax credits enacted as part of the IRA and places restrictions on continued receipt of tax credits by specified foreign entities and foreign influenced entities.

Recent accounting and regulatory pronouncements not yet adopted

In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 requires companies to disclose (i) additional categories of information about federal, state and foreign income taxes above a quantitative threshold in their rate reconciliation table and (ii) income

taxes paid, net of refunds, disaggregated by federal, state and foreign taxes for annual periods, as well as other disclosure changes. As an emerging growth company, we are not required to adopt ASU 2023-09 prior to 2026, although earlier adoption is permitted. We are currently evaluating the impact of ASU 2023-09 on our existing income tax disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule would require registrants to disclose certain climate-related information in registration statements and annual reports. In April 2024, the SEC issued a stay of the final rules pending a judicial review of the validity of the rules by the Eighth Circuit Court of Appeals. In March 2025, the SEC sent a letter to the Eighth Circuit stating that they were withdrawing their defense of the rules and would no longer advance the arguments in the brief they had filed. In April 2025, the Eighth Circuit issued an order to hold the case in abeyance, as requested by a group of intervening states and the District of Columbia, pending the SEC filing a status report as to whether it intends to review or reconsider the rules at issue in the case or enforce them if the Eighth Circuit upholds the climate disclosure rule. On July 23, 2025, the SEC responded to the order of the Eighth Circuit by issuing a status report stating it had no intention of reviewing or reconsidering the rules at this time and asked the Court to decide the case before the SEC commits to a course of action. The rules remain stayed by the SEC. We continue to monitor developments in the case to determine if there will ultimately be any impact on our disclosures.

In November 2024, the FASB issued ASU 2024-03 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-04). ASU 2024-03 requires companies to disclose additional specific information including, among other things, (a) purchases of inventory, (b) employee compensation, (c) depreciation, and (d) intangible asset amortization included in each of its expense captions disclosed on the face of its results of operations statement, as well as total selling expenses. As clarified in ASU 2025-01, we are required to adopt ASU 2024-03 for our annual reporting effective December 31, 2027 and in our quarterly reporting beginning in 2028.

In May 2025, the FASB issued ASU 2025-04, Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606). This new guidance applies to all entities that issue share-based consideration to a customer that is within the scope of Topic 606. The guidance revises the definition of a performance condition to include conditions based on a customer's purchases and eliminates the policy election allowing grantors to account for forfeitures of customer awards as they occur. It also clarifies that the guidance on constraining estimates of variable consideration does not apply to share-based consideration payable to a customer. We are required to adopt this new standard on either a modified retrospective or a retrospective basis beginning in the first quarter of 2027. We are currently evaluating the impact, if any, on the Company upon adoption and have made no determination at this time regarding the method of adoption to be used.

Other standards or regulatory requirements that have been issued but not yet adopted as of June 30, 2025, are either not applicable to us or are not expected to have any material impact upon adoption.

Reclassifications

Prior year amounts relating to interest income in our Condensed Consolidated Statements of Comprehensive Loss have been reclassified to conform to the current year presentation. There was no impact on our financial condition or results of operations as a result of the reclassification.

3. Accounts receivable, net

Accounts receivable consisted of the following:

(in thousands)	June 30, 2025	December 31, 2024
Trade receivables	\$ 23,239	\$ 22,369
Related party receivables	4,005	3,121
Revenue recognized in excess of billings	20,133	15,936
Other receivables	180	—
Total	47,557	41,426
Allowance for credit losses	(1,909)	(1,717)
Accounts receivable, net	<u>\$ 45,648</u>	<u>\$ 39,709</u>

Information about our related party receivables at June 30, 2025, may be found below in Note 16, "Related party transactions".

Activity in the allowance for credit losses during the three and six months ended June 30, 2025 and 2024 was as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 1,625	\$ 9,227	\$ 1,717	\$ 8,557
Amounts charged to earnings during the period	284	(83)	192	587
Write-offs of accounts	—	(8,912)	—	(8,912)
Balance at end of period	<u>\$ 1,909</u>	<u>\$ 232</u>	<u>\$ 1,909</u>	<u>\$ 232</u>

4. Inventories

Inventories consisted of the following:

(in thousands)	June 30, 2025	December 31, 2024
Finished goods	\$ 7,832	\$ 10,660
Allowance for slow-moving and obsolete inventory	(516)	(516)
Total	<u>\$ 7,316</u>	<u>\$ 10,144</u>

5. Prepaid and other current assets

Prepaid and other current assets consisted of the following:

(in thousands)	June 30, 2025	December 31, 2024
Vendor deposits	\$ 6,344	\$ 7,184
Vendor deposits with related party	2,029	2,005
Prepaid expenses	763	842
Prepaid taxes	685	595
Deferred cost of revenue	337	433
Other current assets	3,655	3,969
Total	<u>\$ 13,813</u>	<u>\$ 15,028</u>

At June 30, 2025 and December 31, 2024, other current assets included \$2.0 million for a non-interest-bearing customer advance related to pre-project construction financing activities. This advance is secured by certain customer assets.

6. Leases

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

Our expense for our operating leases consisted of the following:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating lease cost	\$ 267	\$ 300	\$ 594	\$ 609
Short-term lease cost	82	111	148	204
Total lease cost	<u>\$ 349</u>	<u>\$ 411</u>	<u>\$ 742</u>	<u>\$ 813</u>

Reported in:

	2025	2024	2025	2024
Cost of revenue	\$ 188	\$ 259	\$ 371	\$ 495
Research and development	26	14	33	28
Selling and marketing	20	39	47	87
General and administrative	115	99	291	203
Total lease cost	<u>\$ 349</u>	<u>\$ 411</u>	<u>\$ 742</u>	<u>\$ 813</u>

Future remaining operating lease payment obligations were as follows:

(in thousands)	June 30, 2025
Remainder of 2025	\$ 398
2026	274
2027	242
2028	70
2029	57
Thereafter	24
Total lease payments	1,065
Less: imputed interest	(136)
Present value of operating lease liabilities	\$ 929
Current portion of operating lease liability	\$ 493
Operating lease liability, net of current portion	436
Present value of operating lease liabilities	\$ 929

7. Property and equipment, net

Property and equipment consisted of the following:

(in thousands)	June 30, 2025	December 31, 2024
Leasehold improvements	\$ 337	\$ 338
Field equipment	1,117	1,108
Information technology equipment	721	659
Tooling	2,109	1,847
Capitalized software	996	1,011
Total	5,280	4,963
Accumulated depreciation	(3,349)	(2,746)
Property and equipment, net	\$ 1,931	\$ 2,217

Depreciation expense for the three months ended June 30, 2025 and 2024, totaled \$0.3 million in each period. Depreciation expense for the six months ended June 30, 2025 and 2024, totaled \$0.6 million and \$0.5 million, respectively.

8. Goodwill

During the six months ended June 30, 2025 and 2024, activity in our goodwill balance was as follows:

(in thousands)	Six months ended June 30,	
	2025	2024
Balance at beginning of period	\$ 7,139	\$ 7,538
Translation	129	(369)
Balance at end of period	\$ 7,268	\$ 7,169

9. Equity method investment

We have a 45% interest in Alpha Steel LLC ("Alpha Steel"), which is accounted for under the equity method of accounting. Alpha Steel, located in Sealy, Texas, is dedicated to producing steel components, including torque tubes, for utility-scale solar projects. Taihua New Energy (Thailand) Co., LTD ("Taihua") has a 51% interest in Alpha Steel and DAYV LLC, an entity owned by members of the Board of Managers of Alpha Steel and a related party with the parent company of Taihua, has a 4% interest in Alpha Steel. The Chief Executive

Officer of Taihua is the General Manager of Alpha Steel. We have equal voting representation with Taihua and DAYV LLC, combined, on Alpha Steel's Board of Managers which is responsible, through majority vote, for making certain "major decisions" involving Alpha Steel, as specified in the limited liability company agreement ("LLC Agreement"), including, among other things, approval of an annual business plan. Pursuant to the LLC Agreement, we could be required to make up to \$0.8 million in future additional capital contributions as Alpha Steel continues to expand production. For the six months ended June 30, 2025 and 2024, we recognized losses of \$0.6 million and \$0.5 million, respectively, which represent our share of the net operating losses incurred by Alpha Steel during each period. Losses recognized for the three months ended June 30, 2025 and 2024, were \$0.5 million and \$0.2 million, respectively.

In connection with the creation of Alpha Steel, we also entered into an equipment supply agreement with Alpha Steel, as amended, (the "Supply Agreement"), effective through June 30, 2027, the terms of which apply to our equipment purchase orders. Pursuant to the Supply Agreement, we committed to placing a minimum level of purchase orders for torque tubes with Alpha Steel during the period from July 1, 2025 to June 30, 2026 and for the subsequent annual period. In the event we fail to meet our minimum required purchase commitments in any period, we may be required to make a cash payment for the net profit attributable to any unfilled requirements, calculated as specified in the agreement, in an amount not to exceed \$4.0 million in the aggregate in each measurement period. The Supply Agreement may be terminated early in accordance with its provisions or may be extended beyond the initial term if mutually agreed to by the parties.

10. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	June 30, 2025	December 31, 2024
Accrued cost of revenue	\$ 19,885	\$ 13,033
Related party accrued cost of revenue	5,915	1,718
Accrued compensation	2,699	3,687
Other accrued expenses	1,911	1,696
Total accrued expenses	<u>\$ 30,410</u>	<u>\$ 20,134</u>
Warranty reserves	\$ 9,861	\$ 9,482
Current portion of operating lease liability	493	755
Non-federal tax obligations	102	76
Total other current liabilities	<u>\$ 10,456</u>	<u>\$ 10,313</u>

Information relating to our related party accrued cost of revenue at June 30, 2025 and December 31, 2024 may be found below in Note 16, "Related party transactions".

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

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

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 11,851	\$ 10,472	\$ 11,904	\$ 11,002
Warranties issued and remediation added during the period	569	801	1,614	1,639
Settlements made during the period	(585)	(443)	(1,241)	(1,292)
Changes in liability for pre-existing warranties	(25)	(415)	(467)	(934)
Balance at end of period	<u>\$ 11,810</u>	<u>\$ 10,415</u>	<u>\$ 11,810</u>	<u>\$ 10,415</u>

	As of	
	June 30, 2025	June 30, 2024
Warranty accruals are reported in:		
Other current liabilities	\$ 9,861	\$ 7,264
Other non-current liabilities	1,949	3,151
Balance at end of period	<u>\$ 11,810</u>	<u>\$ 10,415</u>

11. Income taxes

For the three months ended June 30, 2025 and 2024, we recorded income tax expense of \$0.04 million and \$0.07 million, respectively, and for the six months ended June 30, 2025 and 2024, we recorded income tax expense of \$0.29 million and \$0.05 million, respectively. These amounts for each period were lower than the statutory rate of 21%, primarily due to a valuation allowance established against the U.S. deferred tax assets.

We have had no material change in our unrecognized tax benefits since December 31, 2024. We recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of June 30, 2025, and December 31, 2024, we had no accrued interest or penalties related to unrecognized tax benefits.

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act, which includes a broad range of tax reform provisions affecting businesses, including extending and modifying certain key Tax Cuts & Jobs Act provisions and expanding certain IRA incentives, while accelerating the phase-out of others. We do not anticipate this new law will have a material impact on our income tax expense or liability due to the valuation allowance against our U.S. deferred tax assets.

12. Debt

(in thousands)	June 30, 2025	December 31, 2024
Senior notes	\$ 16,147	\$ 15,146
Less: discount and deferred loan costs	(5,252)	(5,680)
Long-term debt, net	<u>\$ 10,895</u>	<u>\$ 9,466</u>

On December 4, 2024, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with an institutional investor as the purchaser under the Purchase Agreement (the "Investor"). Pursuant to the Purchase Agreement, we sold, and the Investor purchased, \$15.0 million in principal amount of senior secured promissory notes (the "Senior Notes") and warrants exercisable for 1,750,000 shares of our common stock (the "Original Warrants") (the "Offering").

The Senior Notes required interest to be paid in cash at the rate of 11% per annum; provided, however, that the Company could, at its option, following notice to the Investor, instead increase the outstanding principal amount of the Senior Notes by the amount of such interest at the rate of 13% per annum ("paid-in-kind interest"). Interest was payable semi-annually on the final business day in June and on the final business day in December. We have been utilizing the paid-in-kind interest option and have recognized cumulative additional

paid-in-kind interest of \$1.1 million through June 30, 2025, which has been added to the principal amount of our long-term debt. The effective interest rate for the Senior Notes, including amortization of the discount and deferred loan costs, is approximately 18%.

To secure our obligations under the Purchase Agreement, the Company and its subsidiaries initially granted a security interest over substantially all of their assets to the collateral agent for the benefit of the Investor, pursuant to a security and pledge agreement. As discussed below under "Amendment to the Purchase Agreement and Senior Notes", this security interest was released in connection with the transactions under the Credit Agreement as further described in Note 19, "Subsequent events", and the Investor agreed to the subordination of the indebtedness and obligations outstanding under the Senior Notes.

The Original Warrants issued in the Offering were exercised on June 30, 2025 at an exercise price of \$0.10 per share in return for the issuance of 1,750,000 shares of our common stock. We had previously determined liability classification for the Original Warrants was required based on terms that could require cash settlement upon the occurrence of a contingent change in control event. As a result, the Original Warrants were revalued to current fair value at the date of exercise with the offsetting amount reported in our Condensed Consolidated Statements of Comprehensive Loss.

Amendment to the Purchase Agreement and Senior Notes

As described further in Note 19, "Subsequent events", on July 2, 2025, we entered into the Credit Agreement by and among the Company, as borrower, the Lenders, and Acquiom Agency Services LLC, as administrative agent for the Lenders. The Credit Agreement provides for a senior secured term facility of up to \$75 million.

In connection with the Credit Agreement, the Investor entered into a Subordination Agreement, dated July 2, 2025 (the "Subordination Agreement"). Pursuant to the Subordination Agreement, the Investor agreed to the subordination of all indebtedness owed by the Company to the Investor, including under the Senior Notes issued by the Company to the Investor on December 4, 2024, to the indebtedness and obligations owed under the Credit Agreement and the other applicable loan documents.

Also, in connection with the Credit Agreement and the Subordination Agreement, the Company and Investor entered into an Amended and Restated Promissory Note, dated July 2, 2025 (the "A&R Promissory Note"). The A&R Promissory Note amends and restates the original Senior Notes to remove the seniority terms of those notes, conform the original Senior Notes to the terms of the Credit Agreement and the Subordination Agreement, amend certain prepayment and make-whole terms under the original Senior Notes, delete certain covenants and event of default terms, reduce the interest rate under the original Senior Notes to 5% per annum paid in cash and 7% per annum paid in kind, and to delete the financial covenants set forth in the original Senior Notes. As a result of an amendment to the Purchase Agreement entered into on July 2, 2025 (the "Purchase Agreement Amendment"), among other things, the Investor agreed to release all liens and guarantees securing the obligations under the Senior Notes, the Purchase Agreement, and the A&R Promissory Note.

In consideration for the Investor's agreements under the A&R Promissory Note, the Subordination Agreement, and the Purchase Agreement Amendment, the Investor received 1,417,945 warrants with a term of 10 years, to purchase our common stock at an exercise price of \$0.01 per share.

13. Commitments and contingencies

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

United States Customs and Border Protection assessment

In March of 2023, United States Customs and Border Protection ("CBP") issued notices of tariff assessment that indicated an action taken at the Import Specialist (i.e., the port) level with respect to merchandise imported from Thailand under entry number 004-1058562-5 (the "625 Assessment") and entry number 004-1063793-9 (the "Original 939 Assessment", and collectively with the 625 Assessment, the "Original CBP Assessments"). The Original CBP Assessments related to certain torque beams that are used in our Voyager+ product that were imported in 2022. In the Original CBP Assessments, CBP asserted that Section 301 China tariffs, Section 232 steel and aluminum

tariffs, and antidumping and countervailing duties applied to the merchandise. Based on correspondence received to date from CBP and our calculations based on applicable duty and tariff rates, the 625 Assessment is currently for approximately \$2.84 million. In September of 2023, CBP informed us that the amount owed under the Original 939 Assessment was being revised downward to approximately \$2.01 million (the "Revised 939 Assessment", and together with the 625 Assessment, the "Revised CBP Assessments"). In particular, CBP accepted our position that the Section 301 tariffs of 25% or 7.5% of the value of the merchandise, depending on tariff classification, as well as the antidumping and countervailing duties, previously assessed under the Original 939 Assessment are not applicable as they are only applicable to articles that originate in China and that, in this case, the finished goods are products of Thailand.

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

CBP has legally finalized both Revised CBP Assessments. We filed a formal protest for the 625 Assessment in September of 2023 and for the Revised 939 Assessment in March of 2024. Based on the above, and under the relevant accounting guidance related to loss contingencies, we have made no accrual for the amounts claimed by CBP as of June 30, 2025, as we do not consider these amounts to be a probable obligation, as such term is defined and interpreted under the relevant accounting guidance, for us at this time. However, because matters of this nature are subject to inherent uncertainties, and unfavorable rulings or developments, including future assessments of additional duties or tariffs owed in respect of other shipments or other materials beyond what is presently included in the Revised CBP Assessments, could occur despite our belief that the tariffs and duties asserted are incorrect, there can be no certainty that the Company may not ultimately incur charges that are not currently recorded as liabilities. Since the outcome of these matters cannot be predicted with certainty, the costs associated with them could have a material adverse effect on our consolidated results of operations, financial position, or liquidity.

Customer litigation

On June 11, 2025, FTC Solar, Inc. filed a lawsuit against BayWa r.e. Power Solutions, Inc. in the United States District Court for the Western District of Texas (Civil Action No. 25-cv-00905-DAE). The complaint alleges breach of contract arising from BayWa's purported cancellation of a large equipment supply agreement and purchase order for custom solar tracking systems intended for a Texas-based solar energy project. FTC asserts that BayWa failed to pay the full deposit required under the agreement and subsequently attempted to cancel the agreement while in default. FTC further asserts that BayWa has failed, in the alternative, to pay amounts due upon BayWa's cancellation of the agreement. FTC seeks the recovery of incurred costs and other damages and relief under the terms of the agreement. BayWa's answer or responsive motion is due on August 11, 2025. While FTC believes it has meritorious claims and intends to vigorously pursue recovery, the outcome of litigation is inherently uncertain, and it is unclear at this time whether FTC will recover the amounts sought or whether any failure to do so would materially affect its financial condition or results of operations.

14. ATM program

On May 16, 2025, we filed an amendment to replace an existing Form S-3 shelf registration statement relating to (a) the issuance and sale from time to time in one or more transactions, of up to \$65 million in aggregate of our common stock, preferred stock, debt securities and warrants and (b) an "At the Money" Offering Agreement prospectus covering the offering, issuance and sale of up to a maximum aggregate offering price of nearly \$13.8 million of our common stock that may be sold under the applicable Sale Agreement (defined below) in "at the money" offerings (the "ATM program").

We entered into an At the Market Offering Agreement dated May 1, 2025 (the "Sale Agreement") with H.C. Wainwright & Co. LLC relating to the sale from time to time of shares of our common stock in accordance with the terms of the Sale Agreement having an aggregate offering price that does not exceed the number or dollar amount of shares of common stock that we may register from time to time for the ATM program, which is currently nearly \$13.8 million, or certain annual limitations on our ability to currently utilize the total aggregate available capacity of the ATM program as a result of regulatory constraints due to the size of our non-affiliate market capitalization, our trading volume and other factors.

We expect to use the net proceeds from offerings under the ATM program 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.

We sold no shares of newly issued common stock under the ATM program under either the previously existing registration statement or the current amendment to that registration statement during the three and six months ended June 30, 2025 and 2024.

15. Stock-based compensation

Stock-based compensation expense for each period was as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Cost of revenue	\$ 248	\$ 240	\$ 491	\$ 456
Research and development	58	93	118	174
Selling and marketing	34	114	50	158
General and administrative	596	838	557	2,136
Total stock compensation expense	\$ 936	\$ 1,285	\$ 1,216	\$ 2,924

16. Related party transactions

We have related party receivables at June 30, 2025 and December 31, 2024, totaling \$4.0 million and \$3.1 million, respectively, for future material cost discounts contractually owed to us by Alpha Steel in connection with the expected receipt of manufacturing incentives available to Alpha Steel under the Inflation Reduction Act, as costs are incurred by Alpha Steel to purchase raw materials and manufacture torque tubes and other products that will be used to fulfill purchase orders we issue to Alpha Steel.

We also have related party liabilities to Alpha Steel at June 30, 2025 and December 31, 2024, totaling \$5.9 million and \$1.7 million, respectively, for (i) the accrued cost of revenue recognized on certain of our customer projects associated with the cost of products that are being manufactured for us by Alpha Steel and (ii) \$4.0 million in incurred contractual obligations involving minimum purchase commitments.

During the three and six months ended June 30, 2025, we received invoices from Alpha Steel for purchases totaling \$2.9 million and \$7.6 million, respectively. Our balances of remaining vendor deposits with Alpha Steel as of June 30, 2025 and December 31, 2024 are shown in Note 5, "Prepays and other current assets" above as "Vendor deposits with related party". After payments and application of vendor deposits to invoices received, we owe \$3.2 million to Alpha Steel, which is included in our accounts payable balance at June 30, 2025 (\$0.5 million at December 31, 2024) in our Condensed Consolidated Balance Sheets.

17. Net loss per share

(\$ in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net loss for basic and diluted calculation	\$ (15,430)	\$ (12,241)	\$ (19,249)	\$ (21,012)
Weighted average shares outstanding for calculating basic and diluted loss per share(*)	13,098,825	12,617,128	12,948,189	12,581,608
Basic and diluted loss per share(*)	\$ (1.18)	\$ (0.97)	\$ (1.49)	\$ (1.67)

* - Prior year per-share amounts and number of shares, as applicable, have been revised to reflect the Reverse Stock Split effective November 29, 2024.

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

	<u>For the three and six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Anti-dilutive securities excluded from calculating dilutive loss per share:		
Shares of common stock issuable under stock option plans outstanding	206,405	238,630
Shares of common stock issuable upon vesting of RSUs	1,974,750	1,152,168
Potential common shares excluded from diluted net loss per share calculation	<u>2,181,155</u>	<u>1,390,798</u>

The Original Warrants, which were exercised in full on June 30, 2025, were deemed to be participating securities as the holders of the Original Warrants had the ability to participate in distributions, as defined in the warrant agreement. However, the holders of the Original Warrants do not have an obligation to share in the Company's losses. As such, losses are attributed entirely to the common stockholders. For the period the Original Warrants were outstanding, they had no dilutive effect on our diluted loss per share for the three and six months ended June 30, 2025.

18. Segment information

We currently operate in one business segment, the manufacturing and servicing of solar tracker systems. We consider our segment results to be the same as our consolidated results and our segment accounting policies to be the same as those described in Note 2, "Summary of significant accounting policies" above.

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

Based on certain significant period cost information regularly provided to our Chief Operating Decision Maker, following is a reconciliation of such costs to our consolidated net loss for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue:				
Product	\$ 15,867	\$ 8,776	\$ 34,069	\$ 19,681
Service	4,126	2,654	6,727	4,336
Total revenue	19,993	11,430	40,796	24,017
Cost of revenue				
Product	18,876	10,467	38,987	22,834
Service	5,036	3,306	9,175	5,634
Total cost of revenue	23,912	13,773	48,162	28,468
Gross loss	(3,919)	(2,343)	(7,366)	(4,451)
Less: significant segment period costs:				
Stock-based compensation expense	(688)	(1,045)	(725)	(2,468)
Personnel costs (excluding stock-based compensation)	(3,516)	(4,329)	(7,826)	(8,599)
Credit loss (credits) provisions	(284)	83	(192)	(587)
Other segment expenses ⁽¹⁾	(3,092)	(4,290)	(5,950)	(8,321)
Interest expense	(731)	(117)	(1,442)	(434)
Interest income	5	118	11	299
Gain from disposal of investment in unconsolidated subsidiary	—	—	3,204	4,085
Gain on sale of Atlas	50	—	50	—
Gain (loss) from change in fair value of warrant liability	(2,836)	—	1,768	—
Other income (expense), net	71	(7)	75	29
Loss from unconsolidated subsidiary	(451)	(246)	(563)	(511)
Provision for income taxes	(39)	(65)	(293)	(54)
Net loss	\$ (15,430)	\$ (12,241)	\$ (19,249)	\$ (21,012)
Supplemental information:				
Indirect personnel costs (excluding stock-based compensation) in cost of revenue	\$ 2,455	\$ 2,816	\$ 4,958	\$ 5,770
Total depreciation and amortization expense	\$ 305	\$ 408	\$ 607	\$ 812
Capital expenditures	\$ 185	\$ 699	\$ 268	\$ 1,131
Total assets at period end	\$ 82,955	\$ 100,350	\$ 82,955	\$ 100,350

⁽¹⁾- Other segment expenses include research and development material and lab expenditures, professional services, marketing, employee travel, facility, insurance, depreciation and amortization and certain other period costs.

19. Subsequent events

On July 2, 2025, we entered into the Credit Agreement by and among the Company, as borrower, the Lenders, and Acquiom Agency Services LLC, as administrative agent for the Lenders.

The Credit Agreement provides for a senior secured term loan facility of up to \$75 million, consisting of: (i) \$14.3 million principal amount of Initial Term Loans that were funded on the Closing Date; (ii) \$23.2 million principal amount of First Delayed Draw Term Loans that may be funded during the 90-day period following the Closing Date, subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock, issuable upon the full exercise of the Warrants (as defined below) issued to the Lenders on the Closing Date in connection with the transactions under the Credit Agreement; and (iii) up to \$37.5 million principal amount of Second Delayed Draw Term Loans (together with the Initial Term Loans and the First Delayed Draw Term Loans, collectively, the "Term Loans") that may be requested by the Company and approved by the Lenders (in their sole discretion). The Company may only use the loan proceeds to pay transaction costs and for general corporate purposes. After deductions for certain fees and expenses, the net proceeds received by the Company on the Closing Date from the funding of the Initial Term Loans totaled approximately \$13.0 million.

Key Credit Agreement Terms

The Term Loans will mature on July 2, 2029. The Term Loans bear interest at 12.00% per annum. A portion of the interest equal to 7.00% per annum will be capitalized and added as paid-in-kind interest and will increase the outstanding amount of the Term Loans. The remainder of the interest will be paid in cash. Upon the occurrence and during the continuation of certain events of default under the Credit Agreement ("Events of Default") or upon the election of certain required Lenders during the occurrence and continuation of any Event of Default, the interest rate applicable to the Term Loans will be increased by a 7.00% default interest rate.

The Credit Agreement provides for the mandatory prepayment of the indebtedness and other obligations outstanding under the Credit Agreement and other applicable loan documents upon the occurrence of certain events (including in connection with a change in control of FTC) and upon acceleration following an Event of Default (an "Exit Fee Event"). If an Exit Fee Event occurs, the Company shall pay an exit fee (the "Exit Fee") equal to (x) the aggregate amount of all Term Loans extended by the Lenders under the Credit Agreement, multiplied by (y) the Exit Fee Percentage, minus (z) the amount of interest paid in cash by the Company prior to the Exit Fee Event, where the "Exit Fee Percentage" equals 25% in connection with a change of control transaction, or otherwise equals 50%.

The Credit Agreement includes customary repayment and prepayment terms, affirmative and negative covenants and representations and warranties, including certain covenants that require the winddown and liquidation of our China subsidiary - FTC Solar (China) Co. Ltd. The Credit Agreement also includes customary events of default.

Financial Covenants

Additionally, the Credit Agreement contains a minimum unrestricted cash covenant and financial covenants relating to minimum revenue-, product margin-, EBITDA- and purchase order-related targets. The minimum unrestricted cash covenant first applies to the Company for the quarter ending September 30, 2025, and the Company is required to have an aggregate balance of unrestricted cash of \$20.0 million as of September 30, 2025, of \$17.5 million as of December 31, 2025, of \$15.0 million as of March 31, 2026 and \$12.5 million as of June 30, 2026 and the last day of each quarter thereafter. Further, the Company is required to comply with a minimum revenue target for each twelve-month period ending December 31, 2025, June 30, 2026, and December 31, 2026 and the last day of each June and December thereafter. Commencing with the fiscal quarter ending March 31, 2026, the Company's direct tracker margin must exceed certain thresholds for each fiscal quarter. The Company's consolidated EBITDA also is required to exceed a minimum amount for each twelve consecutive months ending on the last day of the fiscal year, beginning on December 31, 2026. Lastly, the financial covenants include a requirement that the amounts due to the Company under new purchase orders meet certain thresholds measured from July 1, 2025 through December 31, 2025, January 1, 2026 through June 30, 2026, July 1 2026 through December 31, 2026 and for each six-month period ending on the last day of June and December thereafter.

First Priority Security Interest and Subordination

The Company and certain of its subsidiaries from time-to-time party thereto guarantee the obligations under the Credit Agreement and other Loan Documents. In addition, such obligations are secured by a first priority lien on substantially all tangible and intangible property of the Company and the guarantors and pledges of the equity of certain Company subsidiaries, in each case subject to certain exceptions, limitations and exclusions for the collateral.

In connection with the Credit Agreement, the Investor entered into the Subordination Agreement, dated July 2, 2025. Pursuant to the Subordination Agreement, the Investor agreed to the subordination of all indebtedness owed by the Company to the Investor, including under the Senior Notes issued by the Company to the Investor on December 4, 2024, to the indebtedness and obligations owed under the Credit Agreement and the other applicable loan documents.

A&R Promissory Note

Also, in connection with the Credit Agreement and the Subordination Agreement, the Company and Investor entered into the A&R Promissory Note, dated July 2, 2025. The A&R Promissory Note amends and restates the original Senior Notes to remove the seniority terms of those notes, conform the original Senior Notes to the terms of the Credit Agreement and the Subordination Agreement, amend certain prepayment and make-whole terms under the original Senior Notes, delete certain covenants and event of default terms, reduce the interest rate under the original Senior Notes to 5% per annum paid in cash and 7% per annum paid in kind, and to delete the financial covenants set forth in the original Senior Notes. As a result of the Purchase Agreement Amendment entered into on July 2, 2025, among

other things, the Investor agreed to release all liens and guarantees securing the obligations under the Senior Notes, the Purchase Agreement, and the A&R Promissory Note.

Amendment Warrants and Warrants Issued to Lenders Under Credit Agreement

In consideration for the Investor's agreements under the A&R Promissory Note, the Subordination Agreement, and the Purchase Agreement Amendment, the Investor received 1,417,945 warrants with a term of 10 years, to purchase our common stock at an exercise price of \$0.01 per share (the "Amendment Warrants").

Additionally, on July 2, 2025, the Company issued warrants to the Lenders to purchase up to an aggregate of 5,418,292 shares of our common stock at an exercise price of \$0.01 per share (together with the Amendment Warrants, collectively, the "New Warrants"). A total of 6,836,237 shares of common stock are issuable upon exercise of the New Warrants, subject to the terms of the New Warrants. The New Warrants are exercisable from time to time in accordance with their terms for either a cash payment equal to the exercise price or on a cashless exercise basis until or prior to 11:59 p.m., New York time, on July 2, 2035. Exercise of the New Warrants are subject to certain exercise caps that limit the number of shares of our common stock issuable under the New Warrants, in the aggregate, to less than 20% of our common stock outstanding on the date the New Warrants were issued, unless stockholder approval is otherwise obtained under applicable Nasdaq rules. We have filed definitive proxy materials for a special meeting of stockholders to be held during the third quarter of 2025 to seek such approval.

In the event of a change of control of the Company, a holder of the New Warrants may, at its option, elect to exercise its New Warrants or exercise a repurchase option that requires the Company to repurchase its New Warrants upon the consummation of the change of control for a cash amount equal to the Black Scholes Value (as defined in the New Warrants). Additionally, the New Warrants provide each holder with a pro rata purchase right (based on the total number of shares of common stock held by a holder and the number of shares issuable upon exercise of the New Warrants) in the event the Company issues any equity securities, convertible securities or rights, options or warrants to purchase equity securities, subject to customary exceptions and conditions. The New Warrants include other customary terms and provisions, including adjustment provisions relating to stock splits, stock dividends, reclassifications and other recapitalization events.

The Company has also agreed to file a registration statement with the Securities and Exchange Commission registering the resale by the holders of the maximum number of shares issuable upon exercise of the New Warrants with the Securities and Exchange Commission within the later of 30 days following the closing of the Credit Agreement and 5 business days after its entry into a Registration Rights Agreement (following the request of certain Lenders), and seek effectiveness of such registration statement within 75 days.

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 2024 Annual Report. In addition to historical financial information, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in Part I, Item 1A. "Risk Factors" included in our 2024 Annual Report. Additionally, our historical results are not necessarily indicative of the results that may be expected in any future period.

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

Overview

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

We are a global provider of solar tracker systems, supported by proprietary software and value-added engineering services. Solar tracker systems move solar panels throughout the day to maintain an optimal orientation relative to the sun, thereby increasing the amount of solar energy produced at a solar installation. Our one module-in-portrait ("1P") solar tracker system is marketed under the Pioneer brand name ("Pioneer") and our original two modules-in-portrait ("2P") solar tracker system is marketed under the Voyager brand name ("Voyager"). We also have a mounting solution to support the installation and use of U.S.-manufactured thin-film modules. Our primary software offerings include SUNPATH, which helps customers optimize solar tracking for increased energy production, and our SUNOPS real-time operations management platform. In addition, we have a team of renewable energy professionals available to assist our U.S. and worldwide clients in site layout, structural design, pile testing and other needs across the solar project development and construction cycle. Our products and services provide tracker solutions for large utility-scale solar and distributed generation projects around the world. Our customers are primarily engineering, procurement and construction companies ("EPCs") and we also contract with developers and owners. The Company is headquartered in Austin, Texas, and has international subsidiaries in Australia, China, India, South Africa and Spain.

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

Key Factors Affecting Our Performance

Project Timing. Our level of manufacturing and logistics activity, and thus our revenue, can be significantly impacted by delays or changes in the expected timing of customer project development activity. In recent periods our customers have encountered delays in beginning or continuing project development caused by interconnection issues, including permit delays, equipment shortages, obtaining project financing at acceptable levels and addressing uncertainty in changes in government regulations, as described further below. Due to our limited number of large customers, such delays in project development activity can have a material impact on our quarterly and annual consolidated financial results.

Government Regulations. Changes in the U.S. trade environment, including the imposition of import tariffs, AD/CVD investigations and the UFLPA, which became effective in June 2022, can have an impact on the timing of developer projects. The UFLPA resulted in new rules for module importers and reviews by CBP. There continues to be some uncertainty in the market around achieving full compliance

with UFLPA, whether related to sufficient traceability of materials or other factors. Escalating trade tensions, particularly between the United States and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain raw materials and components for our products. We have taken measures with the intention of mitigating the effect of tariffs and the impact of AD/CVD and UFLPA on our business by reducing our reliance on China and enhancing our U.S.-based supply chain, including through our investment in Alpha Steel, as described further in Note 9, "Equity method investment" in Part I, Item 1 of this Form 10-Q. In 2019, 90% of our supply chain was sourced from China. As of June 30, 2025, we have qualified suppliers outside of China for certain of our commodities and we continue to work to have second-source capability for all Chinese-manufactured components to help reduce the extent to which our supply chain for U.S.-based projects is subject to existing tariffs and to be able to quickly address potential future regulatory and governmental policy changes. We have entered into partnerships with manufacturers based in the United States, India, South Africa, Spain, Turkey, Thailand and Vietnam to diversify our supply chain and optimize costs. On June 6, 2022, President Biden issued an Executive Order allowing U.S. solar deployers to import solar modules and cells from Cambodia, Malaysia, Thailand and Vietnam free from certain duties for 24 months, along with other incentives designed to accelerate U.S. domestic production of clean energy technologies. This moratorium ended in June 2024 and anti-dumping and countervailing duties on solar products linked to China are now well in excess of 200% for certain countries where Chinese firms have relocated production. Additionally, on December 29, 2023, Auxin and Concept Clean Energy, Inc. filed suit in the U.S. Court of International Trade challenging the legal basis for the moratorium and implementing regulations. Several motions have been filed to date, including a motion to dismiss by the U.S. government, which the court rejected. If the suit proves successful, solar module importers could owe retroactive duties on goods that have already cleared customs.

Effective April 5, 2025, the United States imposed a universal 10% tariff on most imports into the United States, excluding certain trade agreements. Tariff rates continue to change and fluctuate as negotiations continue between the United States and various countries. As an example, the United States previously imposed a 145% tariff on goods imported from China, and China imposed a retaliatory 125% tariff on goods imported from the United States. In May 2025, the U.S. and China agreed to a 90-day rollback whereby the United States cut the Chinese levies from 145% to 30% and China lowered the duties on U.S. goods from 125% to 10%, effective May 14, 2025. Also, in May 2025, the Trump administration announced the doubling of steel and aluminum tariffs to 50%. New reciprocal tariffs have also been announced on selected countries that are well above the universal 10% tariff rate. As of the filing of this Quarterly Report, matters involving tariffs continue to evolve and change, including in some cases, implementation of temporary pauses on certain announced tariffs as negotiations on final trade deals occur. Depending on the terms of our existing contracts with customers, we may not in all cases be able to fully recover the increased cost for delivery of tracker systems currently being manufactured for our customers by our international vendors due to higher tariffs currently in place, which has and may continue to impact our expected profitability under certain contracts. Imposition of new or higher tariffs could also adversely affect the amount or timing of our future revenue, results of operations or cash flows.

The most notable incentive program impacting our U.S. business has historically been the ITC for solar energy projects, which allows taxpayers to offset their U.S. federal income tax liability by a certain percentage of their cost basis in solar energy systems placed in service for commercial use. The Inflation Reduction Act of 2022 ("IRA"), passed by the U.S. Congress and signed into law by then-President Biden on August 16, 2022, expanded and extended the tax credits and other tax benefits available to solar energy projects and the solar energy supply chain. U.S. manufacturers of specific solar components also became eligible to claim production tax credits under Section 45X of the Internal Revenue Code of 1986, as amended, which was established as part of the IRA and is a per-unit tax credit earned for each clean energy component manufactured domestically and sold by a manufacturer. Our investment in, and commitments made to Alpha Steel allow us to obtain benefits of lower product costs from Alpha Steel as a result of the production tax credit program, subject to our level of purchases from Alpha Steel.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act, which accelerates the phase-outs and terminations of various eligible tax credits enacted as part of the IRA and places restrictions on continued receipt of tax credits by specified foreign entities and foreign influenced entities. The reduction, elimination or expiration of government incentives for, or regulations mandating the use of, as well as corporate commitments to the use of renewable energy and solar energy specifically could reduce demand for solar energy systems and harm our business, financial condition and results of operations.

Disruptions in Transportation and Supply Chain. Our costs are affected by the costs of certain components and materials, such as steel, motors and microchips, as well as tariffs and transportation costs. Current market conditions and international conflicts that constrain the supply of materials and disrupt the flow of materials from international vendors can impact the cost of our products and services, along with overall rates of inflation in the global economy and currently imposed tariff rates. We do not believe inflation has had a material impact on our results as presented in this report. However, such cost increases and decreases could impact our future operating margins, if material.

We have taken steps to expand and diversify our manufacturing partnerships and have adjusted our modes of transportation to mitigate the impact of headwinds that might arise in the global supply chain and logistics markets. We continue to monitor the logistics markets and will continue to evaluate our use of various modes of transportation when warranted to optimize our transportation costs. We also intend to

maintain our focus on our design-to-value initiative to continue to improve margins by reducing the manufacturing and material costs of our products.

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

Investment in Technology and Personnel. We invest in both the people and technology behind our products. We intend to continue making investments in the technology for our products and expansion of our patent portfolio to attract and retain customers, expand the capabilities and scope of our products, and enhance user experience. As an example, in August 2023, we introduced SUNOPS, a cloud-based solar asset monitoring solution, allowing asset owners and managers to evaluate the operation and performance of their solar deployments. Additionally, in May 2024, we announced the launch of our Automated Hail Stow Solution, aimed at minimizing solar panel damage caused by hailstorms. This solution integrates advanced technology with meteorological data to automatically adjust the positioning of solar panels, reducing the risk of hail-related damage. And, in April 2025, we unveiled dual-row configuration for our Pioneer tracker that allows for higher East-West slope tolerance, increased power density and installation on more challenging terrains while minimizing site preparation expense and environmental impact.

In addition, we intend over time to make additional 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 further efficiencies across our marketplace and, in the case of sales leads, to continue to enhance and diversify our sales capabilities, including international expansion.

Impact of Climate Change. Climate change has primarily impacted our business operations by increasing demand for solar power generation and, as a result, for use of our products. The U.S. Energy Information Administration, in its July 2025 Short-Term Energy Outlook, estimates that solar generation of electricity this summer will increase in the United States by 34% from last summer and by summer 2026, will grow another 19% and surpass wind to become the leading source of renewables generation during the summer months of June through September.

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

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

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

Key Components of Our Results of Operations

The following discussion describes certain line items in our Condensed Consolidated Statements of Comprehensive Loss.

Revenue

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

Our customers include project developers, solar asset owners and EPCs that design and build solar energy projects. For each individual solar project, we enter into a contract with our customers covering the price, specifications, delivery dates and warranty for the products being purchased, among other things. Our contractual delivery period for our solar tracker systems and related parts can vary depending on the size of the project and availability of vessels and other means of delivery. Contracts can range in value from tens of thousands to tens of millions of dollars.

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

For the periods included in this Quarterly Report, no company locations other than those in the United States and Australia accounted for more than 10% of our consolidated revenue. Our revenue growth is dependent on continued growth in the number of solar tracker projects and engineering services we win in competitive bidding processes and growth in our software sales each year, as well as our ability to increase our market share in each of the geographies in which we currently compete, expand our global footprint to new emerging markets, grow our 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, among other things.

Cost of revenue and gross profit (loss)

We subcontract with third-party 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 hedge against changes in the price of raw materials, but we continue to explore opportunities to mitigate the risks of foreign currency and commodity fluctuations through the use of hedges and foreign exchange lines of credit. Some of these costs, primarily for personnel, are not directly affected by sales volume.

Although we continue to add new employees in certain areas, we have reduced our total headcount over the last two years through adjustments made during the fourth quarter of 2024 and in August 2023, in response to project activity levels and process efficiencies we have gained due to our design-to-value and cost reduction efforts. Certain headcount changes also reflect a shift of our employee base to more cost-effective markets with exceptional talent. Our gross profit may vary period-to-period due to changes in our headcount, ASP, product costs, product versus service mix, customer mix, geographical mix, shipping methods, warranty costs and due to seasonal factors.

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 operating costs have been impacted by (i) changes in headcount as described above, (ii) our level of research activities to originate, develop and enhance our products, (iii) our sales and marketing efforts as we expand our outreach to existing customers and seek to identify

new opportunities domestically and internationally, (iv) changes in our estimates of credit losses relating to certain specific customers, and (v) variations in legal and professional fees, compliance costs, insurance, facility costs and other costs associated with strategic changes in response to changing market conditions and other matters.

Results of Operations - Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

(in thousands, except percentages)	Three months ended June 30,			
	2025		2024	
	Amounts	Percentage of revenue	Amounts	Percentage of revenue
Revenue:				
Product	\$ 15,867	79.4%	\$ 8,776	76.8%
Service	4,126	20.6%	2,654	23.2%
Total revenue	19,993	100.0%	11,430	100.0%
Cost of revenue:				
Product	18,876	94.4%	10,467	91.6%
Service	5,036	25.2%	3,306	28.9%
Total cost of revenue	23,912	119.6%	13,773	120.5%
Gross loss	(3,919)	(19.6%)	(2,343)	(20.5%)
Operating expenses				
Research and development	1,129	5.6%	1,535	13.4%
Selling and marketing	1,291	6.5%	2,036	17.8%
General and administrative	5,160	25.8%	6,010	52.6%
Total operating expenses	7,580	37.9%	9,581	83.8%
Loss from operations	(11,499)	(57.5%)	(11,924)	(104.3%)
Interest expense	(731)	(3.7%)	(117)	(1.0%)
Interest income	5	0.0%	118	1.0%
Gain on sale of Atlas	50	0.3%	—	0.0%
Loss from change in fair value of warrant liability	(2,836)	(14.2%)	—	0.0%
Other income (expense), net	71	0.4%	(7)	(0.1%)
Loss from unconsolidated subsidiary	(451)	(2.3%)	(246)	(2.2%)
Loss before income taxes	(15,391)	(77.0%)	(12,176)	(106.5%)
Provision for income taxes	(39)	(0.2%)	(65)	(0.6%)
Net loss	\$ (15,430)	(77.2%)	\$ (12,241)	(107.1%)

Revenue

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

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Product	\$ 15,867	\$ 8,776	\$ 7,091	80.8%
Service	4,126	2,654	1,472	55.5%
Total revenue	\$ 19,993	\$ 11,430	\$ 8,563	74.9%

Product revenue

The increase in product revenue for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, was primarily due to an increase of 147% in the amount of MW produced as activity has been positively impacted by recent project wins mainly associated with our 1P solar tracker solution. This was partially offset by a decrease of 27% in ASP for the three months ended June 30, 2025, resulting from project mix changes as compared to the three months ended June 30, 2024.

Service revenue

The increase in service revenue for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, primarily resulted from (i) an increase of 35% in logistics activity levels and (ii) an increase of 15% in ASP as compared to the three months ended June 30, 2024 as a result of project size and pricing. We also had higher engineering consulting revenue associated with new project activity during the three months ended June 30, 2025.

Cost of revenue and gross loss

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

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

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Product	\$ 18,876	\$ 10,467	\$ 8,409	80.3%
Service	5,036	3,306	1,730	52.3%
Total cost of revenue	\$ 23,912	\$ 13,773	\$ 10,139	73.6%
Gross loss	\$ (3,919)	\$ (2,343)	\$ (1,576)	(67.3)%
Gross loss percentage of revenue	(19.6%)	(20.5%)		

The increase in cost of revenue for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, was primarily driven by (i) an increase of 147% in MW produced, (ii) additional costs associated with tariffs and specified minimum purchase commitments with Alpha Steel, a related party, and (iii) an increase of 35% in logistics activity levels. Costs associated with these increases in activity levels were partially offset by lower personnel costs from headcount reductions and lower warranty and remediation expenses.

Our gross margin percentage of revenue for the three months ended June 30, 2025 was a negative 19.6%, a slight improvement compared to a negative 20.5% for the three months ended June 30, 2024.

We had negative gross margin for the three months ended June 30, 2025 due to the impact of additional costs associated with tariffs and specified minimum purchase commitments referred to above. This was partially offset by higher revenues and indirect cost reductions, primarily due to lower personnel costs from headcount reductions and lower warranty and remediation expenses.

We had negative gross margin for the three months ended June 30, 2024 due to (i) the impact of lower revenue levels on our ability to cover certain overhead costs and (ii) insufficient service revenue to fully cover our warehousing costs.

Research and development

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

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Research and development	\$ 1,129	\$ 1,535	\$ (406)	(26.4)%

The decrease in research and development expenses for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, was primarily attributable to (i) lower payroll costs of \$0.2 million, and (ii) lower professional service costs of \$0.1 million resulting from cost reduction initiatives. Research and development expenses as a percentage of revenue were 5.6% for the three months ended June 30, 2025, as compared to 13.4% for the three months ended June 30, 2024.

Selling and marketing

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

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Selling and marketing	\$ 1,291	\$ 2,036	\$ (745)	(36.6%)

The decrease in selling and marketing expenses for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, was primarily attributable to (i) lower payroll costs of \$0.6 million, (ii) lower marketing costs of \$0.2 million, primarily associated with reduced spending for trade shows, (iii) lower professional services and stock-based compensation expense of \$0.2 million and (iv) lower travel spending. This was partially offset by higher credit loss provisions of \$0.4 million associated with certain specific customer accounts. Selling and marketing costs as a percentage of revenue were 6.5% for the three months ended June 30, 2025, compared to 17.8% for the three months ended June 30, 2024.

General and administrative

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

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
General and administrative	\$ 5,160	\$ 6,010	\$ (850)	(14.1%)

The decrease in general and administrative expenses for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, was primarily attributable to (i) lower professional service costs of \$0.3 million, (ii) lower stock-based compensation totaling \$0.2 million, (iii) lower insurance costs of \$0.2 million, (iv) lower intangible asset amortization expense of \$0.1 million as such assets became fully amortized as of December 31, 2024, and (v) lower payroll and travel expenses. General and administrative expenses as a percentage of revenue were 25.8% for the three months ended June 30, 2025, compared to 52.6% for the three months ended June 30, 2024. The decrease in the percentage was largely attributable to the increased level of revenue during the three months ended June 30, 2025.

Interest expense

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Interest expense	\$ 731	\$ 117	\$ 614	524.8%

Interest expense incurred during the three months ended June 30, 2025 was primarily related to paid-in-kind interest added to the principal amount of our Senior Notes, as well as amortization of the discount and deferred loan costs on the Senior Notes. Interest expense during the three months ended June 30, 2024, primarily consisted of letter of credit and commitment fees on our Credit Facility that expired unused in April 2024, along with associated debt issue cost amortization.

Gain on sale of Atlas

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Gain on sale of Atlas	\$ 50	\$ —	\$ 50	N/A

We sold our Atlas web-based software platform on December 2, 2024. In connection with the sale, the purchaser agreed to future potential earnout payments based on annual license renewals by certain existing customers during 2025. We received such a payment from the purchaser in June 2025. In accordance with our existing accounting policy, we recognize a gain from these contingent earnout payments upon receipt.

Loss from change in fair value of warrant liability

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Loss from change in fair value of warrant liability	\$ (2,836)	\$ —	\$ (2,836)	N/A

The Original Warrants (as defined below under "[Outstanding debt and warrants](#)") issued in connection with the Offering described further in Note 12, "Debt" in our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report, were classified as a long-term liability. Due largely to an increase in the price of our common stock during the three months ended June 30, 2025, the fair value of the Original Warrants increased from \$4.9 million at March 31, 2025 to approximately \$7.8 million when they were exercised in full on June 30, 2025, resulting in recognition of a non-cash loss for the increase in value during the three months ended June 30, 2025.

Loss from unconsolidated subsidiary

(in thousands)	Three months ended June 30,			
	2025	2024	\$ Change	% Change
Loss from unconsolidated subsidiary	\$ 451	\$ 246	\$ 205	83.3%

The losses from unconsolidated subsidiary for the three months ended June 30, 2025 and 2024 represent our share of the net operating losses incurred by Alpha Steel during each period.

Results of Operations - Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

(in thousands, except percentages)	Six months ended June 30,			
	2025		2024	
	Amounts	Percentage of revenue	Amounts	Percentage of revenue
Revenue:				
Product	\$ 34,069	83.5%	\$ 19,681	81.9%
Service	6,727	16.5%	4,336	18.1%
Total revenue	40,796	100.0%	24,017	100.0%
Cost of revenue:				
Product	38,987	95.6%	22,834	95.1%
Service	9,175	22.5%	5,634	23.5%
Total cost of revenue	48,162	118.1%	28,468	118.5%
Gross loss	(7,366)	(18.1%)	(4,451)	(18.5%)
Operating expenses				
Research and development	2,053	5.0%	2,974	12.4%
Selling and marketing	2,427	5.9%	4,424	18.4%
General and administrative	10,213	25.0%	12,577	52.4%
Total operating expenses	14,693	36.0%	19,975	83.2%
Loss from operations	(22,059)	(54.1%)	(24,426)	(101.7%)
Interest expense	(1,442)	(3.5%)	(434)	(1.8%)
Interest income	11	0.0%	299	1.2%
Gain from disposal of investment in unconsolidated subsidiary	3,204	7.9%	4,085	17.0%
Gain on sale of Atlas	50	0.1%	—	0.0%
Gain from change in fair value of warrant liability	1,768	4.3%	—	0.0%
Other income, net	75	0.2%	29	0.1%
Loss from unconsolidated subsidiary	(563)	(1.4%)	(511)	(2.1%)
Loss before income taxes	(18,956)	(46.5%)	(20,958)	(87.3%)
Provision for income taxes	(293)	(0.7%)	(54)	(0.2%)
Net loss	<u>\$ (19,249)</u>	<u>(47.2%)</u>	<u>\$ (21,012)</u>	<u>(87.5%)</u>

Revenue

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Product	\$ 34,069	\$ 19,681	\$ 14,388	73.1%
Service	6,727	4,336	2,391	55.1%
Total revenue	<u>\$ 40,796</u>	<u>\$ 24,017</u>	<u>\$ 16,779</u>	<u>69.9%</u>

Product revenue

The increase in product revenue for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to an increase of 147% in the amount of MW produced as activity has been positively impacted by recent project wins mainly associated with our 1P solar tracker solution. This impact has been partially offset by a decrease of 30% in ASP for the six months ended June 30, 2025, as a result of project mix changes as compared to the six months ended June 30, 2024.

Service revenue

The increase in service revenue for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily resulted from (i) an increase of 62% in logistics activity levels and (ii) higher engineering consulting revenue associated with new project activity during the six months ended June 30, 2025. This was partially offset by a decrease of 4% in ASP as compared to the six months ended June 30, 2024 as a result of project size and pricing.

Cost of revenue and gross loss

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Product	\$ 38,987	\$ 22,834	\$ 16,153	70.7%
Service	9,175	5,634	3,541	62.9%
Total cost of revenue	\$ 48,162	\$ 28,468	\$ 19,694	69.2%
Gross profit (loss)	\$ (7,366)	\$ (4,451)	\$ (2,915)	(65.5)%
Gross profit (loss) percentage of revenue	(18.1%)	(18.5%)		

The increase in cost of revenue for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily driven by (i) an increase of 147% in MW produced, (ii) additional costs associated with tariffs and specified minimum purchase commitments with Alpha Steel, a related party, and (iii) an increase of 62% in logistics activity levels. Costs associated with these increases in activity levels were partially offset by lower personnel costs from headcount reductions and lower warranty and remediation expenses.

Our gross margin percentage of revenue for the six months ended June 30, 2025 was a negative 18.1%, which was slightly better than the negative 18.5% for the six months ended June 30, 2024.

We had negative gross margin for the six months ended June 30, 2025 as revenue levels were not sufficient to cover certain overhead costs, including additional costs associated with specified minimum purchase commitments referred to above and due to the impact of increased tariffs and freight costs.

We had negative gross margin for the six months ended June 30, 2024 as (i) production volumes were not sufficient to cover certain overhead costs and (ii) our service revenue was not sufficient to fully cover our warehousing and certain other costs.

Research and development

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Research and development	\$ 2,053	\$ 2,974	\$ (921)	(31.0)%

The decrease in research and development expenses for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily attributable to (i) lower payroll costs of 0.5 million, (ii) lower spending on lab and other research activities of \$0.2 million, and (iii) lower professional service costs of \$0.2 million resulting from cost reduction initiatives. Research and development expenses as a percentage of revenue were 5.0% for the six months ended June 30, 2025, as compared to 12.4% for the six months ended June 30, 2024.

Selling and marketing

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Selling and marketing	\$ 2,427	\$ 4,424	\$ (1,997)	(45.1)%

The decrease in selling and marketing expenses for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily attributable to (i) lower payroll costs of \$0.9 million, (ii) lower provisions for credit losses of \$0.4 million, mainly related to charges associated with specific individual customer accounts during 2024, and (iii) lower travel, marketing and professional service costs of \$0.5 million accounted for much of the remaining decrease. Selling and marketing costs as a percentage of revenue were 5.9% for the six months ended June 30, 2025, compared to 18.4% for the six months ended June 30, 2024.

General and administrative

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
General and administrative	\$ 10,213	\$ 12,577	\$ (2,364)	(18.8)%

The decrease in general and administrative expenses for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily attributable to (i) lower stock-based compensation totaling \$1.6 million, largely associated with certain

executive award forfeitures during the six months ended June 30, 2025, (ii) lower professional service costs of \$0.8 million resulting from our cost reduction initiatives, (iii) lower insurance costs of \$0.4 million, and (iv) lower intangible asset amortization expense of \$0.3 million as such assets became fully amortized as of December 31, 2024. This was partially offset by higher payroll costs of \$0.6 million largely due to higher executive bonus expense. General and administrative expenses as a percentage of revenue were 25.0% for the six months ended June 30, 2025, compared to 52.4% for the six months ended June 30, 2024. The decrease in the percentage was largely attributable to the increased level of revenue during the six months ended June 30, 2025.

Interest expense

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Interest expense	\$ 1,442	\$ 434	\$ 1,008	232.3%

Interest expense incurred during the six months ended June 30, 2025 was primarily related to paid-in-kind interest added to the principal amount of our Senior Notes, as well as amortization of the discount and deferred loan costs on the Senior Notes. Interest expense during the six months ended June 30, 2024, primarily consisted of letter of credit and commitment fees on our Credit Facility that expired unused in April 2024, along with associated debt issue cost amortization.

Gain on sale of Atlas

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Gain on sale of Atlas	\$ 50	\$ —	\$ 50	N/A

We sold our Atlas web-based software platform on December 2, 2024. In connection with the sale, the purchaser agreed to future potential earnout payments based on annual license renewals by certain existing customers during 2025. We received such a payment from the purchaser in June 2025. In accordance with our existing accounting policy, we recognize a gain from these contingent earnout payments upon receipt.

Gain from disposal of investment in unconsolidated subsidiary

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Gain from disposal of investment in unconsolidated subsidiary	\$ 3,204	\$ 4,085	\$ (881)	(21.6%)

We sold our 23% equity interest in our unconsolidated subsidiary, Dimension Energy LLC ("Dimension"), on June 24, 2021. Dimension is a community solar developer based in Atlanta, Georgia that provides renewable energy solutions for local communities in the United States.

The sales agreement with Dimension included an earnout provision which provided for the potential to receive additional contingent consideration earned through December 2024, based on Dimension achieving certain performance milestones. The sales agreement also included additional contingent consideration in the form of a projects escrow release based on Dimension's completion of certain construction projects in progress at the time of the sale.

During the six months ended June 30, 2025 and 2024, we received earnout payments of \$3.2 million and \$4.1 million, respectively, that were recognized in accordance with our policy election of recording such gains when realized.

Gain from change in fair value of warrant liability

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Gain from change in fair value of warrant liability	\$ 1,768	\$ —	\$ 1,768	N/A

The Original Warrants issued in connection with the Offering described further in Note 12, "Debt" in our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report, were classified as a long-term liability. Due largely to a decrease in the price of our common stock during the six months ended June 30, 2025, the fair value of the Original Warrants decreased from \$9.5 million at December 31, 2024 to approximately \$7.8 million when they were exercised in full on June 30, 2025, resulting in recognition of a non-cash gain for the decrease in value during the six months ended June 30, 2025.

Loss from unconsolidated subsidiary

(in thousands)	Six months ended June 30,			
	2025	2024	\$ Change	% Change
Loss from unconsolidated subsidiary	\$ 563	\$ 511	\$ 52	10.2%

The losses from unconsolidated subsidiary for the six months ended June 30, 2025 and 2024 represent our share of the net operating losses incurred by Alpha Steel during each period.

Liquidity and Capital Resources

Liquidity and going concern

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

We have incurred cumulative losses since inception and have a history of cash outflows from operations, inclusive of \$10.8 million in cash utilized in our operating activities during the six months ended June 30, 2025. As of June 30, 2025, we had cash on hand of \$3.5 million and \$9.7 million of working capital.

As of June 30, 2025, in addition to our cash on hand and working capital, we had nearly \$13.8 million of capacity available for future sales of our common stock under our ATM program as defined and described further in Note 14, "ATM Program" in Part I, Item 1 of this Quarterly Report. There can be no assurance regarding the price at which we will be able to sell such shares, and any sales of our common stock under the ATM program may be at prices that result in additional dilution to our existing stockholders.

As described further in Note 19, "Subsequent events" in Part I, Item 1 of this Quarterly Report, on July 2, 2025 (the "Closing Date"), we entered into a Credit Agreement (the "Credit Agreement") by and among the Company, as borrower, each lender party thereto from time to time (the "Lenders"), and Acquiom Agency Services LLC, as administrative agent for the Lenders. The Credit Agreement provides for a senior secured term facility of up to \$75 million, consisting of (i) \$14.3 million principal amount of Initial Term Loans that were funded on the Closing Date; (ii) \$23.2 million principal amount of First Delayed Draw Term Loans that may be funded during the 90-day period following the Closing Date, subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock issuable upon the full exercise of the warrants issued to the Lenders on the Closing Date in connection with the transactions under the Credit Agreement; and (iii) up to \$37.5 million principal amount of Second Delayed Draw Term Loans that may be requested by the Company and approved by the Lenders in their sole discretion. After deductions for certain fees and expenses, the net proceeds received by the Company on the Closing Date from the funding of the Initial Term Loans totaled approximately \$13.0 million.

Based on our cash position at June 30, 2025, including consideration of the \$13.0 million of net proceeds from the initial funding received on July 2, 2025 under the Credit Agreement, and in view of our recent operating losses and due to the availability of additional financing provided by the Credit Agreement following the Closing Date in the form of the First Delayed Draw Term Loans and Second Delayed Draw Term Loans not being completely within our control, we have concluded that substantial doubt exists as to our ability to continue as a going concern within the next year.

We also have a contractual obligation that could require us to make additional capital contributions of up to \$0.8 million to Alpha Steel, as well as make a minimum level of purchases from Alpha Steel, as described further in Note 9, "Equity method investment" in Part I, Item 1 of this Quarterly Report. In the event we were to fail to meet our minimum required purchase commitments during a specified period, including the period from July 1, 2025 to June 30, 2026, we may be required to make a cash payment for the net profit attributable to any unfilled requirements, calculated as specified in the agreement, in an amount not to exceed \$4.0 million in the aggregate.

Our ability to meet our liquidity needs over the next year is dependent upon (i) our cash on hand (subject to a \$20.0 million minimum unrestricted cash covenant under the Credit Agreement effective for the quarter ended September 30, 2025 (such minimum cash covenant and the other financial covenants under the Credit Agreement as described further in Note 19, "Subsequent events" in Part I, Item 1 of this Quarterly Report)), (ii) our expectations of increased project activity and cash flow during the twelve-month period following issuance of these Condensed Consolidated Financial Statements, (iii) the availability of expected additional proceeds in the form of First Delayed Draw Term Loans under the Credit Agreement during September 2025, the funding of which is subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock issuable upon the full exercise of the warrants issued, and the potential availability of the Second Delayed Draw Term Loans that may be requested by the Company and approved by the Lenders in their sole discretion, and (iv) utilization, as appropriate, of the capacity available for future sales of our common stock under the ATM program, which is currently constrained to a degree by the size of our non-affiliate market capitalization, our trading volume and other factors. In addition, we continue to remain focused on implementing additional cost savings steps, which could impact, among other things, the location of our headcount and the level of services currently provided by third parties.

Outstanding debt and warrants

At June 30, 2025, we had long-term Senior Notes outstanding, inclusive of paid-in-kind interest, totaling \$16.1 million in accumulated principal. In connection with the initial issuance of these Senior Notes in December 2024, we also issued warrants to the institutional investor in the Notes (the "Investor") for 1,750,000 shares of our common stock (the "Original Warrants"). The Investor exercised the Original Warrants in full on June 30, 2025 and received 1,750,000 shares of our common stock in return.

As described above, on July 2, 2025, we entered into a Credit Agreement with the Lenders, including the Investor, for a senior secured term facility of up to \$75 million and obtained \$14.3 million principal amount of Initial Term Loans from the Lenders maturing on July 2, 2029, receiving proceeds, net of fees and expenses, of approximately \$13.0 million. As consideration for the transaction under the Credit Agreement, we also issued warrants to the Lenders to purchase up to an aggregate of 5,418,292 shares of our common stock at an exercise price of \$0.01 per share (together with the Amendment Warrants (defined below), collectively, the "New Warrants"). A total of 6,836,237 shares of common stock are issuable upon exercise of the New Warrants, subject to the terms of the New Warrants. The New Warrants are exercisable from time to time in accordance with their terms for either a cash payment equal to the exercise price or on a cashless exercise basis until or prior to 11:59 p.m., New York time, on July 2, 2035. Exercise of the New Warrants are subject to certain exercise caps that limit the number of shares of our common stock issuable under the New Warrants, in the aggregate, to less than 20% of our common stock outstanding on the date the New Warrants were issued, unless stockholder approval is otherwise obtained under applicable Nasdaq rules. We have filed definitive proxy materials for a special meeting of stockholders to be held during the third quarter of 2025 to seek such approval.

Under the Credit Agreement, subject to Company stockholder approval of the issuance of all of the shares of the Company's common stock issuable upon the full exercise of the New Warrants issued, we can obtain an additional \$23.2 million principal amount of First Delayed Draw Term Loans from the Lenders under the Credit Agreement. We have filed definitive proxy materials for a special meeting of stockholders to be held during the third quarter of 2025 to seek such approval.

Also, under the Credit Agreement, assuming stockholder approval was obtained as described above, up to \$37.5 million principal amount of Second Delayed Draw Term Loans may also be requested by the Company, subject to approval by the Lenders in their sole discretion.

Outstanding obligations under the Credit Agreement are secured by a first priority lien on substantially all tangible and intangible property of the Company and the guarantors and pledges of the equity of certain Company subsidiaries, in each case subject to certain exceptions, limitations and exclusions for the collateral.

In connection with the Credit Agreement, the Investor entered into a Subordination Agreement, dated July 2, 2025 (the "Subordination Agreement"). Pursuant to the Subordination Agreement, the Investor agreed to the subordination of all indebtedness owed by the Company to the Investor, including under the Senior Notes issued by the Company to the Investor on December 4, 2024, to the indebtedness and obligations owed under the Credit Agreement and the other applicable loan documents.

Also, in connection with the Credit Agreement and the Subordination Agreement, the Company and Investor entered into an Amended and Restated Promissory Note, dated July 2, 2025 (the "A&R Promissory Note"). The A&R Promissory Note amends and restates the original Senior Notes to remove the seniority terms of those notes, conform the original Senior Notes to the terms of the Credit Agreement and the Subordination Agreement, amend certain prepayment and make-whole terms under the original Senior Notes, delete certain covenants and event of default terms, reduce the interest rate under the original Senior Notes to 5% per annum paid in cash and 7% per

annum paid in kind, and to delete the financial covenants set forth in the original Senior Notes. As a result of an amendment to the Purchase Agreement entered into on July 2, 2025 (the "Purchase Agreement Amendment"), among other things, the Investor agreed to release all liens and guarantees securing the obligations under the Senior Notes, the Purchase Agreement, and the A&R Promissory Note.

In consideration for the Investor's agreements under the A&R Promissory Note, the Subordination Agreement, and the Purchase Agreement Amendment, the Investor received 1,417,945 warrants with a term of 10 years, to purchase our common stock at an exercise price of \$0.01 per share (the "Amendment Warrants").

Statements of cash flows

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

<u>(in thousands)</u>	<u>Six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Net cash used in operations	\$ (10,780)	\$ (15,635)
Net cash provided by investing activities	2,989	1,154
Net cash provided by financing activities	3	3
Effect of exchange rate changes on cash and cash equivalents	60	22
Decrease in cash and cash equivalents	<u>\$ (7,728)</u>	<u>\$ (14,456)</u>

Operating activities

During the six months ended June 30, 2025, we used approximately \$13.4 million of cash to fund a portion of our current period expenditures for personnel and facilities, legal and professional fees, insurance, research and development and various other operating activities. This compares to approximately \$17.1 million of cash used during the six months ended June 30, 2024, also to fund a portion of our prior period expenditures for various operating activities as described above.

During the six months ended June 30, 2025 and 2024, we generated approximately \$2.7 million and \$1.5 million of cash, respectively, primarily from working capital reductions, including timing of customer receipts and vendor payments.

Our working capital decreased by approximately \$17.4 million from almost \$27.1 million at December 31, 2024 to \$9.7 million at June 30, 2025. The decrease was largely attributable to (i) the use of cash to fund current period expenditures as described above and (ii) the impact of higher activity levels on various components of working capital during the six months ended June 30, 2025.

Investing activities

During the six months ended June 30, 2025, we received a \$3.2 million contingent earnout payment in connection with the June 2021 sale of our equity interest in Dimension, as well as a small earnout payment from the sale of our Atlas software platform in 2024. We also had capital expenditures of approximately \$0.3 million, primarily for tooling.

During the six months ended June 30, 2024, we received \$4.1 million of contingent earnout payments from Dimension. We also made an additional equity investment of \$1.8 million in Alpha Steel and spent nearly \$1.1 million, mainly for tooling and new computer and IT equipment.

Financing activities

During the six months ended June 30, 2025 and 2024, we received a minimal amount of proceeds from employee exercises of stock options during each period.

Critical Accounting Policies and Significant Management Estimates

Preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the period. Estimates are used for calculating the measure of progress of our solar tracker projects and deriving the standalone selling prices of the individual performance obligations when determining amounts

to recognize for revenue, estimating allowances for credit losses and slow-moving and obsolete inventory, determining useful lives of long-lived assets and the estimated fair value of those assets for impairment assessments, and estimating the fair value of investments, warrants, stock compensation awards, warranty liabilities and federal and state taxes, including tax valuation allowances, as well as other contingencies. We base our estimates on historical experience and anticipated results, trends, and various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates due to risks and uncertainties.

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

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

Revenue recognition

Our accounting policy on [revenue recognition](#) may be found in Note 2, "Summary of significant accounting policies" in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

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

Accounts receivable, net

Our accounting policy relating to our [accounts receivable and allowance for credit losses](#) may be found in Note 2, "Summary of significant accounting policies" in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

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

Adjustments to the allowance are largely dependent on historical experience involving amounts previously collected from our customers in recent years or based on specific changes in a customer's ability to pay. As an example, during the six months ended June 30, 2025, we recognized additional credit loss provisions of \$0.2 million compared to \$0.6 million recognized during the six months ended

June 30, 2024, with the change primarily related to our assessments in both 2025 and 2024 as to the ability by certain specific customers to fully pay contractual amounts owed us. Historical experience, when used in making such adjustments, may not reflect current actual experience.

Warranty

Our accounting policy relating to our [warranty obligations](#) may be found in Note 2, "Summary of significant accounting policies" in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

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

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

Stock-based compensation and warrants

Our accounting policies relating to our [stock-based compensation](#) and our outstanding [Warrants](#) may be found in Note 2, "Summary of significant accounting policies" in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

The Black-Scholes model and Monte Carlo simulations rely on various assumptions, in addition to the exercise price of an option award or our Warrants and the value of our common stock on the date of grant. These assumptions include:

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

Expected Volatility: Since the Company did not have a trading history of its common stock prior to our IPO and since such trading history subsequent to our IPO is limited and may be less than the expected term of an award or our Warrants, the expected volatility is derived from a weighted average of (i) our historical volatility over our entire trading history, with respect to certain more recent awards, and (ii) the average historical stock volatilities of several public companies within the Company's industry that it considers to be comparable to its business over a period equivalent to the expected term of the stock option grants, or awards granted with market conditions.

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

Expected Dividend: The Company has not issued any dividends in its history and does not expect to issue dividends over the life of option grants or awards with market conditions and, therefore, has estimated the dividend yield to be zero.

We used Monte Carlo simulations for certain awards granted with market conditions which provided an estimated average present value for each award based on a simulation assuming Geometric Brownian Motion in a risk-neutral framework using up to 250,000 simulation paths to determine the derived service and vesting periods.

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

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

Changes to any of our assumptions, but particularly our estimates of expected term or derived service period and volatility, could change the fair value of our Warrants, as well as our options or awards with market conditions which could impact the amount of stock-based compensation expense we report each period. Changes in the trading price of our common stock on Nasdaq could also have a significant impact on the fair value of our Warrants, as well as whether awards with market conditions are ultimately earned.

Impairment

Our accounting policies relating to [impairment](#) of our long-lived assets held for use and of [goodwill](#) may be found in Note 2, "Summary of significant accounting policies" in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

Judgments and assumptions

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

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

In estimating the fair value of the consolidated company, we used our market capitalization based on our closing stock price on the Nasdaq Capital Market at June 30, 2025. Our daily closing stock price is affected by numerous factors, some of which may not directly involve the operations of the company and, historically, has demonstrated high volatility.

We did not identify any impairments of our long-lived assets or goodwill during the six months ended June 30, 2025 and 2024.

JOBS Act accounting election

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

Non-GAAP Financial Measures

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

We utilize Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS as supplemental measures of our performance. We define Adjusted EBITDA as net loss plus (i) provision for (benefit from) income taxes, (ii) interest expense, less interest income, (iii) depreciation

expense, (iv) amortization of intangibles, (v) stock-based compensation, (vi) loss from changes in the fair value of our warrant liability, and (vii) Chief Executive Officer ("CEO") transition costs, non-routine legal fees, costs associated with our Reverse Stock Split, severance and certain other costs (credits). We also deduct the contingent gains arising from earnout payments and project escrow releases relating to the disposal of our investment in an unconsolidated subsidiary and gains from changes in fair value of our warrant liability from net loss in arriving at Adjusted EBITDA. We define Adjusted Net Loss as net loss plus (i) amortization of debt discount and issue costs and intangibles, (ii) stock-based compensation, (iii) loss from changes in the fair value of our warrant liability, (iv) CEO transition costs, non-routine legal fees, costs associated with our Reverse Stock Split, severance and certain other costs (credits), and (v) the income tax expense (benefit) of those adjustments, if any. We also deduct the contingent gains arising from earnout payments and project escrow releases relating to the disposal of our investment in an unconsolidated subsidiary and gains from changes in fair value of our warrant liability in arriving at Adjusted Net Loss. Adjusted EPS is defined as Adjusted Net Loss on a per share basis using our weighted average diluted shares outstanding.

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

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

Because of these limitations, Adjusted EBITDA, Adjusted Net Loss, and Adjusted EPS should not be considered in isolation or as substitutes for performance measures calculated in accordance with U.S. GAAP, and you should not rely on any single financial measure to evaluate our business. These non-GAAP financial measures, when presented, are reconciled to the most closely applicable U.S. GAAP measure as disclosed below for the three and six months ended June 30, 2025 and 2024:

(in thousands, except shares and per share data)	Three months ended June 30,			
	2025		2024	
	Adjusted EBITDA	Adjusted Net Loss	Adjusted EBITDA	Adjusted Net Loss
Net loss per U.S. GAAP	\$ (15,430)	\$ (15,430)	\$ (12,241)	\$ (12,241)
Reconciling items -				
Provision for income taxes	39	—	65	—
Interest expense	731	—	117	—
Interest income	(5)	—	(118)	—
Amortization of debt discount and issue costs in interest expense	—	217	—	59
Depreciation expense	305	—	274	—
Amortization of intangibles	—	—	134	134
Stock-based compensation	936	936	1,285	1,285
Loss from change in fair value of warrant liability ^(a)	2,836	2,836	—	—
CEO transition ^(b)	228	228	—	—
Non-routine legal fees ^(c)	—	—	33	33
Adjusted Non-GAAP amounts	<u>\$ (10,360)</u>	<u>\$ (11,213)</u>	<u>\$ (10,451)</u>	<u>\$ (10,730)</u>
U.S. GAAP net loss per share:				
Basic and diluted ^(d)	<u>N/A</u>	<u>\$ (1.18)</u>	<u>N/A</u>	<u>\$ (0.97)</u>
Adjusted Non-GAAP net loss per share (Adjusted EPS):				
Basic and diluted ^(d)	<u>N/A</u>	<u>\$ (0.86)</u>	<u>N/A</u>	<u>\$ (0.85)</u>
Weighted-average common shares outstanding:				
Basic and diluted ^(d)	<u>N/A</u>	<u>13,098,825</u>	<u>N/A</u>	<u>12,617,128</u>

- (a) We exclude non-cash changes in the fair value of our outstanding Warrants as we do not consider such changes to impact or reflect changes in our core operating performance.
- (b) In connection with hiring a new CEO in August 2024, we agreed to upfront and incremental sign-on bonuses (collectively, the "sign-on bonuses"), a portion of which was paid to our CEO in 2024, with clawback provisions over the next two years, and a portion of which will be paid annually during 2025 and 2026, all contingent upon continued employment. These sign-on bonuses will be expensed over the periods through October 1, 2026, to reflect the required service periods. We do not view these sign-on bonuses as being part of the normal on-going compensation arrangements for our CEO.
- (c) Non-routine legal fees represent legal fees and other costs incurred for specific matters that were not ordinary or routine to the operations of the business.
- (d) Prior year per-share amounts and number of shares, as applicable, have been revised to reflect the Reverse Stock Split, effective November 29, 2024.

(in thousands, except shares and per share data)	Six months ended June 30,			
	2025		2024	
	Adjusted EBITDA	Adjusted Net Loss	Adjusted EBITDA	Adjusted Net Loss
Net loss per U.S. GAAP	\$ (19,249)	\$ (19,249)	\$ (21,012)	\$ (21,012)
Reconciling items -				
Provision for income taxes	293	—	54	—
Interest expense	1,442	—	434	—
Interest income	(11)	—	(299)	—
Amortization of debt discount and issue costs in interest expense	—	427	—	236
Depreciation expense	607	—	544	—
Amortization of intangibles	—	—	268	268
Stock-based compensation	1,216	1,216	2,924	2,924
Gain from disposal of investment in unconsolidated subsidiary ^(a)	(3,204)	(3,204)	(4,085)	(4,085)
Gain from change in fair value of warrant liability ^(b)	(1,768)	(1,768)	—	—
CEO transition ^(c)	388	388	—	—
Non-routine legal fees ^(d)	—	—	66	66
Reverse stock split ^(e)	1	1	—	—
Severance costs ^(f)	175	175	—	—
Adjusted Non-GAAP amounts	\$ (20,110)	\$ (22,014)	\$ (21,106)	\$ (21,603)
U.S. GAAP net loss per share:				
Basic and diluted ^(g)	N/A	\$ (1.49)	N/A	\$ (1.67)
Adjusted Non-GAAP net loss per share (Adjusted EPS):				
Basic and diluted ^(g)	N/A	\$ (1.70)	N/A	\$ (1.72)
Weighted-average common shares outstanding:				
Basic and diluted ^(g)	N/A	12,948,189	N/A	12,581,608

- (a) We exclude the gain from collections of contingent contractual amounts arising from the sale in 2021 of our investment in an unconsolidated subsidiary as these amounts are not considered part of our normal ongoing operations.
- (b) We exclude non-cash changes in the fair value of our outstanding Warrants as we do not consider such changes to impact or reflect changes in our core operating performance.
- (c) In connection with hiring a new CEO in August 2024, we agreed to upfront and incremental sign-on bonuses (collectively, the "sign-on bonuses"), a portion of which was paid to our CEO in 2024, with clawback provisions over the next two years, and a portion of which will be paid annually during 2025 and 2026, all contingent upon continued employment. These sign-on bonuses will be expensed over the periods through October 1, 2026, to reflect the required service periods. We do not view these sign-on bonuses as being part of the normal on-going compensation arrangements for our CEO.
- (d) Non-routine legal fees represent legal fees and other costs incurred for specific matters that were not ordinary or routine to the operations of the business.
- (e) We incurred incremental professional fees in 2025 relating to final reconciliation of information relating to our stock compensation awards as a result of the Reverse Stock Split that was consummated effective November 29, 2024. We do not consider these fees to be part of our normal ongoing operations.
- (f) Severance costs in 2025 were due to restructuring changes.
- (g) Prior year per-share amounts and number of shares, as applicable, have been revised to reflect the Reverse Stock Split, effective November 29, 2024.

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, as well as from fluctuations in the trading price of our common stock. We do not hold or issue financial instruments for trading purposes.

Fair value of financial instruments

Our financial instruments consist of cash, cash equivalents, accounts receivable, accounts payable, warrants and debt obligations. Cash, cash equivalents, accounts receivable and accounts payable are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date. We estimate the fair value of our warrants using a Black-Scholes model involving current assumptions at each reporting period of (i) the per share value of our common stock, (ii) the expected holding period of the warrants before exercise, (iii) the estimated volatility of our stock over the expected holding period of the warrants, (iv) a risk free interest rate over the expected holding period of the warrants and, (v) an estimated dividend yield on our common stock over the expected holding period of the warrants. Each of those assumptions are subject to change over time.

We had \$3.5 million of cash and cash equivalents on hand, the vast majority of which was located in the United States as of June 30, 2025. We regularly maintain cash balances with various financial institutions that exceed federally insured amounts, but we have experienced no losses associated with these amounts to date. We periodically evaluate the financial health of the financial institutions we use and may take action in future periods, similar to past actions, to reallocate cash balances between financial institutions based on our evaluation.

Certain of our cash equivalents include deposits in money market funds that invest primarily in short-term securities issued or guaranteed by the U.S. government or its agencies or instrumentalities and contain no restrictions on immediate redemption. The carrying value for these money market fund deposits approximates fair value based on quoted prices in active markets for units held (Level 1 classification) and totaled \$0.5 million at both June 30, 2025 and December 31, 2024.

At June 30, 2025, we had Senior Notes outstanding with principal and accrued paid-in-kind interest totaling \$16.1 million. The fair value of our debt is impacted by changes in interest and market rates for similar debt and the fair value of our Warrants is largely impacted by changes in the trading price of our common stock, among other factors.

We have no other financial instruments as of June 30, 2025 or December 31, 2024, other than certain non-functional currency intercompany and third-party receivables and payables, which are subject to foreign exchange, interest rate or market risks.

Concentrations of major customers

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

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

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

Commodity price risk

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

materials could reduce our operating margins if we are unable to recover such increases in costs from our customers, and could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2025 in providing reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

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

Identification of material weakness

During the fourth quarter of 2024, we identified a control failure that occurred in regard to a specific fact pattern involving the accounting for contract change orders with a specific customer that resulted in an overstatement in our calculation of revenue being recognized over time on certain affected projects. The error was corrected and reflected properly in our 2024 Consolidated Financial Statements. Based on our assessment of other projects with a similar fact pattern, we believe the error was limited to the identified projects and was not pervasive in our process of revenue recognition involving other customers and projects, and has no impact on any previously reported financial results.

Due to the significance of our accounting for revenue, we deemed this to be a material weakness in our controls involving recognition of revenue over time. As a result, we are continuing our efforts to enhance our internal accounting processes and management review controls in an effort to be more effective in preventing and detecting such errors on a more timely basis in the future.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

United States Customs and Border Protection assessment

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

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

CBP has legally finalized both Revised CBP Assessments. We filed a formal protest for the 625 Assessment in September of 2023 and for the Revised 939 Assessment in March of 2024. Based on the above, and under the relevant accounting guidance related to loss contingencies, we have made no accrual for the amounts claimed by CBP as of June 30, 2025, as we do not consider these amounts to be a probable obligation, as such term is defined and interpreted under the relevant accounting guidance, for us at this time. However, because matters of this nature are subject to inherent uncertainties, and unfavorable rulings or developments, including future assessments of additional duties or tariffs owed in respect of other shipments or other materials beyond what is presently included in the Revised CBP Assessments, could occur despite our belief that the tariffs and duties asserted are incorrect, there can be no certainty that the Company may not ultimately incur charges that are not currently recorded as liabilities. Since the outcome of these matters cannot be predicted with certainty, the costs associated with them could have a material adverse effect on our consolidated results of operations, financial position, or liquidity.

Customer litigation

On June 11, 2025, FTC Solar, Inc. filed a lawsuit against BayWa r.e. Power Solutions, Inc. in the United States District Court for the Western District of Texas (Civil Action No. 25-cv-00905-DAE). The complaint alleges breach of contract arising from BayWa's purported cancellation of a large equipment supply agreement and purchase order for custom solar tracking systems intended for a Texas-based solar energy project. FTC asserts that BayWa failed to pay the full deposit required under the agreement and subsequently attempted to cancel the agreement while in default. FTC further asserts that BayWa has failed, in the alternative, to pay amounts due upon BayWa's cancellation of the agreement. FTC seeks the recovery of incurred costs and other damages and relief under the terms of the agreement. BayWa's answer or responsive motion is due on August 11, 2025. While FTC believes it has meritorious claims and intends to vigorously pursue recovery, the outcome of litigation is inherently uncertain, and it is unclear at this time whether FTC will recover the amounts sought or whether any failure to do so would materially affect its financial condition or results of operations.

ITEM 1A. RISK FACTORS

We are subject to a number of risks that in some cases have and moving forward if realized could further adversely affect our business, strategies, prospects, financial condition, results of operations and cash flows. Some of the more significant risks and uncertainties we face include those summarized below. In addition to the risk factors set forth below and the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors set forth in Item 1A. "Risk Factors" in our 2024 Annual Report, which could materially affect our business, financial condition, or future results. Please carefully consider all of the information in this Quarterly Report and our 2024 Annual Report, including the full set of risks set forth in Item 1A. "Risk Factors" of our 2024 Annual Report, and in our other filings with the SEC before making an investment decision regarding us.

Recent developments and changes in international trade policy, including the implementation of tariffs by the United States government on various countries, has and may continue to impact our expected profitability under certain contracts.

During the first two quarters of 2025, there have been further developments with regard to international trade policy, including implementation of tariffs by the United States government on various countries. For example, effective April 5, 2025, the United States imposed a universal 10% tariff on most imports into the United States, excluding certain trade agreements. Tariff rates continue to change and fluctuate as negotiations continue between the United States and various countries. As an example, the United States previously imposed a 145% tariff on goods imported from China, and China imposed a retaliatory 125% tariff on goods imported from the United States. In May 2025, the U.S. and China agreed to a 90-day rollback whereby the United States cut the Chinese levies from 145% to 30% and China lowered the duties on U.S. goods from 125% to 10%, effective May 14, 2025. Also, in May 2025, the Trump administration announced the doubling of steel and aluminum tariffs to 50%. New reciprocal tariffs have also been announced on selected countries that are well above the universal 10% tariff rate. As of the filing of this Quarterly Report, matters involving tariffs continue to evolve and change, including in some cases, implementation of temporary pauses on certain announced tariffs as negotiations on final trade deals occur. Depending on the terms of our existing contracts with customers, we may not in all cases be able to fully recover the increased cost for delivery of tracker systems currently being manufactured for our customers by our international vendors due to higher tariffs currently in place, which has and may continue to impact our expected profitability under certain contracts. Imposition of new or higher tariffs could also adversely affect the amount or timing of our future revenue, results of operations or cash flows.

Changes in current laws or regulations or the imposition of new laws or regulations, or new interpretations thereof, in the solar energy sector, by federal or state agencies in the United States or foreign jurisdictions could impair our ability to compete and could materially harm our business, financial condition and results of operations.

There has been, and will continue to be, regulatory uncertainty in the clean energy sector generally and the solar energy sector in particular. Changes in current laws or regulations, or the imposition of new laws and regulations in the United States and around the world, could materially and adversely affect our business, financial condition and results of operations. In addition, any changes to the laws and implementing regulations affecting the clean energy sector may create delays in the introduction of new products, prevent our customers from deploying our products or, in some cases, require us to redesign our products.

For example, on July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act, which accelerates the phase-outs and terminations of various eligible tax credits enacted as part of the IRA and places restrictions on continued receipt of tax credits by specified foreign entities and foreign influenced entities. The reduction, elimination or expiration of government incentives for, or regulations mandating the use of, as well as corporate commitments to the use of renewable energy and solar energy specifically could reduce demand for solar energy systems and harm our business, financial condition and results of operations.

The terms and covenants, including financial covenants, set forth in the Credit Agreement could restrict our business, and if we do not comply with the covenants, including financial covenants, set forth in the Credit Agreement, our financial condition and results of operations could be adversely affected, including as a result of the Lenders' foreclosure on their first priority security interest in substantially all of our assets. In addition, our ability to borrow further term loans under the Credit Agreement is effectively subject to stockholder approval, and our operations may not provide sufficient cash to meet the repayment obligations under the Credit Agreement or to satisfy the minimum cash covenant that will apply to the Company on September 30, 2025.

In addition to the obligation to repay the principal amount of the Credit Agreement and related interest, the Credit Agreement includes customary affirmative and negative covenants, such as restrictions on our business activities, including debt incurrence, asset dispositions, distributions, and investments. The Credit Agreement also includes financial covenants that require the Company to: (i) maintain a minimum amount of unrestricted cash as of the end of each quarter starting with the quarter ending September 30, 2025 (at which time we will be required to have at least \$20.0 million of unrestricted cash); (ii) generate minimum revenue over the twelve month periods ending December 31, 2025, June 30, 2026, December 31, 2026 and the last day of each June and December thereafter; (iii) maintain minimum direct tracker margin measured on the last day of each fiscal quarter and each fiscal year starting with the fiscal quarter ending March 31, 2026; (iv) achieve a minimum consolidated EBITDA for each fiscal year, beginning with the fiscal year ending December 31, 2026; and (v) generate minimum purchase order amounts measured for the period from July 1, 2025 through December 31, 2025, January 1, 2026 through June 30, 2026, July 1, 2026 through December 31, 2026, and for each period of six months ending on the last day of each June and each December thereafter. The Credit Agreement is also subject to certain customary events of default and other event of default provisions that can be triggered by, among other things: (i) breach of payment obligations and other obligations and representations in the Credit Agreement or other loan documents; (ii) default under other material indebtedness of the Company and its subsidiaries; (iii) breach of the covenants, including the financial covenants, set forth in the Credit Agreement; (iv) commencement of certain involuntary bankruptcy proceedings or voluntary bankruptcy proceedings involving the Company, its subsidiaries or Alpha Steel; (v) one or more judgments, penalties or fines are rendered against the Company, its subsidiaries or Alpha Steel in excess of \$500,000 (subject to certain exceptions and qualifications) or that involve an injunction that could reasonably be expected to result in a material adverse effect on the Company; (vi) the New Warrants and related documents are not in full force and effect or the Company defaults in the performance of its obligations under the New Warrants and related documents; or (vii) there is a change in control of the Company or the Company no longer owns at least 40% of Alpha Steel.

Additionally, the availability of, and the Lenders' obligations to fund, the additional \$23.2 million of First Delayed Draw Term Loans under the Credit Agreement is subject to, among other conditions, approval by our stockholders of the full exercise of the New Warrants at the special meeting of stockholders to be held on September 4, 2025. If the requisite number of our stockholders do not provide this approval, there is no assurance that the First Delayed Draw Term Loans would be funded. We may not be able to comply with the minimum cash covenant applicable to us as of the quarter ending September 30, 2025 if we do not otherwise generate sufficient cash flows from our operating activities or secure other financing.

If we are not able to satisfy our obligations under the Credit Agreement, including compliance with the affirmative, negative and financial covenants applicable to the Company, or if there are events of defaults under the Credit Agreement, the Lenders will have the right to foreclose on their first priority security interest relating to substantially all of our assets to the exclusion of our general unsecured creditors. In the event of a default under the minimum cash covenant and other financial covenants, the Credit Agreement effectively requires us to reasonably cooperate in good faith with the Lenders to pursue strategic alternative transactions (including potential sale transactions), which may or may not result in sufficient proceeds to pay off the obligations under the Credit Agreement and also generate a return to our stockholders. If the Lenders pursue foreclosure, any such foreclosure would have a material and adverse impact on our business.

Additionally, while the obligations under the Credit Agreement are outstanding, the security interest granted to the Lenders and the other terms and conditions imposed by the Senior Notes may limit our flexibility in raising capital. Given the security interest granted in favor of the Lenders under the Credit Agreement in our assets (and the guarantees provided by our subsidiaries), we are constrained in our ability to incur additional secured indebtedness or to sell, transfer or dispose of our assets to raise capital without the Lenders' consent, which could have an adverse impact on our financial flexibility.

A substantial number of shares of our common stock are issuable under the New Warrants and, if the New Warrants are exercised, will have a dilutive impact, and may be sold in this offering, which could cause the price of our common stock to decline.

New Warrants exercisable for up to 6,836,237 shares of our common stock were issued to the Lenders in connection with the transactions relating to the Credit Agreement, which would equal approximately 31.5% of our outstanding shares (based on 14,874,797 shares of our common stock outstanding as of July 25, 2025 and assuming the full exercise of the New Warrants). As a result, the ownership interest of our existing stockholders would be correspondingly reduced upon the exercise of the New Warrants. The issuance of shares of our common stock upon the exercise of the New Warrants could also have a dilutive effect on our book value per share and future earnings per share. In addition, the sale and any future sales of a substantial number of shares of our common stock in the public market, or the perception that such sales may occur, could adversely affect the price of our common stock. We cannot predict the effect, if any, that market sales of those shares of common stock or the availability of those shares of common stock for sale will have on the market price of our common stock.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

None

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

None

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

None of our directors or officers adopted, amended or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K during the three months ended June 30, 2025.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this report:

Exhibit Number	Description
3.1	** Amended and Restated Certificate of Incorporation of FTC Solar, Inc. (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2021 and incorporated herein by reference).
3.2	** Amended and Restated Bylaws of FTC Solar, Inc. (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2021 and incorporated herein by reference).
3.3	** Certificate of Correction of Amended and Restated Certificate of Incorporation (Filed as Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 8, 2021 and incorporated herein by reference).
4.1	** Specimen Common Stock Certificate (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 2021 and incorporated herein by reference).
4.2	** Amended and Restated Promissory Note dated July 2, 2025 between FTC Solar, Inc. and AV Securities, Inc. (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
4.3	** Form of Warrant to Purchase Common Stock (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
4.4	** Amended and Restated Warrant to Purchase Common Stock dated July 2, 2025 between FTC Solar, Inc. and AV Securities, Inc. (filed as Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.1	** At the Market Offering Agreement dated May 1, 2025 by and between FTC Solar, Inc. and H.C. Wainwright & Co., LLC (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2025 and incorporated herein by reference).
10.2	** Credit Agreement dated July 2, 2025 by and among FTC Solar, Inc., the lenders party thereto and Acquiom Agency Services LLC, as administrative agent for the lenders+ (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.3	** Form of Governance Rights Side Letter (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.4	** Guarantee and Collateral Agreement dated July 2, 2025 by and among FTC Solar, Inc. and Acquiom Agency Services LLC, as administrative agent for the lender (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.5	** Patent Security Agreement dated July 2, 2025 by and among FTC Solar, Inc. and Acquiom Agency Services LLC, as administrative agent for the lenders+ (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.6	** Trademark Security Agreement dated July 2, 2025 by and among FTC Solar, Inc. and Acquiom Agency Services LLC, as administrative agent for the lenders+ (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.7	** Subordination Agreement dated July 2, 2025 by and among FTC Solar, Inc. and Acquiom Agency Services LLC, as administrative agent for the lenders (filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).
10.8	** Amendment No. 1 to Securities Purchase Agreement and Security Release dated July 2, 2025 between FTC Solar, Inc. and AV Securities, Inc. (filed as Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference).

Exhibit Number	Description
10.9	** Form of Registration Rights Agreement among FTC Solar, Inc. and the holders party thereto (filed as Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference)
10.10	** Amended and Restated Registration Rights Agreement dated July 2, 2025 between FTC Solar, Inc. and AV Securities, Inc. (filed as Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2025 and incorporated herein by reference)
31.1	* Certification of Principal Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	* Certification of Principal Financial Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	* Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	* Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	* Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	* Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Incorporated herein by reference

+ Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

Portions of this exhibit are redacted in accordance with Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURE

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

FTC SOLAR, INC.

Date: August 5, 2025

/s/ Cathy Behnen

Cathy Behnen, Chief Financial Officer

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

In connection with the Quarterly Report of FTC Solar, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 5, 2025

By: _____ /s/ Yann Brandt
Yann Brandt
President and Chief Executive Officer

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

In connection with the Quarterly Report of FTC Solar, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 5, 2025

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