

## Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

The following is a summary of the ~~material~~ risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below. • if demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, we may not be able to achieve our anticipated level of growth and our business will suffer; • **if we fail to accurately estimate the potential losses related to the wire insulation shrinkback matter, or fail to recover the costs and expenses incurred by us from the supplier, our profit margins, financial results, business and prospects could be materially adversely impacted;** • **defects or performance problems in our products or their parts, including those related to the wire insulation shrinkback matter, could result in loss of customers, reputational damage and decreased revenue, and may have a material adverse effect on our business, financial condition and results of operations;** • **we may experience delays, disruptions, quality control or reputational problems in our manufacturing operations in part due to our vendor concentration;** • **if we or our suppliers face disputes with labor unions, we may not be able to achieve our anticipated level of growth and our business could suffer;** • **if we fail to retain our key personnel and attract additional qualified personnel, or successfully integrate our new Chief Executive Officer, our business strategy and prospects could suffer;** • **our products are primarily manufactured and shipped from our production facilities in Tennessee, and any damage or disruption at these facilities may harm our business;** • **the market for our products is competitive, and we may face increased competition as new and existing competitors introduce EBOS system solutions and components, which could negatively affect our results of operations and market share;** • **current macroeconomic events, including high inflation, high interest rates, a potential recession and geopolitical instability could impact our business and financial results;** • our industry has historically been cyclical and experienced periodic downturns; • ~~current macroeconomic events, including heightened inflation, rise in interest rates and potential recession could impact our business and financial results;~~ • the interruption of the flow of ~~raw components and materials from international vendors has disrupted our supply chain, including as a result of the imposition of additional duties, tariffs and other charges on imports and exports;~~ • **if we fail are subject to risks associated with the patent infringement complaints that** retain our key personnel and attract additional qualified personnel, including a chief executive officer successor, or ~~we filed~~ or our suppliers face disputes with labor unions, we may not be able ~~the U. S. International Trade Commission and to two District Courts~~ achieve our anticipated level of growth and our business could suffer; • Our products are primarily manufactured and shipped from our production facilities in Tennessee, and any damage or disruption at these facilities may harm our business. • ~~if we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights,~~ **including those that are subject to the patent infringement complaints we filed with the ITC and two District Courts**, our business and results of operations could be materially harmed; • acquisitions, joint ventures and / or investments and the failure to integrate acquired businesses, could disrupt our business and / or dilute or adversely affect the price of our common stock; • ~~we may experience delays, disruptions or quality control problems in our manufacturing operations in part due to vendor concentration;~~ • our future growth in the EV charging market is highly dependent on the demand for, and consumers' willingness to adopt, EVs, **as well as on the actions of federal, foreign, state and local governments;** • **a loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment could harm our business and negatively impact revenue, results of operations, and cash flow**; • a significant drop in the price of electricity sold may harm our business, financial condition, results of operations and prospects; • a further increase in interest rates, or a reduction in the availability of tax incentives or project debt capital in the global financial markets could make it difficult for end customers to finance the cost of a solar energy system and could reduce the demand for our products; • ~~defects or performance problems in~~ **failure to effectively utilize information technology systems** our ~~or products implement new technologies and the unauthorized disclosure of personal or sensitive data or confidential information, whether through a breach of our computer system or otherwise,~~ could **severely disrupt our business** result in loss of customers, reputational damage and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products; • our ~~or reduce our sales~~ results of operations may fluctuate from quarter to quarter, which could make our ~~or profitability~~ future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our Class A common stock; • compromises, interruptions or shutdowns of our information technology systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our results of operations; • our **expansion outside the U. S. could subject us to additional business, financial, regulatory and competitive risks;** • our indebtedness could adversely affect our financial flexibility and our competitive position; • **amounts included in** our ~~indebtedness~~ **backlog and awarded orders** may ~~restrict~~ **not result in actual revenue** our ~~or translate into profits~~ current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations; • ~~developments in alternative technologies may have a material adverse effect on demand for our offerings;~~ • existing electric utility industry, renewable energy and solar energy policies and regulations, and any subsequent changes, may present technical, regulatory and economic barriers to the purchase and use of solar energy systems that may significantly reduce demand for our products or harm our ability to compete; • changes in the U. S. trade environment, including the imposition of **trade restrictions, import tariffs and, anti-antidumping----- dumping** and countervailing duties, could adversely affect the amount or timing of our revenue, results of operations or cash flows; • ~~we~~

changes in tax laws or regulations that are a holding company and applied adversely to us or principal asset is our customers could materially adversely affect interest in Shoals Parent and, accordingly, we are dependent upon Shoals Parent and its consolidated subsidiaries for our business, financial condition, results of operations, cash flows and distributions prospects; • future sales, or the perception of future sales, by us in the public market could cause the market price for our Class A common stock to decline, or the perception that such sales may occur, could depress our Class A common stock price; • provisions in our certificate of incorporation and our bylaws may have the effect of delaying or preventing a change of control or changes in our management; • our certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees; • we do not intend to pay any cash distributions or dividends on our Class A common stock in the foreseeable future; • we face risks related to actual or threatened health epidemics or pandemics, such as the COVID-19 pandemic; and • if we fail to maintain effective internal controls over financial reporting, we may be unable to accurately or timely report our financial condition or results of operations, which may adversely affect our business.

**Risks Related to Our Business and Our Industry** If demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, we may not be able to achieve our anticipated level of growth and our business will suffer. Our solutions are utilized in solar energy projects. As a result, our future success depends on continued demand for solar energy solutions and the ability of solar equipment vendors to meet this demand. The solar industry is an evolving industry that has experienced substantial changes in recent years, and we cannot be certain that consumers and businesses will continue to adopt solar energy as an alternative energy source at levels sufficient to grow our business. In 2023, the domestic utility scale solar market experienced slowing growth as a result of the costs of project financing, lingering uncertainty about the application of the Inflation Reduction Act of 2022 to solar projects, supply chain constraints and interconnection complications. We expect these trends to persist in 2024. In addition, even though we expect our growth rate to decline from the extremely high levels of the last few years, we believe that our domestic utility scale business will continue growing at an attractive rate. Our significant growth and expansion, combined with the rapidly evolving and competitive nature of our industry, makes it difficult to predict our future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including unpredictable and volatile revenue and increased expenses as we continue to grow our business. Some of the factors outside of our control that may impact the viability and demand for solar energy projects include: • cost competitiveness, reliability and performance of solar energy systems compared to conventional and non-solar renewable energy sources and products; and cost competitiveness, reliability and performance of our products compared to our competitors; • availability and, scale and scope of government subsidies and incentives to support the development and deployment of solar energy solutions; • prices of traditional carbon-based energy sources; • levels of investment by end users of solar energy projects, which tend to decrease when economic growth slows; and • the emergence, continuance or success of, or increased government support for, other alternative energy generation technologies and products. If demand for solar energy and solar energy projects does not continue to develop, demand for our products will decrease, which would have an adverse impact on our ability to increase our revenue and grow our business.

**Defects or performance problems in our products could result in loss of customers, reputational damage and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products.** EBOS components, including cable assemblies, inline fuses, combiners, disconnects, recombiners, wireless monitoring systems, junction boxes, transition enclosures, splice boxes, conventional homerun EBOS system solutions and combine-as-you-go EBOS system solutions, whether manufactured by us or third party suppliers, are mission-critical products and systems that have a high consequence of failure, including lost revenue, equipment damage, fire damage, and even serious injury or death because of the high voltages involved and potential for fire. Further, a fault in the wiring of an EBOS system, whether as a result of product malfunctions, defects or improper installation, may cause electrical failures in solar energy projects. Faults typically occur when natural thermal expansion and contraction occurs at a point where two wires have been joined, loosening the insulation, and allowing moisture into the joint. Faults can result in lost production for customers, damage to the equipment, fire and injury or death depending on their severity and whether people are onsite. Although we conduct quality assessments on our products meet our and these products have stringent quality requirements, they may contain undetected errors or defects, especially when first introduced or when new generations are released. Errors, defects, product failures, destructions or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the yield of the product. Any actual or perceived errors, defects or poor performance in our products could, including those related to the wire insulation shrinkback matter, have resulted in result and could result in the future in the replacement or recall of our products, shipment delays, rejection of our products, damage to our reputation, lost revenue, diversion of our engineering personnel from our product development efforts and increases in customer service and support costs, all of which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, defective components may give rise to warranty, indemnity or product liability claims against us, such as those related to the wire insulation shrinkback matter, that may exceed any revenue or profit we receive from the affected products. Our limited warranties cover defects in materials and workmanship of our products under normal use and service conditions. As a result, we bear the risk of warranty claims long after we have sold products and recognized revenue. While we have accrued reserves for warranty claims, our estimated warranty expense costs for previously sold products may change to the extent future products are not compatible with earlier generation products under warranty. Our warranty accruals are based on our assumptions and we do not have a long history of making such assumptions. As a result, these assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial unanticipated expense to repair or replace defective products in the future or to compensate customers for defective products. Our failure to accurately predict future claims could result in unexpected volatility

and have a material adverse effect on our financial condition. If one of our products, ~~including those that contain the defective red wires mentioned above,~~ causes injury to someone or causes property damage, including as a result of product malfunctions, defects or improper installation, **then** we could ~~also~~ be exposed to product liability claims. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. Further, any product liability claim we face ~~including those related to the wires mentioned above,~~ could be expensive to defend and could divert management's attention. The successful assertion of a product liability claim against us ~~including those related to the defective wire harnesses mentioned above,~~ could result in potentially significant monetary damages, penalties or fines; subject us to adverse publicity; damage our reputation and competitive position; and adversely affect sales of our products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the solar industry could lead to unfavorable market conditions for the industry as a whole and may have an adverse effect on our ability to attract new customers, thus harming our growth and **financial performance**. Our industry has historically been cyclical and experienced periodic downturns. Our future success partly depends on continued demand for solar PV systems in the end markets we serve. The solar industry has historically been cyclical and has experienced periodic downturns, which may affect the demand for the products that we manufacture. The solar industry has undergone challenging business conditions, mainly as a result of overproduction, and reductions in applicable governmental subsidies, contributing to demand decreases. **The** ~~Although the~~ solar industry has been experiencing significant changes over the past years ~~and~~ there is no assurance that ~~it the solar industry~~ will not suffer significant downturns in the future, which will adversely affect demand for our solar products and our results of operations. **Current macroeconomic events, including heightened..... and liquidity could be materially adversely impacted.** The interruption of the flow of raw materials from international vendors has disrupted our supply chain, including as a result of the imposition of additional duties, tariffs and other charges on imports and exports. We purchase some of our raw materials outside of the U. S. through arrangements with various vendors. Political, social or economic instability in these regions, or in other regions where our raw materials are made, could cause disruptions in trade. Actions in various countries have created uncertainty with respect to tariff impacts on the costs of some of our raw materials. The degree of our exposure is dependent on (among other things) the type of materials, rates imposed, and timing of the tariffs. Other events that could also cause disruptions to our supply chain include: • the imposition of additional trade law provisions or regulations; • the imposition of additional duties, tariffs and other charges on imports and exports, including as a result of trade relationships between China and the U. S. and the **ongoing conflict between Russia and Ukraine war**; • quotas imposed by bilateral trade agreements; • foreign currency fluctuations; • natural disasters; • public health issues and epidemic diseases, their effects (including any disruptions they may cause) or the perception of their effects, such as the novel coronavirus ("COVID- 19 ") pandemic; • theft; • restrictions on the transfer of funds; • the financial instability or bankruptcy of vendors; and • significant labor disputes, such as dock strikes. We cannot predict whether the countries in which our raw materials are sourced, or may be sourced in the future, will be subject to new or additional trade restrictions imposed by the U. S. or other foreign governments, including the likelihood, type or effect of any such restrictions. Trade restrictions, including new or increased tariffs or quotas, border taxes, embargoes, safeguards and customs restrictions against certain raw materials, as well as labor strikes and work stoppages or boycotts, could increase the cost or reduce or delay the supply of raw materials available to us and adversely affect our business, financial condition or results of operations. **We are subject to risks associated with the patent infringement complaints that we filed with the U. S. International Trade Commission ("ITC") and two District Courts. As disclosed under Litigation in Note 16- Commitments and Contingencies in our consolidated financial statements included in this Annual Report on Form 10- K, on May 4, 2023, we filed patent infringement complaints with the ITC and with the U. S. District Courts against each of Hikam America, Inc., a corporation based in Chula Vista, California, and a related foreign entity (together, "Hikam"), and Voltage LLC, a limited liability company based in Chapel Hill, North Carolina, and its related foreign entities (together, "Voltage"), seeking to ban the importing, marketing, distributing, selling, offering for sale, licensing, advertising, transferring, or otherwise using the infringing photovoltaic connectors and components in and into the United States in a manner that we allege infringes on the Company's enforceable patents. On June 28, 2023 and July 19, 2023, we filed an amended complaint with the ITC and the U. S. District Court for the Middle District of North Carolina, respectively, against Voltage alleging that they also infringe on a third, recently issued patent owned by the Company. The District Court actions have been stayed pending the final disposition of the ITC investigation. The Administrative Law Judge issued a Claim Construction Ruling on February 21, 2024. As a result of the Claim Construction Ruling, in order to streamline the case and focus our limited time during the evidentiary hearing, and as recommended by the ITC's Investigative Attorney to preserve public resources, we filed an unopposed motion on February 26, 2024, and such motion was granted on February 28, 2024, to remove one of the three asserted patents covering duplicative subject matter against Voltage. An evidentiary hearing in the ITC investigation has been scheduled for March 18 through 22, 2024. The ITC has set a target date for completion of the investigation of November 12, 2024. We intend to vigorously pursue these actions, however, at this stage, we are unable to predict the outcome or impact on our business. If we are unsuccessful with respect to the patent infringement complaints against Hikam and Voltage, our patents or other intellectual property could be at risk of being invalidated or interpreted narrowly, and the alleged infringing products may continue to be imported and sold in the United States. In such case, we could lose potential revenue to Hikam and / or Voltage as well as other parties who would be able to sell similar products.** If we fail to retain our key personnel and attract additional qualified personnel, including a chief executive officer successor, or we or our suppliers face disputes with labor unions, we may not be able to achieve our anticipated level of growth and our business could suffer. Our future success and ability to implement our business strategy depends, in part, on our ability to attract and retain key personnel, and on the continued contributions of members of our senior management team and key technical personnel, each of whom would be difficult to replace. All of our employees, including our senior management, are free to terminate their employment relationships

with us at any time. Competition for highly skilled individuals with technical expertise is extremely intense, and we face challenges in identifying, hiring and retaining qualified personnel in many areas of our business. Since we became a public company, there have been changes in our executive management team resulting from the hiring or departure of executives. As previously announced, our Chief Executive Officer and Board member, Jason Whitaker, will separate from the Company for health reasons, effective March 15, 2023. The Board has appointed Mr. Jeffery Tolnar, our President, to serve as interim principal executive officer upon Mr. Whitaker's departure and while the Board continues to search for a permanent successor. The succession and transitional nature of the current arrangement can impact our business strategy, our relations with investors, suppliers and customers and affect employee morale. Integrating new employees into our team could prove disruptive to our operations, require substantial resources and management attention and ultimately prove unsuccessful. An inability to attract and retain senior management, our inability to effectively provide for the succession of senior management, and our inability to attract and retain other key or qualified personnel could limit or delay our strategic efforts, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, although none of our employees are currently represented by a labor union and our relations with our employees have been good to date, the increased frequency of union activity coupled with the constricted labor market may contribute to efforts by our employees to belong to a union, which may result in higher employee costs, operational restrictions and increased risk of disruption to operations. We may also directly and indirectly depend upon other companies with unionized work forces, such as suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, prospects, financial condition, results of operations, and cash flows. A significant portion of our operations is located in our Tennessee manufacturing facilities. Issues with our workforce, including illness or absenteeism, or difficulties in recruiting skilled workers in the area, as well as a natural disaster, fire, power interruption or other calamity at any one of our facilities or any combination thereof would significantly disrupt our ability to deliver our products and operate our business. Certain of the equipment used to manufacture our products could be difficult or costly to replace or repair if damaged. Any such disruption or unanticipated event may cause significant interruptions or delays in our business and the reduction or loss of inventory may render us unable to fulfill customer orders in a timely manner, or at all, and may result in lawsuits. We have property and business disruption insurance in place for all of our facilities; however, such insurance coverage may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all. If we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights, **including those that are subject to the patent infringement complaints we filed with the ITC and two District Courts**, our business and results of operations could be materially harmed. Our success depends to a significant degree on our ability to protect our intellectual property and other proprietary rights. We rely on a combination of patent, trademark, copyright, trade secret and unfair competition laws, as well as confidentiality and license agreements and other contractual provisions, to establish and protect our intellectual property and other proprietary rights. Such means may afford only limited protection of our intellectual property and may not (i) prevent our competitors from duplicating our processes or technology; (ii) prevent our competitors from gaining access to our proprietary information and technology; or (iii) permit us to gain or maintain a competitive advantage. We generally seek or apply for patent protection as and if we deem appropriate, based on then-current facts and circumstances. We have applied for patents in the U. S., some of which have been issued. We cannot guarantee that any of our pending patent applications or other applications for intellectual property registrations will be issued or granted or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology. While a presumption of validity exists with respect to U. S. patents issued to us, there can be no assurance that any of our patents, patent applications, or other intellectual property rights will not be, in whole or in part, opposed, contested, challenged, invalidated, circumvented, designed around, or rendered unenforceable. Any such impairment or other failure to obtain sufficient intellectual property protection could impede our ability to market our products, negatively affect our competitive position and harm our business and operating results, including by forcing us to, among other things, rebrand or redesign our affected products. Moreover, our patents and patent applications may only cover particular aspects of our products, and competitors and other third parties may be able to circumvent or design around our patents, or develop and obtain patent protection for more effective technologies, designs or methods. There can be no assurance that third parties will not create new products or methods that achieve similar or better results without infringing upon patents we own. If these developments occur, they could have an adverse effect on our sales or market position. In countries where we have not applied for patent protection or trademark or other intellectual property registration or where effective patent, trademark, trade secret, and other intellectual property laws and judicial systems may not be available to the same extent as in the U. S., we may be at greater risk that our proprietary rights will be circumvented, misappropriated, infringed, or otherwise violated. We rely heavily on trade secrets and nondisclosure agreements to protect our unpatented know-how, technology, and other proprietary information, and to maintain our competitive position, which we seek to protect, in part, by entering into nondisclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, and other third parties. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, or disclosure of our proprietary information, know-how and trade secrets, or in preventing our competitors from independently developing technologies that are substantially equivalent or superior to ours. The registered or unregistered trademarks or trade names that we own may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition. In addition, third parties may file for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively. We

**have, and** may in the future need to initiate infringement claims or litigation in order ~~to try~~ to protect or enforce our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive and time consuming and may divert the efforts of our management and other personnel, which could harm our business, whether or not such litigation results in a determination favorable to us. Enforcing our intellectual property rights in all countries throughout the world may be prohibitively expensive, and we may choose to forgo such activities in some jurisdictions. Litigation, **including the complaints discussed above,** also puts our patents or other intellectual property at risk of being invalidated or interpreted narrowly and our patent applications or applications for other intellectual property registrations at risk of not issuing. **In such case, we could lose potential revenue to the defendants as well as other parties who may sell similar products.** Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects. Acquisitions, joint ventures and / or investments and the failure to integrate acquired businesses, could disrupt our business and / or dilute or adversely affect the price of our common stock. Our success depends, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may pursue growth through the acquisition of complementary businesses, solutions or technologies or through joint ventures or investments rather than through internal development. The identification of suitable acquisition or joint venture candidates can be difficult, time- consuming and costly, and we may not be able to successfully complete identified acquisitions or joint ventures. Achieving anticipated benefits and synergies from acquisitions is uncertain and ~~depends~~ **subject to various risks, including among other things, on our inability-- ability** to integrate or benefit from acquired technologies or services in a profitable manner; diversion of capital and other resources, including management' s attention; unanticipated costs or liabilities related to the acquisition; failure to leverage the increased scale of the combined businesses quickly and effectively; the potential impact of the acquisition on our relationships with employees, vendors, suppliers and customers; the impairment of relationships with, or the loss of, the acquired entity' s employees, vendors, suppliers or customers; adverse changes in general economic conditions in regions in which we operate; potential litigation associated with the acquisition; difficulties in the assimilation of employees and culture; difficulties in managing the expanded operations of a larger and more complex company; and challenges in attracting and retaining key personnel. Many of these factors will be outside of our control and any one of them could result in increased costs, decrease in expected revenues and diversion of management' s time and attention, which could materially impact the combined company. The full benefits of ~~a particular, or any- an-~~ acquisition may not be realized within the anticipated time frame or at all. All of these factors could decrease or delay the expected accretive effect of acquisitions and negatively impact our company. **We may experience delays, disruptions..... in the agreements that govern our indebtedness.** Our future growth in the EV charging market is highly dependent on the demand for, and consumers' willingness to adopt, EVs, as well as on the actions of federal, foreign, state and local governments. Our future growth in the EV charging market is highly dependent on the demand for, and consumers' willingness to adopt, EVs. The market for EVs is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards, and changing consumer demands and behaviors. In addition, any reduction, elimination, or discriminatory application of government subsidies and economic incentives because of policy changes or other reasons may result in the diminished competitiveness of, and demand for, EVs. The U. S. federal government, foreign governments and some state and local governments provide incentives to end users and purchasers of EVs and EV charging stations in the form of rebates, tax credits and other financial incentives, such as payments for regulatory credits. The EV market relies on these governmental rebates, tax credits and other financial incentives to significantly lower the effective price of EVs and EV charging stations to customers. The Infrastructure Investment and Jobs Act signed into law on November 15, 2021 provided additional funding for EVs and EV charging infrastructure through the creation of new programs and grants and the expansion of existing programs, including \$ 7. 5 billion for EV charging along highway corridors. **To The Biden Administration has taken regular steps since 2021 to** further these EV charging infrastructure programs, ~~in,~~ **In** June 2022, the Biden Administration proposed new minimum standards and requirements to create a framework for states to build federally funded charging station projects **and in December 2023, the Department of Transportation announced plans to issue a request for information to solicit feedback on updating its standards to allow for new technology and continued innovation. On January 11, 2024, the Biden Administration announced \$ 623 million in new grants to continue building out the EV charging network as part of its Charging and Fueling Infrastructure Discretionary Grant Program.** In addition, the Inflation Reduction Act of 2022 signed into law on August 16, 2022 includes numerous incentives and tax credits aimed at reducing the effects of climate change, such as the extension of EV charging infrastructure tax credits and tax credits for EVs under the Internal Revenue Code of 1986, as amended, through 2032. **On January 19, 2024, the Biden Administration announced new definitions under the Department of Treasury and Department of Energy regulations that confirms the Inflation Reduction Act' s 30C EV charging tax credit that provides credits for installing EV charging infrastructure.** These incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as a matter of regulatory or legislative policy **by different administrations.** ~~Any other reduction~~ **Reduction** in rebates, tax credits or other financial incentives for EVs or EV charging stations could materially reduce the demand for EVs, EV charging stations and, thus, our EV charging products and, as a result, may adversely impact our business and expansion potential. Further, federal, state and local laws may impose ~~additional~~ barriers to electric vehicle adoption, including additional costs. For example, many states have enacted laws imposing additional registration fees for certain hybrid and EVs to support transportation infrastructure. Any of the foregoing could materially and adversely affect the growth of the EV markets and our business, prospects, financial condition, results of operations, and cash flows. **The market for our products is competitive..... that provide more functionality than ours.** A loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment could harm our business and negatively impact revenue, results of operations, and cash flow. **A Even**

though we have been able to diversify our customer base, a small number of customers have historically accounted for a material portion of our revenue. For the year ended December 31, 2022-2023, our largest customer and five largest customers constituted approximately 8-36.4-3% and 35-56.8-9% of total revenue, respectively. Further, the Company's trade accounts receivable are from companies within the solar industry, and as such, the Company is exposed to normal industry credit risks. As of December 31, 2022-2023, our largest customer and five largest customers constituted 3-37.4-5% and 24-65.1-5% of trade accounts receivable, respectively. Accordingly, loss of ~~a our largest customer or other significant customer customers~~, a significant reduction in pricing or order volume from ~~a our largest customer or other significant customer customers~~, their inability to perform under their contracts, or their default in payment could adversely reduce net sales and operating results in any reporting period. A significant drop in the price of electricity sold may harm our business, financial condition, results of operations and prospects. Significant decreases in the price of electricity, whether in organized electric markets or with contract counterparties, may negatively impact the owners of the solar energy projects or make the purchase of solar energy systems less economically attractive and would likely lower sales of our products. The price of electricity could decrease as a result of:

- construction of a significant number of new lower- cost power generation plants, including plants utilizing natural gas, renewable energy or other generation technologies;
- relief of transmission constraints that enable distant lower- cost generation to transmit energy less expensively or in greater quantities;
- reductions in the price of natural gas or other fuels;
- utility rate adjustment and customer class cost reallocation;
- decreased electricity demand, including from energy conservation technologies and public initiatives to reduce electricity consumption;
- development of smart- grid technologies that lower the peak energy requirements;
- development of new or lower- cost customer- sited energy storage technologies that have the ability to reduce a customer's average cost of electricity by shifting load to off- peak times; and
- development of new energy generation technologies that provide less expensive energy.

Moreover, technological developments in the solar components industry could allow our competitors and their customers to offer electricity at costs lower than those that can be achieved by us and our customers, which could result in reduced demand for our products. If the cost of electricity generated by solar energy installations incorporating our systems is high relative to the cost of electricity from other sources, then our business, financial condition and results of operations may be harmed. A further increase in interest rates or a reduction in the availability of tax incentives or project debt capital in the global financial markets could make it difficult for end customers to finance the cost of a solar energy system and could reduce the demand for our products. Even though certain government subsidies and economic incentives are currently in place to encourage the adoption of solar energy and have resulted in increased demand for solar energy projects, many end users still depend on financing to fund the initial capital expenditure required to construct a solar energy project. As a result, increases in interest rates, including the increases effected by the Federal Reserve in the U. S. in 2023 and 2022, which are expected to continue into 2023, or a reduction in the supply of project debt as a result of a potential recession or otherwise, or a reduction in tax incentives could reduce the number of solar projects that receive financing or otherwise make it difficult for our customers or their customers to secure the financing necessary to construct a solar energy project on favorable terms, or at all, and thus lower demand for our products, which could limit our growth and reduce our net sales. In addition, we believe that a significant percentage of end- users construct solar energy projects as an investment, funding a significant portion of the initial capital expenditure with financing from third parties. Increases in interest rates could lower an investor's return on investment on a solar energy project, increase equity requirements or make alternative investments more attractive relative to solar energy projects and, in each case, could cause these end users to seek alternative investments. ~~Defects or performance problems in our..... thus harming our growth and financial performance~~. Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our Class A common stock. Our quarterly results of operations are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past as a result of seasonal fluctuations in our customers' business. Our end users' ability to install solar energy systems is affected by weather, as for example during the winter months in the northeastern U. S. Such installation delays can impact the timing of orders for our products. Further, given that we are an early- stage company operating in a rapidly growing industry, the true extent of these fluctuations may have been masked by our recent growth rates and consequently may not be readily apparent from our historical results of operations and may be difficult to predict. Our financial performance, sales, working capital requirements and cash flow may fluctuate, and our past quarterly results of operations may not be good indicators of future performance. Any substantial decrease in revenue would have an adverse effect on our financial condition, results of operations, cash flows and stock price. Failure to effectively utilize information technology systems or implement new technologies and the unauthorized disclosure of personal or sensitive data or confidential information, whether through a breach of our computer system or otherwise, could severely disrupt our business or reduce our sales or profitability. We rely extensively on various information technology systems, including data centers, hardware, software and applications to manage many aspects of our business, including to operate and provide our products and services, to process and record transactions, to enable effective communication systems, to track inventory flow, to manage logistics and to generate performance and financial reports. We are dependent on the integrity, security and consistent operations of these systems and related backup systems. Our computer and information technology systems and the third- party systems we rely upon are also subject to damage or interruption from a number of causes, including power outages; computer and telecommunications failures; computer viruses, malware, phishing or distributed denial- of- service attacks; security breaches; cyberattacks; catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes; acts of war or terrorism and design or usage errors by our employees or contractors. The risk of a security breach or disruption, particularly through cyber- attacks or cyber intrusions, including by computer hackers, nation- state affiliated actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased as well. Some aspects of our business ~~involves~~ **involve** the collection, receipt, use, storage, processing and transmission of personal information (of our

customers' and end users of our customers' solar energy systems, including names, addresses, e- mail addresses, credit information, energy production statistics), consumer preferences as well as confidential information and personal data about our employees, our suppliers and us, some of which is entrusted to third- party service providers and vendors. Despite the security measures we have in place, our facilities and systems, and those of third parties with which we do business, may be vulnerable to security breaches, cyberattacks, acts of vandalism and theft, computer viruses, misplaced or lost data, programming and / or human errors, or other similar events, and there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this type of confidential information and personal data. Any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations. We have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities and have experienced security breaches; however, to date, they have not had a material impact on our business, results of operations or financial condition. In addition, as the regulatory environment relating to companies' ~~obligation~~ **obligations** to protect such sensitive data **and disclose certain incidents or breaches** becomes increasingly rigorous, with new and constantly changing requirements, compliance with those requirements could result in additional costs, and a material failure on our part to comply could subject us to fines or other regulatory sanctions and potentially to lawsuits. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects. Compromises, interruptions or shutdowns of our information technology systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our results of operations. From time to time, our information technology systems require modifications and updates, including by adding new hardware, software and applications; maintaining, updating or replacing legacy programs; and integrating new service providers and adding enhanced or new functionality. Although we are actively selecting systems and vendors and implementing procedures to enable us to maintain the integrity of our systems when we modify them, there are inherent risks associated with modifying or replacing systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementation of these technology initiatives could reduce the efficiency of our operations in the short term. In addition, any interruption in the operation of our websites or systems could cause us to suffer reputational harm or to lose sales if customers are unable to access our site or purchase merchandise from us during such interruption. The efficient operation and successful growth of our business depends upon our information technology systems. The failure of our information technology systems and the third- party systems we rely on to perform as designed, or our failure to implement and operate them effectively, could disrupt our business or subject us to liability and thereby have a material adverse effect on our business, financial condition, results of operations and prospects. Our **expansion outside the U. S. could subject us to additional business, financial, regulatory and competitive risks. Our strategy is to introduce new products and grow our revenue outside of the U. S., including in Asia- Pacific, Europe, Latin- America, and Africa, by developing region- specific products; entering into joint- venture or licensing arrangements with companies in certain markets; expanding our relationships with value- added resellers of our products in some countries; and utilizing locally sourced components in our products in jurisdictions where locally sourced components are a regulatory or customer requirement. Our products and services to be offered outside of the U. S. may differ from our current products and services in several ways, such as the consumption and utilization of local raw materials, components and logistics, the reengineering of select components to reduce costs, and region- specific customer training, site commissioning, warranty remediation and other technical services. These markets have different characteristics from the markets in which we currently sell products, and our success will depend on our ability to adapt properly to these differences. These differences include differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, customs duties or other trade restrictions, limited or unfavorable intellectual property protection, international political or economic conditions, restrictions on the repatriation of earnings, longer sales cycles, warranty expectations, product return policies and cost, performance and compatibility requirements. In addition, expanding into new geographic markets increases our exposure to presently existing risks, such as fluctuations in the value of foreign currencies and difficulties and increased expenses in complying with U. S. and foreign laws, regulations and trade standards, including the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"). The FCPA generally prohibits companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. Other countries in which we operate and may operate in the future may also have anti- bribery laws. Our policies mandate compliance with these anti- bribery laws. However, we currently operate in and intend to further expand into, many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti- bribery laws may conflict with local customs and practices. It is possible that our employees, subcontractors, agents and partners may take actions in violation of our policies and anti- bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows and reputation. Failure to manage the risks and challenges associated with our potential expansion into new geographic markets could adversely affect our revenue and our ability to achieve or sustain profitability.** Our indebtedness could adversely affect our financial flexibility and our competitive position. As of December 31, ~~2022~~ **2023**, we had \$ ~~195~~ **143.3** million of term loans and \$ ~~48~~ **40** million of revolving credit loans outstanding under the Senior Secured Credit Agreement (as defined below). Our level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. Our indebtedness could have other important consequences to you and significant effects on our business. For example, it could: • increase our vulnerability to adverse changes in general economic, industry and competitive conditions; •

require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • restrict us from exploiting business opportunities; • make it more difficult to satisfy our financial obligations, including payments on our indebtedness; • place us at a disadvantage compared to our competitors that have less debt; and • limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes. In addition, the Senior Secured Credit Agreement contains, and the agreements evidencing or governing any other future indebtedness may contain, restrictive covenants that will limit our ability to engage in activities that may be in our long- term best interests. Our failure to comply with those covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our indebtedness. Our indebtedness may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations. The Senior Secured Credit Agreement contains, and the agreements evidencing or governing any other future indebtedness may contain, financial restrictions on us and our restricted subsidiaries, including restrictions on our or our restricted subsidiaries' ability to, among other things: • place liens on our or our restricted subsidiaries' assets; • make investments other than permitted investments; • incur additional indebtedness; • prepay or redeem certain indebtedness; • merge, consolidate or dissolve; • sell assets; • engage in transactions with affiliates; • change the nature of our business; • change our or our subsidiaries' fiscal year or organizational documents; and • make restricted payments (including certain equity issuances). In addition, we are required to maintain compliance with various financial ratios in the Senior Secured Credit Agreement. A failure by us or our subsidiaries to comply with the covenants or to maintain the required financial ratios contained in the Senior Secured Credit Agreement could result in an event of default under such indebtedness, which could adversely affect our ability to respond to changes in our business and manage our operations. Additionally, a default by us under the Senior Secured Credit Agreement or an agreement governing any other future indebtedness may trigger cross- defaults under any other future agreements governing our indebtedness. Upon the occurrence of an event of default or cross- default under any of the present or future agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the agreements. If any of our indebtedness is accelerated, there can be no assurance that our assets will be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern. Developments in alternative technologies may have a material adverse effect on demand for our offerings. Significant developments in alternative technologies, such as advances in other forms of EBOS systems, may have a material adverse effect on our business and prospects. Any failure by us to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could result in product obsolescence, the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors. Amounts included in our backlog and awarded orders may not result in actual revenue or translate into profits. As of December 31, 2022-2023, we had \$ 428-631. 6-3 million of backlog and awarded orders, backlog-Backlog of \$ 168-205. 9-8 million represents signed purchase orders or contractual minimum purchase commitments with take- or- pay provisions and awarded orders of \$ 259-425. 7-5 million are orders we are in the process of documenting a contract but for which a contract has not yet been signed. We cannot guarantee that our backlog or awarded orders will result in actual revenue in the originally anticipated period or at all. In addition, the contracts included in our backlog or awarded orders may not generate margins equal to our historical operating results. Our customers may experience project delays or cancel orders as a result of external market factors and economic or other factors beyond our control. If our backlog and awarded orders fail to result in revenue at all or in a timely manner, we could experience a reduction in revenue, profitability and liquidity. Risks Related to Regulatory Matters Existing electric utility industry, renewable energy and solar energy policies and regulations, and any subsequent changes, may present technical, regulatory and economic barriers to the purchase and use of solar energy systems that may significantly reduce demand for our products or harm our ability to compete. Federal, state, local and foreign government regulations and policies concerning the broader electric utility industry, as well as internal policies and regulations promulgated by electric utilities and organized electric markets with respect to fees, practices, and rate design, heavily influence the market for electricity generation products and services. These regulations and policies often affect electricity pricing and the interconnection of generation facilities, and can be subject to frequent modifications by governments, regulatory bodies, utilities and market operators. For example, changes in fee structures, electricity pricing structures, and system permitting, interconnection and operating requirements can deter purchases of renewable energy products, including solar energy systems, by reducing anticipated revenue or increasing costs or regulatory burdens for would- be system purchasers. The resulting reductions in demand for solar energy systems could harm our business, prospects, financial condition and results of operations. Chief among policies intended to promote renewable electricity generally, or solar electricity in particular, are renewable portfolio standards (RPS) and clean energy standards (" CES "). Currently, 31-over half of the U. S. states, the District of Columbia, and Puerto Rico-two U. S. territories-have implemented some form of RPS / CES policy, which mandates that a certain portion of electricity delivered by regulated utilities to customers come from a set of eligible renewable or clean energy resources by a certain compliance date. Additionally, three-several states and one territory-have set voluntary renewable energy goals. RPS / CES policies vary widely by jurisdiction. In some areas, requirements have been satisfied and utilities must only prevent reductions in qualifying energy purchases and sales, while in other jurisdictions, RPS / CES policies continue to require substantial increases, up to 100 percent renewable electric generation, with final compliance dates typically 20 or more years out. Proposals to extend compliance deadlines, reduce renewable requirements or solar set- asides, or entirely repeal RPS / CES policies emerge periodically in various jurisdictions. While the recent trend has been for jurisdictions with RPS / CES policies to maintain or expand them, there can be no assurances that RPS / CES policies or other policies supporting renewable energy will continue. Net metering policies have also promoted solar electricity by allowing solar PV system owners to only pay for power usage net of production from the solar PV system.



Under a net metering program, the customer typically pays for the net energy used or receives a credit against future bills if more energy is produced than consumed. While most U. S. states have adopted some form of net metering, these programs have recently come under regulatory scrutiny in some jurisdictions due to allegations that net metering policies inequitably shift costs onto non- solar ratepayers. As a result, net metering policies in the future may be modified or even eliminated. The absence of favorable net metering policies or of net metering entirely, or the imposition of new charges that only or disproportionately affect end- users that use net metering would significantly limit demand for our products and could have a material adverse effect on our business, financial condition, results of operations and future growth. A significant development in renewable-energy pricing policies in the U. S. occurred on July 16, 2020, when the Federal Energy Regulatory Commission (“FERC”) issued Order No. 872 amending regulations that implement the Public Utility Regulatory Policies Act (“PURPA”). Among other requirements, PURPA mandates that FERC implement regulations requiring electric utilities to buy the output of certain renewable generators, including qualifying solar energy facilities, below established capacity thresholds, excluding renewable generation located in states where FERC has approved an exception to the PURPA purchase requirement. PURPA also requires that such sales occur at a utility’s “avoided cost” rate. FERC’s reforms in Order No. 872 include modifications (1) to how regulators and electric utilities may establish avoided cost rates for new contracts; (2) that reduce from 20 MW to 5 MW the capacity threshold above which a renewable- energy qualifying facility is rebuttably presumed to have nondiscriminatory market access, thereby removing the requirement for utilities to purchase its output; (3) that require regulators to establish criteria for determining when an electric utility incurs a legally enforceable obligation to purchase from a PURPA facility; and (4) that reduce barriers for third parties to challenge PURPA eligibility. Order No. 872 became effective on February 16, 2021. In general, FERC’s PURPA reforms have the potential to reduce prices for the output from certain new renewable generation projects while also narrowing the scope of PURPA eligibility for new projects. These effects could reduce demand for PURPA-eligible solar energy systems and could harm our business, prospects, financial condition and results of operations. Changes in other current laws or regulations applicable to us or the imposition of new laws, regulations or policies in the U. S. or other jurisdictions in which we do business could have a material adverse effect on our business, financial condition and results of operations. Any changes to government, utility or electric market regulations or policies that favor electric utilities, non- solar generation, or other market participants, or that make construction or operation of new solar generation facilities more expensive or difficult, could reduce the competitiveness of solar energy systems and cause a significant reduction in demand for our products and services and adversely impact our growth. In addition, changes in our products or changes in export and import laws and implementing regulations may create delays in the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether. Any such event could have a material adverse effect on our business, financial condition and results of operations. Changes in the U. S. trade environment, including the imposition of trade restrictions, import tariffs, anti- dumping and countervailing duties could adversely affect the amount or timing of our revenue, results of operations or cash flows. Escalating trade tensions, particularly between the U. S. and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain materials and components for our products or for products used in solar energy projects more broadly, such as module supply and availability. More specifically, in March 2018, the U. S. imposed a 25 % tariff on steel imports and a 10 % tariff on aluminum imports pursuant to Section 301 of the Trade Act of 1974 and has imposed additional tariffs on steel and aluminum imports pursuant to Section 232 of the Trade Expansion Act of 1962. Additionally, in January 2018, the U. S. adopted a tariff on imported solar modules and cells pursuant to Section 201 of the Trade Act of 1974, which was extended in February 2022 for another four years. The tariff was initially set at 30 %, with a gradual reduction over four years to 15 %. This tariff may indirectly affect us by impacting the financial viability of solar energy projects, which could in turn reduce demand for our products. Furthermore, in July 2018, the U. S. adopted a 10 % tariff on a long list of products imported from China under Section 301 of the Trade Act of 1974, including inverters and power optimizers, which became effective on September 24, 2018. In June 2019, the U. S. Trade Representative increased the rate of such tariffs from 10 % to 25 %. These tariffs could impact the solar energy projects in which our products are used, which could lead to decreased demand for our products. On January 15, 2020, the U. S. and China entered into an initial trade deal that preserves the bulk of the tariffs placed in 2018 and maintains a threat of additional tariffs should China breach the terms of the deal. In December 2021, President Biden signed the Uyghur Forced Labor Prevention Act (“UFLPA”) into law, which **became effective on June 21, 2022. The UFLPA** seeks to block the import of products made with forced labor in certain areas of China **and has identified a list of suppliers from which products are subject to a presumption of import denial**. As a result, some suppliers of solar modules have seen shipments detained by U. S. Customs and Border Patrol pursuant to the UFLPA. These detentions have not significantly impacted any of our customers’ projects to date; however, continued or future detentions could affect the industry and impact solar energy projects more broadly, which in turn could affect our business. We are **continuing to monitoring** developments in this area. In addition, the U. S. currently imposes antidumping and countervailing duties on certain imported crystalline silicon PV cells and modules from China and Taiwan. Such antidumping and countervailing duties can change over time pursuant to annual reviews conducted by the U. S. Department of Commerce (“USDOC”), and an increase in duty rates could have an adverse impact on our operating results. **In February- On August 23, 2022-2023**, as a petitioner requested **result of an investigation, the USDOC determined** that **imports of certain crystalline silicone PV that have been completed in Cambodia, Malaysia, Thailand, or Vietnam, using parts or components produced in** the USDOC investigate **alleged People’s Republic of China are circumvention- circumventing of the** antidumping and countervailing **duties orders** on **solar Chinese imports by crystalline silicon PV-cells and module-modules from China imports assembled and completed in Cambodia, Malaysia, Thailand, and Vietnam- However** **On March 28, on 2022, the USDOC announced that it would investigate the circumvention alleged in the petition. On June 6, 2022, President Biden issued Proclamation 10414 that declared an emergency with respect to U. S. electricity generation capacity and stated that immediate action was needed to ensure access**

to a sufficient supply of solar cells and modules to assist in meeting the U. S.' electricity generation needs temporarily waiving for 24 months **(through June 2024)** the collection of antidumping and countervailing duties for certain cells and modules subject to USDOC' s investigation. As the timing and progress of many of our customers' projects depend upon the supply of PV cells and modules, our operating results could be adversely impacted **if by the USDOC' s investigation is not resolved quickly and / or the USDOC makes negative circumvention determinations- determination, especially once the temporary waiver expires**. **More recently In addition**, on October 7, 2022, the Biden Administration adopted export controls related to technology that could harm U. S. national security. **Further export controls related to technology could impact the business, notably if the U. S. Government expands the restrictions to more common technology**. Tariffs and the possibility of additional tariffs in the future, including as a result of the petition pending with the USDOC regarding circumvention of antidumping and countervailing duties, have created uncertainty in the industry. If the price of solar systems in the U. S. increases, the use of solar systems could become less economically feasible and could reduce our gross **margins profits** or reduce the demand of solar systems manufactured and sold, which in turn may decrease demand for our products. Additionally, existing or future tariffs or other trade restrictions may negatively affect key customers, suppliers, and manufacturing partners. Such outcomes could adversely affect the amount or timing of our revenue, results of operations or cash flows, and continuing uncertainty could cause sales volatility, price fluctuations or supply shortages or cause our customers to advance or delay their purchase of our products. It is difficult to predict what further trade- related actions governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions. Changes in tax laws or regulations that are applied adversely to us or our customers could materially adversely affect our business, financial condition, results of operations and prospects. Changes in corporate tax rates, tax incentives for renewable energy projects, the realization of net deferred tax assets relating to our U. S. operations, the taxation of foreign earnings, and the deductibility of expenses under future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one- time charges in the current or future taxable years, and could increase our future U. S. tax expense, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

**Risks Related to Our Organizational Structure** We are a holding company and our principal asset is our interest in Shoals Parent and, accordingly, we are dependent upon Shoals Parent and its consolidated subsidiaries for our results of operations, cash flows and distributions. We are a holding company and have no material assets other than our ownership of the LLC Interests. As such, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses, or declare and pay dividends in the future, if any, depend upon the results of operations and cash flows of Shoals Parent and its consolidated subsidiaries and distributions we receive from Shoals Parent. There can be no assurance that our subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions will permit such distributions. In certain circumstances, under its limited liability company agreement, Shoals Parent will be required to make tax distributions to the Company and the Continuing Equity Owners, and the distributions that Shoals Parent will be required to make may be substantial. Funds used by Shoals Parent to satisfy its tax distribution obligations to the Continuing Equity Owners will not be available for reinvestment in our business. Moreover, the tax distributions that Shoals Parent will be required to make may be substantial and will likely exceed (as a percentage of Shoals Parent' s net income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. As a result of potential differences in the amount of net taxable income allocable to us and to the Continuing Equity Owners, as well as the use of an assumed tax rate in calculating Shoals Parent' s tax distribution obligations to the Continuing Equity Owners, we may receive distributions significantly in excess of our tax liabilities. To the extent, as currently expected, we will not distribute such cash balances as dividends on shares of our Class A common stock and instead, for example, hold such cash balances or lend them to Shoals Parent, the Continuing Equity Owners would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following an exchange of their LLC Interest for such Class A common stock.

**Risks Related to Our Class A Common Stock** We cannot assure you that the price of our Class A common stock will not decline or not be subject to significant volatility. The market price of our Class A common stock has and could be subject to significant fluctuations. The price of our stock may change in response to fluctuations in our results of operations in future periods, **the wire insulation shrinkback matter, and other factors specific to our company**, and also may change in response to other factors, including macroeconomic factors as well as factors specific to companies in our industry, many of which are beyond our control. As a result, our share price may experience significant volatility and may not necessarily reflect the value of our expected performance. Future sales, or the perception of future sales, by us ~~or our existing stockholders~~ in the public market could cause the market price for our Class A common stock to decline. The sale of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. ~~Our certificate of incorporation authorizes us to issue up to 1, 000, 000, 000 of our authorized shares of Class A common stock, of which 137, 904, 663 shares are outstanding and 31, 419, 913 are available upon the exchange of outstanding LLC Interests as of December 31, 2022. The exchange of LLC Interests into shares of Class A common stock and the subsequent sale of such shares, could impact the trading price of our Class A common stock.~~ In addition, we have, and in the future, we may also issue securities in connection with investments, acquisitions or capital raising activities. In particular, the number of shares of our Class A common stock issued in connection with an investment or acquisition, or to raise additional equity capital, could constitute a material portion of our then- outstanding shares of our Class A common stock. Any such issuance of additional securities in the future may result in additional dilution to you or may adversely impact the price of our Class A common stock. Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our Class A common stock by

discouraging, delaying or preventing a change of control of our Company or changes in our management that the stockholders of our Company may believe **to be** advantageous. These provisions include: • authorizing “ blank check ” preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt; • providing for a classified board of directors with staggered three- year terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors; • not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • limiting the ability of stockholders to call a special stockholder meeting; • prohibiting stockholders from acting by written consent; • establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; • the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2 / 3 % in voting power of all the then- outstanding shares of common stock of the Company entitled to vote thereon; • providing that our board of directors is expressly authorized to amend, alter, rescind or repeal our bylaws; and • requiring the affirmative vote of holders of at least 66 2 / 3 % of the voting power of all of the then- outstanding shares of Class A common stock to amend provisions of our certificate of incorporation relating to the management of our business, our board of directors, stockholder action by written consent, calling special meetings of stockholders, competition and corporate opportunities, Section 203 of the Delaware General Corporation Law (the “ DGCL ”), forum selection and the liability of our directors, or to amend, alter, rescind or repeal our bylaws. In addition, we are not governed by the provisions of Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with any “ interested ” stockholder for a period of three years following the date on which the stockholder becomes an “ interested ” stockholder. In addition, our certificate of incorporation provides that U. S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act but that the forum selection provision will not apply to claims brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended (the “ Exchange Act ”). Our certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternate forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our certificate of incorporation or our bylaws; any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; any action asserting a claim against us that is governed by the internal affairs doctrine; or any action asserting an “ internal corporate claim ” as defined in Section 115 of the DGCL. The choice of forum provision may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court finds the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition, and results of operations. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation provides that, unless we consent in writing to the selection of an alternate forum, the federal district court for the District of Delaware will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws. We note that there is uncertainty as to whether a court would enforce the choice of forum provision with respect to claims under the federal securities laws, and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. We do not intend to pay any cash distributions or dividends on our Class A common stock in the foreseeable future. We have never declared or paid any distributions or dividends on our Class A common stock. We currently intend to retain any future earnings and do not expect to pay any cash distributions or dividends in the foreseeable future. Any future determination to declare cash distributions or dividends will be made at the discretion of our board of directors, subject to applicable laws and provisions of our debt instruments and organizational documents, after taking into account our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant. As a result, capital appreciation in the price of our Class A common stock, if any, may be your only source of gain on an investment in our Class A common stock. General Risk Factors ~~business~~. We face risks related to actual or threatened health epidemics or pandemics, such as the COVID- 19 pandemic, ~~which could significantly disrupt our manufacturing and operations~~. Our business could be adversely impacted by the effects of a widespread outbreak of contagious disease, such as the ~~recent~~ outbreak of respiratory illness caused by the COVID- 19 pandemic. Any widespread outbreak of contagious ~~diseases~~ **disease**, and other adverse public health developments, could cause disruption to, among other things, our ground operations at project sites, our manufacturing facilities and our suppliers and vendors and have a material and adverse effect on our business operations. **If While we only experienced a short term work stoppage at the onset of the COVID- 19 pandemic, our manufacturing facilities and our suppliers or vendors are so affected, our supply chain, manufacturing and vendors- product shipments could be delayed disrupted by worker absenteeism, worker attrition which could adversely affect our business, quarantines operations and customer relationships. In addition, office health epidemics and factory closures pandemics have affected, disruptions to ports and may in other-- the shipping infrastructure- future adversely affect, or other-- the economies and financial markets of many countries travel or health- related restrictions related to future epidemics or pandemics. If Any of these consequences could**

**materially adversely affect our business, results of operations and prospects.** If we fail to maintain effective internal controls over financial reporting, we may be unable to accurately or timely report our financial condition or results of operations, which may adversely affect our business. Our management is responsible for establishing and maintaining effective internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock. ~~Our planned expansion could subject us to additional business, financial, regulatory and competitive risks. Our strategy is to introduce new products and grow our revenue outside of the U. S. by developing region-specific products; entering into joint-venture or licensing arrangements with companies in certain markets; expanding our relationships with value-added resellers of our products in some countries; and utilizing locally sourced components in our products in jurisdictions where locally sourced components are a regulatory or customer requirement. Our products and services to be offered outside of the U. S. may differ from our current products and services in several ways, such as the consumption and utilization of local raw materials, components and logistics, the reengineering of select components to reduce costs, and region-specific customer training, site commissioning, warranty remediation and other technical services. These markets have different characteristics from the markets in which we currently sell products, and our success will depend on our ability to adapt properly to these differences. These differences may include differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, customs duties or other trade restrictions, limited or unfavorable intellectual property protection, international political or economic conditions, restrictions on the repatriation of earnings, longer sales cycles, warranty expectations, product return policies and cost, performance and compatibility requirements. In addition, expanding into new geographic markets will increase our exposure to presently existing risks, such as fluctuations in the value of foreign currencies and difficulties and increased expenses in complying with U. S. and foreign laws, regulations and trade standards, including the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”). The FCPA generally prohibits companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. Other countries in which we operate and may operate in the future may also have anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. However, we currently operate in and intend to further expand into, many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. It is possible that our employees, subcontractors, agents and partners may take actions in violation of our policies and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows and reputation. Failure to manage the risks and challenges associated with our potential expansion into new geographic markets could adversely affect our revenue and our ability to achieve or sustain profitability.~~