Q2 FY2025

SHAREHOLDER LETTER

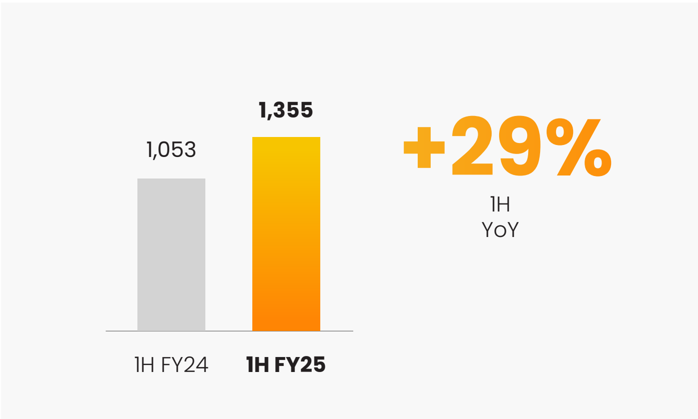
October 30, 2024

Winneke Solar Farm powering Melbourne Water's Water Treatment Plant in Melbourne's northeast, featured technology: Nextracker NX Horizon-XTR™ all terrain tracker

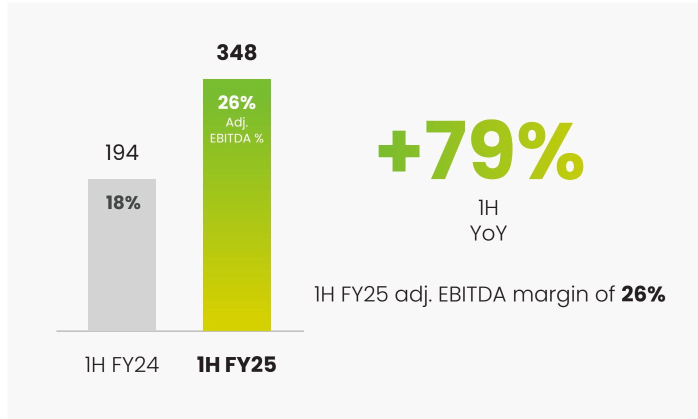
nextracker

1H FY25 Highlights

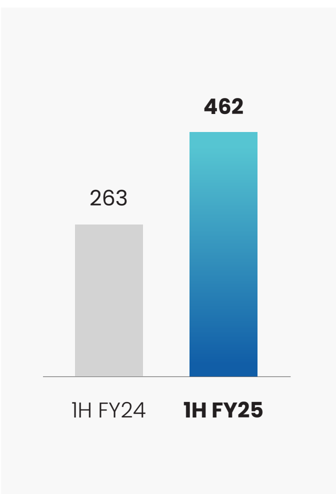
Revenue ($M)



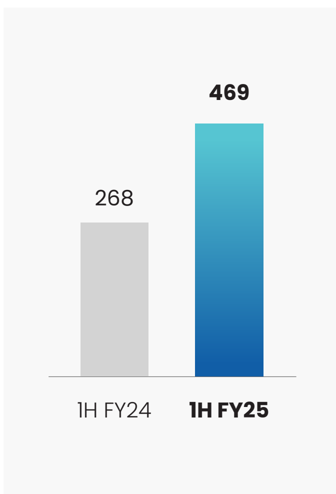
Adjusted EBITDA ($M)



GAAP
Gross Profit ($M)



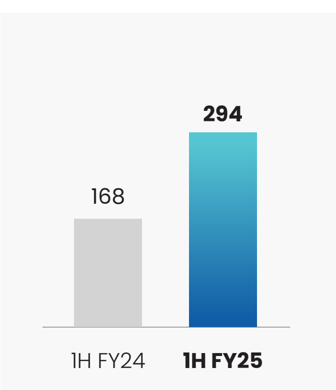
Adjusted
Gross Profit ($M)



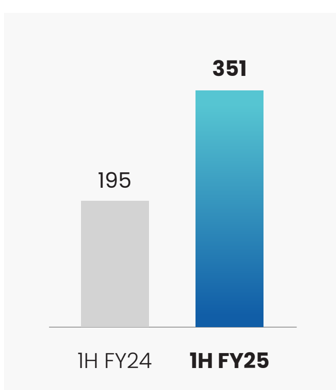
1H FY25 Financial Highlights

- 29% revenue growth YoY and record first half
- Adjusted gross profit of $469 million; adjusted EBITDA of $348 million (see IRA 45X credits disclosure)
- Total backlog increased QoQ, now over $4.5 billion
- Strong balance sheet with $562 million in total cash and cash equivalents and over $1.5 billion in total liquidity
- Adjusted free cash flow generation of $260 million

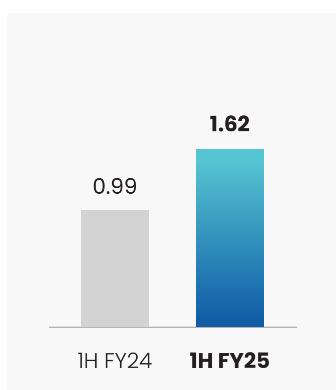
GAAP
Operating Income ($M)



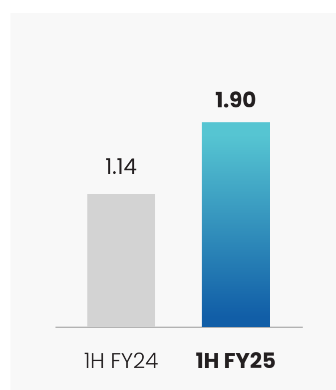
Adjusted
Operating Income ($M)



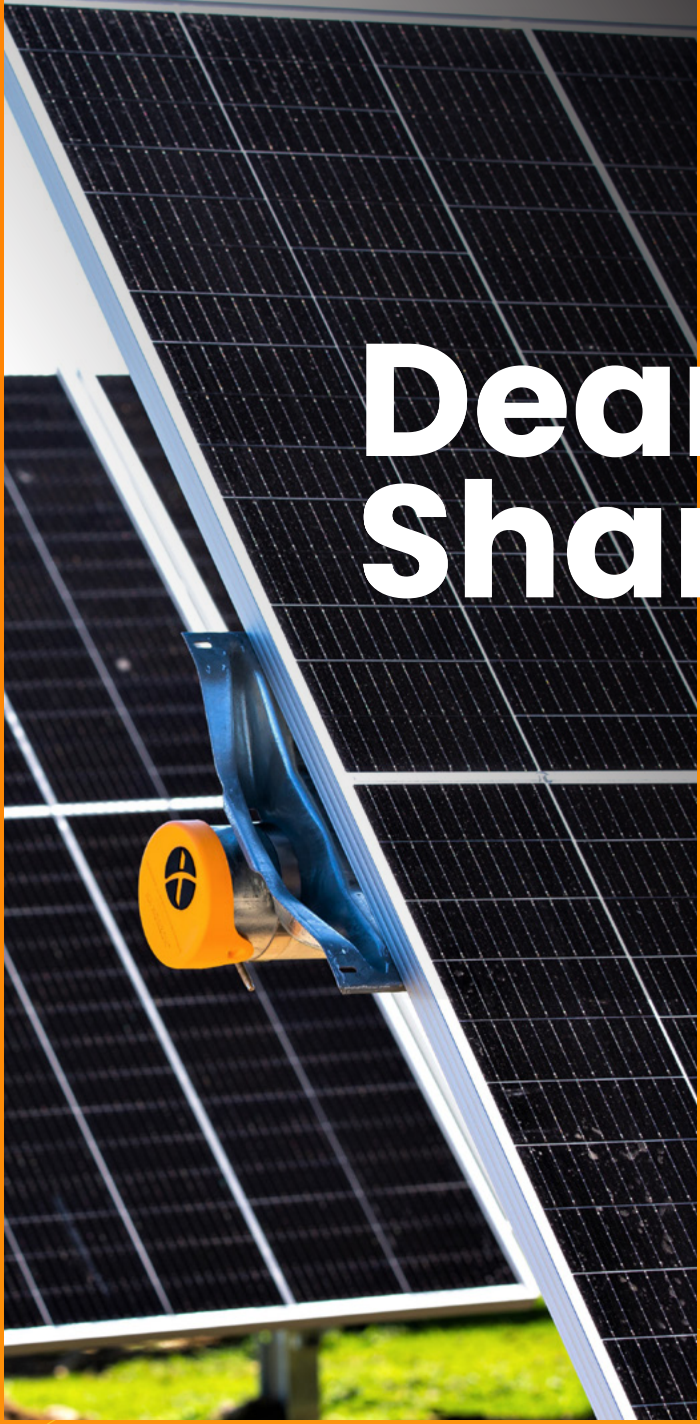
GAAP
Diluted EPS ($)



Adjusted
Diluted EPS ($)



See Appendix for reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.



Dear Shareholder,

We are pleased to share the results of our second quarter of fiscal year 2025. On our earnings conference call, we will provide short opening remarks and a Q&A session. We look forward to speaking with you on our call, held on October 30 at 2:00 p.m. PT.

Vision

A world powered by renewable energy where clean, affordable power is available for all.

Mission

To be the most trusted and valued renewable energy company by delivering intelligent, reliable, and productive solar power.

Q2 FY25 Results

We are very pleased with the continued excellent execution by the company across the board in products, sales, and operations driving solid financial performance.

Q2 revenue increased 11% YoY to $636 million and 1H FY25 revenue increased 29% YoY to approximately $1.4 billion. The geographic mix of total revenue for Q2 was 73% U.S. and 27% Rest of World.

Our adjusted EBITDA expanded to $173 million, a 57% increase compared to Q2 last year, representing an adjusted EBITDA margin of 27% (please see 45X disclosure).

We also generated $142 million of adjusted free cash flow in the quarter and $435 million of adjusted free cash flow over the trailing twelve months.

We continue to see strong demand for our products globally in all major markets. New contracted bookings momentum continued in Q2, driving our backlog to a new record of over $4.5 billion.

Our backlog is upheld with strict standards and defined as executed contracts or purchase orders with deposits*, bill of materials, identified named project sites with product and volume requirements, and ship dates.

See Appendix for reconciliation of each non-GAAP financial measure to the most directly comparative financial measure stated in accordance with GAAP.

**Deposits: cash paid or financial equivalents*

Revenue +11% YoY
$636 Million

Adjusted EBITDA +57% YoY
$173 Million

Total backlog over
$4.5 Billion

NX Foundation Solutions Customer, Analyst and Press Launch, RE+ 2024

Business Highlights

- Unveiled **NX Foundation Solutions** at RE+ 2024 in Anaheim, California, highlighting new tracker foundation products to address virtually all soil conditions
- Booked orders for new products and innovations, including **XTR 1.5** (extreme terrain following tracker), **NX Hail Pro-75** (hail resistant tracker), **Low Carbon Tracker**, and new foundation products **Ojjo Earth Truss™** and **NX Anchor™** this fiscal year to date
- Signed 100% U.S. domestic content project contracts and accelerated expected planned ship date from early CY25 to before the end of CY24
- Announced 95% domestic content capability in India
- Expanded NX global manufacturing footprint to **over 85 partner facilities**
- Inaugurated India's first R&D Center for Solar Excellence in Hyderabad, making this the third global R&D center along with centers in Brazil and the U.S.

Fiscal Year 2025 Outlook

We are reaffirming FY25 revenue outlook and raising our FY25 profit outlook.

We expect revenue to be in the range of $2.8 billion to $2.9 billion, adjusted EBITDA to be in the range of $625 million to $665 million, and adjusted diluted EPS to be in the range of $3.10 to $3.30 per share.

For full FY25, we expect the U.S. revenue mix to be approximately two-thirds of the total. For Q3 FY25 outlook, we expect revenue to be in-line with our Q2 FY25 revenue with a higher Rest of World revenue mix. For Q4 FY25, we expect strong financial performance to round out and deliver on our annual revenue outlook, supported by our strong backlog.

We expect our structural gross margins to be in the high 20's based on large international projects in highly competitive markets currently in our backlog with expected delivery dates in 2H FY25.

We expect 2H FY25 operating expenses to be higher than the 1H based on strategic investments primarily in R&D.

We manage our business on an annual and multi-year basis, which is consistent with the nature of the utility-scale solar power industry with large-scale projects spanning multiple quarters and multiple geographies.

We believe our culture, strategy, team, and market position will enable us to continue to deliver strong value for customers, shareholders, and other stakeholders.

Based on the progress we've made in the past quarter and our backlog growing to over $4.5 billion, we expect FY25 to be another year of double-digit revenue growth, followed by a growth year in FY26.

What gives us confidence is customer demand for our differentiated industry-leading products, our ability to execute and support customer success, our continued bookings momentum feeding a growing backlog of business, and the Company's strong financial position enabling continued innovation and strategic investments.

We thank the Nextracker team, our shareholders, and our highly valued customers and partners as we march forward toward a renewably powered world.

Dan Shugar
Founder & CEO

Howard Wenger
President

Chuck Boynton
CFO

Reaffirms Revenue Outlook, Raises Profit Outlook FY25

Revenue

$2.8 – $2.9B

14% YoY Growth at Midpoint

Adjusted EBITDA

$625 – $665M

24% YoY Growth at Midpoint
23% Adjusted EBITDA Margin Implied at Midpoint

Adjusted Diluted EPS

$3.10 – $3.30

WASO **151M**

- Adjusted EBITDA range increased $20 million to $645 million at the midpoint and excludes approximately $119 million for stock-based compensation, acquisition related costs, and net intangible amortization.
- Adjusted Diluted EPS range increased $0.21 at the midpoint to $3.20 and excludes approximately $0.60 for stock-based compensation, acquisition related costs, and net intangible amortization.
- GAAP Net Income expected range is $378 million to $408 million, updated from previous range of $363 million to $393 million.
- GAAP EPS expected range of $2.50 to $2.70. GAAP EPS range updated from previous range of $2.37 to $2.57.
- Net interest and other expense expected range of $10 million to $15 million, updated from previous range of $15 million to $20 million.
- FY25 adjusted income tax rate expected range of 20% to 25%.

Wright Solar Power Plant (250 MW) featuring Nextracker's NX Horizon-XTR™ + half cut cell bifacial pv technology, TrueCapture™ optimization software with Split Boost™


Technology featured: NX Horizon™ installed on full-scale wind tunnel test facility at the National Renewable Energy (NREL) Lab, Golden Colorado campus

Innovation and Product Update

Our customers recognize that proven engineering, technology, and delivery experience really matter.

Our inventions, products and technologies in mechanical features, electronic controls, and software are backed with **over 600 patents issued and pending.**

In Q2, we continued our relentless focus on delivering value for customers with new investments in innovation and product expansion enabling the global offering of high quality and reliable trackers. Now we are able to offer a complete portfolio of end-to-end foundation solutions based on proven technology and engineering. We believe this will continue to drive results for Nextracker and our customers, helping to deliver lower Levelized Cost of Energy (LCOE) and higher financial returns for plant owners, with unsurpassed quality and reliability that discerning buyers appreciate, backed by what we believe is the most bankable tracker provider in the industry.

Unveiled NX Foundation Solutions Landing Solar "Anywhere" at RE+

In September at RE+, we announced our NX Foundation Solutions business, which included the introduction of both the Ojjo Earth Truss™ and NX Anchor™ solar tracker foundation platform designed to optimize ground-mount solar project development for varied soil and geologic conditions. NX Anchor™ excels in soft, expansive, mixed and frost-heave soils and the Earth Truss system excels in hard, rocky soils further expanding Nextracker's solar foundations portfolio. These innovative solutions follow the Company's acquisitions of leading-edge foundation companies Ojjo in June and Solar Pile International's foundations business in July, both of which Nextracker has been supporting and working with for years.

NX Foundation Solutions enable quicker, safer, and more efficient solar project development on a wide range of soil types for EPC and developer customers.

- Acquisitions of Ojjo and Solar Pile International's (SPI) foundations business announced Q1 enable Nextracker to offer complete foundation + tracker solutions across soil and geological spectrum:
- From soft expanding soils to hard rocky soils and virtually everything in between, enabling solar to be installed "anywhere"
- Successful investor and analyst event with over 80 attendees, followed by a standing room only customer roll-out event
- Full integration of Ojjo and SPI's foundations business progressing as planned; on track to be completed by end of FY25
- New booking orders already received for newly combined advanced foundation solutions plus NX Horizon trackers

NX Foundation Solutions: A Complete Portfolio

PRODUCT PORTFOLIO

NX Anchor™

Ojjo Earth Truss™

Traditional Piles

SERVICES

Engineering

Training and Field Support

Advanced Machinery

NX Foundation Solutions also include a suite of services comprising a team of experts providing geotechnical reviews, onsite testing, foundation design, product selection, proprietary equipment, and installation support. This new service offering also includes drilling and pile driving equipment training, sales, leasing, and support, including the Ojjo Truss Driver™. The Truss Driver is a patented all-in-one drilling and pile driving machine equipped with GPS enabling both speed and precision, backed by proven experience from driving more than one million foundation piles.

With the rapid growth of the solar industry in recent years, more projects are being developed on sites that do not offer flat land with ideal soil conditions. Depending on the project site, Nextracker's foundations can result in up to 50% less steel and up to 70% shallower embedment depth than traditional pilings. This can help lead to reductions in cost and schedule contingencies, lower pile refusal and remediation rates during construction, improvements in project development and construction timelines, and a safer working environment while lowering the impact to native soils creating a "light on land" approach.

To learn more about Nextracker's complete foundations portfolio including NX Anchor™, visit our **Foundations page on our corporate website**.

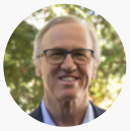
Approximately

20%–40%

share of wallet increase for sites using both tracker and foundation

NX Foundation Solutions launch, RE+ 2024

We are thrilled to now offer comprehensive and innovative solar foundation solutions to our customers and partners, delivering high quality, cost-effective solutions that help to improve productivity, safety, and accelerate project timelines, and enable light-on-land construction practices. NX Foundation Solutions provide our developer and EPC customers with a full range of technologies and services across a broad range of soil types from rocky to soft, and virtually everything in between.



Dan Shugar
Founder & CEO
Nextracker

Nextracker's expansion into the foundation space helps reduce the complexity and risk of our projects. Based on our experience, Nextracker is offering value-added foundation solutions for the industry as projects become increasingly complex with challenging subsurface conditions. These solutions can streamline the design, procurement, and installation process while reducing the risk profile borne by EPC Contractors and Developers. We believe the industry will benefit.

Stephen Jones
President of Renewables
Primoris Services Corporation

Inaugurated India's R&D Center for Solar Excellence in Hyderabad

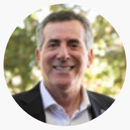
Nextracker now has three global R&D and test lab facilities to help enable our targeted efforts to incubate and commercialize PV technologies, localized for regional needs and demand:

- San Francisco Bay Area (Fremont Headquarters)
- São Paulo, Brazil
- Hyderabad, India

In October 2024, Nextracker inaugurated India's first Center for Solar Excellence in Hyderabad, India. Spanning 13 acres, this state-of-the-art facility will serve to advance solar tracker technology, further accelerating the region's energy transition. The Center features a 30,000 square foot state-of-the-art lab, a comprehensive solar tracker installation test field, and training facilities encompassing the entire project lifecycle — from structural, mechanical, and electrical design to construction, operation, and maintenance. Working closely with supply chain partners, customers, and third-party laboratories, Nextracker's cross-functional team of experts will be developing, testing, and commercializing proprietary technologies such as robotic cleaning for regions with high particulates or desert sand.

Watch our CFSE overview video

Nextracker is further deepening its commitment to developing solar technology in India with a new Center for Solar Excellence in Hyderabad. Today, Nextracker has over 35 reliable utility scale projects delivered and under fulfillment in India with over 5 GW of projects, and **we have achieved 95% content under the Make in India Initiative for our products.**



Howard Wenger
President
Nextracker

Nextracker's Center for Solar Excellence is a forward-looking initiative that will inform India's clean energy journey. Through cutting-edge research and development, this center will drive innovation, making solar more affordable and accessible. As India strives to meet its ambitious 2030 renewable energy goals, R&D efforts like these are critical to ensuring the reliability and performance of our solar assets. This collaboration exemplifies how industry and government can work together to advance our renewable energy mission while protecting the environment and ensuring energy security.

Shri Shripad Naik
Hon'ble Minister of State
Ministry of New & Renewable Energy, Government of India

Inauguration of Center for Solar Excellence in Hyderabad, India

Nextracker systems engineer powering up Bikaner power plant in Rajasthan, India

Customer Wins, Bookings, and Backlog

Q2 marks our seventh consecutive quarter of sequential growth in backlog, **resulting in a record total backlog of over $4.5 billion.**

With our solar tracker fleets operating in over 40 countries, global demand remained healthy in the quarter.

We operate our business on an annual and multi-year basis to reflect the nature of large-scale projects. As we scale our business long-term, we will continue to pursue a healthy backlog, which is commensurate with how we manage our business. Our backlog is upheld with strict standards and defined as executed contracts or purchase orders with deposits*, bill of materials, identified named project sites with product and volume requirements, and ship dates.

We expect approximately 90% of our over $4.5 billion of backlog to be recognized over the next 8 quarters.

Nextracker continues to enjoy strong repeat business, representing over 80% of revenue, while also expanding our geographic reach and winning new customers. In Q2 we added 8 new customers.

**Deposits: cash paid or invoiced as of the contract date*

U.S. Business

Our differentiated value-driven products along with strategic alignment with both EPC partners and developers and owners continued to drive our bookings momentum. We continued to successfully book multiple large 500 MW to over 1 GW individual project orders in Q2 which highlights further the Company's position in the now truly scaled and cost-competitive position of solar power relative to other power generation technologies.

This fiscal year to date, we have won new orders for all of our recently launched new products, including NX Horizon-XTR™ 1.5 all-terrain tracker, NX Horizon™ Low Carbon Tracker, NX Hail Pro-75, and NX Foundation Solutions.

International Business – Rest of World

In Q2, internationally, we delivered a solid quarter of bookings with one-third of our total bookings attributed to Rest of World regions.

We saw a record 1H in EU bookings, and delivered our second largest quarter of bookings in Q2, with nearly 8 GW operational and under fulfillment in Europe. Our market position in Europe has continued to increase.

In Latin America, we have nearly 20 GW operational and under fulfillment and more than 15 GW in Middle East, India and Africa regions combined.

In summary, we booked customer projects in 12 countries outside of the U.S., including first-time projects in New Zealand and Malaysia.

TrueCapture

TrueCapture™ is our intelligent, self-adjusting tracker control system that uses machine learning to increase solar power plant energy yield over conventional tracking systems. With over 50 GW deployed, TrueCapture leads the solar industry as the most widely deployed and third party validated energy yield enhancing software.

TrueCapture completed a strong 1H FY25, with total bookings increasing YoY. In Q2, we continued to experience strong momentum in both the U.S. and Rest of World markets.

In Q2, we had a very strong quarter for TrueCapture, connecting new customers, driving upside to revenue and margin.

Nextracker technology featured on Koppal Solar Power Plant, Karnataka, India

A Global and Diversified Supply Chain

Nextracker's 100 GW+ shipments demonstrate the global scale of our supply chain.

Our annual global capacity remains over 50 GW, including over 30 GW of capacity in the U.S.

We continue to expand our global supply chain footprint, and we are strategically positioned with more than 85 partnering facilities worldwide that manufacture and support our products and ongoing customer activities.

Accelerating Shipment of 100% U.S. Domestic Content to End of CY24

Last quarter, we announced we are taking orders to fulfill what we believe will be the first 100% U.S. domestic content capability with an early CY25 planned ship date. Since then, we have signed 100% domestic content project contracts and have now accelerated the expected planned ship date to start before the end of CY24.

Based on the current published guidance from the U.S. Treasury Department, and our accelerated ability to deliver 100% domestic content, we expect to significantly enhance and support customer efforts to qualify for the 10% ITC bonus credit going forward.

Smart solar panel featured on NX Horizon smart solar tracker

Announcing India's 95% Domestic Content Capability

We are proud to announce 95% of Nextracker's tracker components are manufactured in India to support the India market which has an explicit **Make in India** initiative. This has been supported by robust local partnerships that enable more than 10 GW of annual production capacity. Nextracker combines comprehensive support from onsite project management and engineering to the seamless delivery of systems designed for quick installation with advanced software, world-class tracker technology, and robotic cleaning solutions to maximize performance.

Robotic cleaning technology featured on NX Horizon solar tracker

NX Horizon™ integrated with TrueCapture™ software and agrivoltaics powering University of Queensland at Warwick Solar Farm, Australia

Industry Update

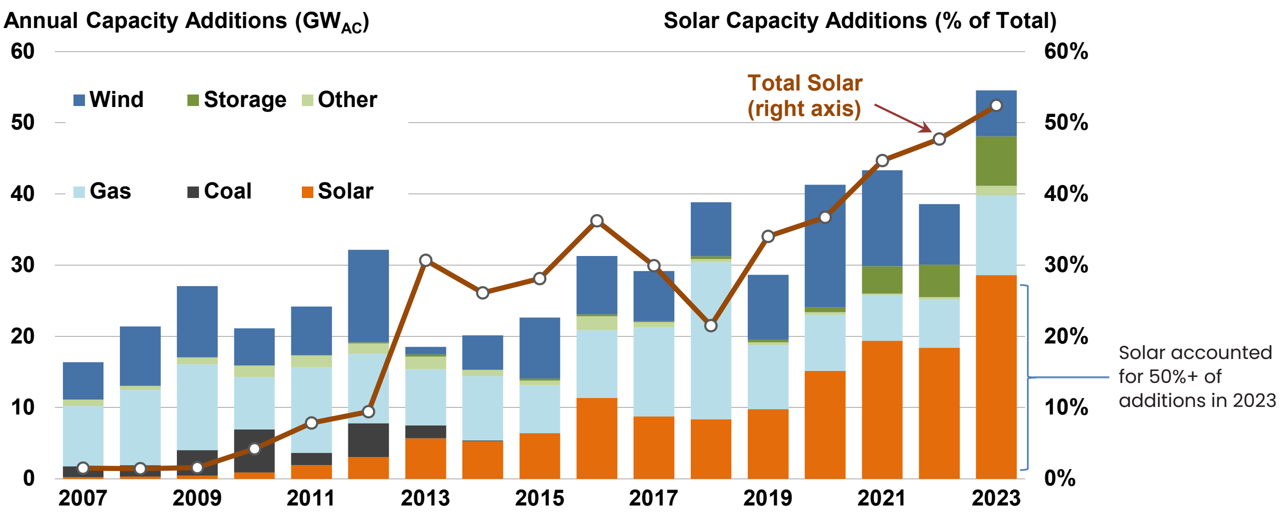
In this section, we are highlighting short and long-term market dynamics that have relevant impacts on our business and industry.

The increase in electric power demand in the U.S. and key global regions is driven in part by the growth of data center demand, electrification of mobility and appliances, and re-industrialization. While new gas generation is expected in the U.S., overall, we believe the legacy fossil fuel and nuclear fleets are aging and ultimately retiring. In addition, we believe this trend will provide a further structural demand for solar power.

Solar continues to dominate new power generation added to the U.S. utility grid, and the share of solar continues to break away from all other forms of power. Last year, 29 GW of solar achieved commercial operation, accounting for about half of total GW connecting to the grid. Solar's share increased from about 10% five years ago to 50% last year (Data reported from the U.S. Department Energy's Lawrence Berkley National Laboratory).

Battery storage is also increasing rapidly, from close to zero 3 years ago, to about 7 GW last year, or 13% of total capacity added to the grid, with most of the batteries having 4 hours of storage.

As presented in our prior earnings materials, solar and storage comprise approximately 80% of the interconnection queue, with nearly 7,000 individual projects seeking grid connection.



Bars represent annual capacity additions in GW_{AC} (left axis),
Line represents solar's capacity share of annual additions (right axis)

Source: Lawrence Berkeley National Laboratory, Utility-Scale Solar, 2024 Edition, October 2024

Nextracker believes the U.S. solar market will continue to grow, based on:

1. The fundamental economics of solar being preferential to other options in most locations in the grid.
2. The proven track record of solar increasing its share of interconnection by 500% over the last five years.
3. Solar now dominates the interconnection queue.
4. Nextracker's strong growth in backlog for the U.S. market, and dialogue with tier 1 developers and independent power producers (IPPs) regarding the strength of their projects and pipelines, and the expansion of the number of EPCs and IPPs serving the U.S. market.
5. The emergence of cost-effective energy storage systems (ESS) to provide firm power, solving much of the intermittency and "duck curve" concerns related to solar saturation on specific local grids.
6. The strong growth of the U.S. solar and storage supply chain*, with over 225 new, expanded, or planned factory announcements, of which over 60 have come online, 20 of which are attributable to Nextracker.
7. Strong forecast demand growth coupled with significant planned retirements of legacy power generation.

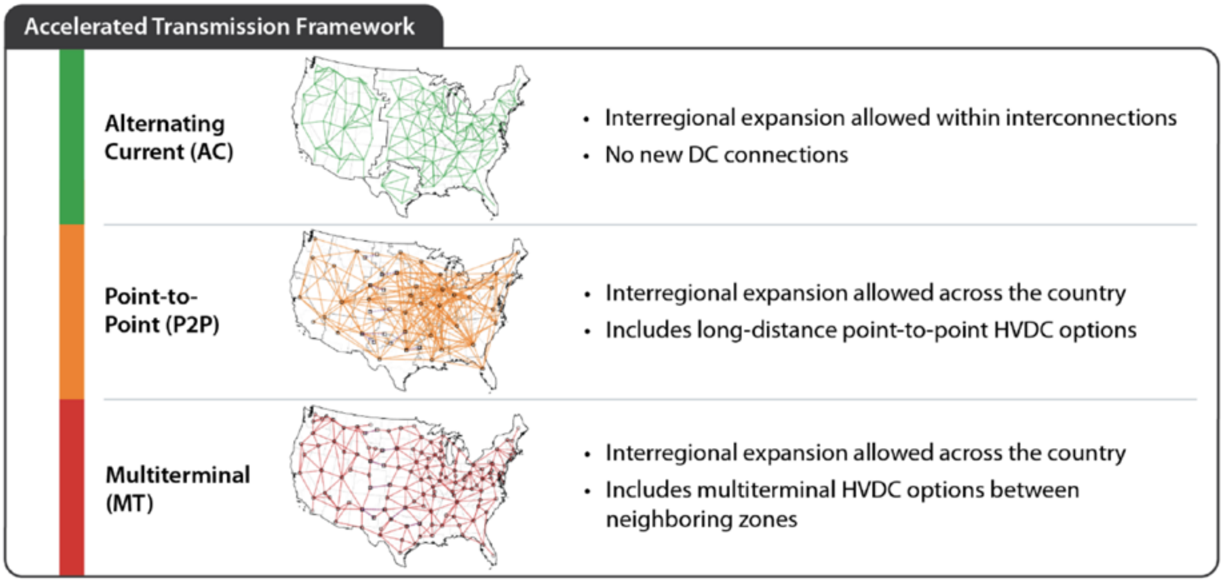
** Solar Energy Industries Association: Solar & Storage Supply Chain Dashboard, October 2024*

The DOE also completed a major electric transmission study in October, and announced four important new power lines awarded for construction.

Key takeaways from the study

- Under current policies, the lowest-cost U.S. electricity system portfolios that meet future demand growth and reliability requirements include substantial expansion in transmission.
- Hundreds of billions of dollars of net benefits to be gained from large-scale transmission expansion compared to current transmission deployment.
- Hourly demand and supply can be balanced in power systems with very high shares of renewable energy.
- Grid reliability is significantly enhanced with more transmission. Essentially, interconnection across the U.S. provides more reliability and lower cost than operating systems as quasi-islands with limited transmission, with each planning area building new generation for resource adequacy.

DOE is also providing $1.5 billion to support four transmission projects (HVDC, AC lines, and substations) to help enable 7.1 GW of new power capacity in Texas, Mississippi, Louisiana, Oklahoma, New Mexico, and Maine. This work is funded by the Bipartisan Infrastructure Law and will enhance reliability while lowering electricity costs and provide support for more renewable power, while creating good jobs and local manufacturing.



Source: U.S. Department of Energy, Grid Deployment Office. 2024. The National Transmission Planning Study. Washington, D.C.: U.S. Department of Energy. https://www.energy.gov/gdo/national-transmission-planning-study

We continue to believe Grid-Enhancing Technologies (GETs) like advanced conductors, power flow controllers, and dynamic thermal line ratings can offer promising solutions to accelerate and enable more transmission and distribution capacity. Enhancing existing power lines and substation capacity can typically be accomplished much faster than building new power line corridors in particular, which can take many years.

National Transmission Planning Study - Executive Summary


Agrivoltaics lab at Nextracker HQ Center for Solar Excellence, Fremont, California

Released Nextracker's Inaugural Sustainability Report

Nextracker has been promoting sustainability principles since the Company's inception in 2013. As a fully independent public company, we built on our earlier sustainability initiatives by establishing an Environmental, Social, and Governance program, completing our first materiality assessment, and formulating a comprehensive sustainability strategy that aligns with our corporate vision and mission. We are increasing transparency and disclosure with this report and committed to setting future sustainability-related targets aligning with the *Science Based Targets initiative* (SBTi).

In October, we released the Nextracker 2024 Inaugural Sustainability Report. This report highlights our first independent response to the Sustainability Accounting Standards Board (SASB) standard for the Electrical & Electronic Equipment industry. Throughout the report, we also note our alignment with the United Nations Sustainable Development Goals (UN SDGs).

Additional highlights from the report include:

Innovations

- Introduced NX Horizon-XTR™, NX Navigator™, Zonal Diffuse™, Low Carbon Tracker, and AgriPV solutions
- Product and process life cycle assessments (LCAs) that are third-party verified — the low emissions from these products serve as differentiators appreciated by customers

People and Culture

- Achieved ISO 45001 for U.S. operations
- Published our Workplace Health and Safety and Diversity Equality and Inclusion Policy
- Establishing innovative and inclusive culture across our global workforce

Environmental Transparency

- Published Environmental Policy
- Completed a Climate Risk Assessment
- Earned ISO 14001 — Environmental Management System certification in Brazil
- Inventory and calculated scopes 1, 2, and 3 emissions, energy consumption, and waste consumption
- Scopes 1 and 2 third-party assured[1]

Industry and Community Engagement

- Supporting programs such as Renewables Forward, Green Empowerment, and Half the Sun Scholarship program to increase diversity in our industry

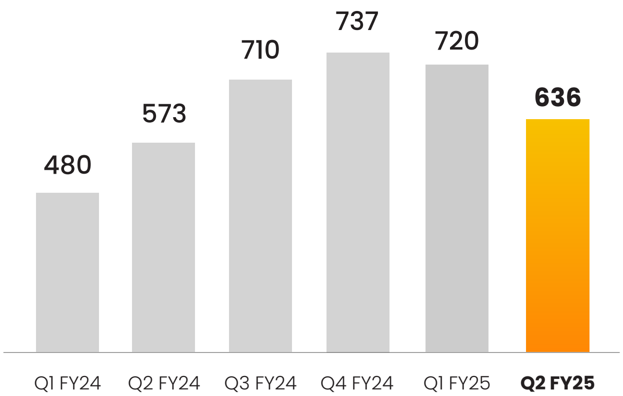
[1] TUV assurance delivered for Scope 1 and 2, 2024.

The 2024 Sustainability Report is available on the Nextracker website, nextracker.com, as an **interactive website** and a **downloadable PDF**.

NX Horizon™ smart solar tracker featured at Janauba Solar Power Plant, Brazil (1.3 GW)

Financial Results

Revenue ($M)



+11% Q2 YoY

U.S. **+21%** YoY
RoW **-9%** YoY

Revenue Mix

Revenue $M, except %	**Q1 FY24**	**Q2 FY24**	**Q3 FY24**	**Q4 FY24**	**Q1 FY25**	**Q2 FY25**
U.S.	**270**	**382**	**556**	**494**	**511**	**462**
YoY Change	0%	23%	70%	27%	89%	21%
RoW	**209**	**191**	**155**	**242**	**208**	**174**
YoY Change	56%	23%	-17%	89%	0%	-9%
U.S. %	**56%**	**67%**	**78%**	**67%**	**71%**	**73%**
RoW %	**44%**	**33%**	**22%**	**33%**	**29%**	**27%**

In Q2, revenue increased 11% YoY to $636 million and 1H FY25 revenue increased 29% YoY to approximately $1.4 billion. The geographic mix of total revenue for Q2 was 73% U.S. and 27% Rest of World.

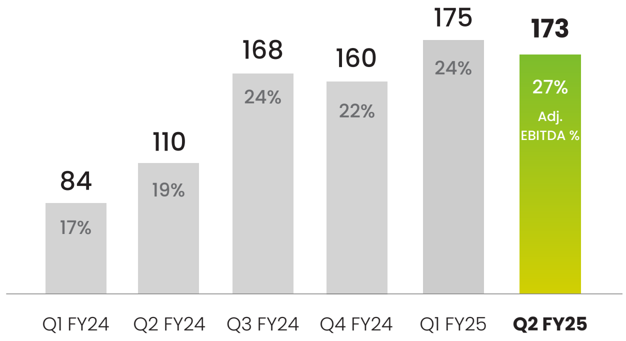
Our adjusted EBITDA expanded to $173 million, a 57% increase compared to this quarter last year, representing an adjusted EBITDA margin of 27%. We also generated $142 million of adjusted free cash flow in the quarter and $435 million of adjusted free cash flow over the trailing twelve months.

Our revenue mix is comprised of predominantly solar tracker system sales. In Q2, we achieved record revenue and YoY growth from sales of our TrueCapture™ software. TrueCapture™ software revenue represented over 2% of Q2's total revenue driven by a higher rate of commissioned projects. Looking forward, we expect our software revenue to be approximately 2%.

Profitability

$M, except % and per share	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Adj. Gross Profit	**116**	**152**	**212**	**222**	**241**	**228**
YoY Change	130%	135%	157%	118%	109%	50%
Adj. Gross Margin	**24%**	**27%**	**30%**	**30%**	**34%**	**36%**
Adj. EBITDA	**84**	**110**	**168**	**160**	**175**	**173**
YoY Change	161%	164%	168%	120%	109%	57%
Adj. EBITDA Margin	**17%**	**19%**	**24%**	**22%**	**24%**	**27%**
Adj. EPS	**0.48**	**0.65**	**0.96**	**0.96**	**0.93**	**0.97**
YoY Change					94%	49%

Adjusted EBITDA ($M)



+57% Q2 FY25 YoY

27% Adj. EBITDA margin

Q2 was a quarter of strong execution that exceeded our gross and operating margin targets. The execution benefits include higher TrueCapture™ revenue, incremental 45X credits related to the accelerated amortization of deferred vendor credits earned in prior periods, and other operational benefits. In total, these benefits contributed about 300 bps to gross and operating margins, both YoY and sequentially.

Q2 adjusted EBITDA was $173 million, an increase of $63 million and 57% growth from the prior year. Q2 adjusted EBITDA margin of 27% was up 8 percentage points from the prior year, driven by 45X credits* of $51 million in Q2 and revenue growth, primarily offset by increased operating expenses.

Adjusted gross margins for the quarter expanded by approximately 9 percentage points from the prior year to 36% due to 45X and the points mentioned above.

Adjusted operating expense, which includes R&D expense, was approximately 10% of total revenue in Q2. Sequentially we increased our investment in R&D while holding SG&A flat.

See Appendix for reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

** Q2 FY25 and Q1 FY25 GAAP and adjusted results include approximately $51 million and $47 million, respectively, of IRA 45X advanced manufacturing tax credit vendor rebates (45X credits). Q2 FY24 results do not include 45X credits.*

Q2 net interest and other income was $4 million, primarily driven by favorable foreign currency and interest income on our strong average cash balance offset primarily by interest expense on our debt facility.

Our Q2 adjusted effective tax rate of 15% benefited from an overall mix of profit at applicable tax rates across the regions we serve, executed tax credits related to the two foundations company acquisitions, and the implementation of transfer pricing strategies. At the end of Q2 FY25, diluted share count was approximately 149 million shares and adjusted diluted EPS was $0.97 and did not include stock-based compensation expense, intangible amortization, and acquisition related costs of $34 million in the quarter.

Quarterly Results

$M, except % and per share	Q2 FY25	Q1 FY25	Q2 FY24	YoY Change	1H FY25	YoY Change
Revenue	**636**	720	573	11%	1355	29%
Adj. Gross Profit	**228**	241	152	50%	469	75%
Adj. Gross Margin	**36%**	34%	27%	9 pts	35%	9 pts
Adj. SG&A	**44**	44	33	32%	88	45%
Adj. SG&A %	7%	6%	6%	1 pt	6%	1 pt
Adj. R&D	**17**	14	7	141%	31	142%
Adj. R&D %	3%	2%	1%	1 pt	2%	1 pt
Adj. Total Operating Expense	**61**	58	40	52%	119	62%
Adj. Total Operating Expense %	10%	8%	7%	3 pts	9%	2 pts
Adj. Operating Income	**167**	184	112	49%	351	80%
Adj. Operating Margin	**26%**	25%	20%	7 pts	26%	7 pts
Adj. EBITDA	**173**	175	110	57%	348	79%
Adj. EBITDA Margin	**27%**	24%	19%	8 pts	26%	7 pts
Adj. Net Income	**145**	139	96	51%	284	70%
Adj. Diluted EPS	**0.97**	0.93	0.65	49%	1.90	67%

See Appendix for reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Balance Sheet and Cash Flow

Our strong balance sheet, cash flow generation, and ample liquidity remain competitive advantages.

We closed the quarter with $562 million in total cash; $146 million in total debt, of which $141 million is long-term.

We have a capital efficient business and remain focused on maintaining and improving our cash conversion cycle.

Operating cash flow was $154 million in Q2 and capital expenditures was $12 million, driving adjusted free cash flow of $142 million in Q2 and $435 million for TTM.

Our debt to adjusted EBITDA (TTM) ratio is approximately 0.2x, with no significant debt maturities until fiscal 2028. In Q2, we have funded acquisitions of approximately $145 million with existing cash.

In our capital allocation model, we are prioritizing growth that includes both organic and M&A business strategies. In looking at M&A, we have a disciplined approach, focusing on our core competencies, technological differentiation, and value for customers.

Total liquidity at the end of Q2 increased to over $1.5 billion.

$M, except CCC days	Q2 FY25	Q1 FY25	Q2 FY24	QoQ Change	YoY Change
Ending Cash & Cash Equivalent Balance	**562**	472	373	19%	51%
Debt, Current & Long-Term	**146**	147	147	-1%	-1%
AR & Contract Assets	**718**	764	651	-6%	10%
Inventories	**179**	166	196	8%	-9%
AP & Accrued Expenses	**484**	456	471	6%	3%
Net Working Capital	**422**	427	196	-1%	116%
Cash Conversion Cycle	**65**	59	55	10%	18%
Adj. Free Cash Flow Conversion	**82%**	67%	24%	15 pts	58 pts
Cash From Operations	**154**	121	27	27%	471%
Capital Expenditures	**12**	3	1	316%	1,587%
Adjusted Free Cash Flow	**142**	118	26	20%	441%

Adjusted free cash flow defined as cash from operations less capital expenditures.

As of September 27, 2024, total liquidity was over $1.5 billion and defined as total cash and cash equivalents as of quarter end, plus undrawn revolver capacity, net of letter of credit usage, less current debt maturities.

NWC defined as current assets minus total cash minus current liabilities excluding current portion of long-term debt.

Debt/Adjusted EBITDA ratio calculated using LTM adjusted EBITDA.

See Appendix for reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Adjusted free cash flow conversion defined as adjusted free cash flow divided by adjusted EBITDA.

QoQ and YoY change percentages are calculated using rounded numbers in thousands.

About Nextracker

Nextracker is a leading provider of intelligent, integrated solar tracker, foundations, and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. Our products enable solar PV power plants to follow the sun's movement across the sky and optimize plant performance. With power plants operating in more than forty countries worldwide, Nextracker offers solar tracker technologies that increase energy production while reducing costs for significant plant ROI.

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Forward Looking Statements

This shareholder letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: our financial and operating outlook and guidance; our strategies, mission, plans, objectives and goals; the market demand for our products, solutions and services; our ability to compete with existing and new competitors in existing and new markets; estimates of the cost of solar, our carbon offsets, installation and operations savings, energy yields, and improvements to levelized cost of energy; projections regarding the U.S. and global demand for solar and our addressable market and market size; macro-economic trends; panel availability; growth opportunities and plans for future operations, products and services; the expansion of our U.S. manufacturing and production volumes and domestic content capability; our bookings and backlog; our ability to integrate our recent acquisitions on the timelines we expect, and the expected benefits we expect for our customers and us; and any other statements that address events or developments that we intend or believe will or may occur in the future.

Terminology such as “will,” “may,” “should,” “could,” “would,” “believe,” “anticipate,” “intend,” “plan,” “expect,” “estimate,” “project,” “target,” “possible,” “potential,” “forecast” and “positioned” and similar references to future periods are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments and other factors they believe to be appropriate, and speak only as of the date of this shareholder letter.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or other events to be materially different from any future results, performance or other events expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Our actual future results, performance or other events may be materially different from what we expect. Important factors that could cause actual results, performance or other events to differ materially from our expectations include: the demand for solar energy and, in turn, our products; competitive pressures within the solar tracker industry; competition from conventional and other renewable energy sources; variability in our results of operations, including as a result of fluctuations in our customers’ businesses as well as seasonal weather-related disruptions; the reduction, elimination or expiration of government incentives for or regulations mandating the use of, renewable energy and solar energy, the final rules and regulations applicable to IRA domestic content requirements and the accuracy of our interpretation of such requirements, including the IRA 45X vendor tax credit rebates; our reliance on our suppliers and any problems with our suppliers or disruptions in our supply chain, and supply chain capacity; changes in the global trade environment, including the imposition of import tariffs; an increase in interest rates, or a reduction in the availability of tax equity or project debt financing, impacting the ability of project developers and owners to finance the cost of a solar energy system; a loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment to us; defects or performance problems in our products; delays, disruptions or quality control problems in our product development operations; severe weather events, natural disasters and other catastrophic events; our continued expansion into new markets; electric utility industry policies and regulations; decreases in the price of electricity; our failure to protect our intellectual property and trade secrets or to successfully defend against third-party claims of infringement; and cybersecurity or other data incidents.

For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the our business in general, see our periodic filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, our Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2024, and when available, our Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2024. Except as required by law, we assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations, even if new information becomes available in the future.

Use of Adjusted Financial Information

An explanation and reconciliation of non-GAAP financial measures to GAAP financial measures is presented in Schedules III, IV and V attached to this Shareholder Letter, and can be found, along with other financial information including the Q2 FY25 earnings press release, on the investor relations section of our website at investors.nextracker.com.

Channels for Disclosure of Information

Nextracker intends to announce material information to the public through the Nextracker Investor Relations website investors.nextracker.com, SEC filings, press releases, public conference calls, and public webcasts. Nextracker uses these channels to communicate with its investors, customers, and the public about the company, its offerings, and other issues. As such, Nextracker encourages investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels.

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

	Three-month periods ended	
	September 27, 2024	September 29, 2023
Revenue	$ 635,571	$ 573,357
Cost of sales	410,776	424,247
Gross profit	224,795	149,110
Selling, general and administrative expenses	72,127	47,872
Research and development	19,193	7,146
Operating income	133,475	94,092
Interest expense	3,665	3,646
Other (income) expense, net	(7,382)	5,038
Income before income taxes	137,192	85,408
Provision for income taxes	19,928	3,999
Net income and comprehensive income	117,264	81,409
Less: Net income attributable to non-controlling interests and redeemable non-controlling interests	1,873	42,156
Net income attributable to Nextracker Inc.	$ 115,391	$ 39,253
Earnings per share attributable to Nextracker Inc. common stockholders		
Basic	$ 0.80	$ 0.64
Diluted	$ 0.79	$ 0.55
Weighted-average shares used in computing per share amounts:		
Basic	143,479	61,722
Diluted	149,079	147,141

	Six-month periods ended	
	September 27, 2024	September 29, 2023
Revenue	$ 1,355,492	$ 1,052,900
Cost of sales	893,257	790,046
Gross profit	462,235	262,854
Selling, general and administrative expenses	132,954	82,107
Research and development	35,712	12,775
Operating income	293,569	167,972
Interest expense	6,945	6,748
Other (income) expense, net	(2,514)	3,070
Income before income taxes	289,138	158,154
Provision for income taxes	47,080	13,100
Net income and comprehensive income	242,058	145,054
Less: Net income attributable to non-controlling interests and redeemable non-controlling interests	4,967	85,372
Net income attributable to Nextracker Inc.	$ 237,091	$ 59,682
Earnings per share attributable to Nextracker Inc. common stockholders		
Basic	$ 1.66	$ 1.10
Diluted	$ 1.62	$ 0.99
Weighted-average shares used in computing per share amounts:		
Basic	142,785	54,070
Diluted	149,151	147,008

Nextracker Inc.
Unaudited condensed consolidated balance sheets
(In thousands)

	As of September 27, 2024	As of March 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 561,884	$ 474,054
Accounts receivable, net of allowance of $4,825 and $3,872, respectively	357,586	382,687
Contract assets	360,013	397,123
Inventories	179,251	201,736
Other current assets	326,000	312,635
Total current assets	1,784,734	1,768,235
Property and equipment, net	47,158	9,236
Goodwill	370,613	265,153
Other intangible assets, net	49,283	1,546
Deferred tax assets	472,400	438,272
Other assets	44,471	36,340
Total assets	$ 2,768,659	$ 2,518,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 406,546	$ 456,639
Accrued expenses	77,139	82,410
Deferred revenue	236,882	225,539
Current portion of long-term debt	5,625	3,750
Other current liabilities	80,086	123,148
Total current liabilities	806,278	891,486
Long-term debt, net of current portion	140,503	143,967
Tax receivable agreement (TRA) liability	399,054	391,568
Other liabilities	140,506	99,733
Total liabilities	1,486,341	1,526,754
Total stockholders' equity	1,282,318	992,028
Total liabilities and stockholders' equity	$ 2,768,659	$ 2,518,782

Nextracker Inc.
Unaudited condensed consolidated statements of cash flows
(In thousands)

	Three-month periods ended			Six-month periods ended	
	September 27, 2024	June 28, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Cash flows from operating activities:					
Net income	$ 117,264	$ 124,794	$ 81,409	$ 242,058	$ 145,054
Depreciation and amortization	2,942	941	974	3,883	2,020
Changes in working capital and other, net	33,575	(4,889)	(55,473)	28,686	105,603
Net cash provided by operating activities	153,781	120,846	26,910	274,627	252,677
Cash flows from investing activities:					
Purchases of property and equipment	(12,010)	(2,890)	(712)	(14,900)	(1,406)
Payment for business acquisitions, net of cash acquired	(34,510)	(110,165)	—	(144,675)	—
Net cash used in investing activities	(46,520)	(113,055)	(712)	(159,575)	(1,406)
Cash flows from financing activities:	—				
Repayment of bank borrowings	(938)	(937)	—	(1,875)	—
Net proceeds from issuance of Class A shares	—	—	552,009	—	552,009
Purchase of LLC common units from Yuma, Inc.	—	—	(552,009)	—	(552,009)
Payment of revolver issuance cost	—	(3,715)	—	(3,715)	—
Distribution to non-controlling interest holders	(798)	(5,314)	—	(6,112)	—
TRA payment	(15,520)	—	—	(15,520)	—
Net transfers to Flex	—	—	(8,335)	—	(8,335)
Other financing activities	—	—	(26)	—	(26)
Net cash used in financing activities	(17,256)	(9,966)	(8,361)	(27,222)	(8,361)
Net increase in cash and cash equivalents	90,005	(2,175)	17,837	87,830	242,910
Cash and cash equivalents beginning of period	471,879	474,054	355,081	474,054	130,008
Cash and cash equivalents end of period	$ 561,884	$ 471,879	$ 372,918	$ 561,884	$ 372,918

	Three-month periods ended			Six-month periods ended		Last twelve-month period ended
Adjusted free cash flow	September 27, 2024	June 28, 2024	September 29, 2023	September 27, 2024	September 29, 2023	September 27, 2024
Net cash provided by operating activities	$ 153,781	$ 120,846	$ 26,910	$ 274,627	$ 252,677	$ 450,923
Purchases of property and equipment	(12,010)	(2,890)	(712)	(14,900)	(1,406)	(19,654)
Other financing	—	—	—	—	—	3,750
Adjusted free cash flow	$ 141,771	$ 117,956	$ 26,198	$ 259,727	$ 251,271	$ 435,019
Adjusted free cash flow conversion (1)	82.1 %	67.4 %	23.8 %	75 %	129 %	73 %

(1) Free cash flow conversion is calculated by dividing adjusted free cash flow by adjusted EBITDA for the same period. Refer to Schedule IV for the reconciliation of GAAP net income to adjusted EBITDA.

Nextracker Inc.
Reconciliation of GAAP to Non-GAAP Financial measures
(In thousands, except percentages and per share data)

	Three-month periods ended											
	September 27, 2024		June 28, 2024		March 31, 2024		December 31, 2023		September 29, 2023		June 30, 2023	
GAAP gross profit & margin	$ 224,795	35.4%	$ 237,440	33.0%	$ 340,470	46.2%	$ 209,725	29.5%	$ 149,110	26.0%	$ 113,744	23.7%
Stock-based compensation expense	2,481		3,780		3,096		2,497		3,245		1,926	
Intangible amortization	896		88		87		63		62		63	
Advanced manufacturing tax credit vendor rebate	—		—		(121,405)		—		—		—	
Adjusted gross profit & margin	$ 228,172	35.9%	$ 241,308	33.5%	$ 222,248	30.2%	$ 212,285	29.9%	$ 152,417	26.6%	$ 115,733	24.1%
GAAP operating income & margin	$ 133,475	21.0%	$ 160,094	22.2%	$ 270,674	36.8%	$ 148,472	20.9%	$ 94,092	16.4%	$ 73,880	15.4%
Stock-based compensation expense	29,885		21,901		16,889		13,037		18,216		8,641	
Intangible amortization	1,875		88		87		63		62		63	
Acquisition related costs	2,177		1,480		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		—		(121,405)		—		—		—	
Adjusted operating income & margin	$ 167,412	26.3%	$ 183,563	25.5%	$ 166,245	22.6%	$ 161,572	22.7%	$ 112,370	19.6%	$ 82,584	17.2%
GAAP net income & margin	$ 117,264	18.5%	$ 124,794	17.3%	$ 223,200	30.3%	$ 127,961	18.0%	$ 81,409	14.2%	$ 63,645	13.3%
Stock-based compensation expense	29,885		21,901		16,889		13,037		18,216		8,641	
Intangible amortization	1,875		88		87		63		62		63	
Adjustment for taxes	(6,274)		(9,644)		23,567		841		(3,656)		(1,225)	
Acquisition related costs	2,177		1,480		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		—		(121,405)		—		—		—	
Adjusted net income & margin	$ 144,927	22.8%	$ 138,619	19.3%	$ 142,338	19.3%	$ 141,902	20.0%	$ 96,031	16.7%	$ 71,124	14.8%
GAAP net income & margin	$ 117,264	18.5%	$ 124,794	17.3%	$ 223,200	30.3%	$ 127,961	18.0%	$ 81,409	14.2%	$ 63,645	13.3%
Interest, net	455		(1,292)		988		(198)		(86)		1,420	
Provision for income taxes	19,928		27,152		59,864		38,818		3,999		9,101	
Depreciation expense	1,067		853		1,138		1,055		912		983	
Intangible amortization	1,875		88		87		63		62		63	
Stock-based compensation expense	29,885		21,901		16,889		13,037		18,216		8,641	
Acquisition related costs	2,177		1,480		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		—		(121,405)		—		—		—	
Other tax related income, net	—		—		(21,138)		(12,945)		5,686		—	
Adjusted EBITDA & margin	$ 172,651	27.2%	$ 174,976	24.3%	$ 159,623	21.7%	$ 167,791	23.6%	$ 110,198	19.2%	$ 83,853	17.5%
GAAP selling, general and administrative expenses	$ 72,127	11.3%	$ 60,827	8.4%	$ 56,706	7.7%	$ 48,356	6.8%	$ 47,872	8.3%	$ 34,235	7.1%
Intangible amortization	979		—		—		—		—		—	
Stock-based compensation expense	25,417		15,287		11,476		8,761		14,971		6,715	
Acquisition related costs	2,177		1,480		—		—		—		—	
Adjusted selling, general and administrative expenses	$ 43,554	6.9%	$ 44,060	6.1%	$ 45,230	6.1%	$ 39,595	5.6%	$ 32,901	5.7%	$ 27,520	5.7%
GAAP research and development	$ 19,193	3.0%	$ 16,519	2.3%	$ 13,090	1.8%	$ 12,897	1.8%	$ 7,146	1.2%	$ 5,629	1.2%
Stock-based compensation expense	1,987		2,834		2,317		1,780		—		—	
Adjusted research and development	$ 17,206	2.7%	$ 13,685	1.9%	$ 10,773	1.5%	$ 11,117	1.6%	$ 7,146	1.2%	$ 5,629	1.2%

Diluted earnings per share						
GAAP	$ 0.79	$ 0.84	$ 1.51	$ 0.87	$ 0.55	$ 0.43
Earnings per share attributable to Non-GAAP adjustments	0.18	0.09	(0.55)	0.09	0.10	0.05
Adjusted	$ 0.97	$ 0.93	$ 0.96	$ 0.96	$ 0.65	$ 0.48
Diluted shares used in computing per share amounts	149,079	149,233	148,144	147,344	147,141	146,869

	Six-month periods ended					
	September 27, 2024			September 29, 2023		
GAAP gross profit & margin	$	462,235	34.1%	$	262,854	25.0%
Stock-based compensation expense		6,261			5,171	
Intangible amortization		984			125	
Adjusted gross profit & margin	$	469,480	34.6%	$	268,150	25.5%
GAAP operating income & margin	$	293,569	21.7%	$	167,972	16.0%
Stock-based compensation expense		51,786			26,857	
Intangible amortization		1,963			125	
Acquisition related costs		3,657			—	
Adjusted operating income & margin	$	350,975	25.9%	$	194,954	18.5%
GAAP net income & margin	$	242,058	17.9%	$	145,054	13.8%
Stock-based compensation expense		51,786			26,857	
Intangible amortization		1,963			125	
Adjustment for taxes		(15,918)			(4,881)	
Acquisition related costs		3,657			—	
Adjusted net income & margin	$	283,546	20.9%	$	167,155	15.9%
GAAP net income & margin	$	242,058	17.9%	$	145,054	13.8%
Interest, net		(837)			1,334	
Provision for income taxes		47,080			13,100	
Depreciation expense		1,920			1,895	
Intangible amortization		1,963			125	
Stock-based compensation expense		51,786			26,857	
Acquisition related costs		3,657			—	
Other tax related income, net		—			5,686	
Adjusted EBITDA & margin	$	347,627	25.6%	$	194,051	18.4%
GAAP selling, general and administrative expenses	$	132,954	9.8%	$	82,107	7.8%
Intangible amortization		979			—	
Stock-based compensation expense		40,704			21,686	
Acquisition related costs		3,657			—	
Adjusted selling, general and administrative expenses	$	87,614	6.5%	$	60,421	5.7%
GAAP research and development	$	35,712	2.6%	$	12,775	1.2%
Stock-based compensation expense		4,821			—	
Adjusted research and development	$	30,891	2.3%	$	12,775	1.2%
Diluted earnings per share						
GAAP	$	1.62		$	0.99	
Earnings per share attributable to Non-GAAP adjustments		0.28			0.15	
Adjusted	$	1.90		$	1.14	
Diluted shares used in computing per share amounts		149,151			147,008	

Nextracker Inc.

Notes

To supplement Nextracker's unaudited selected financial data presented consistent with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company discloses certain non-GAAP financial measures that exclude certain charges and gains, including adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"), adjusted gross profit, adjusted operating income, adjusted net income, adjusted diluted earnings per share, and adjusted free cash flow. These supplemental measures exclude certain legal and other charges, stock-based compensation expense and intangible amortization, other discrete events as applicable and the related tax effects. These non-GAAP measures are not in accordance with or an alternative for GAAP and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect all the amounts associated with Nextracker's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Nextracker's results of operations in conjunction with the corresponding GAAP measures. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of the Company's performance.

In calculating non-GAAP financial measures, we exclude certain items to facilitate a review of the comparability of the Company's operating performance on a period-to-period basis because such items are not, in our view, related to the Company's ongoing operational performance. We use non-GAAP measures to evaluate the operating performance of our business, for comparison with forecasts and strategic plans, for calculating return on investment, and for benchmarking performance externally against competitors. In addition, management's incentive compensation is determined using certain non-GAAP measures. Since we find these measures to be useful, we believe that investors benefit from seeing results "through the eyes" of management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with the Company's GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company's ongoing operating results;
- the ability to better identify trends in the Company's underlying business and perform related trend analysis;
- a better understanding of how management plans and measures the Company's underlying business; and
- an easier way to compare the Company's operating results against analyst financial models and operating results of competitors that supplement their GAAP results with non-GAAP financial measures.

The following are explanations of each of the adjustments that we incorporate into non-GAAP measures, as well as the reasons for excluding each of these individual items in the reconciliations of these non-GAAP financial measures:

Stock-based compensation expense consists of non-cash charges for the estimated fair value of unvested restricted share unit and stock option awards granted to employees. The Company believes that the exclusion of these charges provides for more accurate comparisons of its operating results to peer companies due to the varying available valuation methodologies, subjective assumptions, and the variety of award types. In addition, the Company believes it is useful to investors to understand the specific impact stock-based compensation expense has on its operating results.

Intangible amortization consists primarily of non-cash charges that can be impacted by, among other things, the timing and magnitude of acquisitions. The Company considers its operating results without these charges when evaluating its ongoing performance and forecasting its earnings trends, and therefore excludes such charges when presenting non-GAAP financial measures. The Company believes that the assessment of its operations excluding these costs is relevant to its assessment of internal operations and comparisons to the performance of its competitors.

The 45X Advanced Manufacturing Production Tax Credit ("45X Credit") which was established as part of the Inflation Reduction Act (IRA), is a per-unit tax credit earned over time for each clean energy component domestically produced and sold by a manufacturer. The 45X Credit was eligible for domestic parts manufactured after January 1, 2023. The Company has executed agreements with certain suppliers to ramp up its U.S. manufacturing footprint. These suppliers produce 45X Credit eligible parts, including torque tubes, and structural fasteners, that will then be incorporated into a solar tracker. The Company has contractually agreed with these suppliers to share a portion of the credit related to Nextracker's purchases. The Company accounts for these credits as a reduction of the purchase price of the parts acquired from the vendor and therefore a reduction of inventory until the part is sold, at which point the Company recognizes such credit as a reduction of cost of sales on the unaudited condensed consolidated statements of operations and comprehensive income. During the fourth quarter of fiscal 2024, the Company determined the amount of the 45X vendor rebates it expects to receive in accordance with the vendor contracts and recognized a cumulative reduction to cost of sales of $121.4 million related to 45X Credit vendor rebates earned on production of eligible components shipped to projects starting on January 1, 2023 through March 31, 2024. The Company believes that the assessment of its operations excluding the benefit from the vendor credits provides a more consistent comparison of its performance given the cumulative nature of the amount recorded in the fiscal fourth quarter. Beginning in the first quarter of fiscal year 2025, these 45X credit vendor rebates are not excluded from our non-GAAP financial measures.

Acquisition costs consist primarily of nonrecurring transaction costs for business acquisitions.

Adjustment for taxes relates to the tax effects of the various adjustments that we incorporate into non-GAAP measures to provide a more meaningful measure on non-GAAP net income and certain adjustments related to non-recurring settlements of tax contingencies or other non-recurring tax charges, when applicable.