UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to _________

Commission File Number: 001-39613

ARRAY TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**83-2747826**
(State or Other Jurisdiction)	(I.R.S. Employer Identification No.)

3901 Midway Place NE	**Albuquerque**	**New Mexico**	**87109**
(Address of principal executive offices)			(Zip Code)

(Registrant's telephone number, including area code) **(505) 881-7567**

(Former name, former address and former fiscal year, if changed since last report) **N/A**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value	ARRY	Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:
As of August 5, 2021, there were 126,994,467 shares of common stock, par value $0.001 per share, issued and outstanding.

Array Technologies, Inc.
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PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Array Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (unaudited)
(in thousands, except per share and share amounts)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 17,682	$ 108,441
Accounts receivable, net	153,610	118,694
Inventories, net	137,666	118,459
Income tax receivables	9,657	17,158
Prepaid expenses and other	11,597	12,423
Total current assets	330,212	375,175
Property, plant and equipment, net	9,763	9,774
Goodwill	69,727	69,727
Other intangible assets, net	186,507	198,260
Other assets	26,109	3,088
Total assets	$ 622,318	$ 656,024
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	$ 81,377	$ 82,755
Accounts payable - related party	610	2,232
Accrued expenses and other	19,129	29,164
Accrued warranty reserve	2,968	3,049
Income tax payable	—	8,814
Deferred revenue	51,458	149,821
Current portion of contingent consideration	1,908	8,955
Current portion of term loan	4,300	4,313
Other current liabilities	6,379	—
Total current liabilities	168,129	289,103
Long-term liabilities		
Deferred tax liability	14,472	13,114
Contingent consideration, net of current portion	10,108	10,736
Other long-term liabilities	4,273	—
Long-term debt, net of current portion, debt discount and issuance costs	493,945	423,970
Total long-term liabilities	522,798	447,820
Total liabilities	690,927	736,923
Commitments and contingencies (Note 12)		

	June 30, 2021	December 31, 2020
Preferred stock of 0.001 par value - 5,000,000 shares authorized; none issued as of June 30, 2021 and December 31, 2020	—	—
Common stock of $0.001 par value - 1,000,000,000 shares authorized; 126,994,467 shares issued as of June 30, 2021 and December 31, 2020	127	127
Additional paid-in capital	149,893	140,473
Accumulated deficit	(218,629)	(221,499)
Total stockholders' deficit	(68,609)	(80,899)
Total liabilities and stockholders' deficit	$ 622,318	$ 656,024

The accompanying notes are an integral part of these condensed consolidated financial statements.

Array Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations *(unaudited)*
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	$ 202,796	$ 114,916	$ 448,728	$ 552,634
Cost of revenue	176,009	92,714	378,083	412,016
Gross profit	26,787	22,202	70,645	140,618
Operating expenses				
General and administrative	15,113	11,192	39,786	22,899
Contingent consideration	(13)	3,430	135	2,417
Depreciation and amortization	5,981	6,369	11,965	12,743
Total operating expenses	21,081	20,991	51,886	38,059
Income from operations	5,706	1,211	18,759	102,559
Other expense				
Other expense, net	(122)	(2,242)	(200)	(2,134)
Interest expense	(6,651)	(2,411)	(15,660)	(7,640)
Total other expense	(6,773)	(4,653)	(15,860)	(9,774)
Income (loss) before income tax expense	(1,067)	(3,442)	2,899	92,785
Income tax expense (benefit)	(1,050)	(5,834)	29	16,708
Net income (loss)	$ (17)	$ 2,392	$ 2,870	$ 76,077
Earnings (loss) per share				
Basic	$ —	$ 0.02	$ 0.02	$ 0.63
Diluted	$ —	$ 0.02	$ 0.02	$ 0.63
Weighted average number of shares				
Basic	126,994	119,994	126,994	119,994
Diluted	126,994	119,994	127,203	119,994

The accompanying notes are an integral part of these condensed consolidated financial statements.

Array Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Member’s Equity/Stockholders’ Deficit
(unaudited)
(in thousands)

For the Three Months Ended June 30, 2021

	Preferred Stock		Common Stock		Additional		
	Shares	Amount	Shares	Amount	paid-in capital	Retained earnings	Total Stockholders’ Deficit
Balance, March 31, 2021	—	$ —		127	148,370	(218,612)	$ (70,115)
Equity-based compensation	—	—	—	—	1,523	—	1,523
Net Income	—	—	—	—	—	(17)	(17)
Balance, June 30, 2021	—	$ —	—	$ 127	$ 149,893	$ (218,629)	$ (68,609)

For the Three Months Ended June 30, 2020

	Units (*)	Total Members’ Equity
Balance, March 31, 2020	1	$ 380,594
Equity-based compensation		653
Net Income	—	2,392
Balance, June 30, 2020	1	$ 383,639

(*) See note 2 - Summary of Significant Accounting Policies - corporate conversion and stock split

Array Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Member's Equity/Stockholders' Deficit (continued)
(unaudited)
(in thousands)

For the Six Months Ended June 30, 2021

	Preferred Stock			Common Stock				Additional paid-in capital		Retained deficit		Total Stockholders' Deficit
	Shares		Amount	Shares		Amount						
Balance, December 31, 2020	—	$	—	126,994	$	127	$	140,473	$	(221,499)	$	(80,899)
Equity-based compensation	—		—	—		—		9,420		—		9,420
Net Income	—		—	—		—		—		2,870		2,870
Balance, June 30, 2021	—	$	—	126,994	$	127	$	149,893	$	(218,629)	$	(68,609)

For the Six Months Ended June 30, 2020

	Units (*)		Total Members' Equity
Balance, December 31, 2019	1	$	305,151
Equity-based compensation			2,411
Net Income	—		76,077
Balance, June 30, 2020	1	$	383,639

(*) See note 2 - Summary of Significant Accounting Policies - corporate conversion and stock split.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Array Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows *(unaudited)*
(in thousands)

	Six Months Ended June 30,	
	2021	2020
Cash flows used in operating activities		
Net income	$ 2,870	$ 76,077
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for (recovery of) bad debts	(551)	223
Deferred tax benefit	1,358	(1,376)
Depreciation and amortization	12,964	13,724
Amortization of debt discount and issuance costs	5,118	2,160
Interest paid-in-kind	—	3,073
Equity-based compensation	9,467	2,411
Contingent consideration	135	2,417
Warranty provision	425	597
Provision for inventory obsolescence	1,236	221
Changes in operating assets and liabilities		
Accounts receivable	(34,365)	(2,590)
Inventories	(20,443)	42,523
Income tax receivables	7,501	(18,689)
Prepaid expenses and other	826	7,183
Accounts payable	(1,378)	(99,396)
Accounts payable - related party	(1,622)	—
Accrued expenses and other	(10,541)	(4,365)
Income tax payable	(8,814)	35,824
Lease liabilities	68	—
Deferred revenue	(98,363)	(307,917)
Net cash used in operating activities	(134,109)	(247,900)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,200)	(265)
Investment in equity security	(11,975)	—
Net cash used in investing activities	(13,175)	(265)
Cash flows from financing activities		
Proceeds from revolving credit facility	102,000	4,330
Principal payments on term loan facility	(31,075)	(57,702)
Payments on related party loans	—	(21,736)
Contingent consideration	(7,810)	—
Debt issuance costs	(6,590)	—
Net cash provided by (used in) financing activities	56,525	(75,108)
Net decrease in cash, cash equivalents and restricted cash	(90,759)	(323,273)
Cash, cash equivalents and restricted cash, beginning of period	108,441	361,257
Cash, cash equivalents, and restricted cash, end of period	$ 17,682	$ 37,984

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Business

Array Technologies, Inc. (the "Company") formerly ATI Intermediate Holdings, LLC, is a Delaware corporation formed in December 2018 as a wholly owned subsidiary of ATI Investment Parent, LLC ("Former Parent"). On October 14, 2020, the Company converted from a Delaware limited liability company to a Delaware corporation and changed the Company's name to Array Technologies, Inc. The Company is headquartered in Albuquerque, New Mexico, and manufactures and supplies solar tracking systems and related products for customers across the United States and internationally. The Company, through its wholly-owned subsidiary, ATI Investment Holdings, Inc. ("ATI Investment") owns two other subsidiaries through which it conducts substantially all operations; Array Tech, Inc. and Array Technologies Patent Holdings Co., LLC (collectively "AT").

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of results for the interim periods reported. The results for the three and six months ended June 30, 2021 are not necessarily indicative of results to be expected for the year ending December 31, 2021 or any other interim periods, or any future year or period. The balance sheet as of December 31, 2020 included herein was derived from the audited financial statements as of that date. Certain disclosures have been condensed or omitted from the interim financial statements. These financial statements should be read in conjunction with the Company's audited financial statements included in the Company's 10-K filed with SEC on March 10, 2021.

Reclassifications
Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

On January 1, 2021, the Company adopted Accounting Standards Update ("ASU") No. 2016-02 (Topic 842) "Leases" which supersedes the lease recognition requirements in ASC Topic 840, *"Leases"*. Under ASU No. 2016-02, lessees are required to recognize assets and liabilities on the consolidated balance sheets for most leases and provide enhanced disclosures. For companies that are not emerging growth companies ("EGCs"), the ASU was effective for fiscal years beginning after December 15, 2018. For EGCs, the ASU is effective for fiscal years beginning after December 15, 2021. The Company early adopted the new standard using the modified retrospective method by recording a right-of-use asset of $13.2 million, short-term portion of lease liabilities of $6.3 million and long-term portion of lease liabilities of $7.2 million as of the effective date. Prior periods will not be restated and will continue to be reported under Topic 840 guidance in effect during those periods. The Company applied the package of practical expedients to leases that commenced before the effective date whereby the Company elected to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases. The adoption did not have a material impact on its consolidated statements of operations or its consolidated statements of cash flows. See Note 13, Leases, for further information and disclosures related to the adoption of this standard.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU No. 2019-12"), which is intended to simplify various aspects of the accounting for income taxes. ASU No. 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. This standard is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company has adopted the pronouncement and it did not have a material impact on its consolidated financial statements and related disclosures.

Corporate Conversion and Stock Split
On October 14, 2020, prior to the issuance of any of our shares of common stock in our initial public offering (the "IPO"), we converted from a Delaware limited liability company to a Delaware corporation. In connection with the corporate conversion, we converted all 1,000 of our outstanding member units into 100,000,000 shares of common stock and then completed a stock split of 1.19994-for-1. The corporate conversion and stock split representing 119,994,467 shares of common stock have been adjusted retroactively for the purposes of calculating basic and diluted earnings per share.

Principles of Consolidation
The condensed consolidated financial statements include the accounts of Array Technologies, Inc. and its Subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates
The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include impairment of goodwill, impairment of long-lived assets, fair value of contingent consideration, allowance for doubtful accounts, reserve for excess or obsolete inventories, valuation of deferred tax assets and warranty reserve. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. Management has made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from previously estimated amounts, and such differences may be material to the condensed consolidated financial statements; however, management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

Impact of COVID-19 Pandemic
In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019, or COVID-19, surfaced in Wuhan, China. Since then, COVID-19 has spread to multiple countries, including the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Due to economic conditions our industry has seen rapid commodity price increases and strained logistics, causing us to experience temporary decreased margins and thus decreased cash from operations. We have taken, and continue to take, mitigating steps to overcome the economic challenges and, therefore, believe the impact to be temporary, but cannot be certain the timing of when we will achieve better margins. We have sufficient

liquidity and financing options available, and we expect to have sufficient liquidity to operate for the next 12 months.

The Company has implemented adjustments to its operations designed to keep employees safe and comply with federal, state and local guidelines, including those regarding social distancing. The extent to which COVID19 may further impact the Company's business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

Equity-Based Compensation

On October 14, 2020, the Company's 2020 Equity Incentive Plan (the "2020 Plan") became effective. Under the 2020 Plan, the Company may grant (i) restricted stock units (RSU's) to its employees and non-employee directors in connection with their service on the board of directors, and (ii) performance stock units ("PSUs") to certain of its executive officers and members of management. The PSUs contain performance and market conditions. The RSUs are valued at the closing stock price on the date of grant and recognized on a straight-line basis over vesting term. The PSU grants were valued using the Monte Carlo simulation method and the assigned fair value on grant date will be recognized on a straight-line basis over the vesting term of the awards. The probability of the awards meeting the performance related vested conditions is not included in the grant date fair value, but rather will be estimated quarterly and the Company will true-up the expense recognition accordingly upon any probability to vest revision. The Company accounts for forfeitures as they occur.

In the case of Class B units (the "Class B Units") and Class C units (the "Class C Units" and, together with the Class B Units, the "Units") of the Former Parent granted to certain employees and directors of the Company, the determination of the fair value of equity awards issued to employees of the Company was based upon the underlying share price and a number of assumptions, including volatility, performance period, risk-free interest rate and expected dividends. The Class B Units fully vested upon the completion of the Company's follow-on offering of its common stock in March 2021 (the "2021 Follow-on Offering") as it was considered a sale of the Former Parent and the Company recognized the remaining unamortized compensation expense of $6.3 million.

New Accounting Standards
To be adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses*, which was subsequently amended by ASU No. 2018-19 and ASU No. 2019-10, requires the measurement of expected credit losses for financial instruments carried at amortized cost held at the reporting date based on historical experience, current conditions and reasonable forecasts. The updated guidance also amends the current other-than-temporary impairment model for available-for-sale debt securities by requiring the recognition of impairments relating to credit losses through an allowance account and limits the amount of credit loss to the difference between a security’s amortized cost basis and its fair value. In addition, the length of time a security has been in an unrealized loss position will no longer impact the determination of whether a credit loss exists. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The standard is effective for EGCs the fiscal year beginning after December 15, 2022, or December 15, 2021 if we were to lose EGC status in 2021. The Company will continue to assess the possible impact of this standard, but currently does not expect the adoption of this standard will have a significant impact on its consolidated financial statements and its limited history of bad debt expense relating to trade accounts receivable.

3. Inventories

Inventories consist of the following (in thousands):

	June 30, 2021	December 31, 2020
Raw materials	$ 46,993	$ 39,051
Finished goods	98,096	85,833
Reserve for excess or obsolete inventory	(7,423)	(6,425)
Total	$ 137,666	$ 118,459

4. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	Estimated Useful Lives (Years)	June 30, 2021		December 31, 2020	
Land	N/A	$	1,340	$	1,340
Buildings and land improvements	15-39		2,486		2,486
Manufacturing equipment	7		13,513		13,261
Furniture, fixtures and equipment	5-7		477		443
Vehicles	5		161		140
Hardware and software	3-5		1,603		887
Machinery in progress			178		—
Total			19,758		18,557
Less: accumulated depreciation			(9,995)		(8,783)
Property, plant and equipment, net		$	9,763	$	9,774

Depreciation expense was $0.6 million and $0.6 million for the three months ended June 30, 2021 and 2020, respectively, of which $0.5 million and $0.5 million, respectively, has been allocated to cost of revenue and $0.1 million and $0.1 million, respectively, is included in depreciation and amortization in the accompanying condensed consolidated statements of operations for the three months ended June 30, 2021 and 2020.

Depreciation expense was $1.2 million and $1.2 million for the six months ended June 30, 2021 and 2020, respectively, of which $1.0 million and $1.0 million, respectively, has been allocated to cost of revenue and $0.2 million and $0.2 million, respectively, is included in depreciation and amortization in the accompanying consolidated statements of operations for the six months ended June 30, 2021 and 2020.

5. Goodwill and Other Intangible Assets

Goodwill

Goodwill relates to the Former Parent’s acquisition of AT (the “Acquisition”) in 2016. As of July 8, 2016 (the “Acquisition Date”), goodwill was $121.6 million. As of June 30, 2021 and December 31, 2020 goodwill totaled $69.7 million, net of accumulated impairment of $51.9 million and is not deductible for tax purposes.

Other Intangible Assets

Other intangible assets consisted of the following (in thousands):

	Estimated Useful Lives (Years)	June 30, 2021	December 31, 2020
Amortizable:			
Costs:			
Developed technology	14	$ 203,800	$ 203,800
Customer relationships	10	89,500	89,500
Internal-use software modification	2.5	4,356	4,356
Total amortizable intangibles		297,656	297,656
Accumulated amortization:			
Developed technology		72,510	65,233
Customer relationships		44,583	40,107
Internal-use software modification costs		4,356	4,356
Total accumulated amortization		121,449	109,696
Total amortizable intangibles, net		176,207	187,960
Non-amortizable costs:			
Trade name		10,300	10,300
Total other intangible assets, net		$ 186,507	$ 198,260

Amortization expense related to intangible assets amounted to $5.9 million for the three months ended June 30, 2021 and 2020, and $11.8 million for the six months ended June 30, 2021 and 2020, respectively.

6. Investment in Equity Security

The Company made a $10.0 million and $2.0 million investment in preferred stock of a private company in February 2021 and April 2021, respectively. The investment is accounted for in accordance with ASC 321 at its cost less any impairment. The investment balance as of June 30, 2021 is $12.0 million and is recorded in other assets on the condensed consolidated balance sheet. There is no impairment recorded for the three and six months ended June 30, 2021.

7. Income Taxes

The Company follows guidance under ASC Topic 740-270, Interim Reporting, which requires that an estimated annual effective tax rate is applied to year-to-date ordinary income. At the end of each interim period, the Company estimates the effective tax rate expected to be applicable for the full fiscal year. The tax effect of discrete items is recorded in the quarter in which the discrete events occur.

The Company recorded income tax expense (benefit) of $(1.1) million and $(5.8) million for the three months ended June 30, 2021 and 2020, respectively, and income tax expense of $29 thousand and $16.7 million for the six months ended June 30, 2021 and 2020. The tax benefit in the three months ended June 30, 2021 is unfavorably impacted by non-deductible amounts for equity-based compensation and Follow-on Offering costs. The tax benefit in the three months ended June 30, 2020 was favorably impacted by a tax benefit related to an

NOL carryback as a result of the CARES Act. The tax expense in the six months ended June 30, 2021 was unfavorably impacted by non-deductible amounts for equity-based compensation and Follow-on Offering costs. The tax expense in the six months ended June 30, 2020 was favorably impacted by a tax benefit related to an NOL carryback as a result of the CARES Act.

For the three and six months ended June 30, 2021 and 2020, no reserves for uncertain tax positions have been recorded. The Company will continue to monitor this position each interim period.

8. Long-Term Debt

	June 30, 2021	December 31, 2020
Term loan facility	$ 428,925	$ 460,000
Revolving credit facility	102,000	—
	530,925	460,000
Less discount and issuance costs	(32,680)	(31,717)
Long term debt, net of debt discount and issuance costs	498,245	428,283
Less current portion of long-term debt	(4,300)	(4,313)
Long-term debt, net of current portion, debt discount and issuance costs	$ 493,945	$ 423,970

Senior Secured Credit Facility
On October 14, 2020, the Company entered into a senior secured credit facility consisting of (i) a $575 million senior secured seven-year term loan facility (the “Term Loan Facility”) and (ii) a $150 million senior secured 5-year revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Secured Credit Facility”). As of June 30, 2021, the Term Loan Facility had a balance of $428.9 million. On February 23, 2021 the Company entered into the First Amendment (“First Amendment”) to its Senior Secured Credit Facility. The First Amendment, in the case of the Eurocurrency borrowings, lowers the London interbank offered rate floor to 50 basis points from 100 basis points and lowers the applicable margin to 325 basis points from 400 basis points per annum. This resulted in the current rate on the Term Loan Facility of 3.75%. On February 26, 2021, we entered into the incremental facility amendment No. 2 (the “Second Amendment”) to the Senior Secured Credit Facility. The Second Amendment increases the $150.0 million Revolving Credit Facility from $150.0 million to $200.0 million. The balance of the Term Loan Facility is presented in the accompanying condensed consolidated balance sheets net of debt discount and issuance costs of $32.7 million at June 30, 2021. The debt discount and issuance costs are being amortized using the effective interest method and the rate as of June 30, 2021 is 5.01%. The Term Loan Facility has an annual excess cash flow calculation beginning with the year ended December 31, 2021 which could require the Company to make advance principal payments.

Revolving Credit Facility
Under the Revolving Credit Facility, the Company had $102.0 million outstanding balance, $11.0 million in standby letters of credit and availability of $87.0 million as of June 30, 2021.

9. Related Party Loan

The Company had a senior secured promissory note, as amended, with a unit holder of Former Parent that had a balance, net of debt discount and issuance costs as of June 30, 2020 of $41.8 million for which the Company paid interest expense for the three and six months ended June 30, 2020 of $1.7 million and $3.5 million, which consisted of cash interest, PIK interest and amortization of the debt discount. The note was no longer outstanding as of June 30, 2021 and had no balance or interest expense for the three months ended June 30, 2021.

10. Revenue

Based on Topic 606 provisions, the Company disaggregates its revenue from contracts with customers by those sales recorded over-time and sales recorded at a point in time. The following table presents the Company's revenue disaggregated by sales recorded over-time and sales recorded at a point in time (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Over-time revenue	$ 189,622	$ 98,637	$ 421,475	$ 516,598
Point in time revenue	13,174	16,279	27,253	36,036
Total revenue	$ 202,796	$ 114,916	$ 448,728	$ 552,634

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities) on the consolidated balance sheets. The majority of the Company's contract amounts are billed as work progresses in accordance with agreed-upon contractual terms, which generally coincide with the shipment of one or more phases of the project. Billing sometimes occurs subsequent to revenue recognition, resulting in contract assets. The changes in contract assets (i.e. unbilled receivables) and the corresponding amounts recorded in revenue relate to fluctuations in the timing and volume of billings for the Company's revenue recognized over-time. Contract assets consisting of unbilled receivables are recorded within accounts receivable on the consolidated balance sheets on a contract-by-contract basis at the end of the reporting period and consisted of the following (in thousands):

	June 30, 2021	**December 31, 2020**
Unbilled receivables	$ 37,567	$ 18,073

The Company also receives advances or deposits from its customers, before revenue is recognized, resulting in contract liabilities. The changes in contract liabilities (i.e. deferred revenue) relate to advanced orders and payments received by the Company. Contract liabilities consisting of deferred revenue recorded on a contract-by-contract basis at the end of each reporting period were as follows (in thousands):

	June 30, 2021	**December 31, 2020**
Deferred revenue	$ 51,458	$ 149,821

During the six months ended June 30, 2021, the Company converted $149.8 million deferred revenue to revenue which represented 100.0% of the prior years deferred revenue balance.

Remaining Performance Obligations
As of June 30, 2021, the Company had $197.5 million of remaining performance obligations. The Company expects to recognize revenue on 100% of these performance obligations in the next twelve months.

11. Earnings (loss) per Share

The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net (loss) income	$ (17)	$ 2,392	$ 2,870	$ 76,077
Basic:				
Weighted-average shares	126,994	119,994	126,994	119,994
Earnings (loss) per share	$ —	$ 0.02	$ 0.02	$ 0.63
Diluted:				
Weighted-average shares	126,994	119,994	126,994	119,994
Equity compensation dilutive securities	—	—	209	—
Weighted average dilutive shares	126,994	119,994	127,203	119,994
Earnings (loss) per share	$ —	$ 0.02	$ 0.02	$ 0.63

Potentially dilutive common shares issuable pursuant to equity-based awards were not included for the three months ended June 30, 2021 as their potential effect was anti-dilutive as the Company generated a net loss.

12. Commitments and Contingencies

Litigation
The Company, in the normal course of business, is subject to claims and litigation. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company would accrue a liability for the estimated loss.

On May 14, 2021, a putative class action was filed in the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11, 12(a)(2) and 15 of the Securities Exchange Act of 1933 (“Plymouth Action”). The Plymouth Action alleges misstatements and/or omissions in the Company’s registration statements and prospectuses related to the Company’s October 2020 initial public offering, the Company's December 2020 offering, and the Company's March 2021 offering during the putative class period of October 14, 2020 through May 11, 2021. Lead plaintiff motions were filed on July 13, 2021, and the Court is expected to appoint a lead plaintiff by August 12, 2021. The Court has not yet set a schedule for the filing of an amended complaint or defendants' anticipated motion to dismiss.

On June 30, 2021, a second putative class action was filed in the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11 and 15 of the Securities Exchange Act of 1933 alleging misstatements and/or omissions in certain of the Company's registration statements and prospectuses related to the Company's October 2020 initial public offering, the Company's December 2020 offering, and the Company's March 2021 offering during the putative class period of October 14, 2020 through May 11, 2021. On July 6, 2021, the Court entered an order, based on the record before the Court, that this action was in all material respects substantially similar to the Plymouth Action and both actions arise out of the same or similar operative facts, and that the parties are substantially the same parties. The Court consolidated this action with the Plymouth Action for all pretrial purposes, ordered all filings in connection with this Action to be made in the Plymouth Action, and removed this action from the docket.

On July 16, 2021, a verified derivative complaint was filed against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for misleading proxy statements, (2) breach of fiduciary duty, (3) unjust enrichment, (4) abuse of control, (5) gross mismanagement, (6) corporate waste, (7) aiding and abetting breach of fiduciary duty, and (8) contribution under sections 10(b) and 21D of the Securities Exchange Act of 1934. On July 21, 2021, the Court entered an order, based on the record before the Court, that this action was in all material respects substantially similar to the Plymouth Action and both actions arise out of the same or similar operative facts, and that the parties are substantially the same parties. The Court consolidated this action with the Plymouth Action for all pretrial purposes, ordered all filings in connection with this Action to be made in the Plymouth Action, and removed this action from the docket.

On July 30, 2021, a second and related verified derivative complaint was filed against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for causing the issuance of a false/misleading proxy statement, (2) breach of fiduciary duty, and (3) aiding and abetting breaches of fiduciary duty. The Court has not yet entered an order consolidating this case with the Plymouth case.

At this time the Company believes that the likelihood of any material loss related to these matters is remote given the preliminary stage of the claims and strength of the Company's defenses. The Company has not recorded any material loss contingency in the Condensed Consolidated Balance Sheets as of June 30, 2021.

Contingent Consideration

Taxes Receivable Agreement

Concurrent with the Acquisition, Array Tech, Inc. (f/k/a Array Technologies, Inc.) entered into a Taxes Receivable Agreement ("TRA") with the former majority shareholder of Array. The TRA is valued based on the future expected payments under the agreement. The TRA provides for the payment by Array Tech, Inc. to the former owners for certain federal, state, local and non-U.S. tax benefits deemed realized in post-closing taxable periods by Array, from the use of certain deductions generated by the increase in the tax value of the developed technology. The TRA is accounted for as contingent consideration and subsequent changes in fair value of the contingent liability are recognized in contingent consideration in the accompanying consolidated statements of operations. As of June 30, 2021 and December 31, 2020, the fair value of the TRA was $12.0 million and $19.7 million, respectively.

Estimating the amount of payments that may be made under the TRA is by nature imprecise. The significant fair value inputs used to estimate the future expected TRA payments to the former owners include the timing of tax payments, a discount rate, book income projections, timing of expected adjustments to calculate taxable income and the projected rate of use for attributes defined in the TRA.

Payments made under the TRA consider tax positions taken by the Company and are due within 125 days following the filing of the Company's U.S. federal and state income tax returns under procedures described in the agreement. The current portion of the TRA liability is based on tax returns. The TRA will continue until all tax benefit payments have been made or the Company elects early termination under the terms described in the TRA.

Earn-Out Liability

The Company had a liability to the selling stockholders of Array for contingent consideration consisting of earn-out payments in the form of cash upon the occurrence of certain events, including the sale, transfer, assignment, pledge, encumbrance, distribution or disposition of shares held by the acquirer to a third party; initial public offering of the equity securities of Former Parent, acquirer or the Company; the sale of equity securities or assets of Former Parent, acquirer or the Company to a third-party; or a merger, consolidation, recapitalization or reorganization of Former Parent, acquirer or the Company. The maximum aggregate earn-out consideration was $25.0 million. The earn-out liability was paid off in the fourth quarter of the fiscal year ended December 31, 2020.

The fair value of the earn-out liability was initially determined as of the Acquisition Date using unobservable inputs. These inputs include the estimated amount and timing of future cash flows, the probability of a qualifying event occurring, and a risk-free rate used to adjust the probability-weighted cash flows to their present value. Subsequent to the Acquisition Date, at each reporting period, the earn-out liability was re-measured to fair value with changes in fair value recorded in contingent consideration in the accompanying condensed consolidated statements of operations.

The following table summarizes the liability related to the estimated contingent consideration (in thousands):

	TRA	Earn-Out Liability	Contingent Consideration
Balance, March 31, 2021	$ 19,839	$ —	$ 19,839
Payments	(7,810)		(7,810)
Fair value adjustment	(13)	—	(13)
Balance, June 30, 2021	$ 12,016	$ —	$ 12,016
Balance, March 31, 2020	$ 17,113	$ 124	$ 17,237
Fair value adjustment	1,732	1,698	3,430
Balance, June 30, 2020	$ 18,845	$ 1,822	$ 20,667

	TRA	Earn-Out Liability	Contingent Consideration
Balance, December 31, 2020	$ 19,691	$ —	$ 19,691
Payments	(7,810)	—	(7,810)
Fair value adjustments	135	—	135
Balance, June 30, 2021	$ 12,016	$ —	$ 12,016
Balance, December 31, 2019	$ 17,808	$ 442	$ 18,250
Fair value adjustment	1,037	1,380	2,417
Balance, June 30, 2020	$ 18,845	$ 1,822	$ 20,667

The TRA and earn-out liabilities require significant judgment and are classified as Level 3 in the fair value hierarchy.

13. Equity-Based Compensation

Equity Incentive Plan

On October 14, 2020, the Company's 2020 Plan became effective. The 2020 Plan authorized 6,683,919 new shares, subject to adjustments pursuant to the 2020 Plan.

In the six months ended June 30, 2021, the Company granted an aggregate of 513,463 RSU's to employees and board of director members and 177,472 Performance Stock Units (PSUs) to certain executives. The PSUs cliff vest after three years and upon meeting certain revenue and adjusted EPS targets. The PSUs also contain a modifier based on the total stock return (TSR) compared to a certain Index which modifies the number of PSUs that vest.

Activity under the 2020 Plan was as follows:

	Number of Shares		Weighted Average Grant Date Fair Value
RSU			
Unvested, December 31, 2020	500,006	$	22.00
Granted	513,463		25.35
Vested	—		—
Forfeited	(43,045)		28.36
Unvested, June 30, 2021	970,424	$	23.49

PSU	Number of Shares		Weighted Average Grant Date Fair Value
Unvested, December 31, 2020	—	$	—
Granted	177,472		28.25
Vested	—		—
Forfeited	(14,379)		30.74
Unvested, June 30, 2021	163,093	$	28.03

Class B Units

The Company accounted for equity grants to employees of Class B Units of Former Parent (the "Units") as equity-based compensation under ASC 718, *Compensation-Stock Compensation*. The Units contained vesting provisions as defined in the agreement. Equity-based compensation cost was measured at the grant date fair value and recognized on a straight-line basis over the requisite service period, including those units with graded vesting with a corresponding credit to additional paid-in capital as a capital contribution from Former Parent; however, the amount of equity-based compensation at any date is equal to the portion of the grant date value of the award that is vested.

The Units issued to employees were measured at fair value on the grant date using an option pricing model. The Company utilizes the estimated weighted average of the Company's expected fund life dependent on various exit scenarios to estimate the expected term of the awards. Expected volatility is based on the average of historical and implied volatility of a set of comparable companies, adjusted for size and leverage. The risk-free rates are based on the yields of U.S. Treasury instruments with comparable terms. Actual results may vary depending on the assumptions applied within the model.

On March 23, 2021, in connection with the closing of the 2021 Follow-on Offering, all of the outstanding Class B Units of Former Parent were immediately vested per the terms of the equity awards, resulting in the Company accelerating the recognition of the remaining unamortized compensation expense of $6.3 million in the three months ended March 31, 2021.

For the three and six months ended June 30, 2021, the Company recognized $4.1 million and $12.0 million in equity-based compensation, respectively. For the three and six months ended June 30, 2020, the Company recognized $0.7 million and $2.4 million in equity-based compensation, respectively. As of June 30, 2021, the Company had $19.1 million of unrecognized compensation costs which is expected to be recognized over a period of 2.5 years. There were 57,424 forfeitures during both of the three and six months ended June 30, 2021 and no forfeitures during the three and six month ended June 30, 2020.

14. Leases

Effective January 1, 2021, the Company adopted ASC 842 Leases using the modified retrospective approach. The Company elected the use of the package of practical expedients permitted under the transition guidance which allows the Company not to reassess whether a contract contains a lease, carry forward the historical lease classification and not reassess initial direct lease costs. The Company also elected to apply the short-term measurement and recognition exemption in which the right-of-use ("ROU") assets and lease liabilities are not recognized for short-term leases. Adoption of this standard resulted in recording of net operating lease ROU assets and corresponding operating lease liabilities of $13.2 million and $13.5 million, respectively. The standard did not materially affect the condensed consolidated statements of income and had no impact on the condensed consolidated statements of cash flows.

The following table summarizes the balances as it relates to leases at the end of the period (in thousands):

	(*)	June 30, 2021
ROU Asset	Other assets	$ 10,537
Lease liability, current portion	Other current liabilities	$ 6,379
Lease liability, long-term portion	Other long-term liabilities	4,227
Total lease liability		$ 10,606

(*) Location on the condensed consolidated balance sheet

The Company determines if an arrangement is a lease at its inception. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any initial direct costs and prepayments less lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. As the Company's leases generally do not provide an implicit rate, the Company uses its collateralized incremental borrowing rate based on the information available at the lease commencement date, including lease term, in determining the present value of lease payments. Lease expense for these leases is recognized on a straight-line basis over the lease term.

Operating lease arrangements are comprised primarily of real estate and equipment agreements for which the right-of-use assets are included in other assets and the corresponding lease liabilities, depending on their maturity, are included in accrued liabilities or other long-term liabilities in the condensed consolidated balance sheets.

The details of the Company's operating leases are as follows (in thousands):

	Three Months Ended June 30, 2021
Operating lease expense	$ 1,651
Variable lease expense	91
Short-term lease expense	—
Total lease expense	$ 1,742

The following table presents the maturities of lease liabilities as of June 30, 2021 (in thousands):

Fiscal year ending June 30,	Operating Leases
2021	$ 3,333
2022	6,071
2023	896
2024	794
2025	19
Thereafter	—
Total lease payments	11,113
Less: Imputed lease interest	(507)
Total lease liabilities	$ 10,606

The following table represents future minimum lease obligations under non-cancelable operating leases as of December 31, 2020 (in thousands):

Fiscal year ending December 31,	Operating Leases
2021	$ 6,663
2022	6,073
2023	893
2024	791
2025	15
Thereafter	—
Total	$ 14,435

The Company’s weighted-average remaining lease-term and weighted-average discount rate are as follows (in thousands):

	Three Months Ended June 30, 2021
Weighted average remaining lease-term	2.0 years
Weighted average discount rate	5 %

Supplemental cash flow and other information related to operating leases are as follows:

		Three Months Ended June 30, 2021
Operating cash flows from operating leases	$	1,465
Non cash investing activities:		
Lease liabilities arising from obtaining right-of-use assets as of January 1, 2021	$	13,464

15. Related Party Transactions

Accounts Payable-Related Party

The Company had $0.6 million and $2.2 million as of June 30, 2021 and December 31, 2020, respectively, of accounts payable - related party with the former shareholders of Array. The payables relate to a federal tax refund related to the pre-Acquisition periods, restricted cash at Acquisition Date which were due to the sellers of Array upon release of the restriction offset by a receivable related to a sales/use tax audit from the pre-Acquisition period for which the seller provided the Company with indemnification.

Related Party Loan - see Note 9

Contingent Consideration - see Note 12

16. Subsequent Events

Securities Purchase Agreement

On August 10, 2021, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with BCP Helios Aggregator L.P., a Delaware limited partnership (the “Purchaser”), an investment vehicle of funds affiliated with Blackstone Inc. Pursuant to the Securities Purchase Agreement, on August 11, 2021, the Company issued and sold to the Purchaser 350,000 shares of a newly designated Series A Perpetual Preferred Stock of the Company, par value $0.001 per share (the “Series A Perpetual Preferred Stock”), having the powers, designations, preferences, and other rights set forth in the Certificate of Designations (as defined below), and 7,098,765 shares of the Company’s common stock, par value $0.001 per share (“Common Stock”), for an aggregate purchase price of $346.0 million (the “Initial Closing”). Further, pursuant to the Securities Purchase Agreement, and subject to the terms and conditions set forth therein, including the expiry or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the Company has agreed to issue and sell to the Purchaser 776,235 shares of Common Stock for an aggregate purchase price of $776. The Company intends to use the net proceeds from the Initial Closing to repay all of the outstanding amounts under the Company’s existing revolving credit facility and to prepay at least $100 million under the Company’s term loan and for general corporate purposes. Pursuant to the Securities Purchase Agreement, the Purchaser is entitled to designate one representative (the “Series A Director”) to be appointed to the Company’s board of directors (the “Board”), and to appoint three non-voting observers to the Board, in each case until such time as the Purchaser and its Permitted Transferees (as defined in the Securities Purchase Agreement) no longer beneficially own shares of the Series A Perpetual Preferred Stock with at least $100 million aggregate Liquidation Preference (as defined below).

Dividends

On or prior to the fifth anniversary of the Initial Closing, the Company may pay dividends on the Series A Perpetual Preferred Stock either in cash at the then-applicable Cash Regular Dividend Rate, through accrual to the Liquidation Preference at the Accrued Regular Dividend Rate (the “Permitted Accrued Dividends”), or a combination thereof. Folloing the fifth anniversary of the Initial Closing, dividends shall be payable only in

cash. To the extent the Comany does not declare such dividends and pay in cash following the fifth anniversary of the Initial Closing, such dividends shall accrue to the Liquidation Preference (“Default Accrued Dividends”, and together with Permitted Accrued Dividends, “Accrued Dividends”) at the then-applicable Cash Regular Dividend Rate plus 200 basis points. In the event there are Default Accrued Dividends outstanding for six consecutive quarters, the Company, at the option of the holder of the Series A Perpetual Preferred Stock (each a “holder”), will pay 100% of the amount of Default Accrued Dividends by delivering to the Holder a number of shares of Common Stock equal to the quotient of (i) the amount of Default Accrued Dividends) divided by (ii) 95% of the 30-day VWAP of the Common Stock (“Non-Cash Dividend”).
As used herein, “Cash Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means (i) initially, 5.75% per annum on the Liquidation Preference and (ii) increased by (a) 50 basis points on each of the fifth, sixth and seventh anniversaries of the Initial Closing and (b) 100 basis points on each of the eighth, ninth and tenth anniversaries of the Initial Closing. The “Accrued Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means 6.25% per annum on the Liquidation Preference.

Additional Closings
Pursuant to the Securities Purchase Agreement, until June 30, 2023, the Company, subject to the terms and conditions set forth therein, shall have the option to require the Purchaser to purchase, in the aggregate, in one or more additional closings (the “Additional Closings”), up to 150,000 shares (the “Delayed Draw Commitment”) of the Series A Perpetual Preferred Stock and up to 3,375,000 shares of Common Stock (or up to 6,100,000 shares of Common Stock in the event of certain price-related adjustments) (subject to certain equitable adjustments pursuant to any stock dividend, stock split, stock combination, reclassification or similar transaction) for an aggregate purchase price up to $148 million.

Fees
Until June 30, 2023, the Company will pay the Purchaser a cash commitment premium on the unpurchased portion of Delayed Draw Commitment as follows:

a. 0% through the six-month anniversary of the Initial Closing;
b. 1.5% from the six-month anniversary of the Initial Closing through the 12-month anniversary of the initial closing; and
c. 3.0% from the 12-month anniversary of the Initial Closing through June 30, 2023.

The Company may terminate some or all of the Delayed Draw Commitment, from time to time, at its sole discretion.

Customary Covenants
The Securities Purchase Agreement, Certificate of Designations and Registration Rights Agreement (as defined below) contain other customary covenants and agreements, including certain standstill provisions and customary preemptive rights. The Delayed Draw Commitment is subject to certain customary anti-dilution adjustments provided under the Securities Purchase Agreement and Certificate of Designations, including for stock splits, reclassifications, combination’s and dividends or distributions made by the Company on the Common Stock.

Transfer Restrictions
After the Initial Closing, subject to certain customary exceptions including transfers to Permitted Transferees (as defined in the Securities Purchase Agreement), the Purchaser will be restricted from transferring the Series A Perpetual Preferred Stock and Common Stock until the one-year anniversary of the Initial Closing.

Ranking and Liquidation Preference
The Series A Perpetual Preferred Stock ranks senior to the Common Stock with respect to dividend rights and rights upon the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company (a “Liquidation”). Upon a Liquidation, each share of Series A Perpetual Preferred Stock would be entitled to

receive an amount per share (the “Liquidation, Redemption or Repurchase Amount”) equal to the greater of (i) the Liquidation Preference of such share, plus all accrued and unpaid dividends (including any Accrued Dividends) thereon and (ii) an amount in cash equal to the sum of (a) 130.0% of the Initial Liquidation Preference of such share, minus (b) the cumulative amount of cash dividends paid in respect of such share prior to such payment. As used herein, “Liquidation Preference” means, with respect to any share of the Series A Perpetual Preferred Stock, the initial liquidation preference of $1,000 per share (the “Initial Liquidation Preference”) plus any Accrued Dividends of such share as of the time of determination.

Redemption Rights
The Company may redeem all or any portion of the Series A Perpetual Preferred Stock (in increments of not less than $200 million based on the Liquidation Preference of such shares of Series A Perpetual Preferred Stock to be redeemed at such time (or such lesser amount to the extent the Company chooses to redeem all of the outstanding shares of Series A Perpetual Preferred Stock)) for an amount in cash equal to the Liquidation, Redemption or Repurchase Amount. Upon a “Fundamental Change” (involving a change of control, bankruptcy, insolvency or liquidation of the Company as further described in the Certificate of Designations), each Holder shall have the right to require the Company to redeem all or any part of the Holder’s Series A Perpetual Preferred Stock for an amount in cash equal to the Liquidation, Redemption or Repurchase Amount.

Voting and Consent Rights
Each Holder of Series A Perpetual Preferred Stock will have one vote per share on any matter on which Holders of Series A Perpetual Preferred Stock are entitled to vote separately as a class (as described below), whether at a meeting or by written consent. The Holders of shares of Series A Perpetual Preferred Stock do not otherwise have any voting rights. The consent of the Holders of a majority of the outstanding shares of Series A Perpetual Preferred Stock will be required for so long as the Threshold Amount remains outstanding for (i) amendments to the Company’s organizational documents that have an adverse effect on the holders of Series A Perpetual Preferred Stock, (ii) issuances by the Company of securities that are senior to, or equal in priority with, the Series A Perpetual Preferred Stock, (iii) entrance into, or amendments to, transactions with affiliates of the Company, (iv) incurrence by the Company of indebtedness, unless the Consolidated Total Leverage Ratio (as defined in the Certificate of Designations) would not exceed 8.5-to-1 after giving effect to such incurrence (other than drawdowns by the Company under the Company’s current revolving credit facility) or (v) any payment of dividends or making of distributions on equity securities of the Company ranking junior to the Series A Perpetual Preferred Stock or redemptions, purchases or direct or indirect acquisitions of such equity securities ranking junior to or parity with the Series A Perpetual Preferred Stock by the Company, unless the Consolidated Total Leverage Ratio (as defined in the Certificate of Designations) would not exceed 8.5-to-1 after giving effect to such dividends, distributions, redemptions, purchases or acquisitions.

Registration Rights Agreement
In connection with the Securities Purchase Agreement, on August 10, 2021, the Company and the Purchaser entered into a Registration Rights Agreement (the “Registration Rights Agreement”) pursuant to which, among other things, the Company granted the Purchaser certain registration rights with respect to Common Stock purchased pursuant to the Securities Purchase Agreement and Non-Cash Dividend pursuant to the Certificate of Designations, including customary shelf registration rights and “piggyback” registration rights.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed financial statements and the related notes and other financial information included in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto as of and for the years ended December 31, 2020, 2019 and 2018 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, including Critical Accounting Policies and Significant Judgements and Estimates, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission, or the SEC, on March 10, 2021. Each of the terms the “Company,” “Array,” “we,” or “us” as used herein refers collectively to Array Technologies, Inc. and its wholly owned subsidiaries, unless otherwise stated. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under the sections captioned “Forward-Looking Statements” and “Risk Factors” in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, technology developments, financing and investment plans, dividend policy, competitive position, industry and regulatory environment, potential growth opportunities and the effects of competition. Forward-looking statements include statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” "seek," “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this report. You should read this report with the understanding that our actual future results may be materially different from what we expect.

Important factors that could cause actual results to differ materially from our expectations include:

- the impacts on our business due to component shortages, disruptions in transportation or other supply chain related constraints including as a result of the COVID-19 pandemic;
- if demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, our business will suffer;
- the viability and demand for solar energy are impacted by many factors outside of our control, which makes it difficult to predict our future prospects;
- 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 drop in the price of electricity derived from the utility grid or from alternative energy sources may harm our business, financial condition, results of operations and prospects;

- an increase in interest rates, or a reduction in the availability of tax equity or project debt capital in the global financial markets could make it difficult for customers to finance the cost of a solar energy system and could reduce the demand for our products;
- existing electric utility industry policies and regulations, and any subsequent changes, may present technical, regulatory and economic barriers to the purchase and use of solar energy systems, which may significantly reduce demand for our products or harm our ability to compete;
- the interruption of the flow of materials from international vendors could disrupt our supply chain, including as a result of the imposition of additional duties, tariffs and other charges on imports and exports;
- changes in the U.S. trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows;
- the reduction, elimination or expiration of government incentives for, or regulations mandating the use of, renewable energy and solar energy specifically could reduce demand for solar energy systems and 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, our business and results of operations could be materially harmed;
- we may need to defend ourselves against third-party claims that we are infringing, misappropriating or otherwise violating others' intellectual property rights, which could divert management's attention, cause us to incur significant costs and prevent us from selling or using the technology to which such rights relate;
- significant changes in the cost of raw materials could adversely affect our financial performance;
- we are dependent on transportation and logistics providers to deliver our products in a cost efficient manner. Disruptions to transportation and logistics, including increases in shipping costs, could adversely impact our financial condition and results of operations;
- the requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members and officers;
- we face risks related to actual or threatened health epidemics, such as the COVID-19 pandemic, and other outbreaks, which could significantly disrupt our manufacturing and operations; and
- certain provisions in our certificate of incorporation and our bylaws may delay or prevent a change of control.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

We are one of the world's largest manufacturers of ground-mounting systems used in solar energy projects. Our principal product is an integrated system of steel supports, electric motors, gearboxes and electronic controllers commonly referred to as a single-axis "tracker." Trackers move solar panels throughout the day to maintain an optimal orientation to the sun, which significantly increases their energy production. Solar energy projects that use trackers generate up to 25% more energy than projects that use "fixed tilt" mounting systems, which do not move.

Our trackers use a patented design that allows one motor to drive multiple rows of solar panels through articulated driveline joints. To avoid infringing on our U.S. patent, our competitors must use designs that we believe are inherently less efficient and reliable. For example, our largest competitor's design requires one motor for each row of solar panels. As a result, we believe our products have greater reliability, lower installation costs, reduced maintenance requirements and competitive manufacturing costs. Our core U.S. patent on a linked-row, rotating gear drive system does not expire until February 5, 2030.

We sell our products to engineering, procurement and construction firms (“EPCs”) that build solar energy projects and to large solar developers, independent power producers and utilities, often under master supply agreements or multi-year procurement contracts. In the six months ended June 30, 2021, we derived 99% and 1% of our revenues from customers in the U.S. and rest of the world, respectively.

We are a U.S. company and our headquarters and principal manufacturing facility are in Albuquerque, New Mexico. As of June 30, 2021, we had 387 full-time employees.

Securities Purchase Agreement

On August 10, 2021, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with BCP Helios Aggregator L.P., a Delaware limited partnership (the “Purchaser”), an investment vehicle of funds affiliated with Blackstone Inc. Pursuant to the Securities Purchase Agreement, on August 11, 2021, the Company issued and sold to the Purchaser 350,000 shares of a newly designated Series A Perpetual Preferred Stock of the Company, par value $0.001 per share (the “Series A Perpetual Preferred Stock”), having the powers, designations, preferences, and other rights set forth in the Certificate of Designations (as defined below), and 7,098,765 shares of the Company’s common stock, par value $0.001 per share (“Common Stock”), for an aggregate purchase price of $346.0 million (the “Initial Closing”). Further, pursuant to the Securities Purchase Agreement, and subject to the terms and conditions set forth therein, including the expiry or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the Company has agreed to issue and sell to the Purchaser 776,235 shares of Common Stock for an aggregate purchase price of $776. The Company intends to use the net proceeds from the Initial Closing to repay all of the outstanding amounts under the Company’s existing revolving credit facility and to prepay at least $100 million under the Company’s term loan and for general corporate purposes. Pursuant to the Securities Purchase Agreement, the Purchaser is entitled to designate one representative (the “Series A Director”) to be appointed to the Company’s board of directors (the “Board”), and to appoint three non-voting observers to the Board, in each case until such time as the Purchaser and its Permitted Transferees (as defined in the Securities Purchase Agreement) no longer beneficially own shares of the Series A Perpetual Preferred Stock with at least $100 million aggregate Liquidation Preference (as defined below).

Dividends

On or prior to the fifth anniversary of the Initial Closing, the Company may pay dividends on the Series A Perpetual Preferred Stock either in cash at the then-applicable Cash Regular Dividend Rate, through accrual to the Liquidation Preference at the Accrued Regular Dividend Rate (the “Permitted Accrued Dividends”), or a combination thereof. Folloing the fifth anniversary of the Initial Closing, dividends shall be payable only in cash. To the extent the Comany does not declare such dividends and pay in cash following the fifth anniversary of the Initial Closing, such dividends shall accrue to the Liquidation Preference (“Default Accrued Dividends”, and together with Permitted Accrued Dividends, “Accrued Dividends”) at the then-applicable Cash Regular Dividend Rate plus 200 basis points. In the event there are Default Accrued Dividends outstanding for six consecutive quarters, the Company, at the option of the holder of the Series A Perpetual Preferred Stock (each a “holder”), will pay 100% of the amount of Default Accrued Dividends by delivering to the Holder a number of shares of Common Stock equal to the quotient of (i) the amount of Default Accrued Dividends) divided by (ii) 95% of the 30-day VWAP of the Common Stock (“Non-Cash Dividend”).

As used herein, “Cash Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means (i) initially, 5.75% per annum on the Liquidation Preference and (ii) increased by (a) 50 basis points on each of the fifth, sixth and seventh anniversaries of the Initial Closing and (b) 100 basis points on each of the eighth, ninth and tenth anniversaries of the Initial Closing. The “Accrued Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means 6.25% per annum on the Liquidation Preference.

Additional Closings

Pursuant to the Securities Purchase Agreement, until June 30, 2023, the Company, subject to the terms and conditions set forth therein, shall have the option to require the Purchaser to purchase, in the aggregate, in one or more additional closings (the "Additional Closings"), up to 150,000 shares (the "Delayed Draw Commitment") of the Series A Perpetual Preferred Stock and up to 3,375,000 shares of Common Stock (or up to 6,100,000 shares of Common Stock in the event of certain price-related adjustments) (subject to certain equitable adjustments pursuant to any stock dividend, stock split, stock combination, reclassification or similar transaction) for an aggregate purchase price up to $148 million.

Fees
Until June 30, 2023, the Company will pay the Purchaser a cash commitment premium on the unpurchased portion of Delayed Draw Commitment as follows:

- 0% through the six-month anniversary of the Initial Closing;
- 1.5% from the six-month anniversary of the Initial Closing through the 12-month anniversary of the initial closing; and
- 3.0% from the 12-month anniversary of the Initial Closing through June 30, 2023.

The Company may terminate some or all of the Delayed Draw Commitment, from time to time, at its sole discretion.

Registration Rights Agreement
In connection with the Securities Purchase Agreement, on August [9], 2021, the Company and the Purchaser entered into a Registration Rights Agreement pursuant to which, among other things, the Company granted the Purchaser certain registration rights with respect to Common Stock purchased pursuant to the Securities Purchase Agreement, including customary shelf registration rights and "piggyback" registration rights.

Update on the Impact of COVID-19

With the second wave of the pandemic including follow-on variants of COVID-19, we continue to closely monitor the situation in all the locations where we operate. Our priority remains the welfare of our employees. We expect persistent waves of COVID-19 to remain a headwind into the near future. Refer to "Risk Factors - The ongoing COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material," as disclosed in Part II, "Item 1A. Risk Factors."

We are continuously evaluating our capital structure in response to the current environment and expect that our current financial condition, including our liquidity sources are adequate to fund future commitments. See additional discussion in the Liquidity and Capital Resources section below.

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by the financial statements with other operating metrics. These operating metrics are utilized by our management to evaluate our business, measure our performance, identify trends affecting our business and formulate projections. The primary operating metric we use to evaluate our sales performance and to track market acceptance of our products from year to year is megawatts ("MWs") shipped generally and the change in MW shipped from period to period specifically. MWs is measured for each individual project and is calculated based on the expected output of that project once installed and fully operational.

We also utilize metrics related to price and cost of goods sold per MW, including average selling price ("ASP") and cost per watt ("CPW"). ASP is calculated by dividing total applicable revenues by total applicable MWs, whereas CPW is calculated by dividing total applicable costs of goods sold by total applicable MWs. These metrics enable us to evaluate trends in pricing, manufacturing cost and customer profitability.

Key Components of Our Results of Operations

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

Revenue

We generate revenue from the sale of solar tracking systems and parts. Our customers include EPCs, utilities, solar developers and independent power producers. For each individual solar project, we enter into a contract with our customers covering the price, specifications, delivery dates and warranty for the products being purchased, among other things. Our contractual delivery period for the tracker system and parts can vary from days to several months. Contracts can range in value from hundreds of thousands to tens of millions of dollars.

Our revenue is affected by changes in the volume and ASPs of solar tracking systems purchased by our customers. The quarterly volume and ASP of our systems is driven by the supply of, and demand for, our products, changes in product mix between module type and wattage, geographic mix of our customers, strength of competitors' product offerings, and availability of government incentives to the end-users of our products.

Our revenue growth is dependent on continued growth in the amount of solar energy projects installed each year as well as our ability to increase our share of demand in each of the geographies where we compete, expand our global footprint to new evolving markets, grow our production capabilities to meet demand and to continue to develop and introduce new and innovative products that address the changing technology and performance requirements of our customers.

Cost of Revenue and Gross Profit

Cost of revenue consists primarily of product costs, including purchased components, as well as costs related to shipping, tariffs, customer support, product warranty, personnel and depreciation of test and manufacturing equipment. Personnel costs in cost of revenue includes both direct labor costs as well as costs attributable to any individuals whose activities relate to the transformation of raw materials or component parts into finished goods or the transportation of materials to the customer. Our product costs are affected by the underlying cost of raw materials, including steel and aluminum; component costs, including electric motors and gearboxes; technological innovation; economies of scale resulting in lower component costs, and improvements in production processes and automation. We do not currently hedge against changes in the price of raw materials. Some of these costs, primarily personnel and depreciation of test and manufacturing equipment, are not directly affected by sales volume.

Gross profit may vary from quarter to quarter and is primarily affected by our ASPs, product costs, product mix, customer mix, geographical mix, shipping method, warranty costs and seasonality.

Operating Expenses

Operating expenses consist of general and administrative costs, contingent consideration, as well as depreciation and amortization expense. Personnel-related costs are the most significant component of our operating expenses and include salaries, benefits, payroll taxes and commissions. Our full-time employee headcount in our general and administrative departments has grown from approximately 150 as of December 31, 2019 to approximately 177 as of December 31, 2020 and 175 at June 30, 2021, and we expect to continue to hire new employees to support our growth. The timing of these additional hires could materially affect our operating expenses in any particular period, both in absolute dollars and as a percentage of revenue. We expect to continue to invest substantial resources to support our growth and continued technological advancement and anticipate that general and administrative and depreciation expenses will increase in absolute dollar amounts for the foreseeable future.

General and administrative expenses
General and administrative expenses consist primarily of salaries, equity-based compensation, employee benefits and payroll taxes related to our executives, sales, finance, human resources, information technology, engineering and legal organizations, as well as travel, facilities costs, marketing, bad debt and fees for professional services. Professional services consist of audit, legal, tax, insurance, information technology and other costs. We expect an increase in the number of sales and marketing personnel in connection with the expansion of our global sales and marketing footprint, enabling us to penetrate new markets. The majority of our sales in 2020 were in the U.S.; however, during the year we expanded our international presence with additional global sales staff. We currently have a sales presence in the U.S., Australia, the U.K. and Brazil. We intend to continue to expand our sales presence and marketing efforts to additional countries. We also expect that as a public company we will incur additional audit, tax, accounting, legal and other costs related to compliance with applicable securities and other regulations, as well as additional insurance, investor relations and other costs associated with being a public company. We also anticipate an increase in our spend related to product innovation as we hire additional engineering resources and increase our external research & development spend.

Contingent Consideration
Contingent consideration consists of the changes in fair value of the earn-out and the Tax Receivable Agreement (“TRA”) entered into with Ron P. Corio, a former indirect stockholder, concurrent with the Acquisition of Array Technologies Patent Holdings Co., LLC (“Patent LLC”) by ATI Investment Parent, LLC (“Former Parent”) Former Parent’s acquisition of Patent LLC.

The earn-out liability was recorded at fair value as of July 8, 2016 (the “Acquisition Date”) and subsequent changes in the fair value are recognized in earnings. Fair value of the earn-out liability is measured based upon the expected return of investment of Former Parent, among other things. Cash payments related to the earn-out liability are required to be evaluated upon the occurrence of certain events, including the consummation of an initial public offering; the sale, transfer, assignment, pledge, encumbrance, distribution or disposition of shares of Former Parent held by Oaktree Power Opportunities Fund IV (Delaware) Holdings, L.P. and Oaktree ATI Investors, L.P. to a third party; the sale of equity securities or assets of Former Parent, ATI Investment Sub, Inc. (“Investment Sub”) or the Company to a third-party; or a merger, consolidation, recapitalization or reorganization of Former Parent, Investment Sub, or the Company. Our initial public offering of common stock (“IPO”), the cash distribution of $589 million that we paid to ATI Investment Parent, LLC upon the closing of our IPO and our Follow-on Offering of common stock in December 2020 (the “2020 Follow-on Offering”) required the Company to make a cash payment of $9.1 million in October 2020 and $15.9 million in December 2020. As a result of these payments our earn-out liability has been paid in full.

The TRA liability was recorded at fair value at the Acquisition Date and subsequent changes in the fair value are recognized in earnings. The TRA will generally provide for the payment by Array Tech, Inc. (f/k/a Array Technologies, Inc.) to Ron P. Corio for certain federal, state, local and non-U.S. tax benefits deemed realized in post-closing taxable periods by Array Tech, Inc. from the use of certain deductions generated by the increase in the tax value of the developed technology. Estimating fair value of the TRA is by nature imprecise. The significant fair value inputs used to estimate the future expected TRA payments to Ron P. Corio include the timing of tax payments, a discount rate, book income projections, timing of expected adjustments to calculate taxable income and the projected rate of use for attributes defined in the TRA.

Depreciation

Depreciation in our operating expense consists of costs associated with property, plant and equipment (“PP&E”) not used in manufacturing of our products. We expect that as we continue to grow both our revenue and our general and administrative personnel we will require some additional PP&E to support this growth resulting in additional depreciation expense.

Amortization
Amortization of intangibles consist of developed technology, customer relationships and internal-use software modifications over their expected period of use.

Non-Operating Expenses
Interest Expense
Interest expense consists of interest and other charges paid in connection with our Senior Secured Credit Facility and our Senior ABL Facility, interest on the Senior Secured Promissory Note, and interest on our Prior Term Loan Facility (as defined below), which was fully repaid on February 2, 2020.

Income Tax Expense
We are subject to federal and state income taxes in the United States. As we expand into foreign markets, we may be subject to foreign tax.

Results of Operations

The following tables set forth our consolidated statement of operations (dollars in thousands):

	Three Months Ended June 30,		Increase/Decrease		Six Months Ended June 30,		Increase/Decrease	
	2021	2020	$	%	2021	2020	$	%
Revenue	$ 202,796	$ 114,916	$ 87,880	76 %	$ 448,728	$ 552,634	$ (103,906)	(19)%
Cost of revenue	176,009	92,714	83,295	90 %	378,083	412,016	(33,933)	(8)%
Gross profit	26,787	22,202	4,585	21 %	70,645	140,618	(69,973)	(50)%
Operating expenses								
General and administrative	15,113	11,192	3,921	35 %	39,786	22,899	16,887	74 %
Contingent consideration	(13)	3,430	(3,443)	(100)%	135	2,417	(2,282)	(94)%
Depreciation and amortization	5,981	6,369	(388)	(6)%	11,965	12,743	(778)	(6)%
Total operating expenses	21,081	20,991	90	— %	51,886	38,059	13,827	36 %
Income from operations	5,706	1,211	4,495	371 %	18,759	102,559	(83,800)	(82)%
Other expense								
Other income (expense), net	(122)	(2,242)	2,120	(95)%	(200)	(2,134)	1,934	(91)%
Interest expense	(6,651)	(2,411)	(4,240)	176 %	(15,660)	(7,640)	(8,020)	105 %
Total other expense	(6,773)	(4,653)	(2,120)	46 %	(15,860)	(9,774)	(6,086)	62 %
Income (loss) before income tax expense	(1,067)	(3,442)	2,375	(69)%	2,899	92,785	(89,886)	(97)%
Income tax (benefit) expense	(1,050)	(5,834)	4,784	(82)%	29	16,708	(16,679)	(100)%
Net (loss) income	$ (17)	$ 2,392	$ (2,409)	(101)%	$ 2,870	$ 76,077	$ (73,207)	(96)%

Comparison of three months ended June 30, 2021 and 2020

Revenue
Revenue increased by $87.9 million, or 76%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. Total MW delivered increased by approximately 74% for the three months ended June 30, 2021 mostly attributable to a higher proportion of our volume occurring in the first quarter of 2020 vs the second quarter of 2020 due to certain customers electing to take deliveries ahead of build schedules to take advantage of the ITC rate before it stepped down in 2020.

Cost of Revenue and Gross Profit
Cost of revenue increased by $83.3 million, or 90%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to the increase in the number of MW delivered. Gross profit as a percentage of revenue decreased from 19.3% for the three months ended June 30, 2020 to 13.2% for the three months ended June 30, 2021. The decrease in Gross Profit as a percentage of revenue reflects higher commodity prices and higher logistics costs.

Operating Expenses:

General and Administrative
General and administrative expenses increased by $3.9 million, or 35%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase in expense was primarily due to a $2.5 million increase in equity-based compensation due to a mark-to-market of a cash-settled award. The increase in expense also represents additional headcount driven by the growth of the company over the last twelve months.

Contingent Consideration
Contingent consideration expense decreased by $3.4 million, or 100%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The decrease was primarily due to the prior period having a $3.4 million increase in the fair value of contingent consideration for which there is no increase in the current quarter.

Depreciation
Depreciation expense for the three months ended June 30, 2021 was similar to the three months ended June 30, 2020 as we did not add any significant capital assets.

Amortization of Intangibles
Amortization of intangibles for the three months ended June 30, 2021 was similar to the three months ended June 30, 2020 as we did not add any significant intangible assets.

Interest Expense
Interest expenses increased by $4.2 million, or 176%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020, primarily due to interest on the higher average balance of our Term Loan Facility and Revolving Facility which were not outstanding during the three months ended June 30, 2020. As of June 30, 2021, we had $429.0 million outstanding under the Term Loan and $102.0 million outstanding under the Revolving Senior Secured Credit Facility. We expect interest expense to be higher for the remainder of 2021 compared to 2020 as a result of the debt outstanding under the Senior Secured Credit Facility along with the amortization of the related discount and issuance costs.

Income Tax Benefit
Income tax benefit decreased by $4.8 million, or 82% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. Our effective tax rate was 98.4% for the three months ended June 30, 2021 and 169.5% for the three months ended June 30, 2020. The tax benefit decrease is primarily related to unfavorable non-deductible equity based compensation and Follow-on offering costs for the three months ended June 30, 2021 and a favorable tax benefit related to an NOL carryback as a result of the CARES Act for the three months ended June 30, 2020.

Comparison of the six months ended June 30, 2021 and 2020

Revenue
Revenue decreased by $103.9 million, or 19%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. Total MW delivered decreased by approximately 2% for the six months ended June 30, 2021 driven by heavier volume in the first half of 2020 due to certain customers electing to take deliveries ahead of build schedules to take advantage of the ITC, partially offset by lower ASPs in 2021.

Cost of Revenue and Gross Profit
Cost of revenue decreased by $33.9 million, or (8)%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to the decrease in the number of MW delivered. Gross profit as a percentage of revenue decreased from 25.4% for the six months ended June 30, 2020 to 15.7% for the six months ended June 30, 2021. The decrease in Gross Profit as percentage of revenue reflects higher commodity and logistics prices.

Operating Expenses:

General and Administrative
General and administrative expenses increased by $16.9 million, or 74%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase in expense was primarily due to a $4.1 million recovery of an account receivable that was previously reserved during the six months ended June 30, 2020 for which there was no similar credit in the 2021 period. The increase in general and administrative expense also relates to a $8.7 million expense in the six months ended June 30, 2021 for equity-based compensation with no comparable expense in 2020. Finally, in 2021 we increased our internal headcount leading to higher payroll and related costs, but we were able to partially offset those increases with a reduction in third-party spend related to business process outsourcing, consulting costs, and other professional fees.

Contingent Consideration
Contingent consideration expense decreased by $2.3 million, or 94%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The decrease was primarily due to an increase in the fair value of our Tax Receivable Agreement obligation in the prior year period for which there was no corresponding increase in the current year period.

Depreciation
Depreciation expense for the six months ended June 30, 2021 was similar to the six months ended June 30, 2020 as we did not add any significant capital assets.

Amortization of Intangibles
Amortization of intangibles for the six months ended June 30, 2021 was similar to the six months ended June 30, 2020 as we did not add any significant intangible assets.

Interest Expense
Interest expenses increased by $8.0 million, or 105%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to interest on the higher average balance of our Term Loan Facility and Revolving Facility which was not outstanding during six months ended June 30, 2020. As of June 30, 2021, we had $429.0 million outstanding under the Term Loan and $102.0 million outstanding under the Revolving Senior Facility. We expect interest expense to be higher for the remainder of 2021 compared to 2020 as a result of the debt outstanding under the Senior Secured Credit Facility along with the amortization of the related discount and issuance costs.

Income Tax Expense

Income tax expense decreased by $16.7 million, or 100% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. Our effective tax rate was 1.0% for six months ended June 30, 2021 and 18.0% for the six months ended June 30, 2020. The reduction in the effective tax rate is primarily related to unfavorable non-deductible equity-based compensation and Follow-on offering costs for the six months ended June 30, 2021, a favorable tax benefit related to an NOL carryback as a result of the CARES Act in the six months ended June 30, 2020, and the level of earnings in each period.

Liquidity and Capital Resources

Historical Cash Flow

The following table compares the historical cash flow (in thousands):

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net cash used in operating activities	$ (134,109)	$ (247,900)
Net cash used in investing activities	(13,175)	(265)
Net cash provided by (used in) financing activities	56,525	(75,108)
Net decrease in cash, cash equivalents and restricted cash	$ (90,759)	$ (323,273)

We have historically financed our operations primarily with the proceeds from capital contributions, operating cash flows and short and long-term borrowings. Our ability to generate positive cash flow from operations is dependent on the strength of our gross margins as well as our ability to quickly turn our working capital. In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019, or COVID-19, surfaced in Wuhan, China. Since then, COVID-19 has spread to multiple countries, including the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Due to economic conditions our industry has seen rapid commodity price increases and strained logistics, causing us to experience temporary decreased margins and thus decreased cash from operations. We have taken mitigating steps to overcome the economic challenges and, therefore, believe the impact to be temporary, but cannot be certain the timing of when we will achieve better margins. In response to the recent challenging environment, we continuously evaluate our ability to meet our obligations over the next 12 months. We have sufficient financing options available to do so and we expect to have sufficient liquidity to fund current and future commitments.

As of June 30, 2021, our cash and cash equivalents were $17.7 million. Net working capital as of June 30, 2021 was $162.1 million.

As of June 30, 2021, we had outstanding borrowings of $429.0 million and a $200.0 million commitment under our Revolving Credit Facility, of which $102.0 million is outstanding and $87.0 million was available to borrow to fund operations.

Operating Activities

For the six months ended June 30, 2021, cash used in operating activities was $134.1 million primarily due a decrease in deferred revenue of $98.4 million for which we made payments to our suppliers for products that we received the cash for in 2020, but that we did not ship until 2021, an increase in accounts receivable of $33.2 million, an increase in inventories of $20.5 million offset by net income and other add-backs to reconcile to net income.

For the six months ended June 30, 2020 cash used in operating activities was $247.9 million, due to a decrease in deferred revenue of $308.0 million, a decrease in accounts payable of $99.4 million, offset by a decrease in inventory of $42.5 million, a decrease in income tax payable of $35.8 million and net income of $76.1 million.

Investing Activities
For the six months ended June 30, 2021, net cash used in investing activities was $13.2 million, primarily attributable to a $12.0 million investment in equity securities.

For the six months ended June 30, 2020, net cash used in investing activities was $0.3 million, due to additions to property, plant and equipment.

Financing Activities
For the six months ended June 30, 2021, net cash provided by financing activities was $56.5 million, of which $102.0 million was from proceeds under the Revolving Facility, offset by $31.1 million payment on the Term Loan Facility and $6.6 million in fees paid on the Senior Secured Credit Facility and to increase the limit on the Revolving Facility by $50.0 million.

For the six months ended June 30, 2020, net cash used by financing activities was $75.1 million, which was attributable to $57.7 million principal payments on the Term Loan Facility and $21.7 million on the related party loan.

Securities Purchase Agreement
On August 10, 2021, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with BCP Helios Aggregator L.P., a Delaware limited partnership (the “Purchaser”), an investment vehicle of funds affiliated with Blackstone Inc. Pursuant to the Securities Purchase Agreement, on August 11, 2021, the Company issued and sold to the Purchaser 350,000 shares of a newly designated Series A Perpetual Preferred Stock of the Company, par value $0.001 per share (the “Series A Perpetual Preferred Stock”), having the powers, designations, preferences, and other rights set forth in the Certificate of Designations (as defined below), and 7,098,765 shares of the Company’s common stock, par value $0.001 per share (“Common Stock”), for an aggregate purchase price of $346.0 million (the “Initial Closing”). Further, pursuant to the Securities Purchase Agreement, and subject to the terms and conditions set forth therein, including the expiry or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the Company has agreed to issue and sell to the Purchaser 776,235 shares of Common Stock for an aggregate purchase price of $776. The Company intends to use the net proceeds from the Initial Closing to repay all of the outstanding amounts under the Company’s existing revolving credit facility and to prepay at least $100 million under the Company’s term loan and for general corporate purposes. Pursuant to the Securities Purchase Agreement, the Purchaser is entitled to designate one representative (the “Series A Director”) to be appointed to the Company’s board of directors (the “Board”), and to appoint three non-voting observers to the Board, in each case until such time as the Purchaser and its Permitted Transferees (as defined in the Securities Purchase Agreement) no longer beneficially own shares of the Series A Perpetual Preferred Stock with at least $100 million aggregate Liquidation Preference (as defined below).

Dividends

On or prior to the fifth anniversary of the Initial Closing, the Company may pay dividends on the Series A Perpetual Preferred Stock either in cash at the then-applicable Cash Regular Dividend Rate, through accrual to the Liquidation Preference at the Accrued Regular Dividend Rate (the “Permitted Accrued Dividends”), or a combination thereof. Folloing the fifth anniversary of the Initial Closing, dividends shall be payable only in cash. To the extent the Comany does not declare such dividends and pay in cash following the fifth anniversary of the Initial Closing, such dividends shall accrue to the Liquidation Preference (“Default Accrued Dividends”, and together with Permitted Accrued Dividends, “Accrued Dividends”) at the then-applicable Cash Regular Dividend Rate plus 200 basis points. In the event there are Default Accrued Dividends outstanding for six consecutive quarters, the Company, at the option of the holder of the Series A Perpetual Preferred Stock (each a “holder”), will pay 100% of the amount of Default Accrued Dividends by delivering to the Holder a number of shares of Common Stock equal to the quotient of (i) the amount of Default Accrued Dividends) divided by (ii) 95% of the 30-day VWAP of the Common Stock (“Non-Cash Dividend”).

As used herein, “Cash Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means (i) initially, 5.75% per annum on the Liquidation Preference and (ii) increased by (a) 50 basis points on each of the fifth, sixth and seventh anniversaries of the Initial Closing and (b) 100 basis points on each of the eighth, ninth and tenth anniversaries of the Initial Closing. The “Accrued Regular Dividend Rate” with respect to the Series A Perpetual Preferred Stock means 6.25% per annum on the Liquidation Preference.

Additional Closings
Pursuant to the Securities Purchase Agreement, until June 30, 2023, the Company, subject to the terms and conditions set forth therein, shall have the option to require the Purchaser to purchase, in the aggregate, in one or more additional closings (the “Additional Closings”), up to 150,000 shares (the “Delayed Draw Commitment”) of the Series A Perpetual Preferred Stock and up to 3,375,000 shares of Common Stock (or up to 6,100,000 shares of Common Stock in the event of certain price-related adjustments) (subject to certain equitable adjustments pursuant to any stock dividend, stock split, stock combination, reclassification or similar transaction) for an aggregate purchase price up to $148 million.

Fees
Until June 30, 2023, the Company will pay the Purchaser a cash commitment premium on the unpurchased portion of Delayed Draw Commitment as follows:

- 0% through the six-month anniversary of the Initial Closing;
- 1.5% from the six-month anniversary of the Initial Closing through the 12-month anniversary of the initial closing; and
- 3.0% from the 12-month anniversary of the Initial Closing through June 30, 2023.

The Company may terminate some or all of the Delayed Draw Commitment, from time to time, at its sole discretion.

Registration Rights Agreement
In connection with the Securities Purchase Agreement, on August [9], 2021, the Company and the Purchaser entered into a Registration Rights Agreement pursuant to which, among other things, the Company granted the Purchaser certain registration rights with respect to Common Stock purchased pursuant to the Securities Purchase Agreement, including customary shelf registration rights and “piggyback” registration rights.

Debt Obligations

Senior Secured Credit Facility
On October 14, 2020, we entered into a senior secured credit facility which was amended on February 23, 2021 by the first amendment and on February 26, 2021 by the second amendment. The senior secured facility consisted originally of (i) a $575.0 million senior secured seven-year term loan facility (the “Term Loan Facility”) and (ii) a $150.0 million senior secured 5-year revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Secured Credit Facility”). On February 23, 2021 we entered into the first amendment (“First Amendment”) to our Senior Secured Credit Facility. The First Amendment, in the case of Eurocurrency borrowings, lowers the London interbank offered rate floor to 50 basis points from 100 basis points and lowers the applicable margin to 325 basis points from 400 basis points per annum. This results in our current rate on the Term Loan Facility decreasing to 3.75% down from 5% prior to the First Amendment. On February 26, 2021, we entered into the incremental facility amendment No. 2 (the “Second Amendment”) to the Senior Secured Credit Facility. The Second Amendment increases the $150.0 million Revolving Credit Facility from $150.0 million to $200.0 million. The debt discount and issuance costs are being amortized using the effective interest method and the rate as of June 30, 2021 is 5.01%. The Term Loan Facility has an annual excess cash flow calculation beginning with the year ended December 31, 2021 which could require the Company to make advance principal payments. The balance of the Term Loan Facility is presented in the accompanying consolidated balance sheets net of debt discount and issuance costs of $34.0

million at June 30, 2021. As of June 30, 2021, the Term Loan Facility had a balance of $430.0 million. We are in compliance with all covenants as of June 30, 2021.

Revolving Credit Facility
Under the Revolving Credit Facility, the Company had $102.0 million outstanding, $11.0 million in standby letters of credit and availability of $87.0 million under the Revolving Credit Facility.

Interest Rate
The interest rates applicable to the loans under the Term Loan Facility equal, at our option, either, (i) in the case of ABR borrowings, the highest of (a) the Federal Funds Rate as of such day plus 50 basis points, (b) the prime rate and (c) the adjusted LIBOR rate as of such day for a deposit in U.S. dollars with a maturity of one month plus 100 basis points, provided that in no event shall the ABR be less than 150 basis points, plus, in each case, the applicable margin of 300 basis points per annum; or (ii) in the case of Eurocurrency borrowings, the greater of (a) the London interbank offered rate for the relevant currency, adjusted for statutory reserve requirements, and (b) 100 basis points, plus, in each case, the applicable margin of 400 basis points per annum.

The interest rates applicable to the loans under the Revolving Facility equal, at our option, either, (i) in the case of ABR borrowings, the highest of (a) the Federal Funds Rate as of such day plus 50 basis points, (b) the prime rate and (c) the adjusted LIBOR rate as of such day for a deposit in U.S. dollars with a maturity of one month plus 100 basis points, provided that in no event shall the ABR be less than 150 basis points, plus, in each case, the applicable margin of 225 basis points per annum; or (ii) in the case of Eurocurrency borrowings, the greater of (a) the London interbank offered rate for the relevant currency, adjusted for statutory reserve requirements, and (b) 50 basis points, plus, in each case, the applicable margin of 325 basis points per annum.

The Term Loan Facility amortizes in equal quarterly installments in aggregate annual amounts equal to 1.00% per annum of the original principal amount of the loans funded thereunder. There is no scheduled amortization under the Revolving Credit Facility.

Off-Balance Sheet Arrangements

As of June 30, 2021, we posted surety bonds in the total amount of approximately $131.0 million. We are required to provide surety bonds to various parties for certain transactions initiated during the ordinary course of business to guarantee the Company’s performance in accordance with contractual or legal obligations. These off-balance sheet arrangements do not adversely impact our liquidity or capital resources.
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Critical Accounting Policies and Significant Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. We have made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from those estimates and assumptions.

Refer to the accounting policies under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, where we discuss our more significant judgments and estimates used in the preparation of the condensed consolidated financial statements.

Equity-Based Compensation

The Company granted restricted stock units (RSU’s) to employees and Performance Stock Units (PSUs) to certain executives. The PSUs contain performance and market conditions. The PSU grants were valued using the Monte Carlo simulation method and the assigned fair value on grant date will be recognized on a straight-line basis over the vesting term of the awards. The probability of the awards meeting the performance related vested conditions is not included in the grant date fair value, but rather will be estimated quarterly and the Company will true-up the expense recognition accordingly upon any probability to vest revision. The Company accounts for forfeitures as they occur.

The Class B Units fully accelerated vesting upon the completion 2021 Follow-on Offering and the Company recognized the remaining unamortized compensation expense of $6.3 million.

As of June 30, 2021, there were no other significant changes in the application of our critical accounting policies or estimation procedures from those presented in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to the market risk disclosures set forth in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.
Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at a reasonable assurance level as a result of the material weaknesses that existed in our internal control over financial reporting as described below. These material weaknesses related to our inventory cut-off, specifically due to lack of sufficient systems.

Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

On August 30, 2017, Array filed its first amended complaint in the U.S. District Court for the District of New Mexico against Colin Mitchell, Nextracker, Inc., Flextronics International U.S.A., Inc., Marco Garcia, Daniel S. Shugar, and Scott Graybeal (collectively "Defendants") asserting (among other claims) trade secret misappropriation, tortious interference with contract, fraud, and breach of contract. Defendant Mitchell was formerly an employee of the Company, but was hired by Nextracker in violation of his non-compete agreement, and he shared with Nextracker and the other defendants certain of Array's trade secrets and confidential information in violation of his legal obligations. Defendants filed their answer to the amended complaint on February 5, 2018 denying the allegations, but did not assert any counterclaims against Array. The case has been vigorously litigated through the close of fact discovery and expert discovery. As of September 1, 2020, the court has ruled on a number of motions, including a dismissal of the Defendants' unclean hands defense and granting partial summary judgment in favor of Array for breach of contract. As of June 30, 2021, the Court has denied in every material aspect the motion for summary judgment filed by the Defendants. The Court denied, without prejudice, a motion for sanctions filed by Array. The Court has set trial for July 18, 2022.

On May 14, 2021, a putative class action was filed in the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11, 12(a)(2) and 15 of the Securities Exchange Act of 1933 ("Plymouth Action"). The Plymouth Action alleges misstatements and/or omissions in the Company's registration statements and prospectuses related to the Company's October 2020 initial public offering, the Company's December 2020 offering, and the Company's March 2021 offering during the putative class period of October 14, 2020 through May 11, 2021. Lead plaintiff motions were filed on July 13, 2021, and the Court is expected to appoint a lead plaintiff by August 12, 2021. The Court has not yet set a schedule for the filing of an amended complaint or defendants' anticipated motion to dismiss.

On June 30, 2021, a second putative class action was filed in the Southern District of New York against the Company and certain officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, and Sections 11 and 15 of the Securities Exchange Act of 1933 alleging misstatements and/or omissions in certain of the Company's registration statements and prospectuses related to the Company's October 2020 initial public offering, the Company's December 2020 offering, and the Company's March 2021 offering during the putative class period of October 14, 2020 through May 11, 2021. On July 6, 2021, the Court entered an order, based on the record before the Court, that this action was in all material respects substantially similar to the Plymouth Action and both actions arise out of the same or similar operative facts, and that the parties are substantially the same parties. The Court consolidated this action with the Plymouth Action for all pretrial purposes, ordered all filings in connection with this Action to be made in the Plymouth Action, and removed this action from the docket.

On July 16, 2021, a verified derivative complaint was filed against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for misleading proxy statements, (2) breach of fiduciary duty, (3) unjust enrichment, (4) abuse of control, (5) gross mismanagement, (6) corporate waste, (7) aiding and abetting breach of fiduciary duty, and (8) contribution under sections 10(b) and 21D of the Securities Exchange Act of 1934. On July 21, 2021, the Court entered an order, based on the record before the Court, that this action was in all material respects substantially similar to the Plymouth Action and both actions arise out of the same or similar operative facts, and that the parties are substantially the same parties. The Court consolidated this action with the Plymouth Action for all pretrial purposes, ordered all filings in connection with this Action to be made in the Plymouth Action, and removed this action from the docket.

On July 30, 2021, a second and related verified derivative complaint was filed against certain officers and directors of the Company. The complaint alleges: (1) violations of Section 14(a) of the Securities Exchange Act of 1934 for causing the issuance of a false/misleading proxy statement, (2) breach of fiduciary duty, and (3) aiding and abetting breaches of fiduciary duty. The Court has not yet entered an order consolidating this case with the Plymouth case.

From time to time, we may be involved in litigation relating to claims arising out of our operations and businesses that cover a wide range of matters, including, among others, intellectual property matters, contract and employment claims, personal injury claims, product liability claims and warranty claims. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty and, regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Item 1A. Risk Factors

Other than risk factors described below, there has been no material changes in our risk factors from those disclosed in Part I, Item 1A, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Number	Exhibit Description	Form	Date	No.
3.1	Amended and Restated Certificate of Incorporation of Array Technologies, Inc., dated October 19, 2020	8-K	10/19/2020	3.1
3.2	Amended and Restated Bylaws of Array Technologies, Inc., dated October 19, 2020	8-K	10/19/2020	3.2

Number		Exhibit Description	Form	Date	No.
31.1*	–	Certification of the Chief Executive Officer, as required by Section 302 of the Sarbanes- Oxley Act of 2002 (18 U.S.C. 1350)			
31.2*	–	Certification of the Chief Financial Officer, as required by Section 302 of the Sarbanes- Oxley Act of 2002 (18 U.S.C. 1350)			
32.1**	–	Certification of the Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)			
32.2**	–	Certification of the Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)			
101.INS		XBRL Instance Document – the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document			
101.SCH		XBRL Taxonomy Extension Schema Document			
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB		XBRL Taxonomy Extension Presentation Linkbase Document			
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document			
104		Cover Page Interactive Data Files			

* Filed herewith
** Furnished herewith

SIGNATURES

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

Array Technologies, Inc.

By:	/s/ Jim Fusaro Jim Fusaro Chief Executive Officer	Date:	August 11, 2021
By:	/s/ Nipul Patel Nipul Patel Chief Financial Officer	Date:	August 11, 2021

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Jim Fusaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Array Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)] for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)]

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jim Fusaro
Jim Fusaro
Chief Executive Officer (Principal Executive Officer)

Date: August 11, 2021

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Nipul Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Array Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)] for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)]

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Nipul Patel
Nipul Patel
Chief Financial Officer (Principal Financial Officer)

Date: August 11, 2021

EXHIBIT 32.1

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

In connection with this Quarterly Report of Array Technologies, Inc. (the "Company") filed on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jim Fusaro, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jim Fusaro
Jim Fusaro
Chief Executive Officer

Date: August 11, 2021

EXHIBIT 32.2

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

In connection with this Quarterly Report of Array Technologies, Inc. (the "Company") filed on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nipul Patel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nipul Patel
Nipul Patel
Chief Financial Officer

Date: August 11, 2021