Q1 FY2025

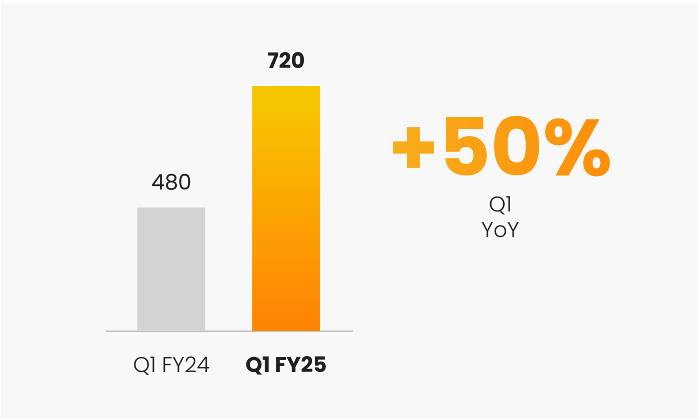
SHAREHOLDER LETTER

August 1, 2024

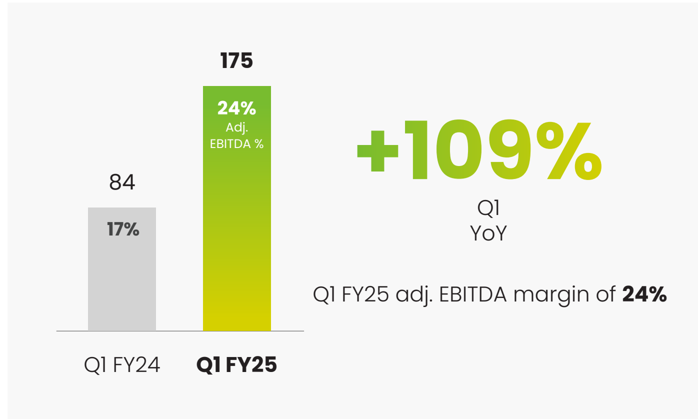
nextracker

Q1 FY25 Highlights

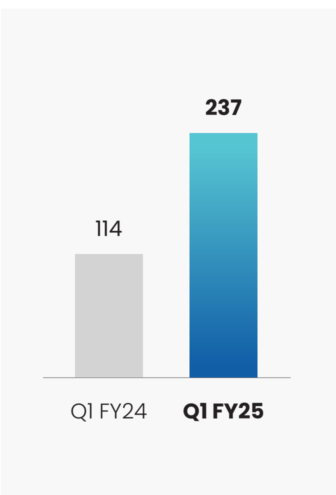
Revenue ($M)



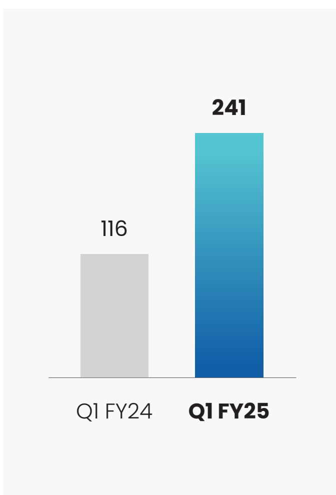
Adjusted EBITDA ($M)



GAAP
Gross Profit ($M)



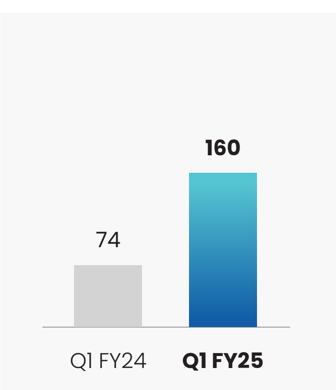
Adjusted
Gross Profit ($M)



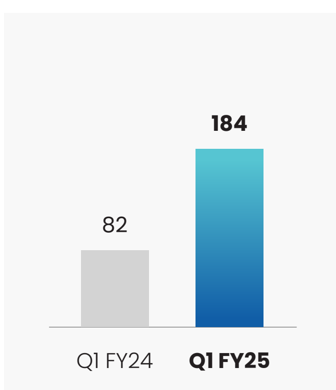
Financial Highlights

- 6th consecutive quarter of double-digit revenue growth YoY since IPO
- Adjusted gross profit of $241 million; record adjusted EBITDA of $175 million (see IRA 45X credits disclosure)
- Total backlog over $4 billion, increased QoQ
- Strong balance sheet with $472 million in total cash and over $1.4 billion in total liquidity
- Adjusted free cash flow generation of $118 million in Q1 and $319 million for trailing twelve months

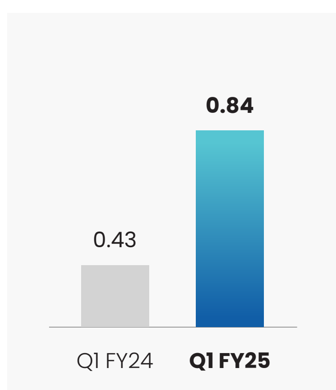
GAAP
Operating Income ($M)



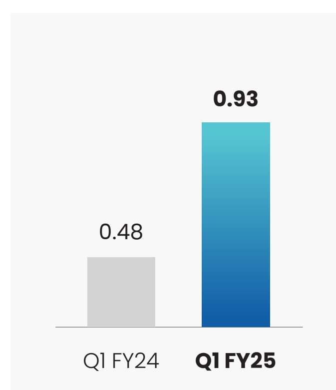
Adjusted
Operating Income ($M)



GAAP
Diluted EPS ($)



Adjusted
Diluted EPS ($)



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

Dear Shareholder,

We are excited to have updated our earnings materials to include this new shareholder letter format, which centralizes information and provides more insight to help our shareholders and analysts develop a deeper understanding of our business and the industry. In addition to this letter, we will provide short opening remarks and a Q&A session in our earnings conference call on August 1 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.

Q1 FY25 Results

We are off to a strong start to our FY25, delivering new records in Q1. We achieved our sixth consecutive quarter of YoY double-digit revenue growth, with revenue increasing 50% YoY to $720 million.

Adjusted EBITDA more than doubled YoY to a quarterly record of $175 million, which now includes $47 million of 45X benefits from the U.S. Inflation Reduction Act (45X credits).

Our Q1 results were driven by our team's successful execution, specifically U.S. project deliveries.

Q1 U.S. revenue was 71% of total revenue, versus the Rest of World (RoW) at 29%, reflecting very strong U.S. growth of nearly 90% YoY, while RoW was in-line YoY.

In Q1, backlog increased QoQ and is over $4 billion. We continue to see strong demand for our products in both the U.S. and international markets.

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

Revenue +50% YoY
$720 Million

Adjusted EBITDA +109% YoY
$175 Million

Total backlog increased QoQ
$4 Billion+

Business Highlights:

- Launched **NX Horizon™ Low Carbon Tracker** in April 2024, the industry's first low carbon tracker solution
- Unveiled Agrivoltaics in July 2024, Nextracker's suite of **AgriPV solutions** providing solar applications in agricultural and ranching
- Expanded **JM Steel's** Pittsburgh facility with Nextracker-dedicated manufacturing in April 2024
- Opened a second Nevada factory by **Unimacts** with Nextracker-dedicated manufacturing in June 2024
- Acquired **Ojjo** in June 2024
- Acquired the foundations business of **Solar Pile International (SPI)** in July 2024
- Amended credit agreement and **expanded revolver facility from $500 million to $1 billion** on June 21, 2024
- Currently expect **100% U.S. domestic content capability** with an early CY25 planned ship date

New Director, Jeffrey Guldner Joined Nextracker's Board

In June 2024, **Jeffrey Guldner** became the newest member of our Board of Directors. Jeffrey is the Chairman of the Board, President and Chief Executive Officer of Pinnacle West Capital Corporation, which owns Arizona Public Service company, one of the nation's leading utilities. During his tenure at Pinnacle, Jeffrey spearheaded the rapid adoption of renewable energy in Arizona. He is an outstanding business leader who will help Nextracker expand and deepen relationships with utilities. We are delighted to add Jeffrey's domain expertise to our Board.

Fiscal Year 2025 Outlook

For the full fiscal year 2025, we are reaffirming our 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 $600 million to $650 million, and adjusted EPS to be in the range of $2.89 to $3.09 per share.

In FY25, we remain focused on executing our plan and remaining disciplined in our strategic investments. We believe our culture, strategy, team, and market position will enable us to continue to deliver strong value for customers, shareholders, and other stakeholders.

Dan Shugar
Founder & CEO

Howard Wenger
President

Chuck Boynton
CFO

Innovation and Product Update

Our customers recognize that engineering, technology, and proven 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**, including Ojjo and SPI's foundations business.

We believe our continued investments in R&D are paying off, as we continue to drive product development and global expansion, and we offer high quality and reliable trackers on the market with proven technology and engineering. We believe this results in Nextracker delivering lower Levelized Cost of Energy (LCOE) and higher financial returns for plant owners, with quality and reliability that discerning buyers appreciate.

Nextracker's Foundations Offering

The development of any utility-scale project is a long and complex process. Foundations are a key part of every utility-scale solar project installation. In addition, projects are often confronted with significant challenges related to land use considerations and variation in subsurface conditions.

We have extensive experience pairing our tracker solutions with foundations for projects around the world. Foundations have always been a critical support element of our trackers.

We believe we can create additional value for our customers by combining tracker systems and foundations to form an integrated solution. This is why we acquired Ojjo and Solar Pile International's foundations business.

Adding Foundations with Ojjo and Solar Pile International's Foundations Business

We are thrilled to welcome the teams from Ojjo and SPI's foundations team to Nextracker!

With the success of our flagship tracker, NX-Horizon™, and terrain following tracker, NX-Horizon XTR™, these acquisitions are a natural evolution to support project sites with a wider range of soil conditions. With our "above the ground" success with solar trackers, we are now able to address "below the ground" foundation requirements.

With these two strategic acquisitions and combined solutions, we are providing more value to customers by offering foundations that address challenging soil conditions, from hard rocky soils to soft and expansive soils. We now have the domain expertise and expanded team for our new foundations business. We are excited to accelerate our capability to offer customers a more complete integrated solution for solar trackers and foundations.

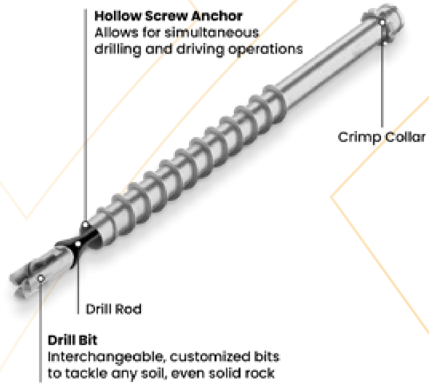
The Acquisition of Ojjo

Ojjo has innovated what we believe is a next generation of utility-scale solar foundations. An American company that was founded in 2018, Ojjo provides an innovative alternative solution for hard and rocky soil conditions for leading utility-scale solar projects — over 2 gigawatts installed in North America with an active pipeline.

Ojjo's installation process is a more sustainable and light-on-land solution.

We completed the Ojjo acquisition on June 20, 2024, in an all-cash transaction of approximately $120 million. The transaction is not expected to be material to our FY25 results but is expected to be accretive over time. Our integration plans are in process and expect to be completed by the end of FY25.

Combining Nextracker's industry-leading solar tracker system with Ojjo's foundation technology offers a turnkey "one-stop shop" for EPCs and project developers that will create efficiencies through the development, engineering, procurement, construction, and operating phases of their projects.
Our customers can benefit from a more complete and integrated solution to tackle various soil conditions, including a simplified procurement process, reduced capital and installation costs, and reduced project construction and schedule risk.



Advantages of Ojjo Solutions

- Less steel required
- Controlled foundation positioning
- Minimizes impact to environment with reduced grading and site earthwork

Ojjo offers patented solar foundation solutions that reduce subsurface risk and eliminate the need for pre-drilling hard and rocky soils required by conventional pile systems. Utilizing a proprietary Truss Driver "all-in-one" machine that drills, blows out drill tailings, and drives a screw pile into the ground in a unified operation, Ojjo delivers precision foundations at the right location and orientation. Ojjo employs a truss system that can reduce the total steel material and weight of the foundation by up to 50%, a preferred solution with reduced costs, logistics, and environmental benefits. This approach mitigates costly and disruptive construction operations such as pre-drilling, pile remediation, and site grading, providing a seamless solution for large-scale solar developers and EPCs.

Ojjo is not new to us. We are building on a multi-year product collaboration with Ojjo along with having joint customers and project sites.

"This partnership builds on our successful product collaboration with Ojjo. Their team brings geotechnical products and expertise in foundation systems that are especially well suited to rocky sites, with control system intellectual property that is broadly applicable to a range of equipment. This acquisition furthers our business with next generation technology."

Dan Shugar
Founder & CEO
Nextracker

The Acquisition of Solar Pile International's Foundations Business

On July 31, 2024, we closed the acquisition of the solar foundations business held by Solar Pile International (SPI). The acquisition was completed through the purchase of Spinex Systems Inc. and assets held by other SPI affiliates. The purchase price was approximately $48 million. The acquisition includes fixed assets, intellectual property and other intangible assets, and key talents from U.S., China, and Australia regions. The acquired business is not expected to be material to our FY25 results but is expected to be accretive over time.

SPI was established in 2017 as a supplier of innovative solar foundations and piling systems to utility-scale projects.

SPI provides an innovative alternative solution for weak and expansive soil conditions, as well as sites that experience frost-heave. One of the benefits of these systems is that they enable piles to be removed, reused, and recycled, providing long-term protection of the natural environment.

With Ojjo and SPI's foundations business, Nextracker can provide a holistic, integrated solution for a broad range of soil for utility-scale projects globally.

Agrivoltaics

NX Horizon™ — Industry's Highly Configurable Solar Tracker System for Large-Scale AgriPV Projects

AgriPV aligns with our mission as we scale our business in utility-scale solar. We view AgriPV as an incremental application for solar, which is also helpful in furthering community and permitting acceptance for some projects. Nextracker's products support agriculture, ranching, and solar customers with a suite of AgriPV solutions, and demonstrates that solar and farming can be synergistic. Over the last several years with our dedicated R&D team in Nextracker Brazil's Center for Solar Excellence, we have conducted controlled AgriPV experiments to optimize the application across a range of crops.

Just a few weeks ago, we celebrated the upcoming commercial operations of the 400 MW Mammoth North Star Project, one of the largest projects in the U.S. owned by Doral Renewables USA providing energy to American Electric Power, built by SOLV Energy. This is a great example of a real application of an AgriPV solution, with a flock of roughly 1,500 sheep grazing this project and additional crop-based AgriPV activities underway. Mammoth, which was built by SOLV Energy, also won the "Project of the Year" award at the Solar Farm Summit this year.

Our customers benefit from optimized solar tracker solutions that preserve local habitats and topsoil while delivering strong reliability, performance, and ROI.

Our proven independent row design architecture and light-on-land approach, combined with our unmatched reliability and robust sensing, communications, and software technology, brings precision and efficiency to owning and operating solar.

While we are still in early innings of AgriPV, we have worked hand-in-hand with our developers and EPC partners with proven early success — several gigawatts of projects deployed in the U.S., Europe, and Canada.

ENABLES DUAL LAND USE

PRESERVES TOPSOIL

REQUIRES MINIMAL MAINTENANCE

HIGHLY CONFIGURABLE

Paired with either the NX Horizon™ smart solar tracker or NX Horizon-XTR™ terrain following tracker, we take a light-on-land approach that preserves rich topsoil, protecting vegetation and local habitats. Landowners and farmers can power their own farms and create an additional source of revenue while improving their growing conditions. Local communities have direct access to affordable, clean energy to power their homes, benefit from new jobs, and contribute to a more secure, sustainable future. Power plant owners and developers enjoy the benefits of less dust and field maintenance coupled with higher energy output.

Want to learn more about our AgriPV solutions? See what our partners like Sol Systems and farmers have to say in our video: **Nextracker Agrivoltaics.**

> Agrivoltaics, in my mind, that's the future of solar. Agrivoltaics enables you to hand off the land to farmers the way you found it. We are stewards of that land when we operate our solar projects.

Yuri Horwitz
Co-founder and CEO
Sol Systems

NX Horizon Low Carbon Tracker

In April, we launched the industry's first low carbon tracker solution — our flagship NX Horizon™ solar tracker system with up to 35% reduced carbon footprint throughout the entire product lifecycle. While still early, we have secured initial sales orders from leading customers.

The low carbon tracker solution is currently offered in the U.S. and includes life cycle assessment documentation using third-party verified analysis of environmental benefits. Nextracker also achieved a carbon footprint label certification issued by the Carbon Trust[1] for NX Horizon solar tracker.

[1] Nextracker has achieved the Carbon Trust Product Carbon Footprint label certification for its NX Horizon smart solar tracker system, after evaluating carbon emissions from product development and production processes, as well as the use of recycled steel and other materials in the product. The Carbon Trust, a global climate consultancy, has certified our product's carbon footprint in accordance with ISO 14067, demonstrating it has met the global industry standard for carbon emission data collection, evaluation, and reporting.

By sourcing our steel from mills that use recycled steel and Electric Arc Furnace (EAF) processes powered by electricity instead of traditional methods that use iron ore and coal, we are able to significantly reduce the carbon footprint of our tracker components. EAF processing uses recycled steel and electricity to generate new steel, significantly reducing greenhouse gas emissions compared to traditional Basic Oxygen Furnace (BOF) operations, which rely on iron ore and coal. This not only aligns with Nextracker's commitment to reduce environmental impact but also leverages American scrap steel supply, enabling resource efficiency and growth for the U.S. steel industry. Nextracker has also reduced carbon-intense[2] materials such as aluminum from its NX Horizon™ low carbon offering to under 1% aluminum by weight in the product.

In connection with our Made in America efforts, we have partnered with more than 20 domestic manufacturers throughout the U.S. to provide more local content. Verified U.S. declaration for U.S. content percentage is provided in our Life-Cycle-Assessment (LCA) documentation post product installation. Learn more about our U.S. manufacturing program and how it creates new American jobs, a sustainable supply chain and growth for the clean energy sector.

Learn more about our American manufacturing

We greatly appreciate the support of early adopter customers helping us define our low carbon offering, and our supply chain partners providing us cleaner electric arc furnace steel and logistics solutions.

Learn more about our low carbon solution

> Industry represents more than 20% of global greenhouse gas emissions; steel alone is 7%, making it a crucial industry to decarbonize. Based on our analysis, the steel sector invested $35 billion last year in clean capacity globally, but much more is needed to reach net-zero. Demand for green steel is an important signal to steelmakers that they need to bring new, low-carbon capacity online and accelerate their net-zero transition.

Jon Moore
CEO
BloombergNEF

[2] *International Energy Agency, 2023, https://www.iea.org/energy-system/industry/aluminium*

Customer Wins, Bookings, and Backlog

With our solar tracker fleets operating in over 40 countries, global demand remained healthy in the quarter. We are off to an excellent start to our fiscal year 2025 with healthy U.S. and international bookings.

Q1 marks our sixth consecutive quarter of sequential growth in backlog.

Q1 backlog increased QoQ, resulting in a total backlog of over $4 billion, approximately 80% of which is expected to be recognized over the next 8 quarters.

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, and ship dates.

U.S. Business

Our bookings momentum continued with strategic alignment with both EPC partners and developers and owners. Leading with our deep engineering and technology offerings, we have successfully booked multiple large project orders in Q1. The overall product mix for the quarter was diversified with projects utilizing our flagship NX Horizon™, NX Horizon-XTR™ terrain following, and NX Horizon Low Carbon Trackers.

International Business

In Q1, Europe and Australia posted strong results. We see pockets of strength and strong opportunities in our other key markets, such as Latin America, and the MEIA region including the Middle East, India, and Africa.

International regions in total continue to be about one-third of our business and we remain positive on the prospect and opportunity of the large markets around the world.

We are excited to announce a few milestones:

- Booked customer projects in 14 countries
- Bookings in two new countries, bringing our total to over 40 countries
- Booked a large 540 MW project in India with a new customer

TrueCapture

TrueCapture™ is our intelligent, self-adjusting tracker control system that uses machine learning to increase typical solar power plant energy yield.

TrueCapture is starting the fiscal year on a strong note, with total bookings growing YoY in Q1. In the quarter, U.S. bookings strength was supported by strong attach rates. Internationally, we continue to gain traction, particularly in Europe and Latin America.

We are pleased to announce that a recent independent engineering assessment by ICF validated TrueCapture's increased energy harvest, demonstrating yet another real-world validation of our yield optimization software.

Learn more about the ICF Engineering Report

A Global and Diversified Supply Chain

Last quarter, we proudly announced our **100 GW shipment milestone** that demonstrates the true scale of our global supply chain.

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

We remain very well positioned with more than 80 manufacturing partner facilities worldwide that support the healthy demand for our products and on-going customer activities.

U.S. Supply Chain

U.S. federal incentives such as the investment tax credit (ITC) for project owners and Section 45X domestic manufacturing tax credits have empowered Nextracker and our industry partners to confidently invest in U.S. manufacturing — creating new jobs, boosting local economies, and de-risking the domestic supply chain.

In recent years, we have worked with our local U.S. manufacturing partners to open or expand over **20 U.S. manufacturing facilities**, including in Texas, Arizona, Pennsylvania, Illinois, Tennessee, and Nevada.

We have been active in driving the reshoring of manufacturing high quality products. Benefiting from the additional clarity provided by U.S. Treasury guidance in recent months, we continued to fully support our U.S. customers with domestic content capabilities.

Announcing 100% U.S. Domestic Content Capability

We are currently taking orders expecting to fulfill what we believe will be the first **100% U.S. domestic content capability** with an early CY25 planned ship date. While clarifying guidance from the U.S. Treasury Department remains on-going and may change, based on current published guidance we expect to meet this CY25 goal and support customer efforts to qualify for the 10% ITC bonus credit. All of this is made possible through our investments that commenced several years ago, and concerted efforts in strategic supply chain initiatives and raw materials sourcing.

From a product and solutions perspective, we expect our domestic capabilities to support our Low Carbon Tracker and AgriPV solutions.

Our view is that the policy intention of the 45X tax credit is to enable U.S.-manufactured solar technologies to be cost competitive with foreign imports. We believe 45X is achieving this objective, and we are pleased with our progress and successful arrangements with our partners which manufacture 45X-related tracker components.

In Q1, we celebrated **the opening of two new facilities with our partners, JM Steel and Unimacts** — more examples of how clean power is truly driving an American manufacturing resurgence, creating new jobs, strengthening our energy security and independence, and building a sustainable future.

JM Steel's Pittsburgh Facility Expansion

In April 2024, Nextracker and JM Steel, a subsidiary of JENNMAR Holdings, jointly announced the completion of a major expansion of Nextracker-dedicated manufacturing lines at JM Steel's facility in Leetsdale, Pennsylvania, achieving 4 GW of capacity. Inaugurated and reopened in 2022, the refurbished historic facility produces American-made, critical steel components to support rising demand for solar energy across Pennsylvania and the mid-Atlantic.

Learn more

Unimacts' New Factory Expansion

Together with Unimacts (UNX), in June 2024, Nextracker jointly announced a new factory in the Las Vegas area. This new 160,000-square-foot facility now produces critical steel components essential for solar power generation to meet the growing demand for solar in the Southwest U.S. region.

This is the second Nextracker-dedicated manufacturing line that Unimacts opened in the last year, and the two factories will support more than 2 GW of new solar power each year, equivalent to the energy used by 400,000 U.S. homes. American manufacturing has quickly become the heartbeat of the clean energy revolution, and Nextracker continues to reshore manufacturing to meet growing solar and renewable energy demand.

Learn more

Industry Update

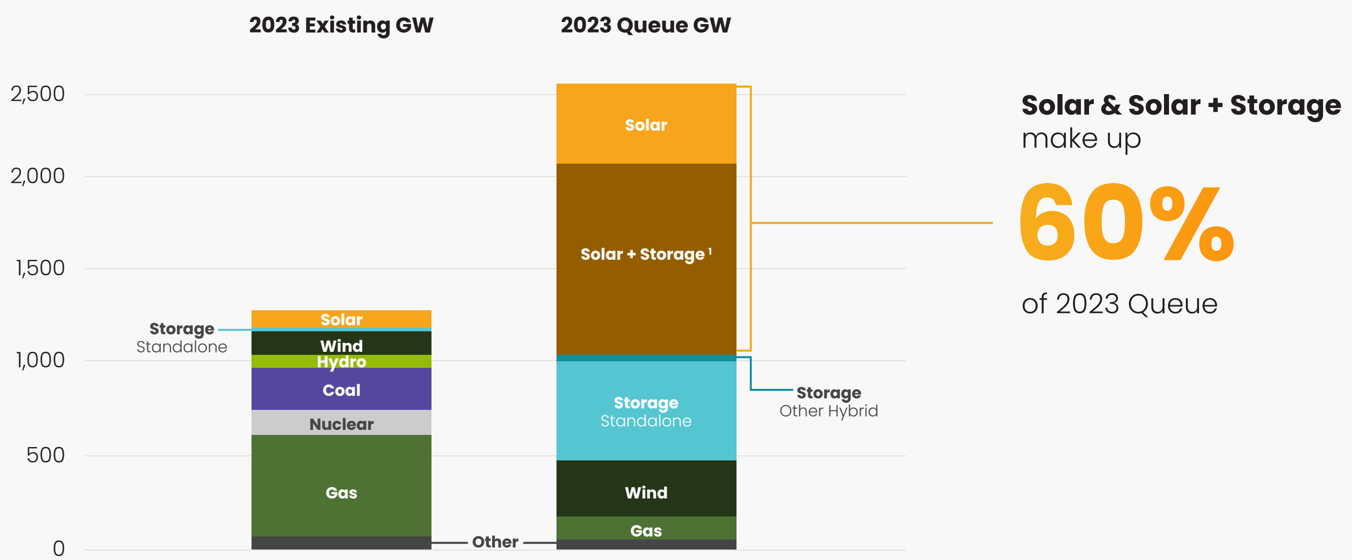
In this section, we are highlighting short and long-term market dynamics that have relevant impacts on our business and industry.

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.

Last quarter, we discussed the significance of the electric grid interconnection queue and its impact on new power generation and capacity.

According to the U.S. Department of Energy's Lawrence Berkeley Laboratories, for new planned power, **solar and storage make up over 80% of the 2023 interconnection queue positions, and solar and solar + storage make up 60% of the queue:**

- Nearly 7,000 solar projects have queue positions in the U.S., with solar and solar plus storage projects comprising about 1,500 GW of new capacity
- Solar and storage represents approximately 25X the queue GW position vs. natural gas plants
- No new nuclear or coal plants are in the 2023 queue



Source: LBL Queued Up: 2024 Edition, Source Data: Independent System Operators

[1] Hybrid storage capacity is estimated using storage: generator ratios from projects that provide separate capacity data. Solar + Storage includes Solar+Storage, Solar+Wind, Solar+Wind+Storage, and Storage Hybrids paired with solar

It's clear from the queue data there's a significant shift to renewables underway in the U.S. All of this growth is not without headwinds. One major constraint we follow closely is the electrical interconnection of these projects to the grid, and the many years required when new transmission lines are required. We believe **Grid-Enhancing Technologies (GETs)** can offer promising solutions to this challenge facing the industry, because existing power lines can be significantly expanded for capacity typically within a year or two, without requiring new power line corridors, which can take many years.

An example of a GET is **Dynamic Thermal Rating (DTR)**. We believe DTR is a well-proven technology that uses environmental conditions such as the wind speed, which cools power lines, to allow more current to be transmitted on the conductor to that of the standard rating.

We believe another technology is the use of advanced power line conductors, also known as **High-Temperature, Low-Sag (HTLS)** conductors — designed to increase the capacity of a transmission system while overcoming traditional limitations in conductor performance. Updating an existing power line to HTLS can be completed much more quickly than building a new power line with a new corridor.

We believe the current adoption of HTLS in the U.S. is low. As such, HTLS offers an opportunity to decongest the grid in many key areas.

It's also worth noting the use of **Power Flow Controllers (PFC)**. PFC devices regulate power flows on an electric line by changing line reactance. PFCs can be used to relieve constraints of otherwise overloaded grid systems by redistributing power flows through alternative transfer paths and relieving overloaded electrical lines. We believe PFCs are proven, available from multiple vendors, and are experiencing increased deployment across utilities.

Although there's still much work to be done, our observation is that **GETs** are garnering support from regulators, with the Federal Energy Regulatory Commission and other agencies pointing to **GETs** as efficient and lower cost methods to increase capacity on the grid.

We see a strong opportunity for utilities, regulators, customers, developers, manufacturers, EPCs and financiers to partner, leveraging the cost reduction achieved by renewables and **GETs** to create value and repower our future grid.

Global Solar Markets Heating Up

In the last few years, we have seen real tangible benefits in the U.S. from federal policies, boosting both the U.S. economy and manufacturing efforts. We believe the policy incentives represented by the U.S. Inflation Reduction Act is motivating similar efforts in other regions such as Europe, Latin America, India, Australia, and Canada.

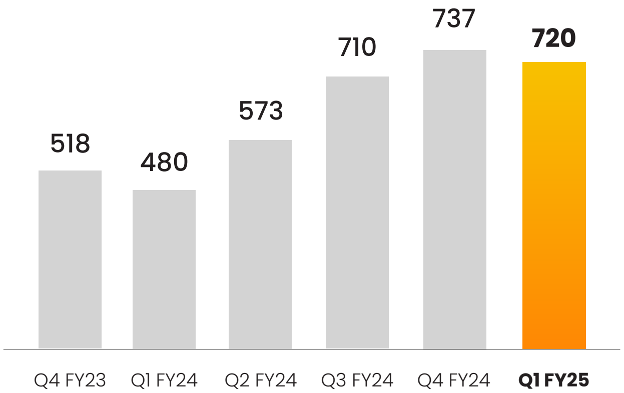
- In **Europe**, the European Commission is implementing its REPowerEU Plan to phase out fossil fuel imports and save and produce clean energy while diversifying its energy supplies. The Commission has targeted almost 600 GW of installed solar by 2030 and is projected to far surpass this goal with 263 GW already installed by 2023. Spain, the largest European tracker market, also raised its target of renewables in electricity generation to 81% from a previous 74%, with the photovoltaic (PV) target raised from 39 GWac to 76 GWac.
- In **Latin America**, Brazil leads with the most comprehensive renewable energy policy program that addresses multiple aspects of the industry including the reduction of wheeling tariffs for the use of distribution and transmission systems for solar, wind and other energy qualifying technologies. In Chile, the Ministry of Energy upended the previous renewable energy target to 80% of the electric power generation matrix to come from solar and other qualifying renewable energy technologies by 2030, and 100% target by 2050. Multiple countries in the region including Colombia, Chile and Brazil have presented hydrogen development roadmaps, which are expected to further drive demand for solar and other renewable sources.
- **India** is in the middle of a robust renewable energy growth. According to the Ministry of New and Renewable Energy, India is targeting 750 GW in solar energy capacity, and the production of 500 GW of clean energy by 2030. Backed by the recently approved Budget 2024-25, India has increased its domestic manufacturing efforts to produce a wide range of solar components in multiple regions in the country, including Mundra, Rajkot, Nashik, Pune, and Mumbai — all part of their Make-In-India program.
- We are seeing similar efforts by **Australia** with their Net Zero Plan, a legislated target of net zero greenhouse gas emissions by 2050. Australia also established the Capacity Investment Scheme that provides a national framework that seeks to incentivize the deployment of 32 GW of renewable and clean dispatchable capacity by 2030.
- In **Canada**, the Canadian Parliament passed Bill C-59 in June 2024, establishing an investment tax credit for the country. Depending on the type of capital investment, Bill C-59 implements the Clean Technology Investment Tax Credit (CT ITC) that can provide incentives of up to 15% to 30%.

We believe international solar markets are heating up with many countries aiming to build a more reliable, affordable, and lower emissions energy infrastructure. We believe global growth and expansion are expected to continue for Nextracker and the industry. Nextracker is strongly positioned as **the number one global market leader in solar tracker solutions** for utility solar trackers, a ranking we have held for nine consecutive years*.

** Based on GW shipped – Wood Mackenzie Ltd., Global Solver PV Tracker Market Share 2024 and Wood Mackenzie Ltd., The Global PV Tracker Landscape 2016: Prices, Forecasts, Market Shares and Vendor Profiles, October 2016.*

Financial Results

Revenue ($M)



+50% Q1 YoY

U.S. **+89%** YoY
RoW **In-Line** YoY

Revenue Mix

Revenue $M, except %	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
U.S.	**390**	**270**	**382**	**556**	**494**	**511**
YoY Change	30%	0%	23%	70%	27%	89%
RoW	**128**	**209**	**191**	**155**	**242**	**208**
YoY Change	-9%	56%	23%	-17%	89%	0%
U.S. %	**75%**	**56%**	**67%**	**78%**	**67%**	**71%**
RoW %	**25%**	**44%**	**33%**	**22%**	**33%**	**29%**

Q1 was our sixth consecutive quarter of YoY growth since our IPO in February 2023.

Revenue was $720 million, up 50% YoY, driven by 89% growth in the U.S. market, Rest of World (RoW) was in-line YoY.

Q1's revenue mix was 71% U.S. and 29% RoW.

Our Q1 results were driven by our team's successful execution, specifically U.S. project deliveries.

Our revenue mix is comprised of predominately solar tracker system sales. Revenue from sales of our TrueCapture™ software licenses in Q1 increased YoY but was not material to our results.

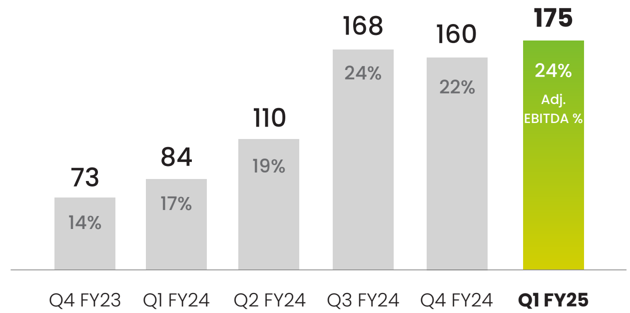
The acquisition of Ojjo closed on June 20, 2024, and was not a material contribution to Q1 results.

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

Profitability

$M, except % and per share	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Adj. Gross Profit	**102**	**116**	**152**	**212**	**222**	**241**
YoY Change	159%	130%	135%	157%	118%	109%
Adj. Gross Margin	**20%**	**24%**	**27%**	**30%**	**30%**	**34%**
YoY Change	11 pts	12 pts	13 pts	14 pts	10 pts	9 pts
Adj. EBITDA	**73**	**84**	**110**	**168**	**160**	**175**
YoY Change	227%	161%	164%	168%	120%	109%
Adj. EBITDA	**14%**	**17%**	**19%**	**24%**	**22%**	**24%**
YoY Change	9 pts	10 pts	10 pts	11 pts	8 pts	7 pts
Adj. EPS	**0.02**	**0.48**	**0.65**	**0.96**	**0.96**	**0.93**
YoY Change					4700%	94%

Adjusted EBITDA ($M)



+109% Q1 FY25 YoY

24% Adj. EBITDA margin

Adjusted gross margins for the quarter expanded by approximately 9 percentage points from the prior year to 33.5%, as a result of approximately $47 million of 45X tax credit benefits and higher U.S. mix, offset by higher supply chain costs and price reduction. Sequentially, margins expanded 3 percentage points due to 45X credits offset by higher costs. Of note, our Q4 FY24 adjusted results exclude a GAAP cumulative adjustment to recognize 45X credits of $121 million earned on eligible deliveries from January 1, 2023 through March 31, 2024.

The impact of 45X is to drive domestically made products to be cost competitive with foreign imports to lower cost for customers, expand the TAM for solar markets, and create jobs domestically. We have successfully operationalized 45X into our procurement process and financial reporting systems, thereby reducing our total cost of materials. We are well positioned to support our customers with domestic content, and we have strong relationships and arrangements with our manufacturing vendors.

Q1 adjusted EBITDA was a quarterly record at $175 million, more than doubled YoY, an increase of $91 million and 109% growth. Q1 adjusted EBITDA margin of 24% was up 7 percentage points from the prior year, driven by 45X credits starting in Q1 and revenue growth, offset by increased operating expense.

Adjusted operating expense, which includes R&D expense, was approximately 8% of total revenue in Q1. We continue to view investments in R&D and sales and marketing as strategic and will prioritize as such in order to grow and scale our business, and fund innovation initiatives. G&A investments have also increased the last few quarters in order to support Nextracker as a stand-alone company. Over time, we aim to achieve operating leverage and scale advantages.

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

Q1 net interest and other expense was $8 million, primarily driven by unfavorable foreign currency losses in Latin America. Interest expense was more than offset by interest income, driven by our healthy cash balance throughout the quarter. Q1 adjusted effective tax rate of 21% was at the lower end of our expected range of 20%-25%, compared to 13% tax rate in Q1 of the prior year.

At the end of Q1 FY25, diluted share count was 149 million shares and adjusted diluted EPS was $0.93. Stock-based compensation expense was $22 million in the quarter.

Quarterly Results

$M, except % and per share	Q1 FY25	Q4 FY24	Q1 FY24	YoY Change
Revenue	**720**	737	480	50%
Adj. Gross Profit	**241**	222	116	109%
Adj. Gross Margin	**34%**	30%	24%	9 Pts
Adj. SG&A	**44**	45	28	59%
Adj. SG&A %	6%	6%	6%	0 Pts
Adj. R&D	**14**	11	6	143%
Adj. R&D %	2%	1%	1%	1 Pts
Adj. Total Operating Expense	**58**	56	33	73%
Adj. Total Operating Expense %	8%	8%	7%	1 Pts
Adj. Operating Income	**184**	166	82	123%
Adj. Operating Margin	**25%**	23%	17%	8 Pts
Adj. EBITDA	**175**	160	84	109%
Adj. EBITDA Margin	**24%**	22%	17%	7 Pts
Adj. Net Income	**139**	142	71	95%
Adj. Diluted EPS	**0.93**	0.96	0.48	94%

See Appendix for reconciliation of each non-GAAP financial measure to 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 $472 million in total cash; $147 million in total debt, of which $142 million was the long-term portion.

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

Operating cash flow was $121 million in Q1 and capex was $3 million, driving adjusted free cash flow of $118 million in Q1 and $319 million for TTM.

Our debt to adjusted EBITDA (TTM) ratio is approximately 0.2x, with no significant debt maturities until fiscal 2028. As of the date of this letter, we have funded acquisitions of approximately $150 million with existing cash.

In our capital allocation model we are prioritizing growth, both organic and through M&A. 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 Q1 increased to over $1.4 billion, primarily due to the expansion of our existing revolver facility from $500 million to $1 billion on June 21, 2024. The amended credit agreement also includes an increased letter of credit capacity up to $500 million, and $1 billion of secured debt basket for surety bonds.

$M, except CCC days	Q1 FY25	Q4 FY24	Q1 FY24	QoQ Change	YoY Change
Ending Cash Balance	**472**	474	355	0%	33%
Debt, Current & Long-Term	**147**	148	147	-1%	0%
AR & Contract Assets	**764**	780	543	-2%	41%
Inventories	**166**	202	137	-18%	21%
AP & Accrued Expenses	**456**	539	351	-15%	30%
Net Working Capital	**427**	406	86	5%	399%
Cash Conversion Cycle	**59**	54	76	5 Days	-17 Days
Cash From Operations	**121**	111	226	8%	-46%
Capital Expenditures	**3**	2	1	25%	316%
Adjusted Free Cash Flow	**118**	113	225	4%	-48%

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

As of June 28, 2024, total liquidity was over $1.4 billion and defined as total cash 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/EBITDA ratio calculated using LTM adjusted EBITDA.

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

Outlook

We are reaffirming our FY25 annual outlook.

We manage our business on an annual and multi-year basis, which is consistent with the nature of large-scale projects. Every project can be impacted by both headwinds and tailwinds, such as interconnection agreements, permitting, weather, equipment and labor availability, tax incentives, tariffs, AD/CVD, and more.

In general, we see quarterly variability of project schedule changes due to the aforementioned factors. In the current quarter, we have strong visibility given scheduled project deliveries. In the intermediate and longer-term, we have reasonable visibility given our strong backlog of over $4 billion, of which, approximately 80% is expected to be recognized over the next 8 quarters.

In Q1, many of these factors worked in our favor and drove strong performance.

In Q2, we expect to grow mid-single digit driving a strong 1H FY25.

In addition to the June 2024 acquisition of Ojjo, we acquired the solar foundations business held by Solar Pile International (SPI) on July 31, 2024. Both Ojjo and the SPI business will be fully integrated and are not expected to be material to FY25 results and are contemplated in our outlook.

Reaffirms FY 2025 Outlook

Revenue

$2.8 – $2.9B

14% YoY Growth at Midpoint

Adjusted EBITDA

$600 – $650M

20% YoY Growth at Midpoint
22% Adjusted EBITDA Margin Implied at Midpoint

Adjusted EPS

$2.89 – $3.09

WASO 153M

- Adjusted EBITDA and Adjusted Diluted EPS exclude approximately $103 million and $0.52, respectively, for stock-based compensation and net intangible amortization.
- GAAP Net Income expected range of $363 million to $393 million. GAAP Net Income range updated from previous range of $369 million to $399 million to include estimated impact of incremental net intangible asset amortization resulting from acquisitions.
- GAAP EPS expected range of $2.37 to $2.57. GAAP EPS range updated from previous range of $2.41 to $2.61 to include estimated impact of incremental net intangible asset amortization resulting from acquisitions.
- Net interest and other expense expected range of $15 million to $20 million.
- FY25 adjusted income tax rate expected range of 20% to 25%.

Earnings Call

August 1, 2024

2:00 p.m. PT / 5:00 p.m. ET
Live webcast available on **investors.nextracker.com**

Upcoming Events

RE+ Industry Event

We are excited to be a part of the largest clean energy event in North America, RE+ in Anaheim, California.
We expect to have new product announcements at RE+ and look forward to seeing many of you there!

Events

Aug 5	**Keybanc Investor Conference** Vail, Colorado	Webcast
Aug 19	**Virtual Annual Stockholder Meeting**	Webcast
Aug 27-28	**InterSolar South America** Sao Paulo, Brazil	
Sept 9	**RE+** Anaheim, California	
Sept 22	**Climate Week** New York City, New York	

About Nextracker

Nextracker is a leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. Our products enable solar panels power plants to follow the sun's movement across the sky and optimize plant performance. With power plants operating in 40 countries worldwide, Nextracker offers solar tracker technologies that increase energy production while reducing costs for significant plant ROI.

For more information, visit www.nextracker.com.

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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 presentation.

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, 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 year ended March 31, 2024, and when available, our Quarterly Report on Form 10-Q for the quarter ended June 28, 2024, and any current and periodic reports filed thereafter. 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 IV and V attached to this Shareholder Letter, and can be found, along with other financial information including the Q1 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 share and per share data)

	Three-month periods ended		
	June 28, 2024	March 31, 2024	June 30, 2023
Revenue	$ 719,921	$ 736,515	$ 479,543
Cost of sales	482,481	396,045	365,799
Gross profit	237,440	340,470	113,744
Selling, general and administrative expenses	60,827	56,706	32,437
Research and development	16,519	13,090	7,427
Operating income	160,094	270,674	73,880
Interest expense	3,280	3,845	3,102
Other expense (income), net	4,868	(16,235)	(1,968)
Income before income taxes	151,946	283,064	72,746
Provision for income taxes	27,152	59,864	9,101
Net income and comprehensive income	124,794	223,200	63,645
Less: Net income attributable to non-controlling interests and redeemable non-controlling interests	3,094	18,037	43,216
Net income attributable to Nextracker Inc.	$ 121,700	$ 205,163	$ 20,429
Earnings per share attributable to the stockholders of Nextracker Inc.			
Basic	$ 0.86	$ 1.48	$ 0.44
Diluted	$ 0.84	$ 1.51	$ 0.43
Weighted-average shares used in computing per share amounts:			
Basic	142,102,503	138,389,259	46,411,859
Diluted	149,233,237	148,144,066	146,868,852

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

	As of June 28, 2024	As of March 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 471,879	$ 474,054
Accounts receivable, net of allowance of $4,020 and $3,872, respectively	401,937	382,687
Contract assets	361,939	397,123
Inventories	166,023	201,736
Other current assets	295,633	312,635
Total current assets	1,697,411	1,768,235
Property and equipment, net	35,261	9,236
Goodwill	328,381	265,153
Other intangible assets, net	46,458	1,546
Deferred tax assets and other assets	519,418	474,612
Total assets	$ 2,626,929	$ 2,518,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 387,401	$ 456,639
Accrued expenses	69,028	82,410
Deferred revenue	218,565	225,539
Current portion of long-term debt	4,688	3,750
Other current liabilities	123,275	123,148
Total current liabilities	802,957	891,486
Long-term debt, net of current portion	142,235	143,967
Tax receivable agreement liability and other liabilities	545,106	491,301
Total liabilities	1,490,298	1,526,754
Total stockholders' equity	1,136,631	992,028
Total liabilities and stockholders' equity	$ 2,626,929	$ 2,518,782

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

	Three-month periods ended		
	June 28, 2024	**March 31, 2024**	**June 30, 2023**
Cash flows from operating activities:			
Net income	$ 124,794	$ 223,200	$ 63,645
Depreciation and amortization	941	1,225	1,046
Changes in working capital and other, net	(4,889)	(112,933)	161,076
Net cash provided by operating activities	120,846	111,492	225,767
Cash flows from investing activities:			
Purchases of property and equipment	(2,890)	(2,310)	(694)
Payment of business acquisition, net of cash acquired	(110,165)	—	—
Purchase of intangible assets	—	(500)	—
Net cash used in investing activities	(113,055)	(2,810)	(694)
Cash flows from financing activities:			
Repayment of bank borrowings	(937)	—	—
Payment of revolver issuance cost	(3,715)	—	—
Distribution to non-controlling interest holders	(5,314)	(2,516)	—
Other financing activities	—	70	—
Net cash used in financing activities	(9,966)	(2,446)	—
Net (decrease) increase in cash and cash equivalents	(2,175)	106,236	225,073
Cash and cash equivalents beginning of period	474,054	367,818	130,008
Cash and cash equivalents end of period	$ 471,879	$ 474,054	$ 355,081

	Three-month periods ended			Last twelve-month period ended
Adjusted free cash flow	**June 28, 2024**	**March 31, 2024**	**June 30, 2023**	**June 28, 2024**
Net cash provided by operating activities	$ 120,846	$ 111,492	$ 225,767	$ 324,052
Purchases of property and equipment	(2,890)	(2,310)	(694)	(8,356)
Other financing	—	3,750	—	3,750
Adjusted free cash flow	$ 117,956	$ 112,932	$ 225,073	$ 319,446

Nextracker Inc.

Reconciliation of GAAP to Non-GAAP Financial measures

(In thousands, except percentages, shares and per share data)

Schedule IV

	Three-month periods ended											
	June 28, 2024		**March 31, 2024**		**December 31, 2023**		**September 29, 2023**		**June 30, 2023**		**March 31, 2023**	
GAAP gross profit & margin	$ 237,440	*33.0%*	$ 340,470	*46.2%*	$ 209,725	*29.5%*	$ 149,110	*26.0%*	$ 113,744	*23.7%*	$ 90,312	*17.4%*
Stock-based compensation expense	3,780		3,096		2,497		3,245		1,926		11,689	
Intangible amortization	88		87		63		62		63		62	
Advanced manufacturing tax credit vendor rebate	—		(121,405)		—		0		—		—	
Adjusted gross profit & margin	$ 241,308	*33.5%*	$ 222,248	*30.2%*	$ 212,285	*29.9%*	$ 152,417	*26.6%*	$ 115,733	*24.1%*	$ 102,063	*19.7%*
GAAP operating income & margin	$ 160,094	*22.2%*	$ 270,674	*36.8%*	$ 148,472	*20.9%*	$ 94,092	*16.4%*	$ 73,880	*15.4%*	$ 40,582	*7.8%*
Stock-based compensation expense	21,901		16,889		13,037		18,216		8,460		29,204	
Intangible amortization	88		87		63		62		63		62	
Acquisition costs	1,480		—		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		(121,405)		—		—		—		—	
Adjusted operating income & margin	$ 183,563	*25.5%*	$ 166,245	*22.6%*	$ 161,572	*22.7%*	$ 112,370	*19.6%*	$ 82,403	*17.2%*	$ 69,848	*13.5%*
GAAP net income & margin	$ 124,794	*17.3%*	$ 223,200	*30.3%*	$ 127,961	*18.0%*	$ 81,409	*14.2%*	$ 63,645	*13.3%*	$ 27,530	*5.3%*
Stock-based compensation expense	21,901		16,889		13,037		18,216		8,460		29,204	
Intangible amortization	88		87		63		62		63		62	
Adjustment for taxes	(9,644)		23,567		841		(3,656)		(1,225)		(897)	
Acquisition costs	1,480		—		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		(121,405)		—		—		—		—	
Adjusted net income & margin	$ 138,619	*19.3%*	$ 142,338	*19.3%*	$ 141,902	*20.0%*	$ 96,031	*16.7%*	$ 70,943	*14.8%*	$ 55,899	*10.8%*
GAAP net income & margin	$ 124,794	*17.3%*	$ 223,200	*30.3%*	$ 127,961	*18.0%*	$ 81,409	*14.2%*	$ 63,645	*13.3%*	$ 27,530	*5.3%*
Interest, net	(1,292)		988		(198)		(86)		1,420		2,212	
Provision for income taxes	27,152		59,864		38,818		3,999		9,101		12,532	
Depreciation expense	853		1,138		1,055		912		983		970	
Intangible amortization	88		87		63		62		63		62	
Stock-based compensation expense	21,901		16,889		13,037		18,216		8,460		29,204	
Acquisition costs	1,480		—		—		—		—		—	
Advanced manufacturing tax credit vendor rebate	—		(121,405)		—		—		—		—	
Other tax related income, net	—		(21,138)		(12,945)		5,686		—		—	
Adjusted EBITDA & margin	$ 174,976	*24.3%*	$ 159,623	*21.7%*	$ 167,791	*23.6%*	$ 110,198	*19.2%*	$ 83,672	*17.4%*	$ 72,510	*14.0%*
GAAP selling, general and administrative expenses	$ 60,827	*8.4%*	$ 56,706	*7.7%*	$ 48,356	*6.8%*	$ 46,072	*8.0%*	$ 32,437	*6.8%*	$ 41,394	*8.0%*
Stock-based compensation expense	15,287		11,476		8,761		13,172		4,735		17,515	
Acquisition costs	1,480		—		—		—		—		—	
Adjusted selling, general and administrative expenses	$ 44,060	*6.1%*	$ 45,230	*6.1%*	$ 39,595	*5.6%*	$ 32,900	*5.7%*	$ 27,702	*5.8%*	$ 23,879	*4.6%*
GAAP research and development	$ 16,519	*2.3%*	$ 13,090	*1.8%*	$ 12,897	*1.8%*	$ 8,946	*1.6%*	$ 7,427	*1.5%*	$ 8,336	*1.6%*
Stock-based compensation expense	2,834		2,317		1,780		1,799		1,799		—	
Adjusted research and development	$ 13,685	*1.9%*	$ 10,773	*1.5%*	$ 11,117	*1.6%*	$ 7,147	*1.2%*	$ 5,628	*1.2%*	$ 8,336	*1.6%*
Diluted earnings per share												
GAAP	$ 0.84		$ 1.51		$ 0.87		$ 0.55		$ 0.43		$ 0.02	
Earnings per share attributable to Non-GAAP adjustments	$ 0.09		$ (0.55)		$ 0.09		$ 0.10		$ 0.05		$ —	
Adjusted	$ 0.93		$ 0.96		$ 0.96		$ 0.65		$ 0.48		$ 0.02	
Diluted shares used in computing per share amounts	149,233,237		148,144,066		147,344,370		147,141,142		146,868,852		145,851,637	

See the accompanying notes on Schedule V

Nextracker Inc.

Notes

(1) 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 and assumed in business acquisitions. 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 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 acquisition.

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.