UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

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: 001-40710

Tigo Energy, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**83-3583873**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
655 Campbell Technology Parkway, Suite 150 Campbell, California	**95008**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (408) 402-0802

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**TYGO**	**The Nasdaq Stock Market LLC**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒

As of August 2, 2024, the registrant had 60,477,864 shares of common stock, $0.0001 par value per share, outstanding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that are “forward-looking looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding the financial position, business strategy and the plans and objectives of management for future operations. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Quarterly Report on Form 10-Q, words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strive,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. When the Company discusses its strategies or plans, the Company is making projections, forecasts or forward-looking statements. Such statements are based on the beliefs of, as well as assumptions made by and information currently available to, the Company’s management.

Forward-looking statements in this Quarterly Report on Form 10-Q may include, for example, statements about:

- the Company’s ability to meet future liquidity requirements, which may require us to raise financing in the future;
- the projected financial information, anticipated growth rate and market opportunities of the Company;
- the Company’s ability to maintain the listing of securities on Nasdaq;
- the Company’s ability to develop and sell its product offerings and services;
- the Company’s ability to manage risks associated with seasonal trends and the cyclical nature of the solar industry;
- the potential liquidity and trading of the Company's securities;
- the Company’s ability to acquire and protect intellectual property;
- the Company’s ability to manage risks associated with the Company’s dependence on a small number of outside contract manufacturers;
- the Company’s ability to continue working with leading solar manufacturers;
- the Company’s ability to respond to fluctuations in foreign currency exchange rates and political unrest and regulatory changes in international markets into which the Company expands or otherwise operate in;
- the Company’s ability to enhance future operating and financial results;
- the Company’s ability to monetize its inventory on-hand;
- the Company’s ability to retain or recruit, or changes required in, its officers, key employees or directors;
- the Company’s ability to implement and maintain effective internal controls; and
- factors relating to the Company’s business, operations and financial performance, including:
  - the Company’s ability to comply with laws and regulations applicable to its business;
  - market conditions and global and economic factors beyond the Company’s control;
  - the Company’s ability to compete in the highly competitive and evolving solar industry;
  - the Company’s ability to continue to develop new products and innovations to meet constantly evolving customer demands;
  - the Company’s ability to enter into, successfully maintain and manage relationships with partners and distributors; and
  - the Company’s ability to acquire or make investments in other businesses, patents, technologies, products or services to grow the business, and realize the anticipated benefits therefrom.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. These forward-looking statements are only predictions based on the Company’s current expectations and projections about future events and are subject to a number of risks, uncertainties and assumptions, including those described in this Quarterly Report on Form 10-Q, in particular the risks described in Part II, Item 1A, “Risk Factors” of this Quarterly Report and in Part I, Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 21, 2024 (the “2023 Annual Report”) and the Company’s other filings with the SEC. It is not possible for the management of the Company to predict all risks, nor can the Company assess the impact of all factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements in this Quarterly Report on Form 10-Q.

The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in its forward-looking statements are reasonable, the Company cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. The Company does not undertake any obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in expectations, except as required by law. You should read this Quarterly Report on Form 10-Q and the documents that have been filed as exhibits hereto with the understanding that the actual future results, levels of activity, performance, events and circumstances of the Company may be materially different from what is expected.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TIGO ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,943	$ 4,405
Restricted cash	200	—
Marketable securities, short-term	5,214	26,806
Accounts receivable, net of allowances for credit losses of $2,570 and $4,011 at June 30, 2024, and December 31, 2023, respectively	6,917	6,862
Inventory	51,311	61,401
Prepaid expenses and other current assets	4,509	5,236
Total current assets	83,094	104,710
Property and equipment, net	3,191	3,458
Operating right-of-use assets	2,010	2,503
Marketable securities, long-term	—	1,977
Intangible assets, net	2,057	2,192
Other assets	768	728
Goodwill	12,209	12,209
Total assets	$ 103,329	$ 127,777
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 7,085	$ 15,685
Accrued expenses and other current liabilities	6,639	8,681
Deferred revenue, current portion	275	335
Warranty liability, current portion	539	526
Operating lease liabilities, current portion	936	1,192
Total current liabilities	15,474	26,419
Warranty liability, net of current portion	5,238	5,106
Deferred revenue, net of current portion	704	466
Long-term debt, net of unamortized debt discount and issuance costs	36,040	31,570
Operating lease liabilities, net of current portion	1,133	1,392
Total liabilities	58,589	64,953
Commitments and Contingencies (see Note 10)		
Stockholders' equity		
Common stock, $0.0001 par value: 150,000,000 authorized; 60,371,987 and 58,751,666 shares issued and outstanding at June 30, 2024, and December 31, 2023, respectively	6	6
Additional paid-in capital	143,364	138,657
Accumulated deficit	(98,607)	(75,780)
Accumulated other comprehensive loss	(23)	(59)
Total stockholders' equity	44,740	62,824
Total liabilities and stockholders' equity	$ 103,329	$ 127,777

See accompanying notes to condensed consolidated financial statements.

TIGO ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net revenue	$ 12,701	$ 68,826	$ 22,503	$ 118,884
Cost of revenue	8,834	42,920	15,870	74,609
Gross profit	3,867	25,906	6,633	44,275
Operating expenses:				
Research and development	2,704	2,424	5,175	4,638
Sales and marketing	4,055	5,163	8,658	9,935
General and administrative	5,511	9,654	10,291	13,217
Total operating expenses	12,270	17,241	24,124	27,790
(Loss) income from operations	(8,403)	8,665	(17,491)	16,485
Other expenses (income):				
Change in fair value of preferred stock warrant and contingent shares liability	41	2,608	(155)	3,120
Change in fair value of derivative liability	—	38,251	—	38,251
Loss on debt extinguishment	—	—	—	171
Interest expense	2,862	1,587	5,688	2,365
Other income, net	(1)	(672)	(213)	(1,223)
Total other expenses, net	2,902	41,774	5,320	42,684
Loss before income tax expense	(11,305)	(33,109)	(22,811)	(26,199)
Income tax expense (benefit)	16	(10,933)	16	(10,933)
Net loss	(11,321)	(22,176)	(22,827)	(15,266)
Unrealized gain (loss) resulting from change in fair value of marketable securities	$ 24	$ (195)	$ 36	$ (181)
Comprehensive loss	$ (11,297)	$ (22,371)	$ (22,791)	$ (15,447)
Net loss	$ (11,321)	$ (22,176)	$ (22,827)	$ (15,266)
Cumulative dividends on convertible preferred stock	—	(1,248)	—	(3,399)
Net loss attributable to common stockholders	$ (11,321)	$ (23,424)	$ (22,827)	$ (18,665)
Loss per common share				
Basic	$ (0.19)	$ (0.84)	$ (0.38)	$ (1.09)
Diluted	$ (0.19)	$ (0.84)	$ (0.38)	$ (1.09)
Weighted-average shares of common stock outstanding				
Basic	60,363,680	27,750,374	59,874,991	17,174,936
Diluted	60,363,680	27,750,374	59,874,991	17,174,936

See accompanying notes to condensed consolidated financial statements.

TIGO ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)
(Unaudited)

	Stockholders' equity					
	Common stock					
	Shares	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total stockholders' equity
Balance at December 31, 2023	58,751,666	$ 6	$ 138,657	$ (75,780)	$ (59)	$ 62,824
Issuance of common stock upon exercise of stock options	755,016	—	250	—	—	250
Stock-based compensation expense	—	—	2,505	—	—	2,505
Issuance of common stock in connection with the acquisition of fSight (see Note 4)	166,271	—	239	—	—	239
Issuance of common stock in connection with employee incentive stock awards	685,213	—	—	—	—	—
Unrealized gain resulting from change in fair value of marketable securities	—	—	—	—	12	12
Net loss	—	—	—	(11,506)	—	(11,506)
Balance at March 31, 2024	60,358,166	$ 6	$ 141,651	$ (87,286)	$ (47)	$ 54,324
Issuance of common stock upon exercise of stock options	13,821	—	10	—	—	10
Stock-based compensation expense	—	—	1,703	—	—	1,703
Unrealized gain resulting from change in fair value of marketable securities	—	—	—	—	24	24
Net loss	—	—	—	(11,321)	—	(11,321)
Balance at June 30, 2024	60,371,987	$ 6	$ 143,364	$ (98,607)	$ (23)	$ 44,740

TIGO ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)
(Unaudited)

	Convertible preferred stock		Stockholders' (deficit) equity					
			Common stock					
	Shares [(1)]	Amount	Shares [(1)]	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' (deficit) equity
Balance at December 31, 2022	199,145,285	$ 87,140	23,442,353	$ 2	$ 6,521	$ (62,215)	$ —	$ (55,692)
Retroactive application (Note 3)	(152,677,720)	—	(17,972,432)	(1)	1	—	—	—
Balance at December 31, 2022, as converted	46,467,565	87,140	5,469,921	1	6,522	(62,215)	—	(55,692)
Issuance of common stock upon exercise of stock options	—	—	140,545	—	92	—	—	92
Stock-based compensation expense	—	—	—	—	366	—	—	366
Issuance of common stock in connection with the acquisition of fSight	—	—	1,306,385	—	10,077	—	—	10,077
Unrealized gain resulting from change in fair value of marketable securities	—	—	—	—	—	—	14	14
Net income	—	—	—	—	—	6,910	—	6,910
Balance at March 31, 2023, as converted	46,467,565	87,140	6,916,851	1	17,057	(55,305)	14	(38,233)
Issuance of common stock upon exercise of stock options	—	—	10,784	—	14	—	—	14
Forfeitures of restricted stock and restricted stock surrendered in lieu of withholding taxes	—	—	(11,832)	—	(91)	—	—	(91)
Stock-based compensation expense	—	—	—	—	497	—	—	497
Unrealized loss resulting from change in fair value of marketable securities	—	—	—	—	—	—	(195)	(195)
Convertible preferred stock dividends	1,258,055	—	—	—	12,581	(12,581)	—	—
Issuance of preferred stock upon exercise of preferred warrants	193,372	—	—	—	2,008	—	—	2,008
Conversion of convertible preferred stock into common stock in connection with the Business Combination (Note 3)	(47,918,992)	(87,140)	47,918,992	5	87,135	—	—	87,140
Issuance of common stock upon exercise of common warrants	—	—	1,491,229	—	—	—	—	—
Purchase price adjustment in connection with the fSight acquisition	—	—	—	—	897			897
Issuance of common stock upon Business Combination	—	—	1,818,519	—	573	—	—	573
Net loss	—	—	—	—	—	(22,176)	—	(22,176)
Balance at June 30, 2023, as converted	—	$ —	58,144,543	$ 6	$ 120,671	$ (90,062)	$ (181)	$ 30,434

(1) The shares of the Company's common and redeemable convertible preferred stock prior to the Business Combination (as defined in Note 1) have been retroactively restated to reflect the exchange ratio of approximately 0.233335 established in the Business Combination as described in Note 3.

See accompanying notes to condensed consolidated financial statements.

TIGO ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash Flows from Operating activities:		
Net loss	$ (22,827)	$ (15,266)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	612	536
Reserve for inventory obsolescence	458	410
Change in fair value of preferred stock warrant and contingent shares liability	(155)	3,120
Change in fair value of derivative liability	—	38,251
Deferred tax benefit	—	(11,147)
Non-cash interest expense	4,470	982
Stock-based compensation	4,208	863
Allowance for credit losses	(1,434)	170
Loss on debt extinguishment	—	171
Non-cash lease expense	619	415
Accretion of interest on marketable securities	(163)	(204)
Changes in operating assets and liabilities:		
Accounts receivable	1,379	(30,057)
Inventory	9,632	(26,134)
Prepaid expenses and other assets	687	167
Accounts payable	(8,392)	30,254
Accrued expenses and other liabilities	(1,648)	2,267
Deferred revenue	178	(500)
Warranty liability	145	1,142
Operating lease liabilities	(641)	(374)
Net cash used in operating activities	$ (12,872)	$ (4,934)
Investing activities:		
Purchase of marketable securities	—	(50,221)
Acquisition of fSight	—	(16)
Purchase of intangible assets	—	(450)
Purchase of property and equipment	(418)	(1,510)
Disposals of property and equipment	—	73
Sales and maturities of marketable securities	23,768	—
Net cash provided by (used in) investing activities	$ 23,350	$ (52,124)
Financing activities:		
Proceeds from Convertible Promissory Note	—	50,000
Repayment of from Series 2022-1 Notes	—	(20,833)
Payment of financing costs	—	(354)
Proceeds from Business Combination	—	2,238
Proceeds from exercise of stock options	260	106
Payment of tax withholdings on stock options	—	(91)
Net cash provided by financing activities	$ 260	$ 31,066
Net increase (decrease) in cash, cash equivalents and restricted cash	10,738	(25,992)
Cash, cash equivalents and restricted cash at beginning of period	4,405	37,717
Cash, cash equivalents and restricted cash at end of period	$ 15,143	$ 11,725

See accompanying notes to condensed consolidated financial statements.

(in thousands)	Six Months Ended June 30, 2024	2023
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,250	$ 168
Cash paid for income taxes	$ 373	$ 53
Supplemental schedule of non-cash investing and financing activities:		
Operating lease right of use assets obtained in exchange for operating lease liabilities	$ 126	$ 1,973
Property and equipment in accounts payable	$ 31	$ 297
Non-cash consideration paid for the acquisition of fSight	$ 239	$ 10,974
Contingent shares liability from fSight acquisition	$ 132	$ 2,167
Unrealized gain (loss) resulting from change in fair value of marketable securities	$ 36	$ (181)
Net assets acquired from Roth CH Acquisition IV Co.	$ —	$ 573
Fair value of derivative note liability at issuance	$ —	$ 23,525
Convertible preferred stock dividends (Note 3)	$ —	$ 12,581
Reclassification of deferred issuance costs to additional paid in capital	$ —	$ 2,221
Conversion of convertible preferred stock into common stock in connection with the Business Combination (Note 3)	$ —	$ 87,140
Issuance of preferred stock upon exercise of preferred warrants	$ —	$ 2,008

See accompanying notes to condensed consolidated financial statements.

1. Nature of Operations

Tigo Energy, Inc. (f/k/a Roth CH Acquisition IV Co.) and subsidiaries (together, the "Company") consists of Tigo Energy, Inc. ("Tigo"), its wholly-owned direct subsidiary: Tigo Energy MergeCo, Inc. (f/k/a Tigo Energy, Inc.) ("Legacy Tigo"), and its wholly-owned indirect subsidiaries: Tigo Energy Israel Ltd., Foresight Energy, Ltd. ("fSight"), Tigo Energy Italy SRL, Tigo Energy Systems Trading (Suzhou) and Tigo Energy Australia Pty Ltd. Prior to the consummation of the Business Combination (as defined below), the operations of the Company were conducted through Legacy Tigo. Legacy Tigo was incorporated in Delaware in 2007 and commenced operations in 2010.

The Company provides solar and energy storage solutions, including module level power electronics ("MLPE") designed to maximize the energy output of individual solar modules, delivering more energy, active management, and enhanced safety for utility, commercial, and residential solar arrays. The Company is headquartered in Campbell, California with offices in Europe, Asia and the Middle East.

Entry into a Material Definitive Agreement

On December 5, 2022, Roth CH Acquisition IV Co., a Delaware corporation ("ROCG"), Roth IV Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of ROCG ("Merger Sub"), and Legacy Tigo, entered into an Agreement and Plan of Merger, as amended on April 6, 2023 (the "Merger Agreement"), pursuant to which, among other transactions, on May 23, 2023 (the "Closing Date"), Merger Sub merged with and into Legacy Tigo (the "Merger"), with Legacy Tigo surviving the Merger as a wholly-owned subsidiary of ROCG (the Merger, together with the other transactions described in the Merger Agreement, the "Business Combination"). In connection with the closing of the Business Combination, ROCG changed its name to "Tigo Energy, Inc."

Please refer to Note 3 "Merger with Roth CH Acquisition IV Co." for additional details regarding the Business Combination.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") promulgated by the Financial Accounting Standards Board ("FASB"). The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Pursuant to the Business Combination, the merger between ROCG and Legacy Tigo was accounted for as a reverse recapitalization in accordance with U.S. GAAP (the "Reverse Recapitalization"). Under this method of accounting, ROCG was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of Legacy Tigo issuing stock for the net assets of ROCG, accompanied by a recapitalization. The net assets of ROCG are stated at historical cost, with no goodwill or other intangible assets recorded. The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of Legacy Tigo. The shares and corresponding capital amounts and earnings per share available for common stockholders, prior to the Closing Date, have been retroactively recasted as shares reflecting the exchange ratio established in the Business Combination. Please refer to Note 3 "Merger with Roth CH Acquisition IV Co." for additional details regarding the Business Combination.

The Company has determined the functional currency of the subsidiaries to be the U.S. dollar. The Company remeasures monetary assets and liabilities of its foreign operations at exchange rates in effect at the balance sheet date and nonmonetary assets and liabilities at their historical exchange rates. Expenses are remeasured at the weighted-average exchange rates during the relevant reporting period. These remeasurement gains and losses are recorded in other income, net in the condensed consolidated statements of operations and comprehensive loss and were not material for the three and six months ended June 30, 2024, and 2023.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the unaudited condensed consolidated financial statements) considered necessary to present fairly Tigo's condensed consolidated balance sheet as of June 30, 2024 and its condensed consolidated statements of operations and comprehensive loss, cash flows, and convertible preferred stock and changes stockholders' equity (deficit) for the three and six months ended June 30, 2024, and 2023. Operating results for the three and six months ended June 30, 2024, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024. The unaudited condensed consolidated financial statements, presented herein, do not contain all of the required disclosures under GAAP for annual consolidated financial statements. The condensed consolidated balance sheet as of December 31, 2023, has been derived from the audited consolidated balance sheet as of that date. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on March 21, 2024.

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 to its audited consolidated financial statements for the year ended December 31, 2023, which are included in the Company's Annual Report on Form 10-K filed with the SEC on March 21, 2024.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act, until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical information and various other assumptions that are believed to be reasonable under the circumstances. Examples of such estimates include, among other things, the valuation of share-based awards, the recoverability of long-lived assets, the assessment of intangible assets and goodwill for impairment, provisions for warranty and expected credit losses, inventory obsolescence, sales returns, future price concessions, valuation allowances and the estimated useful lives of plant and equipment and acquired intangible assets. Actual results may materially differ from these estimates. On an ongoing basis, the Company reviews its estimates to ensure that these estimates appropriately reflect changes in its business or new information as it becomes available.

Recently Issued Accounting Pronouncements not yet Adopted

In November 2023, the FASB issued *ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280)*. This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (CODM) and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2024.

In December 2023, the FASB issued *ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740)*. This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024, although retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2025.

In March 2024, the SEC adopted final rules that would require registrants to provide certain climate-related information in their registration statements and annual reports. The new rules require information about a registrant's climate-related risks that are reasonably likely to have a material impact on its business, results of operations, or financial condition. The rules also require disclosure of certain climate-related financial metrics in registrant's audited financial statements, and, for certain registrants, disclosure regarding such registrant's greenhouse gas emissions. In April 2024, the SEC voluntarily stayed the rules pending completion of a judicial review that is currently pending in the U.S. Court of Appeals for the Eighth Circuit. The Company is currently evaluating the impact of these rules on the Company's financial statements and related disclosures.

3. Merger with Roth CH Acquisition IV Co.

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, ROCG was treated as the "acquired" company and Legacy Tigo was considered the "acquirer" for financial reporting purposes. This determination was primarily based on Legacy Tigo stockholders comprising a majority of the voting power of the Company, Legacy Tigo's senior management comprising substantially all of the senior management of the Company, Legacy Tigo's relative size compared to ROCG, and Legacy Tigo's operations prior to the acquisition comprising the only ongoing operations of the Company. Accordingly, for accounting purposes, the financial statements of the Company represent a continuation of the financial statements of Legacy Tigo with the Business Combination being treated as the equivalent of Legacy Tigo issuing stock for the net assets of ROCG, accompanied by a recapitalization. The net assets of ROCG are stated at historical costs, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are presented as those of Legacy Tigo. All periods prior to the Business Combination have been retrospectively adjusted using the exchange ratio established in the Business Combination of 0.233335 (the "Exchange Ratio") to affect the reverse recapitalization.

As part of the reverse recapitalization, Legacy Tigo acquired $2.2 million of cash, $0.6 million of prepaid expenses and insurance and assumed $3,400 of accrued expenses and $61,000 of income tax payable. The Company incurred $6.1 million in transaction costs relating to the Business Combination, which were charged directly to additional paid-in capital to the extent of cash received. Transaction costs in excess of cash acquired of $3.9 million were charged to general and administrative expenses.

Immediately prior to the closing of the Business Combination:

- all shares of Legacy Tigo's outstanding Series E, Series D, Series C-1, Series C, Series B-4, Series B-3, Series B-2, Series B-1, Series A-4, Series A-3, Series A-2, and Series A-1 convertible preferred stock were converted into an equivalent number of shares of Legacy Tigo common stock on a one-to-one basis and additional shares of Legacy Tigo common stock were issued to settle the accumulated dividend to the Series E and Series D convertible preferred stockholders of $12.6 million;
- all common warrants net of exercise were converted into an equivalent number of shares of Legacy Tigo common stock on a one-to-one basis; and
- all preferred warrants net of exercise were converted into an equivalent number of shares of Legacy Tigo preferred stock on a one-to-one basis, and subsequently converted into an equivalent number of shares of Legacy Tigo common stock on a one-to-one basis.

At the effective time of the Business Combination, each share of Legacy Tigo common stock issued and outstanding immediately prior to the closing (including the shares of Legacy Tigo common stock issued in connection with the foregoing) were canceled and converted into the right to receive a pro rata portion of the merger consideration based on the Exchange Ratio.

In connection with the Business Combination, the Company issued 1,700,498 shares of Common Stock to former stockholders of ROCG and 118,021 shares of Common Stock to Roth Capital Partners, LLC.

Immediately following the Business Combination, there were 58,144,543 shares of Common Stock issued and outstanding, options to purchase an aggregate of 4,358,301 shares of Common Stock and 5,768,750 warrants outstanding to purchase shares of Common Stock.

4. Acquisition of Foresight Energy, Ltd.

On January 25, 2023 ("Acquisition Closing Date"), Legacy Tigo acquired 100% of the equity interests of fSight. The results of fSight's operations have been included in the condensed consolidated financial statements since the Acquisition Closing Date. fSight primarily focuses on developing and marketing a software as a service platform, based on artificial intelligence for the smart management of electrical energy. The acquisition expands the Company's ability to leverage energy consumption and production data for solar energy producers, adding a prediction platform that provides actionable system performance data, from the grid down to the module level.

Under the terms of the purchase agreement, total consideration amounted to $13.2 million which consisted of 5,598,751 shares of Legacy Tigo's common stock (which represents 1,306,385 shares of Common Stock on an as-converted basis as a result of the Business

Combination) issued at closing with a fair value of approximately $11.0 million, 737,233 shares of Legacy Tigo's common stock (which represents 172,022 shares of Common Stock on an as-converted basis as a result of the Business Combination) with a fair value of approximately $1.4 million to be issued 12 months from closing and 368,617 shares of Legacy Tigo's common stock (which represents 86,011 shares of Common Stock on an as-converted basis as a result of the Business Combination) with a fair value of approximately $0.7 million to be issued 18 months from closing (collectively with the shares to be issued at 12 months "Contingent Shares"). In addition to the consideration in the purchase agreement, there is an additional $0.5 million in consideration related to a loan that the Company issued to fSight prior to the Acquisition Closing Date, for a total consideration transferred of $13.7 million. The loan payable was deemed settled immediately following the Acquisition Closing Date.

Pursuant to the terms of the purchase agreement, the Contingent Shares are subject to adjustment based on certain indemnification obligations, liabilities or settlements that may arise during the contingency period, which ends 18 months following the Acquisition Closing Date. During the year ended December 31, 2023, there was an adjustment recorded against the Contingent Shares related to an unrecorded liability that was not present as of the opening balance sheet date of January 25, 2023, and the number of Contingent Shares was adjusted downward by 5,745 shares to reflect this change. As of December 31, 2023, there was a total of up to 252,288 Contingent Shares that may be issued pursuant to the terms of the purchase agreement.

The Contingent Shares were recorded as a liability at a fair value of approximately $2.1 million on the Acquisition Closing Date based on the fair value of Legacy Tigo's common stock at the Acquisition Closing Date. The contingent shares liability is recorded in accrued expenses and other current liabilities within the condensed consolidated balance sheet.

On January 25, 2024, consistent with the terms of the purchase agreement, the Company issued the 12-month tranche of Contingent Shares, 166,271 shares of its Common Stock, to certain former equity holders of fSight. At January 25, 2024, the liability was revalued to $0.4 million based upon the Company's Common Stock fair value per share at that date. A mark-to-market gain of $0.2 million was recorded upon the remeasurement at January 25, 2024. Upon issuance of the 12-month tranche of Contingent Shares on January 25, 2024, the Company reduced the liability by the fair value associated with the 12-month tranche of Contingent Shares by $0.2 million and subsequently recorded an increase to additional paid-in capital on the Company's condensed consolidated balance sheet. As of June 30, 2024, there was a total of up to 86,017 Contingent Shares that may be issued pursuant to the terms of the purchase agreement.

At June 30, 2024, the remaining liability was revalued to $0.1 million based upon the Company's Common Stock fair value per share on June 28, 2024, the last trading day of the reporting period. For the three months ended June 30, 2024, and 2023, the Company recognized a $40,000 and $2.2 million mark-to-market expense, respectively. For the six months ended June 30, 2024, and 2023, the Company recognized a $0.2 million mark-to-market gain and $2.4 million mark-to-market expense, respectively. Mark-to-market expense and gains are recorded in the change in fair value of preferred stock warrant and contingent share liability financial statement line item within the condensed consolidated statement of operations and comprehensive loss for the three and six months ended June 30, 2024, and 2023.

The transaction was accounted for as a business combination pursuant to *ASC Topic 805*, *Business Combinations*, using the acquisition method of accounting and in conjunction with the acquisition, Legacy Tigo recognized $47,000 and $0.2 million of acquisition-related costs during the three and six months ended June 30, 2023. The Company did not incur any expense associated with acquisition-related costs during the three and six months ended June 30, 2024. The acquisition-related costs, which were expensed as incurred, are recorded in general and administrative expenses on the condensed consolidated statement of operations and comprehensive loss.

The assets acquired and liabilities assumed were recorded at fair value as follows (in thousands):

Consideration transferred:		
Fair value of common stock issued	$	10,974
Fair value of contingent shares		2,167
Deemed settlement of loan payable		527
Total consideration	$	13,668
Assets acquired:		
Cash and cash equivalents	$	55
Accounts receivable		117
Property and equipment		9
Developed technology		1,820
Customer relationships		170
Goodwill		12,209
Total assets acquired	$	14,380
Liabilities assumed:		
Accounts payable	$	418
Accrued expenses		294
Net assets acquired	$	13,668

Supplemental Pro Forma Information (Unaudited)

The following table presents supplemental pro-forma information for the three and six months ended June 30, 2023, as if the merger with fSight had occurred on January 1, 2022. These amounts have been calculated after applying the Company's accounting policies and are based upon currently available information.

(in thousands)		Three Months Ended June 30, 2023		Six Months Ended June 30, 2023
Net revenue	$	68,894	$	118,952
Net loss	$	(22,322)	$	(15,412)

Supplemental Information of Operating Results

The following table presents supplemental pro-forma information on the net revenue and net loss attributable to fSight included within the Company's condensed consolidated statement of operations and comprehensive loss.

(in thousands)		Three Months Ended June 30, 2023		Six Months Ended June 30, 2023
Net revenue	$	158	$	242
Net loss	$	(299)	$	(556)

5. Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during each period, without consideration for potential dilutive shares of common stock. Diluted net loss per share of common stock is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method and if-converted method, as applicable. Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities.

Under the two-class method, net loss for the three and six months ended June 30, 2023, is adjusted by the difference between the fair value of consideration transferred and the carrying amount of convertible preferred stock during periods where the Company redeems its convertible preferred stock. The remaining earnings (undistributed earnings) are allocated to common stock and each series of convertible preferred stock to the extent that each preferred security may share in earnings as if all of the earnings for the period had been distributed. The total earnings allocated to common stock are then divided by the number of outstanding shares to which the earnings are allocated to determine the earnings per share. The two-class method is not applicable during periods with a net loss, as the holders of the convertible preferred stock have no obligation to fund losses. In periods in which the Company reports a net loss, diluted net loss per share is the same as basic net loss per share since dilutive shares are not assumed to have been issued if their effect is antidilutive. As a result, for the periods in which the Company experienced a net loss, the weighted-average shares used to calculate both basic and diluted net loss per share are the same.

The following table sets forth the computation of basic and diluted net loss per share to common stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share data)	2024	2023	2024	2023
Basic net loss per common share calculation:				
Net loss	$ (11,321)	$ (22,176)	$ (22,827)	$ (15,266)
Undistributed earnings to preferred stock stockholders	—	(1,248)	-	(3,399)
Net loss attributable to common stockholders – basic	$ (11,321)	$ (23,424)	$ (22,827)	$ (18,665)
Weighted-average shares of common stock outstanding – basic	60,363,680	27,750,374	59,874,991	17,174,936
Net loss per share of common stock – basic	$ (0.19)	$ (0.84)	$ (0.38)	$ (1.09)
Diluted net loss per common share calculation:				
Net loss attributable to common stockholders - basic	$ (11,321)	$ (23,424)	$ (22,827)	$ (18,665)
Net loss attributable to common stockholders - diluted	$ (11,321)	$ (23,424)	$ (22,827)	$ (18,665)
Weighted-average shares of common stock outstanding – basic	60,363,680	27,750,374	59,874,991	17,174,936
Weighted-average shares of common stock – diluted	60,363,680	27,750,374	59,874,991	17,174,936
Net loss per share of common stock – diluted	$ (0.19)	$ (0.84)	$ (0.38)	$ (1.09)

The Company excluded the effect of the below elements from our calculation of diluted loss per share, as their inclusion would have been anti-dilutive. These amounts represent the number of instruments outstanding at the end of the period.

	As of June 30,	
	2024	2023
Common stock warrants	—	5,768,750
Outstanding stock options and restricted stock units	3,267,452	4,649,864
Convertible promissory note	5,305,861	5,454,545
	8,573,313	15,873,159

6. Fair Value of Financial Instruments

Fair Value Measurements

The Company measures its financial assets and liabilities at fair value on a recurring basis using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Authoritative guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and

Level 3: Fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

(in thousands)	Fair value measurement at reporting date (Level 1)	(Level 2)	(Level 3)
June 30, 2024			
Assets:			
Cash equivalents:			
Money market accounts	$ 11,849	$ —	$ —
Marketable securities:			
Corporate bonds	$ —	$ 4,565	$ —
U.S. agency securities	$ —	$ 649	$ —
Liabilities:			
Contingent shares liability from fSight acquisition	$ 132	$ —	$ —
December 31, 2023			
Assets:			
Cash equivalents:			
Money market accounts	$ 1,646	$ —	$ —
Marketable securities:			
Corporate bonds	$ —	$ 19,489	$ —
U.S. agency securities	$ —	$ 9,294	$ —
Liabilities:			
Contingent shares liability from fSight acquisition	$ 527	$ —	$ —

During the three and six months ended June 30, 2024, there were no transfers between Level 1, Level 2 and Level 3.

The following is a summary of the changes in fair value of the Company's marketable securities as of June 30, 2024, and December 31, 2023, respectively:

(in thousands)	As of June 30, 2024 Amortized cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale marketable securities:				
Current assets				
Corporate bonds	$ 4,586	$ —	$ (21)	$ 4,565
U.S. agency securities	651	—	$ (2)	649
Total	5,237	—	(23)	5,214

(in thousands)	As of December 31, 2023 Amortized cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale marketable securities:				
Current assets				
Corporate bonds	$ 17,561	$ 2	$ (52)	$ 17,511
U.S. agency securities	9,300	2	$ (7)	9,295
Total	26,861	4	(59)	26,806
Long-term assets				
Corporate bonds	1,981	3	(7)	1,977
Total	1,981	3	(7)	1,977
Total available-for-sale marketable securities	$ 28,842	$ 7	$ (66)	$ 28,783

As of June 30, 2024, all available-for-sale marketable securities consisted of investments that mature within one year.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, marketable securities, accounts receivable, accounts payable, and customer deposits approximate fair value due to their short-term nature. As of June 30, 2024, the fair value and carrying value of the Company's Convertible Promissory Note (Note 9) was $35.8 million and $36.0 million, respectively. As of December 31, 2023, the fair value and carrying value of the Company's Series 2022-1 Notes was $58.1 million and $31.6 million, respectively. The estimated fair value for the Company's Convertible Promissory Note was based on discounted expected future cash flows using prevailing interest rates which are Level 3 inputs under the fair value hierarchy.

7. Revenue Recognition

Geographic Net Revenue

The Company sells its products in the Americas (North and South America), EMEA (Europe, Middle East, and Africa), and APAC (Asia-Pacific) regions.

The following table summarizes net revenue by major geographic region:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
EMEA	$ 6,998	$ 55,096	$ 12,787	$ 95,355
Americas	2,835	11,167	5,572	18,199
APAC	2,868	2,563	4,144	5,330
Total net revenue	$ 12,701	$ 68,826	$ 22,503	$ 118,884

Deferred Revenue

Deferred revenue or contract liabilities consists of payments received from customers in advance of revenue recognition for the Company's products and service. The current portion of deferred revenue represents the unearned revenue that will be earned within 12 months of the balance sheet date. Correspondingly, noncurrent deferred revenue represents the unearned revenue that will be earned after 12 months from the balance sheet date.

The following table summarizes the changes in deferred revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Balance at the beginning of the period	$ 1,051	$ 1,608	$ 801	$ 1,122
Deferral of revenue	2,949	10,971	4,615	23,169
Recognition of unearned revenue	(3,021)	(11,956)	(4,437)	(23,668)
Balance at the end of the period	$ 979	$ 623	$ 979	$ 623

As of June 30, 2024, the Company expects to recognize $1.0 million from remaining performance obligations over a weighted average term of 4.4 years.

The Company recognized approximately $0.3 million and $0.5 million in revenue that was included in the beginning contract liabilities balance during the three and six months ended June 30, 2024, respectively. The Company recognized approximately $0.2 million and $0.9 million in revenue that was included in the beginning contract liabilities balance during the three and six months ended June 30, 2023, respectively.

Product Warranty

The Company estimates the cost of its warranty obligations based on several key estimates: the warranty period (which vary from 5 to 25 years depending on the product), its historical experience of known product failure rates, use of materials to repair or replace defective products and parts, and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise. Should the actual experience relative to these factors differ from the estimates, the Company may be required to record additional warranty reserves. Product warranty costs are recorded as expense to cost of revenue based on customer history, historical information and current trends.

The following table summarizes the changes in product warranty liability:

(in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Warranty liability, beginning of the period	$ 5,479	$ 4,626	$ 5,632	$ 4,351
Provision for warranty issued during period	550	916	688	1,712
Changes in estimate	(177)	63	(374)	(361)
Settlements	(75)	(112)	(169)	(209)
Warranty liability, end of the period	$ 5,777	$ 5,493	$ 5,777	$ 5,493

8. Supplementary Balance Sheet Information

Selected financial data as of the dates presented below is as follows (in thousands, except useful life data):

Inventory	June 30, 2024	December 31, 2023
Raw materials	$ 820	$ 668
Finished goods	50,491	60,733
Inventory	$ 51,311	$ 61,401

The inventory reserve was $1.4 million and $1.0 million as of June 30, 2024, and December 31, 2023, respectively.

Property and equipment, net	Estimated Useful Life	June 30, 2024	December 31, 2023
Machinery and equipment	7 years	$ 5,959	$ 5,810
Vehicles	5 years	31	31
Computer software	5 years	212	192
Computer equipment	5 years	606	574
Furniture and fixtures	5 years	215	216
Leasehold improvements	3 - 6 years	464	457
		7,487	7,280
Less: Accumulated depreciation		4,296	3,822
Property and equipment, net		$ 3,191	$ 3,458

For the three months ended June 30, 2024, and 2023 the Company recorded depreciation expense of $0.3 million and $0.2 million, respectively, in the condensed consolidated statements of operations and comprehensive loss. For the six months ended June 30, 2024, and 2023 the Company recorded depreciation expense of $0.5 million and $0.4 million, respectively, in the condensed consolidated statements of operations and comprehensive loss.

Accrued expenses and other current liabilities	June 30, 2024	December 31, 2023
Accrued vacation	$ 1,133	$ 856
Accrued compensation	1,174	2,514
Accrued interest	1,187	1,222
Accrued professional fees	463	409
Accrued warehouse and freight	795	1,001
Accrued other[1]	1,674	1,974
Other current liabilities[2]	213	705
Accrued expenses and other current liabilities	$ 6,639	$ 8,681

(1) Accrued other as of June 30, 2024, and December 31, 2023, primarily consist of accrued expenses related to legal expense, insurance expense and sales discounts.

(2) Other current liabilities as of June 30, 2024, and December 31, 2023, primarily consist of the contingent shares' liability related to the acquisition of fSight in Q1 2023. See Note 4 for additional information.

Allowance for credit losses	June 30, 2024	December 31, 2023
Allowance for credit losses, beginning balance	$ 4,011	$ 76
Net charges to (recovery) or expense	(1,301)	3,960
Write-offs, net of recoveries	(140)	(25)
Allowance for credit losses, ending balance	$ 2,570	$ 4,011

9. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Convertible Promissory Note	$ 50,000	$ 50,000
Less: unamortized debt discount and issuance costs	(13,960)	(18,430)
Long-term debt, net of unamortized debt discount and issuance costs	$ 36,040	$ 31,570

During the three months ended June 30, 2024, and 2023, the Company recorded amortization of $2.2 million and $1.0 million, respectively, to interest expense pertaining to debt discount and issuance costs. During the six months ended June 30, 2024, and 2023, the Company recorded amortization of $4.5 million and $1.0 million, respectively, to interest expense pertaining to debt discount and issuance costs. The amortization associated with the Convertible Promissory Note, primarily consists of the debt discount that was recorded as a result of the bifurcation of the conversion option at the time of the Business Combination. See below in this note for further information on the conversion option bifurcation for the Convertible Promissory Note, as defined below.

Convertible Promissory Notes

On January 9, 2023, the Company entered into the Note Purchase Agreement ("Note Purchase Agreement") with L1 Energy Capital Management S.a.r.l. ("L1 Energy") pursuant to which the Company issued the Convertible Promissory Note in the aggregate principal amount of $50.0 million (the "Convertible Promissory Note"). Outstanding borrowings under the Convertible Promissory Note bears interest at a rate of 5.0% per year. The principal amount of the Convertible Promissory Note is due at the maturity date of January 9, 2026, and interest is payable semiannually. As of June 30, 2024, there was $1.2 million of accrued interest in the condensed consolidated balance sheet.

Under the terms of the Note Purchase Agreement, the Convertible Promissory Note may be converted at the option of the note holder into the Company's common stock or an equivalent equity instrument resulting from a public company event. The conversion price is based on a pre-money valuation divided by the aggregate number of the Company's outstanding shares at the issuance date and adjusted for any cash dividends paid on the Company's capital stock. The conversion price and number of conversion shares are subject to standard anti-dilution adjustments. Upon a change of control event the note holder may (i) convert the Convertible Promissory Note immediately prior to the event into the Company's common stock at a conversion price equal to the lesser of the Convertible Promissory Note's original conversion price or the price per share of the Company's common stock implied by the change of control event transaction agreement or (ii) require the redemption of the Convertible Promissory Note in cash, including the payment of a make-whole amount of all unpaid interest that would have otherwise been payable had the Convertible Promissory Note remained outstanding through the maturity date. The Company's obligations under the Note Purchase Agreement may be accelerated, subject to customary grace and cure periods, upon the occurrence of an event of default. The Note Purchase Agreement defines events of default as the occurrence of any one of the following; 1) a default in payment of any part of principal or unpaid accrued interest on the Convertible Promissory Note when due and payable; 2) the Company issues a written statement that it is unable to pay its debts as they become due, or the Company files a voluntary petition for bankruptcy or insolvency proceeding, the Company, or its directors or majority shareholders take action looking to the dissolution or liquidation of the Company; 3) the involuntary bankruptcy of the Company defined as the commencement of any proceeding against the Company seeking any bankruptcy reorganization; 4) the Company defaults on any of its performance obligations under the Note Purchase Agreement; 5) any material portion of the assets of the Company or any subsidiary of the Company is seized or a levy is filed against such assets; 6) a default that remains uncured on any other agreement evidencing the indebtedness of the Company or its subsidiaries for an amount of $10 million or more whose terms allow for the acceleration of the repayment of such indebtedness due to the consummation of the transactions contemplated in this Note Purchase Agreement.

As a result of the Business Combination, the conversion options were bifurcated and accounted for as derivatives. Upon recognition, the Company recorded the conversion options at fair value and associated debt discount of $23.5 million. As of June 30, 2023, the fair value of the conversion options was remeasured to $61.8 million, and the Company recorded a $38.3 million change in fair value of derivative liability on the Company's condensed consolidated statement of operations and comprehensive loss for the three and six months ended June 30, 2023.

On September 24, 2023, the Company and L1 Energy entered into the Convertible Note Amendment which modified the conversion terms of the Convertible Promissory Notes. As a result, the conversion options no longer met the criteria to be bifurcated into a convertible note derivative liability; instead, the conversion options were reclassified to equity under *ASC Topic 815, Derivatives and Hedging*.

Future aggregate principal maturities of long-term debt are as follows as of June 30, 2024 (in thousands):

Remainder of 2024	$	—
2025		—
2026		50,000
2027		—
2028		—
Thereafter		—
	$	50,000

Series 2022-1 Notes

In January 2023, concurrently with the Convertible Promissory Note transaction, the Company repaid the Series 2022-1 Notes issued in January 2022 with a principal amount of $25.0 million at a fixed interest rate of 5.5% per year ("Series 2022-1 Notes") in full with the proceeds from the Convertible Promissory Note and wrote off $0.2 million of unamortized debt issuance costs related to the previously outstanding Series 2022-1 Notes, which are included in loss on debt extinguishment on the condensed consolidated statements of operations and comprehensive loss.

10. Commitments and Contingencies

Employment Agreements

The Company entered into employment agreements with key personnel providing compensation and severance in certain circumstances, as defined in the respective employment agreements.

Legal

In the normal course of business, the Company may become involved in litigation or legal disputes that are not covered by insurance. While the Company intends to vigorously defend itself with respect to such disputes, any potential outcomes resulting from such claims would be inherently difficult to quantify.

Indemnification Agreements

From time to time, in its normal course of business, the Company may indemnify other parties with which it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from third-party claims or a breach of representation or covenant. It may not be possible to determine the maximum potential amount of liability under such indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision.

The Company has also indemnified its Directors and Executive Officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a Director or Executive Officer.

The Company believes the current estimated fair value of any obligation from these indemnification agreements is minimal; therefore, these condensed consolidated financial statements do not include a liability for potential indemnification-related obligations at June 30, 2024.

11. Common Stock, Preferred Stock and Convertible Preferred Stock

Common and Preferred Stock

The Company is authorized to issue 150,000,000 shares of Common Stock. Each share of Common Stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

The Company is authorized to issue 10,000,000 shares of Preferred Stock. As of June 30, 2024, there was no Preferred Stock outstanding.

Common Stock Reserved for Future Issuance

Shares of Common Stock reserved for future issuance were as follows:

	As of June 30, 2024
Stock options issued and outstanding	3,799,613
Restricted stock units issued and outstanding	1,527,132
Shares available for potential conversion of L1 Convertible Note	5,305,861
Shares available for fSight Contingent Shares	86,017
Shares available for grant under 2023 Equity Incentive Plan	5,286,929
	16,005,552

Common Stock Warrants

Legacy Tigo had outstanding warrants to purchase 1,915,372 shares of Legacy Tigo common stock ("Legacy Warrants"), which (prior to the consummation of the Business Combination) represented rights to purchase Legacy Tigo common stock. During the year ended December 31, 2023, 1,915,372 Legacy Warrants were net exercised resulting in the issuance of 1,491,229 shares of Common Stock. As of December 31, 2023, there were no Legacy Warrants outstanding.

In connection with the Business Combination, the Company assumed 5,750,000 warrants originally issued as part of ROCG's units in ROCG's initial public offering (the "Public Warrants") and 18,750 warrants issued to the initial stockholders of ROCG in a private placement in connection with ROCG's initial public offering (the "Private Warrants" and, together with the Public Warrants, the "Warrants"), which, in each case, entitle the holder to purchase one share of Common Stock at an exercise price of $11.50 per share. Except with respect to certain registration rights and transfer restrictions, the Private Warrants are identical to the Public Warrants. The Company has analyzed the Warrants and determined they are freestanding instruments and do not exhibit any of the characteristics in *ASC 480, Distinguishing Liabilities from Equity*, and therefore are not classified as liabilities under *ASC 480, Distinguishing Liabilities from Equity.*

Under the terms of the Warrant Agreement, the Company was entitled to redeem all of its outstanding Warrants for $0.01 per Warrant if the reported closing price of the Company's Common Stock was at least $18.00 per share on each of twenty trading days within a 30-day trading period ending on the third trading day prior to the date on which a notice of redemption is given. This performance threshold was achieved following the market close on August 4, 2023.

On August 9, 2023, the Company announced the redemption of all of its outstanding Public Warrants and Private Warrants to purchase shares of Common Stock that were issued under the Warrant Agreement, dated as of August 5, 2021, by and among the Company and Continental Stock Transfer & Trust Company, as warrant agent, at a redemption price of $0.01 per Warrant for those Warrants that remained outstanding following 5:00 p.m. New York City time on September 8, 2023.

A total of 324,546 Warrants were exercised through September 8, 2023, resulting in proceeds, net of issuance costs, of $3.7 million. All other Warrants were redeemed on September 8, 2023.

The Company paid $0.1 million for the remaining Warrants that were not exercised as of September 8, 2023, which was recorded as a reduction to additional paid-in capital on the Company's condensed consolidated balance sheet. As of December 31, 2023, there were no Warrants outstanding.

Convertible Preferred Stock

In connection with the Business Combination, as discussed in Note 3, the Company issued 47,918,992 shares of Common Stock to holders of convertible preferred stock of Legacy Tigo. No convertible preferred securities were outstanding as of December 31, 2023. Prior to the Business Combination, Legacy Tigo's convertible preferred stock was classified outside of stockholders' deficit because the shares contained deemed liquidation rights that were contingent redemption features not solely within the control of Legacy Tigo. As a result, all of Legacy Tigo's convertible preferred stock was classified as mezzanine equity.

Convertible Preferred Stock Warrants

Warrants to purchase a total of 1,064,446 shares of Series C convertible preferred stock of Legacy Tigo were initially recognized as a liability and recorded at fair value upon issuance and were subject to remeasurement to fair value at each balance sheet date. As part of the Business Combination, Legacy Tigo convertible preferred stock was remeasured immediately before the Merger date, and was subsequently converted into Legacy Tigo common stock pursuant to the conversion rate in effect immediately prior to the consummation of the Business Combination and all related Legacy Tigo convertible preferred stock warrants were converted into warrants exercisable for shares of Common Stock with terms consistent with the Legacy Tigo convertible preferred stock warrants except for the number of shares exercisable and the exercise price, each of which was adjusted using the Exchange Ratio. In connection with the Business Combination, as discussed in Note 3, all outstanding Series C convertible preferred stock warrants were exercised resulting in the net issuance of 828,733 shares of convertible preferred stock which were immediately converted into Common Stock in connection with the recapitalization. As of December 31, 2023, there were no convertible preferred stock warrants outstanding.

12. Stock-Based Compensation

The Company adopted the 2008 Stock Plan ("2008 Plan") under which it may issue stock options to purchase shares of common stock, and award restricted stock and stock appreciation rights to employees, Directors and consultants. The 2008 Plan expired in March 2018 and all award issuance therefore ceased. Options generally vest over a four-year period with a one-year cliff. The option term is no longer than five years for incentive stock options for which the grantee owns greater than 10% of the Company's capital stock and no longer than 10 years for all other options. The Company has a repurchase option on unvested restricted stock exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason. The Company's repurchase right lapses in accordance with the vesting terms. During the three and six months ended June 30, 2024, there have been no exercises of common stock options prior to the vesting of such options. Options outstanding under the 2008 Plan will remain outstanding until they are exercised, canceled or expire.

In May 2018, the Company adopted the 2018 Stock Plan ("2018 Plan") under which the Company may issue stock options to purchase shares of common stock, and award restricted stock and stock appreciation rights to employees, Directors and consultants.

Under the 2018 Plan, the Board of Directors may grant incentive stock options or nonqualified stock options. Incentive stock options may only be granted to Company employees. The 2018 Plan expired in May 2023 and all award issuance therefore ceased. The exercise price of incentive stock options and non-qualified stock options cannot be less than 100% of the fair value per share of the Company's common stock on the grant date. If an individual owns more than 10% of the Company's outstanding capital stock, the price of each share incentive stock option will be at least 110% of the fair value. Fair value is determined by the Board of Directors. Options generally vest over a four-year period with a one-year cliff. The option term is no longer than five years for incentive stock options for which the grantee owns greater than 10% of the Company's capital stock and no longer than 10 years for all other options. The Company has a repurchase option on unvested restricted stock exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason. The Company's repurchase right lapses in accordance with the vesting terms. Options outstanding under the 2018 Plan will remain outstanding until they are exercised, canceled or expire. During the three and six months ended June 30, 2024, there were no exercises of common stock options prior to the vesting of such options.

In May 2023, the Company adopted the 2023 Equity Incentive Plan ("2023 Plan") under which the Company may issue stock options to purchase shares of common stock, award restricted stock, restricted stock units ("RSU"), dividend equivalents, stock appreciation rights, and other stock-based or cash-based awards to employees, Directors and consultants.

The stock options generally vest over a four-year period, following the date of grant, with 25% vesting on the first anniversary of the grant date and the remaining vesting in equal monthly installments thereafter. As of June 30, 2024, 77,039 stock options granted under the 2023 Plan had vested and were exercisable. There have been no stock options exercised under the 2023 Plan. The RSUs generally vest over a three-year period, following the date of grant, with a third of the award vesting on each year on the annual anniversary of the grant date. As of June 30, 2024, 739,282 RSUs that were granted under the 2023 Plan have vested into shares of Common Stock.

Collectively, the 2008 Stock Plan, 2018 Stock Plan and the 2023 Equity Incentive Plan are referred to as “the Plans”. The Company has reserved 5,286,929 shares of common stock for future issuance under the 2023 Plan.

The Company measures stock-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. The Company recorded stock-based compensation expense in the following expense categories in its accompanying condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Research and development	$ 223	$ 63	$ 679	$ 112
Sales and marketing	341	273	1,171	446
General and administrative	1,108	129	2,263	251
Cost of Sales	31	31	95	54
Total stock-based compensation	$ 1,703	$ 496	$ 4,208	$ 863

Stock Options

The following table summarizes stock option activity for the Plans for the six months ended June 30, 2024:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in 000’s)
Outstanding at December 31, 2023	4,872,527	$ 3.64	6.10	
Granted	—	$ —		
Exercised	(768,837)	$ 0.34		
Forfeited	(232,276)	$ 5.74		
Expired	(71,801)	$ 2.33		
Outstanding at June 30, 2024	3,799,613	$ 4.20	6.36	$ 1,565
Exercisable at June 30, 2024	2,282,733	$ 1.60	4.91	$ 1,473
Vested and expected to vest at June 30, 2024	3,799,613	$ 4.20	6.36	

As of June 30, 2024, the total unrecognized compensation expense related to unvested stock option awards was $7.2 million, which the Company expects to recognize over a weighted-average period of 2.8 years.

The fair value of options is estimated using the Black-Scholes option pricing model, which takes into account inputs such as the exercise price, the value of the underlying common stock at the grant date, expected term, expected volatility, risk-free interest rate and dividend yield. The fair value of each grant of options was determined using the methods and assumptions discussed below.

- The expected term of employee options with service-based vesting is determined using the “simplified” method, as prescribed in the U.S. Securities and Exchange Commission’s Staff Accounting Bulletin (“SAB”) No. 107, whereby the expected life equals the arithmetic average of the vesting term and the original contractual term of the option due to the Company’s lack of sufficient historical data. The expected term of non-employee options is equal to the contractual term.
- The expected volatility is based on historical volatilities of similar entities within the Company’s industry which were commensurate with the expected term assumption as described in SAB No. 107.
- The risk-free interest rate is based on the interest rate payable on U.S. Treasury securities in effect at the time of grant for a period that is commensurate with the assumed expected term.
- The expected dividend yield is 0% because the Company has not historically paid and does not expect in the foreseeable future to pay a dividend on its common stock.
- As the Company’s common stock has not historically been publicly traded, its Board of Directors periodically estimated the fair value of the Company’s common stock considering, among other things, contemporaneous valuations of its common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants 2013 Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

There were no options granted during the three and six months ended June 30, 2024. The fair value of each stock option granted during the six months ended June 30, 2023, was estimated on the date of grant using the weighted average assumptions in the table below:

	June 30, 2023
Expected volatility	69.1 %
Risk-free interest rate	3.8 %
Expected term (in years)	6.0
Expected dividend yield	— %

Restricted Stock Units

The following table summarizes RSU activity for the Plans for the six months ended June 30, 2024:

	Number of shares	Weighted average grant date fair value per share
Outstanding at December 31, 2023	872,037	$ 11.27
Granted	1,424,412	$ 1.31
Vested	(685,213)	$ 1.35
Forfeited	(84,104)	$ 9.23
Outstanding at June 30, 2024	1,527,132	$ 6.55

As of June 30, 2024, the total unrecognized compensation expense related to unvested RSUs was $6.7 million, which the Company expects to recognize over a weighted-average period of 2.0 years.

13. Leases

As a lessee, the Company currently leases office space and vehicles in the United States, Italy, Israel, China, Philippines and Thailand. All of the Company leases are classified as operating leases. The Company has no leases classified as finance or sales-type leases. For leases with terms greater than 12 months, the Company records the related assets and obligations at the present value of lease payments over the term. Many of its leases include rental escalation clauses, renewal options and/or termination options that are factored into the Company's determination of lease payments.

When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of its leases do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The majority of the Company's leases have remaining lease terms of one to five years, some of which include options to extend the leases for up to eight years, and some of which include options to terminate the leases within one year.

The components of lease expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Operating lease costs	$ 314	$ 283	$ 648	$ 477
Variable lease costs	148	73	240	135
Total lease cost	$ 462	$ 356	$ 888	$ 612

Other information related to leases was as follows:

	Six Months Ended June 30,	
Supplemental Cash Flows Information (in thousands)	2024	2023
Operating lease right of use assets obtained in exchange for operating lease liabilities	$ 126	$ 1,973
Cash paid for amounts included in the measurement of lease liabilities	$ 686	$ 399

	June 30, 2024	December 31, 2023
Weighted average remaining lease term (years)	2.7	2.9
Weighted average discount rate	4.9 %	8.5 %

Future maturities of lease liabilities were as follows as of June 30, 2024:

(in thousands)		Operating Leases
Remainder of 2024	$	676
2025		611
2026		450
2027		343
2028		133
Thereafter		6
Total future minimum lease payments	$	2,219
Less: imputed interest		150
Present value of lease liabilities	$	2,069

14. Goodwill and Intangible Assets

As of June 30, 2024, the Company had a goodwill balance of $12.2 million. The goodwill balance is related to the acquisition of fSight. Please refer to Note 4. "Acquisition of Foresight Energy, Ltd." for further information.

The Company's intangible assets by major asset class are as follows:

	June 30, 2024						
(in thousands, except for useful life amounts)	Weighted Average Useful Life (Years)		Gross		Accumulated Amortization		Net Book Value
Amortizing:							
Patents	6.7	$	450	$	(101)	$	349
Customer relationships	10.0		170		(24)		146
Developed technology	10.0		1,820		(258)		1,562
Total intangible assets		$	2,440	$	(383)	$	2,057

	December 31, 2023						
(in thousands, except for useful life amounts)	Weighted Average Useful Life (Years)		Gross		Accumulated Amortization		Net Book Value
Amortizing:							
Patents	6.7	$	450	$	(65)	$	385
Customer relationships	10.0		170		(16)		154
Developed technology	10.0		1,820		(167)		1,653
Total intangible assets		$	2,440	$	(248)	$	2,192

The Company recognized amortization expense related to intangible assets of $0.1 million and $0.1 million for the three months ended June 30, 2024, and 2023, respectively. The Company recognized amortization expense related to acquired intangible assets of $0.1 million and $0.1 million for the six months ended June 30, 2024, and 2023, respectively.

Amortization expense related to intangible assets at June 30, 2024, in each of the next five years and beyond is expected to be incurred as follows:

(in thousands)	Amount
Remainder of 2024	$ 135
2025	270
2026	270
2027	262
2028	260
Thereafter	860
	$ 2,057

15. Income Taxes

The Company's income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. The Company is subject to income taxes in both the United States and foreign jurisdictions. Significant judgment and estimates are required in determining the consolidated income tax expense.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In the second quarter of 2023, the Company assessed all available positive and negative evidence placing the most weight on objectively verifiable information. As such, the Company's cumulative profit position was given the most weight and, based on estimated future sources of taxable income, the Company determined that the future benefits were more likely than not to be realized and released the valuation allowance against U.S. federal net deferred tax assets. The Company continued to record a valuation allowance against its state net deferred tax assets which is primarily the state of California deferred tax assets.

As of the third quarter of 2023, management considered new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In the third quarter of 2023, the Company and its industry overall experienced a significant change in outlook. As a result of the significant number of bankruptcies by installers, higher than expected order cancellations and pushouts, slower than expected installation rates, higher inventory levels in the channel and a general slowdown in the macroeconomic environment in the third quarter of 2023, the Company assessed all available positive and negative evidence and determined that its U.S. federal net deferred tax asset is no longer more likely than not realizable and recorded a valuation allowance against its U.S. federal net deferred tax assets. In making this determination, the Company placed the most weight on objectively verifiable information which was the Company's cumulative loss position. As a result, the Company recorded a tax expense and valuation allowance of $11.1 million on the basis of managements' reassessment of the amount of its deferred tax assets that were more likely than not to be realized. As of June 30, 2024, the Company has maintained this position.

Income tax expense was $16,000 for the three months and six months ended June 30, 2024. Income tax benefit was $10.9 million for the three months and six months ended June 30, 2023.

The effective tax rates for the three months ended June 30, 2024, and 2023 were (0.1)% and 32.8%, respectively. The effective tax rates for the six months ended June 30, 2024, and 2023 were (0.1)% and 41.5%, respectively. The item that had the most significant impact on the difference between the statutory U.S. federal income tax rate of 21.0% and the effective tax rate for the three and six months ended June 30, 2024, was the valuation allowance which offset the tax benefit of book losses. The item that had the most significant impact on the difference between the statutory U.S. federal income tax rate of 21.0% and the effective tax rate for the three and six months ended June 30, 2023, was the discrete tax benefit of releasing valuation allowance against U.S. deferred tax assets.

16. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the condensed consolidated financial statements were issued. Based upon this review, other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

On July 25, 2024, consistent with the terms of the purchase agreement related to the acquisition of fSight, the Company issued 86,017 shares of its Common Stock as the second tranche of Contingent Shares to certain former equity holders of fSight. These shares were scheduled for release in two tranches, at 12 months and 18 months post-Acquisition Closing Date, subject to adjustment pursuant to the terms of the purchase agreement. This issuance represented the completion of the 18-month release condition. The fair value of these shares, at the time of release, was approximately $0.1 million, based on the prevailing market price of the Company's Common Stock on July 25, 2024. As of July 25, 2024, there are no remaining contingent shares related to the acquisition of fSight. See Note 4, "Acquisition of Foresight Energy, Ltd.," of the notes to the condensed consolidated financial statements for additional information.

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

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes thereto included in our 2023 Annual Report. In addition to historical data, this discussion contains forward-looking statements about our business, results of operations, cash flows, financial condition and prospects based on current expectations that involve risks, uncertainties and assumptions. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q, including those set forth in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in Part I, Item 1A, "Risk Factors" in the 2023 Annual Report. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless otherwise indicated or the context otherwise requires, references in this section to "we," "our," "us," "the Company" or other similar terms refer to the business and operations of Tigo Energy, Inc. and its subsidiaries prior to the Business Combination ("Legacy Tigo") and Tigo Energy Inc. following the consummation of the Business Combination. References to "ROCG" refer to Roth CH Acquisition IV Co. prior to the consummation of the Business Combination.

Overview

Our mission is to deliver smart systems solutions, combining hardware and software, which enhance safety, increase energy yield, and lower operating costs of residential, commercial, and utility-scale solar systems. We believe we are a worldwide leader in the development and delivery of products and solutions that are flexible and dependable, increase the energy generation of solar energy systems and address the need for change. We primarily offer products and services through distributors and solar installers. We have a worldwide footprint with product installations in over 100 countries and on all seven continents.

Key Factors that May Influence Future Results of Operations

Our financial results of operations may not be comparable from period to period due to several factors. Key factors affecting our results of operations are summarized below.

Demand for Products. The demand for our products in Europe and the United States experienced a notable slowdown beginning in the second quarter in 2023 and continued into the first half of 2024. In Europe, the slowdown was primarily due to elevated inventory levels with distributors and an overall channel inventory correction as they responded to a slower demand environment. Additionally, there has been uncertainty surrounding the net energy metering policies and solar export penalties in the European markets, such as Germany, Belgium, Italy and the United Kingdom, which also contributed to the overall slowdown in demand in Europe. In the United States, the slowdown was primarily attributable due to higher interest rates than recent prior periods and the transition from the second iteration of net metering ("NEM 2.0") to the third iteration of net metering ("NEM 3.0") in California. The factors noted above have led to elevated inventory levels with distributors and installers in both regions. Given these factors, revenues have been, and may continue to be, adversely affected in 2024.

In response to the factors noted above, we reduced staffing levels across all geographies in December 2023 by approximately 15%, and in April 2024 by approximately 10%. As a result, we expect to reduce cash expenditures associated with the reduction of personnel costs by approximately $7.3 million in 2024.

Unfavorable Macroeconomic and Market Conditions. The global macroeconomic and market uncertainty, including higher interest rates and inflation, has caused disruptions in financial markets and may continue to have an adverse effect on the U.S. and world economies. Since the second quarter of 2023, we have experienced a significant number of customer requests to delay purchase order deliveries and a smaller number of purchase order cancellations and returns. Other customers may decide to delay purchasing our products and services or not purchase at all. A tighter credit market for consumer and business spending could, in turn, adversely affect spending levels of installers and end users and lead to increased price competition for our products. Reductions in customer spending in response to unfavorable or uncertain macroeconomic and market conditions, globally or in a particular region where we operate, have adversely affected, and could continue to adversely affect our business, results of operations and financial condition.

Managing Supply Chain. We rely on contract manufacturers and suppliers to produce our components. Our ability to grow depends, in part, on the ability of our contract manufacturers and suppliers to provide high quality services and deliver components and finished products on time and at reasonable costs. While we have diversified our supply chain, some of our suppliers and contract manufacturers are sole-source suppliers. Our concentration of suppliers could lead to supply shortages, long lead times for components and supply changes. A significant portion of our supply chain originates in Thailand and China. In the event we are unable to mitigate the impact of delays and/or price increases in raw materials, electronic components and freight, it could delay the manufacturing and delivery of our products, which would adversely impact our cash flows and results of operations, including revenue and gross margin. In addition, in a slowing economic environment, our inventory levels may continue to increase due to existing purchase commitments and our ability to negotiate volume pricing discounts may be impaired.

Expansion of Sales with Existing Customers and Adding New Customers. Our future revenue growth is, in part, dependent on our ability to expand product offerings and services in the U.S. residential market. In our North American market, revenue is generally generated from our product offerings and services in the commercial and industrial markets. In order to continue revenue growth, we plan to expand our presence in the residential market through offerings with residential solar providers. We also expect to continue to evaluate and invest in new market opportunities internationally. We believe that our entry into new markets will continue to facilitate revenue growth and customer diversification. We primarily acquire new customers through collaboration with our industry partners and distributors. While we expect that a substantial portion of our future revenues in the near-term will be generated from our existing customers, we expect to invest in our sales and marketing to broaden reach with new residential customers in the U.S. and EMEA.

Expansion of New Products and Services. We have made substantial investments in research and development and sales and marketing to achieve a leading position in our market and revenue growth. While a majority of our revenue is generated from the sale of our MLPE products, we intend to continue the development and promotion of our GO Energy Storage Systems ("GO ESS") and Predict+ product and service lines.

Key Operating and Financial Metrics

We regularly review a number of metrics, including the following key operating and financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe the operating and financial metrics presented are useful in evaluating our operating performance, as they are similar to measures used by our public competitors and are regularly used by securities analysts, institutional investors, and other interested parties in analyzing operating performance and prospects.

The following table sets forth these metrics for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except percentages)	2024	2023	2024	2023
Net revenue	$ 12,701	$ 68,826	$ 22,503	$ 118,884
Gross profit	$ 3,867	$ 25,906	$ 6,633	$ 44,275
Gross margin	30.4 %	37.6 %	29.5 %	37.2 %
Operating (loss) income	$ (8,403)	$ 8,665	$ (17,491)	$ 16,485
Net loss	$ (11,321)	$ (22,176)	$ (22,827)	$ (15,266)

Gross Profit and Gross Margin

We define gross profit as total net revenue less cost of revenue, and define gross margin, expressed as a percentage, as the ratio of gross profit to revenue. Gross profit and margin can be used to understand our financial performance and efficiency and allow investors to evaluate its pricing strategy and compare it against competitors. We use these metrics to make strategic decisions identifying areas for improvement, set targets for future performance and make informed decisions about how to allocate resources going forward.

Key Components and Comparison of Results of Operations

Net Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Net revenue	$ 12,701	$ 68,826	$ (56,125)	(81.5)%	$ 22,503	$ 118,884	$ (96,381)	(81.1)%

Three months and six months ended June 30, 2024, and 2023

Net revenue decreased by $56.1 million or 81.5% for the three months ended June 30, 2024, and by $96.4 million or 81.1% for the six months ended June 30, 2024, as compared to the same periods in 2023. The decreases are primarily due to the solar industry experiencing a broad-based slowdown in both the U.S. and European markets, which resulted in elevated inventory with distributors and installers, and as a result the overall demand for our products and services decreased as distributors and installers responded to this slower demand environment. In the Americas region, this slowdown was primarily the result of higher interest rates and the transition from NEM 2.0 to NEM 3.0 in California. In the EMEA region, this slowdown was primarily the result of a decrease in customer purchases in Europe after a surge of sales were realized in 2022 and going into the first half of 2023 due to higher energy prices in Europe related to the onset of the armed conflict in Ukraine in 2022, and overall channel inventory correction.

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
EMEA	$ 6,998	$ 55,096	$ (48,098)	(87.3)%	$ 12,787	$ 95,355	$ (82,568)	(86.6)%
Americas	2,835	11,167	(8,332)	(74.6)%	5,572	18,199	(12,627)	(69.4)%
APAC	2,868	2,563	305	11.9%	4,144	5,330	(1,186)	(22.3)%
Total Net revenue	$ 12,701	$ 68,826	$ (56,125)	(81.5)%	$ 22,503	$ 118,884	$ (96,381)	(81.1)%

Three months and six months ended June 30, 2024, and 2023

- EMEA - Net revenue for the EMEA region decreased by $48.1 million or 87.3% for the three months ended June 30, 2024, and by $82.6 million or 86.6% for the six months ended June 30, 2024, as compared to the same periods in 2023. The decreases are primarily due to a slowdown in demand in the region due to elevated inventory levels at distributors and installers.
- Americas - Net revenue for the Americas region decreased by $8.3 million or 74.6% for the three months ended June 30, 2024, and by $12.6 million or 69.4% for the six months ended June 30, 2024, as compared to the same periods in 2023. The decreases are primarily due to demand for our solutions slowing as a result of higher interest rates impacting customers' investment decisions and the transition from NEM 2.0 to NEM 3.0 in California.
- APAC - Net revenue for the APAC region increased by $0.3 million or 11.9% for the three months ended June 30, 2024, and decreased by $1.2 million or 22.3% for the six months ended June 30, 2024, as compared to the same periods in 2023. Net revenue remained consistent for the three months ended June 30, 2024, compared to the same period in 2023. The decrease in net revenue for the six months ended June 30, 2024, compared to the same period in 2023 was primarily driven by a 66.1% decline in sales in China.

Cost of Revenues and Gross Profit

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Cost of revenue	$ 8,834	$ 42,920	$ (34,086)	(79.4)%	$ 15,870	$ 74,609	$ (58,739)	(78.7)%
Gross profit	$ 3,867	$ 25,906	$ (22,039)	(85.1)%	$ 6,633	$ 44,275	$ (37,642)	(85.0)%
Gross margin	30.4%	37.6%			29.5%	37.2%		

Three months and six months ended June 30, 2024, and 2023

Cost of revenue decreased by $34.1 million or 79.4% and gross profit decreased by $22.0 million or 85.1% for the three months ended June 30, 2024, compared to the same period in 2023. Cost of revenues decreased by $58.7 million or 78.7% and gross profit decreased by $37.6 million or 85.0% for the six months ended June 30, 2024, as compared to the same period in 2023. The decreases are primarily due to an 81.5% and 81.1% decline in net revenues for the three months and six months ended June 30, 2024, respectively, compared to the same periods in 2023.

Gross margin decreased by 7.2 percentage points for the three months ended June 30, 2024, and by 7.7 percentage points for the six months ended June 30, 2024, as compared to the same periods in 2023. The decreases are primarily due both to lower sales volume due to the unfavorable macroeconomic and market conditions noted above and sales promotions and discounts related to the Company's GO ESS product line.

Research and Development

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Research and development	$ 2,704	$ 2,424	$ 280	11.6%	$ 5,175	$ 4,638	$ 537	11.6%
Percentage of net revenue	21.3%	3.5%			23.0%	3.9%		

Three months ended June 30, 2024, and 2023

Research and development expense remained consistent for the three months ended June 30, 2024, as compared to the same period in 2023. Research and development expense as percentage of net revenue increased to 21.3% for the three months ended June 30, 2024, compared to 3.5% for the same period in 2023 which is primarily due to a decrease in net revenue during the three months ended June 30, 2024, compared to the same period in 2023.

Six months ended June 30, 2024, and 2023

Research and development expense increased by $0.5 million or 11.6% for the six months ended June 30, 2024, as compared to the same period in 2023. The increase was primarily driven by an increase in consulting and facility expenses. Research and development expense as percentage of net revenue increased to 23.0% for the six months ended June 30, 2024, compared to 3.9% for the same period in 2023 which is primarily due to a decrease in net revenue during the six months ended June 30, 2024, compared to the same period in 2023.

The amount of research and development expenses may fluctuate from period to period due to differing levels and stages of development activity.

Sales and Marketing

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Sales and marketing	$ 4,055	$ 5,163	$ (1,108)	(21.5)%	$ 8,658	$ 9,935	$ (1,277)	(12.9)%
Percentage of net revenue	31.9%	7.5%			38.5%	8.4%		

Three months ended June 30, 2024, and 2023

Sales and marketing expense decreased by $1.1 million or 21.5% for the three months ended June 30, 2024, as compared to the same period in 2023. The decrease is attributed to reduced payroll and travel expenses resulting from a lower headcount during the three months ended June 30, 2024, compared to the same period in 2023. Sales and marketing expense as a percentage of net revenue increased by 24.4% primarily due to a decrease in net revenues for the three months ending June 30, 2024, compared to the same period in 2023.

Six months ended June 30, 2024, and 2023

Sales and marketing expense decreased by $1.3 million or 12.9% for the six months ended June 30, 2024, as compared to the same period in 2023. The decrease is attributed to reduced payroll and travel expenses resulting from a lower headcount during the six months ended June 30, 2024, compared to the same period in 2023. Sales and marketing expense as a percentage of net revenue increased by 30.1% primarily due to a decrease in net revenues for the six months ending June 30, 2024, compared to the same period in 2023.

General and Administrative

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
General and administrative	$ 5,511	$ 9,654	$ (4,143)	(42.9)%	$ 10,291	$ 13,217	$ (2,926)	(22.1)%
Percentage of net revenue	43.4%	14.0%			45.7%	11.1%		

Three months ended June 30, 2024, and 2023

General and administrative expense decreased by $4.1 million or 42.9% for the three months ended June 30, 2024, as compared to the same period in 2023. The decrease is primarily related to legal expense associated with the Business Combination that occurred during the three months ended June 30, 2023.

Six months ended June 30, 2024, and 2023

General and administrative expense decreased by $2.9 million or 22.1% for the six months ended June 30, 2024, as compared to the same period in 2023. The decrease is primarily related to legal expense associated with the Business Combination that occurred during the three months ended June 30, 2023, and is partially offset by an increase in personnel-related stock-based compensation expenses.

Other Expenses, Net

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Change in fair value of preferred stock warrant and contingent shares liability	$ 41	$ 2,608	$ (2,567)	(98.4)%	$ (155)	$ 3,120	$ (3,275)	(105.0)%
Change in fair value of derivative liability	—	38,251	(38,251)	(100.0)%	—	38,251	(38,251)	(100.0)%
Loss on debt extinguishment	—	—	—	—	—	171	(171)	(100.0)%
Interest expense	2,862	1,587	1,275	80.3%	5,688	2,365	3,323	140.5%
Other (income) expense, net	(1)	(672)	671	(99.9)%	(213)	(1,223)	1,010	(82.6)%
Total other expenses, net	$ 2,902	$ 41,774	$ (38,872)	(93.1)%	$ 5,320	$ 42,684	$ (37,364)	(87.5)%

Three months ended June 30, 2024, and 2023

Change in fair value of preferred stock warrant and contingent shares liability decreased by $2.6 million or 98.4% for the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to an increase in the fair value of the Series C convertible preferred stock and contingent shares related to the fSight acquisition. The Series C convertible preferred stock was converted to shares of Common Stock on May 23, 2023, as part of the Business Combination. See Note 3, “Merger with Roth CH Acquisition IV Co.,” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

The change in fair value of derivative liability for the three months ended June 30, 2023, is related to the Convertible Promissory Note which contained conversion options that met the requirements for separate accounting and was accounted for as a convertible note derivative liability. The derivative instrument was recorded at fair value upon recognition on the Merger Date and was subject to remeasurement at the end of the reporting period. On September 24, 2023, we entered into the Convertible Note Amendment (as defined above) with L1 Energy (as defined above) to modify the conversion terms of the Convertible Promissory Note and, as a result of such amendment, the conversion options no longer meet the requirements to be bifurcated in accordance with *ASC Topic 815, Derivatives and Hedging*. See Note 9, “Long-Term Debt,” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Interest expense increased by $1.3 million or 80.3% for the three months ended June 30, 2024, as compared to the same period in 2023. This increase is primarily due to the timing of the amortization of the debt discount of $23.5 million that was recorded upon the bifurcation of the conversion options at the time of the Business Combination. Please see Note 9, “Long-Term Debt,” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information on the conversion options.

Other income, net decreased $0.7 million or 99.9% for the three months ended June 30, 2024, as compared to the same period in 2023. This is primarily due to a decrease in interest income from the Company’s marketable securities, as the underlying asset base generating interest income decreased during the three months ended June 30, 2024, compared to the same period in 2023.

Six months ended June 30, 2024, and 2023

Change in fair value of preferred stock warrant and contingent shares liability decreased by $3.3 million or 105.0% for the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in mark-to-market expense associated with the contingent shares related to the fSight acquisition.

The change in fair value of derivative liability for the six months ended June 30, 2023, is related to the Convertible Promissory Note which contained conversion options that met the requirements for separate accounting and was accounted for as a convertible note derivative liability. The derivative instrument was recorded at fair value upon recognition on the Merger Date and was subject to remeasurement at the end of the reporting period. On September 24, 2023, we entered into the Convertible Note Amendment (as defined above) with L1 Energy (as defined above) to modify the conversion terms of the Convertible Promissory Note and, as a result of such amendment, the conversion options no longer meet the requirements to be bifurcated in accordance with *ASC Topic 815, Derivatives and Hedging*. See Note 9, "Long-Term Debt," of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

The loss on debt extinguishment for the six months ended June 30, 2023, is primarily related to the repayment of our Series 2022-1 Notes.

Interest expense increased by $3.3 million or 140.5% for the six months ended June 30, 2024, as compared to the same period in 2023. This increase is primarily due to the timing of the amortization of the debt discount of $23.5 million that was recorded upon the bifurcation of the conversion options at the time of the Business Combination. Please see Note 9, "Long-Term Debt," of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information on the conversion options.

Other income, net decreased $1.0 million or 82.6% for the six months ended June 30, 2024, as compared to the same period in 2023. This is primarily due to a decrease in interest income from the Company's marketable securities, as the underlying asset base generating interest income decreased during the six months ended June 30, 2024, compared to the same period in 2023.

Income Tax Expense (Benefit)

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change in				Change in	
(in thousands, except percentages)	2024	2023	$	%	2024	2023	$	%
Income tax expense (benefit)	$ 16	$ (10,933)	$ 10,949	(100.1)%	$ 16	$ (10,933)	$ 10,949	(100.1)%

Three months and six months ended June 30, 2024, and 2023

Income taxes increased $10.9 million to an income tax expense of $16,000 for the three and six months ended June 30, 2024, compared to an income tax benefit of $10.9 million for the three and six months ended June 30, 2023, primarily due to the release of the valuation allowance against the Company's U.S. federal net deferred taxes during the second quarter of 2023. Please see Note 15, "Income Taxes," of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information on the valuation allowance release during the second quarter of 2023.

Liquidity and Capital Resources

Our principal sources of liquidity are cash, cash equivalents, restricted cash and marketable securities. As of June 30, 2024, the Company held $20.4 million in cash, cash equivalents, restricted cash and marketable securities which were held primarily for working capital purposes. Our working capital, which we define as current assets less current liabilities, decreased by $10.7 million to $67.6 million as of June 30, 2024, compared to $78.3 million as of December 31, 2023. The decrease in working capital during this period is primarily attributable to lower marketable securities and inventory balances and is partially offset by a decrease in accounts payable and accrued expenses and other current liabilities. Revenues stabilized on a sequential quarter basis in both the first and second quarters of 2024 but declined on a year over year basis. While we have been actively working on reducing our inventory levels, these efforts will depend on our ability to increase future quarterly revenues, maintain a minimal level of inventory purchases with suppliers, and our ability to recover the book value of inventory. In the first half of 2024, we reduced our inventory levels by $10.1 million from December 31, 2023, and expect lower inventory levels and positive working capital cash conversion throughout the remainder of 2024. We believe that our cash position is sufficient to meet our capital and liquidity requirements for at least the next 12 months from the filing date of this Quarterly Report on Form 10-Q.

In the future, our ability to sustain operations and invest in new technologies may necessitate seeking additional equity or debt financing. Our capital needs will be influenced by several factors, including our revenue growth rate, the success of our future product development and capital investments, and the timing and extent of spending to support further sales and marketing and research and development efforts. In addition, we have incurred and expect to continue to incur additional costs as a result of operating as a public company. In the event that additional financing is required from outside sources, we cannot be certain that any additional financing will be available to us on acceptable terms, or at all. If we are required but unable to raise additional capital or generate cash flows to sustain or expand our business, our business, operating results, and financial condition could be adversely affected.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Net cash used in operating activities	$ (12,872)	$ (4,934)
Net cash provided by (used in) investing activities	23,350	(52,124)
Net cash provided by financing activities	260	31,066
Net increase in cash, cash equivalents and restricted cash	$ 10,738	$ (25,992)

Management closely monitors expenditures and is focused on obtaining new customers and continuing to develop our products and services. Cash from operations and our liquidity could also be affected by various risks and uncertainties, including, but not limited to, economic concerns related to interest rates, inflation or the supply chain, including timing of cash collections from customers and other risks which are detailed in the section entitled "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q, including in Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q and in Part I, Item 1A, "Risk Factors" in the 2023 Annual Report.

Cash Flows Used in Operating Activities

Operating cash flows consists primarily of net loss adjusted for certain non-cash items and changes in operating assets and liabilities. Cash used in operating activities increased by $7.9 million in the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to an increased net loss for the six months ended June 30, 2024 compared to the same period in 2023, which is a result of the negative macroeconomic factors that are noted above, in addition to an increase in non-cash items during the six months ended June 30, 2023, primarily due to the change in fair value of the derivative liability, contingent shares liability and preferred stock warrants.

The increase in net cash used in operating activities was partially offset by increases in non-cash items during the six months ended June 30, 2024, related to stock-based compensation and accretion of interest expense, in addition to the deferred tax benefit that was recorded during the six months ended June 30, 2023.

Cash Flows Provided by (Used in) Investing Activities

Net cash provided by investing activities was $23.4 million for the six months ended June 30, 2024, which is primarily attributable to the sale and maturities of marketable securities. Net cash used in investing activities was $52.1 million for the six months ended June 30, 2023, which is primarily attributable to the purchase of marketable securities and property and equipment.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities increased by $30.8 million in the six months ended June 30, 2024, compared to the same period in 2023. For the six months ended June 30, 2024, the Company received proceeds of $0.3 million from the exercise of stock options by employees. For the six months ended June 30, 2023, the Company received proceeds of $50.0 million from the Convertible Promissory Note and proceeds of $2.2 million from the Business Combination, which was partially offset by the $20.8 million repayment of the Series 2022-1 Notes.

Contractual Obligations

Our contractual obligations primarily consist of our Convertible Promissory Note, obligations under operating leases and inventory component purchases. As of June 30, 2024, there have been no material changes from our disclosure in our 2023 Annual Report. For more information on our future minimum operating leases, see Note 13, "Leases" and for more information on our Convertible Promissory Notes and other related debt, see Note 9, "Long-Term Debt," of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have any off-balance sheet arrangements.

Critical Accounting Estimates

For the period ended June 30, 2024, there have been no material changes to our critical accounting estimates from the information reported in our 2023 Annual Report.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on the Company's condensed consolidated financial statements, see Part I, Note 2, "Summary of Significant Accounting Policies", in the notes to condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company" as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls were effective as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be subject to various claims, lawsuits, and other legal and administrative proceedings that may arise in the ordinary course of business. Some of these claims, lawsuits, and other proceedings may range in complexity and result in substantial uncertainty; it is possible that they may result in damages, fines, penalties, non-monetary sanctions, or relief. While the Company intends to vigorously defend itself with respect to such disputes, any potential outcomes resulting from such claims would be inherently difficult to quantify.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors disclosed in the section entitled "Risk Factors" in Part I, Item 1A, of the Company's 2023 Annual Report, and the other reports that we have filed with the SEC. Any of the risks discussed in such reports, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations, financial condition or prospects. During the period covered by this Quarterly Report on Form 10-Q, there have been no material changes in our risk factors as previously disclosed except the following:

Future elections and political uncertainty may have an adverse impact on business.

As discussed in the Company's 2023 Annual Report, we are subject to various legal, compliance and regulatory risks in numerous jurisdictions throughout the world. These risks include the availability of economic incentives in certain geographic regions in which the Company operates. Future elections in various countries, including the United States and throughout Europe, may further increase these risks. The elections could result in shifts in domestic, foreign, and economic policy approaches, and uncertainty with respect to, regulation and legislation directly affecting the Company and our business environment, including tax incentives or potential tariffs that could directly affect the solar industry. Actions taken by new administrations may have an adverse impact on our industry and business or may indirectly affect us because of adverse impacts on our customers, suppliers and manufacturers, which could result in a material adverse effect on our business, financial condition, results of operations and future growth.

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

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of Tigo Energy, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 30, 2023).
3.2	Amended and Restated Bylaws of Tigo Energy, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on May 30, 2023).
10.1	Tigo Energy, Inc. Independent Director Compensation Policy (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-Q, filed with the SEC on May 14, 2024).
31.1†	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2†	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(b)/15d-14(b)
32.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(b)/15d-14(b)
101.INS†	Inline 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†	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104†	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Filed herewith.
* Furnished herewith

SIGNATURES

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

Tigo Energy, Inc.

By: /s/ Bill Roeschlein
Bill Roeschlein
Chief Financial Officer

Date: August 6, 2024

EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Zvi Alon, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 30, 2024 of Tigo Energy, 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   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(s) 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.

Date: August 6, 2024

/s/ Zvi Alon
Zvi Alon
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bill Roeschlein, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 30, 2024 of Tigo Energy, 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   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(s) 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.

Date: August 6, 2024

/s/ Bill Roeschlein
Bill Roeschlein
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report on Form 10-Q of Tigo Energy, Inc. (the "Company") for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zvi Alon, 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 the best of 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.

Dated: August 6, 2024

/s/ Zvi Alon
Zvi Alon
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report on Form 10-Q of Tigo Energy, Inc. (the "Company") for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bill Roeschlein, 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 the best of 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.

Dated: August 6, 2024

/s/ Bill Roeschlein

Bill Roeschlein
Chief Financial Officer
(Principal Financial and Accounting Officer)