# NXT gideon lens

## Nextpower Inc. (formerly Nextracker Inc.) (NXT) — Gideon-Lens Equity Research

**Report date:** 2026-08-24 | **Analyst:** Codex, GPT-5.6 Sol High | **Price:** USD 86.18 as of the completed 2026-08-21 XNAS session | **Market capitalization:** approximately USD 13.37 billion on 155.141856 million quote-basis diluted shares | **Fiscal year-end:** March 31

## Verdict block

**Verdict:** PASS

**Scorecard:**

| Gate | Result | Notes |
|---|---|---|
| Management | YELLOW | Strong execution; acquisition accountability, incentives and dilution need proof |
| Moat | YELLOW | Bankability is real; policy support and project rebidding cloud 2046 |
| P/E <= 15 on confident EPS at TTM + 5 calendar years | PASS | Base EPS USD 7.215730 gives a 25.59% cushion |
| Compounder Score | Audited 52 / 100 | Reject classification; evidence does not support dream-investment status |
| Business Quality Score | Audited 49 / 80 | Credible franchise, but durability and capital-allocation evidence remains weak |
| 20% Return UW Score | Audited 3 / 20 | Current price does not support a central 20% return case |

**One-line thesis (or reason to pass):** Nextpower has bankable tracker scale and platform adjacencies, but two YELLOW gates, policy-assisted margins, unproven acquisition returns and 8.55% Base gross USD return make NXT a PASS at USD 86.18.

**Security return underwriting (mandatory even when the verdict is PASS):**

| Measure | Result | Notes |
|---|---|---|
| Primary valuation method | P/E | One VP-locked method is used across all scenarios, probability weighting and net-SGD |
| Gross local-currency bear / base / bull IRR | -13.14% / 8.55% / 21.85% | Five-year annualized shareholder return in USD |
| Probability-weighted gross local-currency IRR | 8.30% | CAGR of weighted terminal wealth using 25% / 55% / 20% weights |
| Return bridge | USD 86.18 -> USD 42.61 / 129.88 / 231.51 | Exact horizon 2026-07-03 to 2031-07-03; terminal EPS times 12x / 18x / 22x P/E, zero distributions, no cash/debt added after P/E |

Gross local-currency underwriting is in USD; net-SGD adjustments appear separately in CIO actionability. The price anchor is 2026-08-21; operating start values are TTM ended 2026-07-03. Bear, Base and Bull terminal equity values are USD 6.950262 billion, USD 21.036690 billion and USD 37.296050 billion on 163.126655 million, 161.966293 million and 161.096022 million diluted shares. Cash, debt, leases and acquisition funding affect EPS where applicable but are not counted again after EPS times P/E. Distributions are zero because no source-bound dividend path exists.

### Bear-case operating and return bridge

| Bear case | Start (TTM 2026-07-03; price 2026-08-21) | Horizon (2031-07-03) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 3.630307B | USD 4.780B | 5.66% | Backlog supports near-term conversion, then policy, project and integration pressure limit growth |
| Operating margin | 19.34% | 15.50% | -3.84 pp | Lower 45X support, tariffs and weak attach economics overwhelm partial cost recovery |
| Operating earnings | USD 0.701943B | USD 0.740900B | 1.09% | Statutory operating income on the sealed single-segment fallback basis |
| Diluted share count | 155.141856M | 163.126655M | 1.01% | Future SBC and Prevalon stock consideration; no Bear buyback |
| EPS | USD 3.863087 | USD 3.550545 | -1.67% | Statutory diluted EPS after Bear debt, interest and 21% terminal tax |
| Valuation denominator | TTM EPS USD 3.863087; normalized FY+1 EPS USD 4.159169 | Terminal EPS USD 3.550545 | Comparable normalization disclosed | Reported 22.31x is disclosure; normalized 20.72x is the comparable current anchor |
| Valuation | 22.31x reported / 20.72x normalized | 12.00x P/E | -8.72x vs normalized | Supported by NXT and peer low evidence; not reverse-engineered from desired return |
| Share value | USD 86.18 | USD 42.61 | -13.14% | USD 3.550545 EPS times 12x; USD 6.950262B terminal equity divided by diluted shares |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | Explicit zero-distribution diagnostic; no supportable dividend path |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |
| Five-year dividends | - | USD 0.00 | cumulative | No distributions are counted |
| Total ending value | USD 86.18 | USD 42.61 | -13.14% gross local IRR | Terminal share value plus zero cumulative distributions |

## Base-case operating and return bridge

| Base case | Start (TTM 2026-07-03; price 2026-08-21) | Horizon (2031-07-03) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 3.630307B | USD 6.950B | 13.87% | Guidance, backlog, tracker growth and acquired storage/conversion build a broader platform |
| Operating margin | 19.34% | 20.00% | +0.66 pp | Mix, procurement and SG&A leverage offset lower 45X intensity and integration costs |
| Operating earnings | USD 0.701943B | USD 1.390000B | 14.64% | Statutory operating income on the sealed single-segment fallback basis |
| Diluted share count | 155.141856M | 161.966293M | 0.86% | SBC and acquisition stock exceed the limited USD 100M modeled repurchase |
| EPS | USD 3.863087 | USD 7.215730 | 13.31% | Statutory diluted EPS after below-line income, interest and 18% terminal tax |
| Valuation denominator | TTM EPS USD 3.863087; normalized FY+1 EPS USD 4.159169 | Terminal EPS USD 7.215730 | Comparable normalization disclosed | Event-heavy TTM P/E is not used as a cap; normalized FY+1 is comparable to terminal earnings |
| Valuation | 22.31x reported / 20.72x normalized | 18.00x P/E | -2.72x vs normalized | Maturity, YELLOW gates and dilution justify a discount to current normalized P/E |

| Base case | Start (TTM 2026-07-03; price 2026-08-21) | Horizon (2031-07-03) | CAGR / change | Justification |
|---|---|---|---|---|
| Share value | USD 86.18 | USD 129.88 | 8.55% | USD 7.215730 EPS times 18x; USD 21.036690B terminal equity divided by diluted shares |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | Explicit zero-distribution diagnostic; no supportable dividend path |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |
| Five-year dividends | - | USD 0.00 | cumulative | No distributions are counted |
| Total ending value | USD 86.18 | USD 129.88 | 8.55% gross local IRR | Terminal share value plus zero cumulative distributions |

## Bull-case operating and return bridge

| Bull case | Start (TTM 2026-07-03; price 2026-08-21) | Horizon (2031-07-03) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 3.630307B | USD 9.000B | 19.91% | Strong tracker demand, attach adoption and successful acquired-product scaling drive the platform |
| Operating margin | 19.34% | 22.00% | +2.66 pp | High-value mix, lower tariffs and fixed-cost leverage more than offset policy normalization |
| Operating earnings | USD 0.701943B | USD 1.980000B | 23.05% | Statutory operating income on the sealed single-segment fallback basis |
| Diluted share count | 155.141856M | 161.096022M | 0.76% | SBC and acquisition stock partly offset by USD 175M modeled repurchases |
| EPS | USD 3.863087 | USD 10.523382 | 22.19% | Statutory diluted EPS after below-line income and 17% terminal tax |
| Valuation denominator | TTM EPS USD 3.863087; normalized FY+1 EPS USD 4.159169 | Terminal EPS USD 10.523382 | Comparable normalization disclosed | Terminal EPS is the same statutory diluted denominator locked by VP |
| Valuation | 22.31x reported / 20.72x normalized | 22.00x P/E | +1.28x vs normalized | Strong execution earns a premium, capped below NXT history and premium peer evidence |
| Share value | USD 86.18 | USD 231.51 | 21.85% | USD 10.523382 EPS times 22x; USD 37.296050B terminal equity divided by diluted shares |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | Explicit zero-distribution diagnostic; no supportable dividend path |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |
| Five-year dividends | - | USD 0.00 | cumulative | No distributions are counted |
| Total ending value | USD 86.18 | USD 231.51 | 21.85% gross local IRR | Terminal share value plus zero cumulative distributions |

### CIO actionability (separate from ER2 underwriting):

| Measure | Result | Notes |
|---|---|---|
| Status | PASS | This is the current-price actionability result, not the ER2 verdict |
| Bear / Base / Bull net SGD IRR | -14.57% / 8.34% / 23.30% | Five-year annualized after 0.5% entry/exit costs and 1.18/1.27/1.36 exit FX |
| Probability-weighted net SGD IRR | 8.51% | CAGR of weighted net terminal SGD wealth using 25% / 55% / 20% |

| Measure | Result | Notes |
|---|---|---|
| 10% mandate hurdle | FAIL | Base and probability-weighted returns are both below 10% |
| 15% stretch hurdle | FAIL | Only Bull clears; this is not a central case |
| Downside and portfolio fit | FAIL / UNAVAILABLE | Bear loses capital; holdings, factor exposures and risk budget were not supplied |
| Proposed sizing ceiling | none | Portfolio fit is unassessed; owner approval would be required in all cases |

The net-SGD diagnostic uses 1.26946 entry FX, 0.5% entry and exit costs, zero withholding cash and 1.18/1.27/1.36 scenario exit FX. Expected net terminal wealth is SGD 165.432896 per share against SGD 109.949073 all-in entry. The probability-weighted return annualizes that wealth directly; it is not an average of scenario IRRs.

**Trade execution authorized:** NO

**Kill / trigger criteria:**

- BUY trigger: no price-only trigger while Management and Moat remain YELLOW; USD 52.20 is the Base 20% gross-return watch price, but both qualitative gates must also upgrade to PASS.
- PASS trigger: policy-normalized statutory operating margin below 10% for two consecutive reported quarters; Q1 FY2027 is already approximately 9.8% on the disclosed mechanical diagnostic.
- PASS trigger: diluted shares continue rising above 3% year over year without a disclosed acquisition-inclusive per-share return bridge.
- Upgrade condition: separate organic/acquired revenue, product margins, attach rates and warranty economics demonstrate durable platform value as 45X intensity falls.
- Upgrade condition: acquisition-inclusive ROIC and GAAP per-share accretion become auditable and both Management and Moat gates clear.

**Research sizing if actionable:** none. Missing portfolio context constrains fit and sizing only; it does not alter the finite security-return underwriting. No trade, ranking, sizing or portfolio mutation is authorized.

## Stage 0 — Time anchor

Today is 2026-08-24 SGT. Nextpower's fiscal year ends March 31. The latest complete reported period is FY2027 Q1 ended 2026-07-03 and reported 2026-07-30. TTM is the four non-overlapping quarters Q2 FY2026 through Q1 FY2027, anchored 2026-07-03; the horizon is exactly five calendar years later, 2031-07-03.

## Stage 1 — Disqualifier sweep

**ROIC: GREEN** — goodwill-inclusive historical returns and ROIIC proxies exceed 15%, though the short post-separation history caps confidence. **FCF conversion: GREEN** — FY2024-FY2026 FCF/NOPAT conversion is approximately 100%. **Leverage: GREEN** — there is no funded debt at the anchor and liquidity includes an undrawn USD 1 billion revolver. **End markets: YELLOW** — utility solar and power infrastructure are growing, but U.S. concentration and policy timing create cyclicality. **Governance: YELLOW** — audit and controls are clean, while short-duration incentives, disclosure opacity and dilution need improvement. **AI disruption: GREEN** — AI is mainly an optimizer; certified physical engineering and controls are difficult to replace. **Pricing power: YELLOW** — bankability matters, but projects rebid and reported margins remain materially policy-assisted. No auto-disqualifier is RED.

## Management

Management is YELLOW. Founder-led execution, guidance delivery, clean controls, board independence, strong cash generation and a debt-free balance sheet are positives. The constraint is accountability for a rapidly expanding acquisition perimeter. Prevalon and Zigor/Apex bring storage and power conversion, yet deal-level ROIC, GAAP accretion, product margins and per-share cash-flow bridges are not disclosed. FY2026 awards used one-year adjusted measures without an explicit ROIC or per-share hurdle. TTM SBC equals 3.52% of revenue and 23.26% of FCF, while repurchases have been minimal. An upgrade requires durable integration returns, dilution control and incentive redesign.

## Moat

The moat and 2046 durability tests are YELLOW. More than 160 GW shipped, bankability, independent-row controls, field references and localized manufacturing create trust and execution advantages. They matter inside an installed plant, but procurement resets between projects, limiting switching costs. Non-tracker mix has risen, yet product margins, attach rates and recurring economics remain undisclosed. FY2026 gross 45X credits were 10.7% of revenue, making policy normalization central. The 2046 case works only if Nextpower converts installed-base data and integrated controls into high-trust economics before hardware commoditizes and support fades.

## Stage 5 synthesis

The statutory bridge and all 11 synthesis tie-outs clear. One disclosed reportable segment is modeled as the consolidated company on the exact statutory-operating-income fallback basis; issuer CODM consolidated net income remains separate and is not misclassified as segment operating profit. TTM revenue is USD 3.630307 billion and statutory operating income is USD 0.701943 billion. At the 2031-07-03 horizon, Bear/Base/Bull revenue is USD 4.780/6.950/9.000 billion and operating income is USD 0.740900/1.390000/1.980000 billion. Base net income is USD 1.168705 billion and EPS is USD 7.215730. Required EPS at 15x and USD 86.18 is USD 5.745333, so Base clears by 25.59%; Bear fails by 38.20% and Bull clears by 83.16%. The gate is an entry-price diagnostic, not an exit-multiple instruction. Revenue, operating profit, net income, shares, listed-unit conversion and FX tie with no unresolved reflexivity break.

| Horizon case | Revenue | Statutory OI | OI margin | Net income | EPS | P/E-15 cushion |
|---|---|---|---|---|---|---|
| Bear | USD 4.780B | USD 0.740900B | 15.5% | USD 0.579189B | USD 3.550545 | -38.20% |
| Base | USD 6.950B | USD 1.390000B | 20.0% | USD 1.168705B | USD 7.215730 | 25.59% |
| Bull | USD 9.000B | USD 1.980000B | 22.0% | USD 1.695275B | USD 10.523382 | 83.16% |

## Red team

The strongest bear case is that policy-supported tracker margins conceal a serial-acquisition platform whose attach economics, warranty exposure and dilution remain unproven. The most optimistic Stage-5 number is the 20.0% Base margin: an 18.0% non-controlling sensitivity lowers Base gross IRR from 8.55% to 6.34%. Conversely, Bear's 12x multiple is punitive for a solvent positive-EPS franchise; 14.16x would improve Bear IRR from -13.14% to -10.22% without overturning the conclusion. The red team classifies the return objection **MATERIAL_RESOLVED** because VP, CS and CSA already resolve denominator comparability and preserve one P/E method; no arithmetic, claim-perimeter, dilution or double-count defect remains. The force-exit signal is policy-normalized statutory operating margin below 10% for two consecutive quarters.

## Analyst flags

- The quote is valid through 2026-08-25T12:03:12+08:00 under the conservative packet policy. Later reading should update price-dependent actionability, not rewrite historical evidence.
- Product-level revenue, profit, attach-rate, warranty and organic-versus-acquired economics remain unavailable; conclusions about platform quality are therefore constrained.
- The FY2027 Q1 transcript endpoint returned an empty payload twice, so the SEC-filed release controls current management statements and guidance.
- Investor-specific brokerage, tax, wrapper and portfolio facts were unavailable; conservative diagnostics are used, and only portfolio fit and sizing remain unassessed.
- This is a first governed Production ER2 for NXT, not a refresh; no prior-report comparison is required.

# Appendix A - Company Primer

# Nextpower Inc. (formerly Nextracker Inc.) - Institutional Primer

**Ticker:** NXT (Nasdaq) **Information cutoff:** 24 August 2026 **Fiscal year end:** 31 March **Latest reported period:** Q1 FY2027 ended 3 July 2026 **ER2 forecast anchor:** TTM ended 3 July 2026; five-year horizon ends 3 July 2031

This primer explains what Nextpower sells, how the system creates value for a utility-scale solar customer, how the company earns money, and where the main underwriting fault lines lie. It is reader-facing orientation rather than a forecasting authority. All historical financial figures below come from the QFR-sealed `quant_foundation.md`; official SEC and company materials are used only for current business, product, policy, competitive, and transaction context. Nextpower has one reportable segment, so product categories are strategically useful but are not audited financial segments.

## 1. Business overview

Nextpower is best understood as an engineering-led supplier of the physical and digital infrastructure around large solar and increasingly storage power plants. Its core product is not the photovoltaic module that converts sunlight into electricity. It is the tracking system that holds those modules, rotates them during the day, protects them in adverse weather, communicates operational status, and seeks to deliver more energy over the life of the plant. The flagship NX Horizon system uses independently controlled rows rather than mechanically linking many rows. That architecture allows row-by-row optimization, decentralized operation, earlier commissioning, and site-specific protective stowing.

The customer problem is broader than buying steel. A utility-scale solar developer must turn a permitted parcel of land into a financeable plant, often across difficult terrain, under tight construction schedules and long performance obligations. The tracker influences civil works, pile or foundation requirements, module layout, cabling, commissioning time, energy yield, maintenance access, and weather survivability. Nextpower therefore sells a project-specific engineered solution. The economic proposition is lower levelized cost of energy: higher lifetime output and lower construction or operating cost should outweigh the tracker's incremental cost versus fixed-tilt mounting. The FY2026 10-K notes that single-axis tracking can in many cases lift energy yield by as much as 25% relative to stationary mounting, while TrueCapture is designed to recover additional losses caused by real topography and irradiance conditions.

Direct purchasers are usually engineering, procurement and construction contractors, or EPCs. Developers originate projects, acquire sites, secure permits and interconnection, arrange power offtake and financing, and select the project design. EPCs optimize and build the plant. Long-term owners and independent power producers operate it and collect power-market or power-purchase-agreement revenue. Although the EPC is the direct customer on most projects, Nextpower works with all three constituencies because tracker selection affects bankability and long-lived asset performance. The sales process is consultative: site layout, wind studies, geotechnical analysis, value engineering, delivery, commissioning, monitoring, training and spare-parts support create multiple technical and commercial touchpoints.

Commercial arrangements are project based, master supply agreements, purchase orders, or multi-project Volume Commitment Agreements. A project contract specifies system design, price, delivery and activation milestones, warranties, and services. Delivery can range from days to several months; individual contract values range from hundreds of thousands of dollars to more than $100 million. Backlog therefore represents a portfolio of project commitments, not subscription annual recurring revenue. At FY2026 year-end it exceeded $5 billion; the Q1 FY2027 release subsequently reported more than $5.5 billion, including significantly more than $300 million added with Prevalon. Contracts can still be delayed, resized, suspended, or canceled, so backlog should be read as visibility with execution and financing risk, not as guaranteed sales.

Scale and field history matter because a tracker failure can impair a power plant for decades. Nextpower had shipped more than 160 GW to six continents by 31 March 2026 and served more than 275 active customers in over 40 countries. This installed base supports references, engineering data, supplier scale and field-service know-how, while also creating a long warranty tail.

## 2. Revenue architecture

Nextpower reports a single operating and reportable segment. The CEO, as chief operating decision maker, uses consolidated net income as the disclosed segment profit measure. ER2 preserves that unusual disclosure but models the single consolidated company on statutory operating income; tax and non-operating items are not reclassified as operating. The absence of audited product revenue means an investor should not assign precise revenue shares to trackers,

foundations, eBOS, software, storage, or inverters. Management states that tracker products remain the most significant source of revenue and that the newer categories are smaller but strategically important.

### Audited segment and geographic view

| FY2026 revenue architecture | Revenue (USD m) | Share of total | Interpretation |
|---|---|---|---|
| Consolidated company / one reportable segment | 3,559.390 | 100% | No audited product-level split |
| United States | 2,730.699 | 77% | Largest market and policy exposure |
| Rest of World | 828.691 | 23% | All international markets combined |
| Total | 3,559.390 | 100% | Geographic rows reconcile exactly |

The geographic mix is a central underwriting variable. U.S. revenue rose from 68% of total in FY2024 to 69% in FY2025 and 77% in FY2026. That concentration brings proximity to large, sophisticated customers and a domestic manufacturing network, but it also raises exposure to U.S. project tax credits, domestic-content rules, tariffs, grid queues, and election-driven policy changes. International operations provide diversification but introduce local-content requirements, lower-cost competitors, foreign exchange, different engineering codes, and longer sales cycles.

The economic revenue buckets are:

- **Trackers and controls.** NX Horizon and variants remain the commercial engine. Revenue is largely hardware delivered against project milestones, with controls embedded in the system. Pricing varies with site conditions, weather requirements, steel content, specifications, logistics, and expected customer value.
- **Yield management, software and operability.** TrueCapture and NX Navigator are separately licensed in some cases and add yield optimization, monitoring, control, diagnostics and severe-weather functions. These offerings can reach both new projects and portions of the installed fleet, but the company does not disclose recurring revenue, annual contract value, retention, or software gross margin.
- **Foundations and structural products.** NX Anchor, NX Earth Truss, traditional piles and steel module frames address ground conditions, grading, embodied carbon, installation time and supply localization. These products expand the bill of materials Nextpower can capture and can improve tracker constructability.
- **Electrical balance of system.** Bentek products and NX PowerMerge collect and carry DC electricity from panel rows toward power conversion equipment. This makes Nextpower a broader procurement counterparty and may reduce field wiring and logistics complexity.
- **Power conversion and energy storage.** Assets acquired from Zigor and Apex add central inverter technology. Prevalon adds large-scale battery storage systems, energy management software, power stabilization and lifecycle services. These businesses broaden the addressable market but also expose Nextpower to new suppliers, warranty curves, competitors and integration demands that are not yet visible in the sealed TTM base.
- **Robotics and services.** OnSight inspection and fire-detection robots, Fracsun soiling measurement, remote monitoring, field support, commissioning and design services aim to reduce operating cost and improve plant availability. The financial contribution is not separately disclosed.

Revenue recognition follows the transfer of promised products or services. Contract assets arise when milestones precede invoicing; some amounts are retained until third-party installation and operation are confirmed. Remaining performance obligations were $410 million at FY2026 year-end, far below backlog, because ASC 606 obligations and management's broader commercial backlog are different concepts.

## 3. Unit economics and capital intensity

The core tracker model combines valuable engineering and intellectual property with outsourced physical production. Purchased components, net of supplier incentives and rebates, are the largest cost. Shipping and logistics, tariffs, warranty accruals, direct project-execution labor, and acquired-intangible amortization also sit in cost of sales. Steel is a major input, but Nextpower generally buys finished or semi-finished components through contract manufacturers rather than directly buying and hedging raw steel. Margin therefore depends on bid discipline, engineering simplification, procurement terms, steel and freight movements, tariff pass-through, project mix, execution quality, and the timing of manufacturing credits.

U.S. Section 45X economics are material. Domestic suppliers manufacture eligible torque tubes and structural fasteners; contracts may share the credit through a vendor rebate or assign the credit to Nextpower. The company recognizes those benefits as lower inventory cost and then lower cost of sales when the related product transfers. The sealed foundation includes $379.874 million of FY2026 45X-related cost reduction in its statutory operating-income reconstruction. The Q1 FY2027 release said that quarter included approximately $99 million of 45X vendor rebates and tariffs, net. These amounts improve reported gross profit but are policy-linked and timing-sensitive. An investor should isolate volume, price, mix and engineering productivity from credit-supported margin before extrapolating.

### Historical operating and cash conversion

| Metric | FY2024 | FY2025 | FY2026 | TTM to 3 Jul 2026 |
|---|---|---|---|---|
| Revenue (USD m) | 2,499.841 | 2,959.197 | 3,559.390 | 3,630.307 |
| Statutory operating income (USD m) | 587.118 | 639.112 | 697.266 | 701.943 |
| Operating margin | 23.5% | 21.6% | 19.6% | 19.3% |
| Net income (USD m) | 496.215 | 517.246 | 585.883 | 594.055 |
| Free cash flow (USD m) | 422.813 | 621.873 | 513.634 | 548.728 |
| Capital expenditure (USD m) | 6.160 | 33.921 | 49.277 | 53.918 |

Revenue grew 18.4% in FY2025 and 20.3% in FY2026, while operating margin stepped down. That is not automatically negative: acquisitions, product incubation, mix, tariffs and credit timing affect the line. It does mean the equity thesis cannot rely on revenue growth alone. The key question is whether the integrated platform raises customer value and wallet share without diluting the attractive economics of the tracker franchise.

TTM free cash flow equaled about 92% of net income and 15.1% of revenue. Capital expenditure was about 1.5% of TTM revenue. This is the consequence of a capex-light production network: as of FY2026 year-end, more than 100 contract-manufacturing facilities in 19 countries provided capacity, and vendors commonly drop-shipped components directly to project sites. Nextpower owned only limited production, including controller manufacturing in Brazil and eBOS capacity in California; the Saudi joint venture also owned local tracker production. The model lowers fixed capital and warehouse requirements but transfers operational dependence to supplier quality, availability, compliance and logistics.

Working capital can still be volatile. Milestone billing can lag delivery, customers may withhold cash until operation, and warranties range from two to ten years. Cash conversion should be tested over full project cycles.

The balance sheet provides strategic capacity: the sealed foundation shows $1,213.898 million of cash and no funded debt at 3 July 2026, before leases and contingent consideration. That liquidity supports acquisitions and product investment. It is not entirely excess cash. The company had a sizeable tax receivable agreement liability, acquisition earnouts, warranties, working-capital needs, and newly announced commitments. Stock-based compensation was $127.626 million on a TTM basis, while TTM diluted shares were 153.777 million versus 147.284 million in FY2024. Capital-light operations do not eliminate per-share dilution or acquisition discipline as investor concerns.

## 4. Products and platform logic

### Core tracker stack

NX Horizon is a self-powered, single-axis tracker with independently moving rows. Decentralization means a problem in one row need not stop a mechanically linked block, and rows can be commissioned before grid power is available. Independent control also supports terrain-specific backtracking and high-angle weather stow. NX Horizon-XTR follows difficult terrain to reduce grading and earthworks. Hail Pro combines hardware, weather services, automated stow and, on eligible sites, high-angle positioning. Low Carbon uses recycled and electric-arc-furnace steel with lifecycle documentation.

The control stack consists of row-level Smart Power Controllers, site Network Control Units, weather sensors and communications. TrueCapture uses topography, sun position, irradiance and module characteristics to optimize row angles; the company says independent engineering validation supports typical loss reductions of 1% to 2% under relevant conditions. Zonal Diffuse adapts to rapidly changing cloud cover, and Split Boost addresses half-cell modules. NX Navigator gives operators a centralized view from plant to individual tracker and enables actions such as hail, hurricane or typhoon stow. The commercial value is not simply a higher annual energy number: it includes protection, availability, remote diagnosis and a more controllable asset.

### Foundation, electrical and service adjacencies

NX Anchor targets soft, expansive, medium and frost-heave soils. NX Earth Truss targets hard, rocky and mixed ground using a truss and semi-automated drill-and-drive installation. The design objective is to integrate ground solution and tracker so the customer reduces pre-drilling, grading, part count, labor and schedule risk. Origami's roll-formed steel frames seek to replace aluminum module frames with a stronger, potentially lower-carbon and more localizable input.

Bentek's combiner and electrical infrastructure products, plus NX PowerMerge trunk connections, extend Nextpower into eBOS. This is strategically coherent because tracker layout and cabling are designed together. A successful bundle can reduce interfaces between suppliers and make Nextpower more embedded in engineering decisions. It can also concentrate project liability: if the company owns more of the system, quality failures or schedule misses can affect a larger portion of customer economics.

OnSight robotics and Fracsun soiling measurement extend the platform after commissioning. Robotic inspection, thermal anomaly detection, fire detection, panel-soiling measurement and remote monitoring could turn installed-base data into better maintenance decisions. The thesis should remain evidence-led, however. The company does not yet disclose standalone software retention, robotic utilization, service attach rates or recurring gross profit. These products are options on higher-value lifecycle engagement, not yet a proven software annuity.

### Power conversion and storage

The July 2026 acquisition of Zigor and Apex assets added UL-certified central inverters for U.S. utility-scale solar and storage, IEC-certified international products, engineering talent, and a planned U.S. manufacturing ramp. The disclosed modular configurations extend to 5.2 MVA, with management targeting more than 10 GW of U.S. capacity within twelve months. Prevalon, acquired on 20 July 2026, added over 6 GWh of deployed storage systems, energy-management software, and lifecycle services. This is the biggest strategic expansion because storage changes a variable solar resource into a more dispatchable power solution and provides a route into grid stabilization and data-center infrastructure.

The opportunity is matched by risk. Inverters and battery systems have different component supply chains, warranty failure modes, integration standards and incumbent competitors. Prevalon's acquisition included performance and service-based equity awards, while management planned approximately $50 million of incremental FY2027 cost to accelerate power conversion. The two acquisitions closed after the 3 July 2026 TTM endpoint, so the primer must not treat their revenue, costs, working capital or purchase accounting as if they were already embedded in the historical base.

## 5. Market, customers and suppliers

Solar demand is driven by power demand growth, declining generation costs, decarbonization, retirement of older plants, and the need for relatively fast-to-build capacity. AI and data centers may add a new demand source, but transmission, interconnection, permitting, site control and financing can delay supply even when end demand is strong. Tracker adoption is typically highest in utility-scale markets with suitable land and irradiance; fixed tilt remains relevant where wind, terrain, latitude, land-use or economics make moving systems less attractive.

Customer concentration has improved. The FY2026 10-K showed no customer above 10% of revenue in FY2025 or FY2026; one customer represented $426.1 million in FY2024. That does not eliminate project concentration. A few large EPCs and developers can influence order timing and contract terms, and the industry's use of pay-if-paid provisions, liquidated damages and limited force majeure protection can push project-owner or EPC risk onto suppliers.

Supplier diversification is a strength and a dependency. Nextpower's FY2026 capacity was approximately 1,500 MW per week, supporting about 80 GW of annual shipments, achieved with close to no owned-capital investment. More than 30 U.S. fabricators produced tracker components, often near domestic steel mills and project regions. This network can lower freight, shorten delivery and help customers meet domestic-content requirements. Yet a significant portion of global steel ultimately comes from Chinese mills, and tariffs, FEOC rules, customs enforcement and supplier documentation can change landed cost or tax-credit eligibility. Requalifying a high-volume component supplier takes time and may not preserve price or quality.

## 6. Competitive landscape

The 10-K names Arctech Solar, Array Technologies, GameChange Solar, PV Hardware, Shoals Technologies and TrinaSolar as principal competitors, alongside regional tracker and fixed-tilt suppliers. The competitive set broadens as Nextpower enters foundations, eBOS, inverters, storage, robotics and software. It now competes not only for tracker hardware but also for adjacent electrical and plant-control wallet share.

Procurement is multi-factor. Price matters, but sophisticated developers and lenders also consider field history, modeled energy yield, bankability, wind and hail performance, warranty strength, cyber security, module compatibility, supplier capacity, logistics, customer service and balance-sheet durability. Nextpower's more than 160 GW shipped, local engineering teams and patent portfolio - 329 issued U.S. patents and 498 granted non-U.S. patents at FY2026 year-end - support differentiation. The installed base yields operating data and references that a new entrant cannot immediately reproduce.

The moat is not absolute. Trackers contain substantial steel and can face aggressive price competition. Rivals can develop independent-row architectures, improve controls or underbid in regional markets. Panel price declines can also make fixed-tilt designs relatively more attractive because the owner can add cheap module capacity instead of paying for tracker yield. Patent enforcement is costly, and Nextpower's June 2026 lawsuit against GameChange Solar illustrates that intellectual-property differentiation can require litigation rather than automatically translating into pricing power.

The platform may deepen switching costs if one engineered stack reduces interfaces and improves plant performance. It may also create diseconomies if customers prefer best-of-breed suppliers or use bundle competition to extract lower prices. Watch non-tracker conversion, attach rates, warranty claims, credit-adjusted margin, cross-selling and acquisition returns.

## 7. Demand, policy and cyclicality

This is a structurally growing end market delivered through cyclical, lumpy projects. Orders depend on power prices, module and steel costs, interest rates, tax equity, project debt, permitting, grid interconnection, land, labor, weather and customer liquidity. A delayed interconnection agreement or tax-credit qualification can shift a large project across fiscal quarters. Framework agreements and VCAs may not translate into full binding volume. Backlog conversion, rather than backlog growth alone, is the useful operational test.

U.S. policy is two-sided. Section 45X domestic manufacturing credits have directly lowered Nextpower's cost of sales through supplier rebates and assignments. Domestic-content bonuses can also make qualifying components more valuable to project owners. Conversely, the 2025 OBBBA accelerated the phaseout timetable for customer-side Sections 48E and 45Y credits, and subsequent Treasury guidance tightened beginning-of-construction requirements. The 10-K describes July 2026 construction and December 2027 placed-in-service deadlines for relevant qualification paths, creating both near-term pull-forward and a potential air pocket later. FEOC restrictions add ownership, supply-chain and contractual tests that may penalize components connected to prohibited foreign entities.

This policy mix can produce misleading short-term strength. Customers may order early to preserve eligibility, while vendor credits raise reported margin. The correct underwriting question is not whether one quarter is strong, but how much durable U.S. demand remains after the qualification window, how quickly international and storage markets develop, and what margin remains without unusually favorable credit timing. State renewable standards, corporate demand, load growth and international markets provide support, but they do not erase federal sensitivity.

Weather is both a demand driver and a liability. Hail, wind, flood and snow increase the value of resilient controls and stowing, but extreme events can also damage modules, trigger warranty disputes, delay installation and cause insurers to restrict coverage. The product's role in risk mitigation therefore has to be proven under real events, not just modeled.

## 8. Acquisitions and platform expansion

Nextpower is using its tracker franchise, cash balance and customer access to assemble a broader power-plant platform. The acquisition sequence should be read as an investment program with distinct integration milestones.

| Transaction | Status at 24 Aug 2026 | Strategic purpose | Principal underwriting issue |
|---|---|---|---|
| Bentek, OnSight, Origami, Fracsun | Closed during FY2026 | eBOS, robotics, steel frames, soiling data | Prove cross-sell and returns on $149.4m aggregate purchase price |
| Prevalon Energy | Closed 20 Jul 2026 | Large-scale BESS, software, lifecycle services | New warranty, working-capital and integration perimeter |
| Zigor / Apex assets | Closed 30 Jul 2026 | Utility-scale inverters and power conversion | Ramp U.S. manufacturing without cost or quality slippage |
| Zimmermann PV-Steel | Announced; pending regulatory close | Fixed tilt, carports, agriPV, floating PV and European channels | Up to EUR330m consideration; execution and equity dilution |

The FY2026 acquisitions cost $116.8 million in cash net of acquired cash and $149.4 million in aggregate purchase price including deferred and contingent consideration. Prevalon was announced for consideration of up to $365 million, while Zigor/Apex consideration was up to approximately $80.5 million. The pending Zimmermann transaction could add

approximately EUR300 million of annual run-rate revenue and EUR45 million of adjusted EBITDA according to management, but those figures are unaudited expectations and the deal had not closed by the information cutoff.

Strategic fit is plausible: foundations solve the ground interface, trackers orient modules, eBOS collects power, inverters convert it, storage shifts it through time, and software controls the plant. Commercial proof requires more than a diagram. Investors should demand disclosed organic growth, acquired revenue and profit bridges, customer retention, incremental working capital, warranty reserves, purchase-accounting effects, share issuance, and returns on invested capital. The risk is that a high-quality asset-light tracker franchise becomes a more complex integrator before management proves it can preserve margins and per-share cash generation.

## 9. Governance, corporate history and naming

Daniel Shugar founded the business in 2013 and remains chief executive. Nextracker grew within Flex, completed its IPO in February 2023, and became fully standalone after Flex distributed its remaining economic interests in January 2024. TPG exchanged its remaining Nextpower LLC units and related Class B shares in February 2025, leaving no Class B common stock outstanding. This history explains the LLC structure, tax receivable agreement and legacy charter provisions that remain relevant even though the operating business is now independent.

Two later naming events must not be conflated:

- **Corporate rename - effective 12 November 2025.** Nextracker Inc. legally changed its corporate name to Nextpower Inc. when the amended certificate was filed in Delaware. The NXT ticker, shareholder rights and underlying security were unchanged. The rename expressed a strategy shift from tracker specialist to integrated power-technology platform.
- **Share-class label change - effective 19 August 2026.** Following shareholder approval, the company eliminated obsolete Class B provisions and renamed Class A common stock to Common Stock. This was a charter simplification, not another corporate rename, split, exchange ratio change or new listing. NXT remained one Nasdaq common share.

Governance analysis should focus on founder influence, board oversight of acquisitions, compensation and dilution, the $500 million repurchase authorization, the tax receivable agreement, and integration accountability. The board had authorized repurchases in January 2026, but only $0.4 million had been used by fiscal year-end. The contrast between a large authorization and minimal execution reinforces that authorization is optional capacity, not a capital-return commitment.

## 10. Key risks and investor monitoring map

| Risk | Why it matters | Evidence that would reduce concern |
|---|---|---|
| Post-incentive U.S. demand | FY2026 was 77% U.S.; customer credits face tighter deadlines | Backlog conversion and new orders beyond qualification windows |
| 45X-supported margins | Vendor credits materially lower cost of sales | Stable margins on a clearly normalized, credit-adjusted basis |
| Acquisition integration | Storage and inverters change business complexity | Organic/acquired bridges, retention, warranty and ROIC disclosure |
| Steel, tariffs and FEOC | Cost and eligibility depend on traceable supply chains | Diversified compliant sourcing with pass-through discipline |
| Backlog quality | Projects can be delayed, resized or canceled | Consistent conversion, deposits and limited cancellation losses |
| Product reliability and weather | Long warranties create tail liability | Low claims, successful severe-weather performance, insurer acceptance |
| Competition and pricing | Hardware remains price sensitive and regional | Share stability with price/mix and cash-margin resilience |
| Dilution and capital allocation | SBC, stock-funded deals and earnouts affect per-share value | FCF-per-share growth and disciplined acquisition returns |
| Platform execution | Bundle breadth may not equal customer willingness to pay | Attach rates and non-tracker revenue with attractive margins |

The single most important analytical distinction is core economics versus platform investment. The historical tracker business has scale, field validation, high cash conversion and low fixed capital. New products may expand wallet share and reduce customer friction, but some are still pre-scale and several acquisitions closed after the TTM anchor. A sound model should not award mature margins or recurring revenue characteristics before evidence appears.

## 11. How to read the remaining ER2 appendices

Read `quant_foundation.md` first whenever a historical number matters. It contains the sealed quote, the exact TTM construction, statutory income bridge, cash flow, balance sheet and reconciliation checks. The data package then adds guidance, management commentary and a source inventory. Because Nextpower has one reportable segment, the segment appendix should forecast one consolidated operating line labeled **Statutory operating income (single-segment non-operating CODM fallback)**; it should not invent product segment profit or treat the CEO's consolidated-net-income CODM measure as operating income.

The management appendix tests acquisition discipline, disclosure quality, incentives, capital allocation and credibility. The moat appendix should distinguish shipped-base reputation, patents, engineering data and supply-chain scale from commodity steel exposure and competitive price pressure. The synthesis appendix combines the reviewed forecast with tax, cash, shares and valuation, anchored on TTM ended 3 July 2026 and horizon 3 July 2031. The compounder score is diagnostic rather than a verdict; the scoring audit tests the evidence and can revise it. Finally, the red team should attack policy-normalized margin, post-window demand, integration cost, dilution and the terminal multiple.

The decisive questions for the full report are therefore: how much of current profitability is durable without exceptional 45X timing; whether U.S. tracker demand can compound after tax-credit deadlines; whether adjacent products produce attractive incremental returns; whether management integrates storage and power conversion without degrading quality; and whether all of that is already reflected in the share price. The primer establishes the map. The later appendices must supply the forecast, gate evidence and valuation discipline.

## Selected live official sources

- [Nextpower FY2026 Form 10-K, filed 19 May 2026](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000017/nxt-20260331.htm)
- [Nextpower Q1 FY2027 Form 10-Q, filed 3 August 2026](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000048/nxt-20260703.htm)
- [Q1 FY2027 results and outlook, 30 July 2026](https://investors.nextpower.com/news/news-details/2026/Nextpower-Reports-Q1-Fiscal-Year-2027-Financial-Results/default.aspx)
- [Prevalon acquisition completion, 20 July 2026](https://investors.nextpower.com/news/news-details/2026/Nextpower-Completes-Acquisition-of-Prevalon-Energy-Launches-Advanced-Energy-Storage-Business/default.aspx)
- [Power conversion asset acquisition completion, 30 July 2026](https://investors.nextpower.com/news/news-details/2026/Nextpower-Completes-Acquisition-of-Power-Conversion-Assets-Accelerates-U-S--Manufacturing-Ramp/default.aspx)
- [Zimmermann PV-Steel acquisition agreement, 22 June 2026](https://investors.nextpower.com/news/news-details/2026/Nextpower-Announces-Agreement-to-Acquire-Zimmermann-PV-Steel-Group-Strengthening-Solar-Product-Portfolio-and-Market-Footprint/default.aspx)
- [Corporate name change Form 8-K, 12 November 2025](https://www.sec.gov/Archives/edgar/data/1852131/000185213125000069/nxt-20251112.htm)
- [Share-class charter simplification Form 8-K, filed 19 August 2026](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000052/nxt-20260818.htm)

# Appendix M - Management Assessment

# Nextpower Inc. (formerly Nextracker Inc.) — Management and Governance Assessment

**Ticker:** NXT **Assessment date:** 2026-08-24 **Management gate: YELLOW**

## Bottom line

Daniel Shugar has earned substantial operating credibility. He founded the business, has led it since 2013, and converted a tracker specialist into the leading scaled utility-solar technology platform while keeping the balance sheet debt-free. Revenue rose from $1.46 billion in FY22 to $3.56 billion in FY26; adjusted free cash flow improved from negative $153 million to positive $514 million; delivered volume rose from 15 GW to 38 GW; and backlog exceeded $5 billion. Guidance has generally been beaten and raised. The audited accounts, controls, related-party disclosure, board independence, and capital structure show no evidence of a governance failure.

The gate is nevertheless **YELLOW, not PASS**. Management is now asking shareholders to underwrite a different and more complicated enterprise: electrical balance of system, storage, power conversion, robotics, software and a Saudi joint venture, assembled partly through serial acquisitions. The announced consideration for Prevalon, Zimmermann and Zigor alone can exceed $800 million equivalent before the smaller FY26 deals, with meaningful stock and contingent payments. Yet Nextpower still reports one segment and does not provide acquired-platform revenue, margin, return on invested capital, or per-share accretion bridges. Incentives reinforce the concern: FY26 performance shares measured one-year adjusted EBITDA and adjusted free cash flow before a three-year relative-TSR multiplier and could pay 300%; they did not measure ROIC, cumulative per-share cash flow, or acquisition returns. The strategy is credible, but proof is trailing the perimeter expansion.

This is a monitorable YELLOW. It becomes PASS if management demonstrates integration economics, per-share value creation and dilution control by FY28. It becomes FAIL without any allegation of fraud if acquisition execution destroys per-share value, obscures economics, or causes sustained dilution and impairment.

## Leadership quality and succession

| Leader / body | Evidence | Hard assessment |
|---|---|---|
| Daniel Shugar, founder and CEO | CEO since July 2013; solar executive since 1988; director since 2023. He has led the product, geographic and public-company transition. | **Strong operator and industry architect.** The 13-year record, backlog, cash generation and technology breadth deserve credit. Current M&A scale makes capital allocation, not tracker execution, the decisive next test. |
| Howard Wenger, President and director | Long-tenured solar executive and principal commercial/operating partner to Shugar. The two insiders are the board's only non-independent members. | Deep domain knowledge and commercial continuity are positives. A second inside director is defensible, although the concentration of strategic narrative around Shugar and Wenger raises key-person exposure. |
| Charles Boynton, CFO | CFO since May 2024; previously Nextpower audit-chair director, Logitech CFO, Poly CFO, SunPower CFO and 8point3 Energy Partners CEO/chair. | Qualified for a more complex perimeter and capital-markets phase. Prior board service shortens his learning curve, but FY26-FY27 acquisitions are the first real test of his integration, purchase-accounting and return-reporting discipline. |
| Operating and legal succession | COO/co-founder Marco Miller ceased serving June 14, 2026. Chief legal officer Bruce Ledesma retired July 17 and Lindsey Wiedmann succeeded him. | Two senior transitions amid the fastest platform expansion are a **yellow flag**, not evidence of dysfunction. Watch whether operating ownership is clear and whether integration milestones stay on schedule. |
| Board | Ten directors: eight independent; independent chair William Watkins; independent audit, compensation, and nominating/governance chairs. | Independence and committee design pass. The classified board and three-year terms reduce annual accountability; the board is too new to have demonstrated cycle-tested challenge of the founder. |

The [2026 proxy](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000038/nxt-20260702.htm) is the primary source for biographies, board composition, ownership and compensation. The [FY26 10-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000017/nxt-20260331.htm) reports effective internal

control over financial reporting and an unqualified Deloitte opinion. No restatement, material weakness, auditor dispute, family relationship, or material related-party transaction emerged from the reviewed filings. That is a clean baseline, but it does not answer whether the acquisition wave will compound shareholder capital.

## Stewardship record and guidance discipline

Management's historic execution is better than the YELLOW headline alone suggests. FY22-FY26 revenue compounded at roughly 25%, operating margin rose from 4.5% to 19.6%, and free cash flow swung by about $667 million. Research and development expanded from $14 million to $121 million, or from about 1.0% to 3.4% of revenue. Cumulative tracker shipments exceeded 160 GW, while the FY26 backlog surpassed $5 billion and Q1 FY27 backlog surpassed $5.5 billion. These outcomes support Shugar's claim that technology leadership and customer bankability, rather than financial engineering, created the base franchise.

The guidance record is unusually strong. Initial FY25 guidance called for $2.8-$2.9 billion of revenue and $600-$650 million of adjusted EBITDA; actual results were $2.96 billion and $775 million. FY26 guidance was raised through the year, ending with $3.56 billion of revenue and $854 million of adjusted EBITDA. On July 30, 2026, after Q1 FY27, management raised initial FY27 revenue guidance from $3.8-$4.1 billion to $4.1-$4.4 billion and adjusted EBITDA from $825-$900 million to $870-$930 million. The [official Q1 FY27 release](https://investors.nextpower.com/news/news-details/2026/Nextpower-Reports-Q1-Fiscal-Year-2027-Financial-Results/default.aspx) also disclosed $50 million of planned power-conversion acceleration costs. Repeated beats do not prove conservatism forever, but they demonstrate planning competence and candor on aggregate financial targets.

Policy-normalized execution is weaker than headline margins imply. FY26 vendor credits under Section 45X were $380 million; Q1 FY27 credits were $103 million against $935 million of revenue. The 10-K states that solar demand historically depends materially on incentives and that 45X benefits phase down 25% annually beginning in 2030 and terminate after 2032. Management argues that safe-harbored projects, AI/data-center load and utility procurement support durable demand. That can be true while credits still materially support current economics. The board should require management to report cash margin and returns excluding 45X rather than letting policy resilience remain qualitative.

## Capital allocation and M&A discipline

| Item | Evidence through FY26 / cutoff | Assessment |
|---|---|---|
| Organic investment | R&D increased to $121 million in FY26; capex rose to $49 million and FY27 capex guidance is $75-$100 million. | Appropriate. A still-light fixed-asset model funds product breadth without jeopardizing the balance sheet. |
| FY26 acquisitions | Bentek, OnSight, Origami and Fracsun used $116.8 million of cash net of acquired cash and roughly $149.4 million including deferred/contingent consideration. | Strategically coherent adjacencies, but too recent for a return verdict. Goodwill rose from $371 million to $489 million. |
| Prevalon storage | Up to $365 million: $150 million cash at close, $50 million stock one year later, and up to $165 million contingent. Management cited more than 6 GWh deployed and 1.3 GW of firm contracts. | A logical attach opportunity, but a major move into project execution, warranty and battery-integration risks. Accretion claims need GAAP and cash proof. |
| Zimmermann power conversion | Announced for up to €330 million: €180 million cash, €105 million stock and €45 million contingent; not closed at the cutoff. Management cited an expected €300 million revenue and €45 million adjusted-EBITDA run rate. | Attractive cross-selling logic, but the pre-synergy margin is not exceptional and stock consideration adds dilution. Closing and integration remain unproven. |
| Zigor / Apex assets | Up to $80.5 million cash: $46 million at close plus up to $34.5 million contingent. | Smaller risk, but it adds another technology, geography and management integration stream. |
| Saudi joint venture | Nextpower Arabia is 49% owned and equity-method accounted; Abunayyan owns 51%, appoints the chair and CEO, and the parties have equal board seats. | Capital-light localization is rational. Minority control and unconsolidated sales/royalty/equity-income flows require separate disclosure so investors can follow perimeter economics. |
| Buyback | $500 million, three-year authorization announced January 2026; only $0.4 million used by FY26 year-end. Management says organic investment and M&A rank higher and purchases will be structured and cautious. | Sensible priority if acquisition returns are high. The authorization is currently signaling rather than an offset to dilution. Do not award credit until shares actually decline. |
| Liquidity | FY26 cash $1.10 billion, no funded debt, plus a $1 billion undrawn revolver; Q1 FY27 cash $1.21 billion before acquisition payments. | Strong capacity and no balance-sheet stress. Capacity is not the same as discipline; cash-rich serial acquirers can still overpay. |

The [Prevalon 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000020/nxt-20260528.htm) and [Zimmermann 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000026/nxt-20260621.htm) make the consideration mix transparent. The weakness is post-deal accountability. Management discusses ROIC and accretion on calls, but neither segment reporting nor executive pay embeds an externally measurable acquisition-return hurdle. Reported ROIC was an exceptional 52% in FY26, down from 64% in FY25, but legacy working-capital and separation effects make that statistic a poor substitute for deal-level returns. A platform strategy can merit premium reinvestment only if the acquired cash flows grow faster than goodwill and diluted shares.

## Incentives, ownership, SBC and dilution

| Measure | Evidence | Judgment |
|---|---|---|
| CEO compensation | $22.20 million in FY26, after $20.10 million in FY25 and $20.73 million in FY24. FY26 included $16.94 million of stock awards, $2.51 million of options and $1.86 million of annual incentive. | High absolute pay. It is tolerable only if long-duration per-share value creation persists; the metric design is not rigorous enough for the M&A phase. |
| FY26 annual incentive | 50% revenue, 30% adjusted operating income, 20% strategic milestones, plus individual performance. CEO payout was 159.8% of target; all NEOs received a 100% individual factor. | Financial targets were exceeded, but adjusted profit and discretionary milestones can reward scale before capital efficiency. Uniform full individual factors weaken differentiation. |
| FY26 performance shares | One-year FY26 adjusted EBITDA (50%) and adjusted FCF (50%), each earned at maximum, followed by a three-year relative-TSR multiplier of 0.75x-1.5x; total payout can reach 300%. | **Misaligned for serial M&A.** Three-year service/TSR does not cure one-year financial measurement. No ROIC, cumulative FCF per share, organic growth or absolute-return floor. |
| Ownership | Shugar beneficially owned 627,532 shares/awards, under 1%; his family trust held 18,104 record shares. The CEO guideline is 5x salary but counts unvested RSUs. | Economically meaningful exposure, yet much is award- or option-derived. Counting unvested equity overstates owner alignment. |
| Trading | Shugar sold shares in March and May 2026 under a pre-arranged Rule 10b5-1 plan, including option exercise and tax-linked transactions; Boynton sold 4,500 shares under a plan. | Not evidence of misconduct. Clustered CEO monetization reinforces the need to judge actual retained ownership, not headline beneficial ownership. |
| SBC and shares | SBC was about $3 million in FY22, $32 million FY23, $57 million FY24, $119 million FY25 and $120 million FY26 (3.4% of revenue). Diluted shares rose from 145.9 million FY23 to 152.7 million FY26; Q1 FY27 diluted shares rose 2.8% year over year. | Rising but not yet abusive. The buyback has not offset it, and acquisition stock will add pressure. Per-share outcomes must become a board-level KPI. |

The positives are real: restatement clawback, prohibited hedging and pledging, double-trigger change-of-control treatment, and a 2026 say-on-pay vote that improved to roughly 93.5% support excluding abstentions after only 80.3% in 2025. The ownership guideline and LTI architecture nevertheless fall short of Gideon-grade alignment. A 300% PSU maximum tied to adjusted results is especially generous when acquisitions can mechanically increase EBITDA and management controls many adjustments. The compensation committee should make a majority of performance equity depend on three-year ROIC and cumulative FCF per diluted share, or economically equivalent measures, with organic-growth and absolute-return safeguards and a maximum no higher than 200%.

## Disclosure candor and perimeter control

Review of the latest eight reporting cycles—Q2 FY25 through Q1 FY27, using seven live earnings transcripts plus the latest official release—shows a generally numerical and accessible team. Management gives revenue, margin, cash-flow and cadence bridges; it explained domestic-content economics and raised guidance promptly. There is no pattern of denying weak aggregate results.

There is, however, selective opacity exactly where the thesis is changing. In Q3 FY26, management characterized bookings as among the strongest but declined to quantify them, and answered questions about eBOS, foundations, software and robotics attach rates with pipeline descriptions rather than attach numbers. In Q4 FY26, it called hyperscaler/data-center exposure material but declined to disclose the percentage; it would not quantify long-run power-conversion margins or address tax-receivable-agreement economics. At least three of the eight cycles contained similar hedging on product profitability, attach or customer-mix questions. This is not broad evasiveness, but it prevents investors from separating tracker franchise strength from platform aspiration.

The single-segment presentation is legally supportable today, yet economically insufficient for the new strategy. By FY28 Nextpower should disclose at least tracker versus acquired/non-tracker revenue, gross or contribution profit, cash conversion,

backlog conversion and acquisition-return milestones. The Saudi JV needs sales to the venture, royalties, equity income and cash distributions separately identified. Otherwise movement between consolidated revenue, unconsolidated local production and acquired entities can make organic execution difficult to audit.

## Corporate actions and governance effects

Two separate changes must not be conflated. Effective **November 12, 2025**, Nextracker Inc. changed its corporate name to **Nextpower Inc.** The [name-change 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213125000069/nxt-20251112.htm) states that this did not alter shareholder rights, ticker, capitalization or governance; it was a strategic brand change reflecting the broader platform.

Effective **August 19, 2026**, after shareholder approval, the company eliminated the legacy Class B authorization and renamed Class A Common Stock as Common Stock. The [share-class 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000052/nxt-20260818.htm) confirms one vote per share and no ticker or split change. No Class B shares had been outstanding since February 2025, so the action did not redistribute voting power. It is still a modest governance improvement: it removes obsolete dual-class provisions, former holder designation rights and corporate-opportunity waivers, and reduces potential investor confusion. It does **not** declassify the staggered board or provide annual election of every director.

## Peer calibration

| Peer leader | Relative evidence | Conclusion versus Shugar |
|---|---|---|
| Mark Widmar, First Solar | First Solar's [quarterly reporting](https://investor.firstsolar.com/financials/quarterly-results/default.aspx) gives granular volume, bookings, manufacturing, capex, net cash and 45X guidance. The model is more capital intensive but its organic returns can be traced more directly. | Shugar has the more capital-light record; Widmar currently sets the stronger standard for product/capital disclosure. |
| Kevin Hostetler, Array Technologies | Array's [Q2 2026 release](https://arraytechnologiesinc.gcs-web.com/news-releases/news-release-details/array-technologies-reports-financial-results-second-quarter-2026) reported a $2.5 billion order book, $342 million revenue and 29.1% gross margin, but the business is smaller and carries acquisition/leverage scars. | Shugar ranks clearly ahead on scale, profitability, cash generation and balance-sheet stewardship. |
| Badri Kothandaraman, Enphase | Enphase's [Q2 2026 reporting](https://investor.enphase.com/news-releases/news-release-details/enphase-energy-reports-financial-results-second-quarter-2026) provides unit shipment detail. Kothandaraman has substantially greater outright ownership, but Enphase has endured deeper cyclicality and revenue contraction. | Shugar ranks ahead on recent execution and behind on owner alignment and unit-level disclosure. |

Overall, Shugar ranks above the median of relevant solar-technology CEOs on execution and financial resilience, but not at the top on disclosure or retained-owner alignment. That supports YELLOW rather than a punitive FAIL.

## Gate conditions

**Upgrade to PASS by FY28 requires all of the following:**

- Disclose acquired/non-tracker revenue, contribution economics, integration milestones and an auditable GAAP/FCF or ROIC bridge; Bentek, OnSight, Origami, Fracsun, Prevalon, Zigor and any closed Zimmermann transaction must be collectively accretive to diluted-share economics without material goodwill impairment.
- Redesign the next compensation cycle so a majority of performance equity uses three-year ROIC and cumulative FCF per diluted share, or equivalent per-share return measures; cap the maximum at 200% and stop counting unvested RSUs toward the ownership minimum.
- Keep diluted shares stable or lower after acquisition issuance by offsetting ordinary annual SBC, while sustaining robust 45X-normalized GAAP margin and FCF. Separately disclose Saudi JV technology sales, royalties, equity income and distributions.

**Downgrade to FAIL if any of the following occurs:** acquisition stock plus SBC drives diluted-share growth above 3% annually for two consecutive years without demonstrated per-share accretion; a material goodwill impairment or integration-driven guidance miss appears; acquired products repeatedly miss disclosed milestones; or JV/segment presentation materially obscures underlying returns. Fraud is not required for FAIL—persistent capital misallocation and inadequate accountability are enough.

**Final Management gate: YELLOW.** Shugar and team have earned credibility through operating results, clean controls, guidance delivery and a conservative balance sheet. They have not yet earned a PASS for the new platform perimeter. The burden of proof is now on integration returns, per-share value, normalized economics and disclosure—not on additional strategic storytelling.

# Appendix W - Moat and 2046 Durability

# Nextpower Inc. (formerly Nextracker Inc.) — Moat and 2046 Durability

**Ticker:** NXT **Information cutoff:** 24 August 2026 **Assessment horizon:** 2046 **Trade execution authorized:** No

This assessment uses the DR-cleared `data_package.md` (SHA-256 `dfc110292cc10e0649495e7fa83f20dc08ca2f921d65e593a2b67b89ba082b7e`) for historical figures and the primer only for orientation. It cross-checks competitive and product claims against Nextpower's live [FY2026 Form 10-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000017/nxt-20260331.htm), [Q1 FY2027 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000048/nxt-20260703.htm), and [Q1 FY2027 earnings exhibit](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000045/ex991_q127.htm), plus Array Technologies' live [FY2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1820721/000182072126000008/arry-20251231.htm) as primary-source competitor evidence. The distinction throughout is between a real present franchise and a proven twenty-year high-return moat.

## 1. Moat taxonomy applied

**Network effects — absent.** More installed Nextpower trackers do not directly make a new tracker more valuable to another customer, and developers do not need to join a common marketplace. Fleet data can improve wind, hail, terrain, failure and yield models, but this is a learning curve, not a network effect: rival fleets generate their own data, owners may restrict data use, and Nextpower does not disclose that model accuracy, win rate or pricing rises with installed gigawatts. Treat the more than 160 GW shipped as evidence of experience and referenceability, not as a self-reinforcing network.

**Switching costs — high within an operating plant, low-to-moderate between projects.** Once a site is designed around NX Horizon's row geometry, foundations, controls, communications, spares, warranties and operating procedures, replacing the tracker is uneconomic. The installed owner has reason to retain compatible firmware, monitoring and service. But this lock-in begins only after award. The 10-K says EPC purchasing decisions are normally made project by project, and Array warns that EPCs increasingly seek second sources. A developer can use Nextpower on one plant and Array, GameChange, Arctech, PV Hardware or fixed tilt on the next. Volume commitment agreements improve visibility but can be reduced or fail to become full orders. Therefore the equity does not deserve SaaS-like switching-cost assumptions.

**Scale economies — meaningful but replicable by large peers.** Nextpower combines roughly 80 GW of annual global capacity, more than 100 contract-manufacturing facilities in 19 countries, over 30 U.S. fabricators, global engineering and a large procurement book with very little owned plant. This can lower landed cost, place steel conversion near mills and sites, diversify disruptions and fund more than 500 R&D employees. It also supports domestic-content documentation and rapid regional localization. Yet contract manufacturing reduces the fixed-capital barrier: qualified competitors can rent much of the same industrial ecosystem. Array also reports material 45X vendor rebates, showing that the credit is sector economics, not Nextpower-exclusive economics. Scale is an advantage in procurement, qualification and logistics, not an unassailable cost monopoly.

**Brand and bankability — the strongest present moat.** Utility projects are financed and operated for decades; failure can destroy energy revenue, breach financing assumptions and create warranty disputes. Nextpower's more than 160 GW shipped, ten-year claimed leadership by GW, more than 275 active customers in over 40 countries, global references, balance sheet and field-service history reduce perceived execution risk. The company says customers are reluctant to buy from entrants with limited histories, creating a bankable tier and an unproven tier. This is high-trust procurement rather than consumer brand. It can defend shortlist access and share, but sophisticated customers still compare total ownership cost and solicit competing bids.

**Regulatory and localization capability — an execution advantage, not a durable legal barrier.** Domestic-content, FEOC, tariff, cyber and engineering compliance raise the cost of serving utility-scale customers. Nextpower's distributed U.S. fabricator network and trade-compliance systems can qualify projects faster than a new entrant. However, competitors can localize, and regulation can reverse the advantage. The Q1 filing states the 45X rate on qualifying torque tubes and fasteners begins stepping down after 2029 and ends after 2032. Compliance capabilities may endure; the credit-funded profit pool does not.

**Intellectual property — broad support, only moderate exclusion.** At March 2026 Nextpower reported 329 issued U.S. patents, 498 granted non-U.S. patents and 745 pending applications across structures, controls, robotics, power processing, foundations, module framing and software, with U.S. expiries from 2026 to 2050. The independent-row architecture, balanced rows, terrain following, weather stow and control stack create differentiated engineering. But patents can be designed around or litigated, and Array's linked-row design is a bankable alternative protected by its own patents. Nextpower's June 2026 GameChange litigation is evidence that exclusion requires enforcement, not proof of automatic pricing power.

**High-trust procurement — strong in trackers, unproven in new categories.** Tracker selection incorporates bankability, wind and hail design, yield, constructability, warranty, cyber security, module compatibility, balance-sheet strength and delivery. These are difficult to reproduce quickly and favor incumbents. Foundations and eBOS can inherit trusted access when bundled into the site design. Prevalon storage, power conversion and robotics face their own incumbents and warranty curves; Nextpower cannot transfer tracker trust by assertion. The moat is deepest where field evidence is longest.

## 2. Per-segment and product-pool moat

Nextpower reports one segment, and its only disclosed CODM profit metric is consolidated net income. ER2 therefore models one consolidated company on statutory operating income and does not invent product margins. Economic product pools still matter for moat analysis.

**Core trackers and embedded controls (about 88% of FY2026 revenue).** The moat is the combination of bankability, independent-row and terrain engineering, local project design, supply qualification, installed references and a reliable control/warranty system. It is credible over five years and likely over ten if share and field reliability hold. Twenty years is less certain because alternative tracker architectures already work, procurement resets each project, module economics can favor fixed tilt, and much of the bill is steel. The earliest break signal is simultaneous share loss and lower average selling price despite stable demand, particularly among repeat top-tier developers.

**TrueCapture, NX Navigator and installed-base services.** TrueCapture uses as-built topography, irradiance, module characteristics and row-level control to reduce real-world losses; Nextpower says third-party validation supports typical loss reduction of 1%-2% in relevant conditions. Navigator adds monitoring, remote diagnostics and severe-weather stow. Their defensibility comes from integration with the installed hardware, secure control authority and site-specific data, not from the optimization algorithm alone. Durability could reach twenty years if the company proves fleet-wide upgrades, recurring maintenance, retention and measurable insurer/owner value. It has not disclosed recurring revenue, software gross margin, attach rate or retention. The first break signal is flat software attach on a growing installed fleet or third-party plant controllers delivering equivalent yield and weather protection across brands.

**Foundations, frames and eBOS.** NX Anchor, Earth Truss, Origami steel frames, Bentek and PowerMerge can reduce grading, field labor, interfaces, cabling and procurement friction. Bundling site geometry, foundation design, tracker and electrical routing may create design-level switching costs before construction. FY2026 non-tracker share rose to about 12% from 8%; Q1 FY2027 reported record eBOS bookings and more than 850 MW of cumulative PowerMerge bookings. That is early cross-sell evidence, not a proven moat: product-level margins and attach rates are undisclosed. The completed consolidated-segment appendix's competitive review also shows platform broadening is industry-wide: Array offers foundations and software, while Shoals is an entrenched eBOS and BESS-infrastructure specialist. Five-year advantage is plausible through channel access; ten- and twenty-year durability require proprietary installed-cost savings and repeat adoption. A failure to raise attach rates without discounting would break the thesis.

**Robotics, power conversion and storage.** OnSight/Fracsun inspection and soiling data can improve operations; Zigor/Apex inverters and Prevalon storage broaden Nextpower from generation hardware toward power control and dispatchability. The strategic diagram is coherent, but moat transfer is not. These categories add component, software, integration, service and warranty competitors; the material acquisitions closed after the TTM anchor. Prevalon's deployed base and service relationships have value, yet no Nextpower-era retention or margin history exists. Today this pool has an option value, not an ER2-grade moat. Earliest failure signs are warranty reserve growth, cost overruns, customer losses, low bundle adoption or acquired revenue growth below its market.

**Blended conclusion.** The blended moat is weaker than the tracker franchise. Trackers still dominate revenue, while the faster-growing non-tracker pool contains both promising extensions and unproven acquisitions. Broader wallet share could strengthen the company if integrated design lowers total installed cost; it could also dilute returns and expose Nextpower to best-of-breed competition. This conclusion is consistent with `appendix_B_consolidated_company.md` Sections 4-5: global bankability, engineering and supply qualification protect win rates, not every point of margin. Until product margins and attach rates are disclosed, the equity should be underwritten as a moated tracker franchise funding a platform experiment, not

as a proven integrated power platform.

## 3. Margin persistence and policy normalization

Only five comparable fiscal years are available, not the requested ten; the IPO/Flex separation also impairs clean per-share and capital comparisons. There are no audited product margins. Consolidated statutory operating margin is therefore the only valid margin series.

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 |
|---|---|---|---|---|---|
| Revenue ($B) | 1.458 | 1.902 | 2.500 | 2.959 | 3.559 |
| Statutory operating margin | 4.5% | 8.9% | 23.5% | 21.6% | 19.6% |
| 45X vendor credits ($M) | — | — | 121.4 | 224.9 | 379.9 |
| Tariffs ($M) | — | — | 16.8 | 19.7 | 130.4 |
| Mechanical margin excluding gross 45X credits | — | — | 18.6% | 14.0% | 8.9% |
| Mechanical margin excluding net 45X less tariffs | — | — | 19.3% | 14.7% | 12.6% |

The mechanical rows are diagnostics, not forecasts: they subtract disclosed policy benefits, either gross or net of tariffs, from operating income without assuming repricing, volume changes or cost actions. They reveal why reported 20% margins cannot be labeled moat evidence on their own. Gross 45X credits equaled 10.7% of FY2026 revenue, and even the net credit-after-tariff benefit equaled about 7.0%. The FY2026 10-K also says gross margin fell 150 basis points because tariffs were not fully reflected in pricing. Q1 FY2027 improved, but its earnings exhibit says approximately $99 million of net 45X rebates and tariffs benefited the quarter.

There is still evidence of a valuable franchise: revenue rose from $1.46 billion to $3.56 billion in four years, free cash flow remained strong, and reported margins stayed near 20% through expansion and acquisitions. But the high-margin record spans only three years and overlaps exceptional policy support. A moat PASS needs stable mid-teens or better operating economics after explicit policy normalization, not merely backlog conversion before subsidy deadlines.

## 4. AI disruption stress test

**Core tracker/foundations/eBOS is physical chokepoint economics, not a prompt-to-output workflow.** AI can automate layout, geotechnical choices, bill-of-material optimization, quality inspection, procurement and predictive maintenance. It cannot substitute for certified structures, locally qualified manufacturing, on-site delivery, warranties or row controllers. AI likely lowers engineering cost and improves yield for every scaled vendor; it is an enabling optimizer, not a destroyer of the physical franchise.

**TrueCapture, Navigator and robotics are most exposed.** Irradiance prediction, anomaly detection, soiling classification and optimal-angle calculations can become cheaper and more standardized as models improve. A foundation model with generic site and weather data cannot safely command a plant by itself, but third-party control platforms could replicate analytics if they gain hardware access and sufficient site data. Nextpower's defense is the integrated sensor/control loop, permissions, cyber security, warranties and proprietary fleet history. The most protected activity is bankable tracker/foundation engineering and execution; the most exposed is standalone analytics and robotic vision. AI strengthens the moat only if better models translate into audited energy, loss prevention or lower service cost that customers pay for. No disclosed retention or monetization evidence yet proves that outcome.

## 5. The 2046 test

**Today is 24 August 2026; the test year is 2046.** A credible 2046 business description is: Nextpower designs, supplies and controls modular generation-and-storage plant infrastructure for utilities, developers, EPCs, independent power producers and large-load customers. Trackers still orient modules where moving structures beat fixed tilt; integrated foundations, eBOS and power electronics reduce field labor and interfaces; storage and plant controls manage dispatch, grid services and severe-weather response. Robots inspect and repair a large installed fleet. Basic steel parts and standalone analytics have withered toward commodity margins, while certified control, system engineering, warranty-backed integration and lifecycle services have grown. Directionally, operating margin is stable to modestly lower than today's reported 19%-20%, but above a commodity fabricator's margin because high-trust control and services offset hardware price erosion. The surviving moat is bankability plus installed-base learning embedded in certified hardware/control workflows, supported by localized supply qualification and long-lived owner relationships.

That description is specific, but it is not yet proven. It requires Nextpower to convert a project-by-project tracker relationship into repeat, multi-product and lifecycle economics; maintain reliability through storage and inverter warranty cycles; monetize rather than merely collect fleet data; and preserve attractive margins after 45X ends. The company has the customer access and technical base to attempt this, but current disclosure does not establish the destination.

**2046 erosion case.** Tracker designs converge, low-cost regional suppliers become bankable, owners standardize brand-agnostic controls, cheap modules make fixed tilt competitive, and EPCs dual-source each project. Nextpower's acquisitions remain separate product catalogs, forcing price discounts without lowering total installed cost. Storage and inverter warranty costs absorb service gross profit, and 45X expiry exposes a low-teens or single-digit operating margin. Nextpower remains a sizeable equipment integrator but no longer compounds at high returns. This bear case is material, not remote; on present evidence it is roughly as plausible as a clean transition to a high-return platform, which is why 2046 does not pass.

## 6. Competitive threat inventory

| Threat | Mechanism | Segment(s) affected | Earliest observable signal | Plausibility |
|---|---|---|---|---|
| Tracker commoditization and dual sourcing | Bankable rivals copy features or underbid; cheap panels favor fixed tilt | Trackers, controls | Share loss plus ASP decline at repeat customers | High |
| Policy and localization reset | 45X fades after 2029 and ends after 2032; FEOC/tariff rules change cost and eligibility | U.S. trackers, frames, eBOS | Credit-adjusted margin below 12% or weaker post-deadline bookings | High |
| Platform integration failure | Bundles add warranty, working-capital and execution risk without paid cross-sell | Foundations, eBOS, power conversion, storage, robotics | Attach stalls; reserves rise; acquired growth lags market | Medium-high |

## 7. Pricing power verification

Verified pricing power is weak-to-moderate, not strong. Nextpower says it prices by lifetime energy yield and total ownership cost, with site- and weather-specific variants; that is value-based segmentation. Its sustained shortlist access, large backlog and repeat customers indicate it is not selling undifferentiated steel. However, no disclosed broad price increase, adoption/churn result, price/mix bridge or contractual escalator proves unilateral pricing power. Project contracts stipulate a total price, and backlog can be canceled, reduced or shifted. The 10-K explicitly warns of downward ASP pressure and states FY2026 tariffs were not fully included in pricing. Gross margin stability is contaminated by 45X credits, while product margins are undisclosed.

Multi-year VCAs and deposits improve planning and commitment quality but do not resemble take-or-pay subscriptions; customers can reduce volumes or fail to execute project orders. Extended warranties create a long relationship, yet their disclosed accounting is not evidence of economic lock-in. PASS-level proof would be stable credit-adjusted margins through steel/tariff inflation, repeat wins without ASP sacrifice, and attach-rate growth with separately disclosed economics.

## 8. Moat verdict and observable gates

**Moat gate: YELLOW — current bankability, installed-base references, independent-row/control engineering and distributed supply scale create a real but narrow advantage, while per-project switching, weak verified price pass-through and policy-supported margins prevent PASS.**

**2046 test: YELLOW — a credible 2046 integrated plant-control, tracker, eBOS, power-conversion and storage company exists only if Nextpower converts installed-base data and cross-sell into recurring/high-trust economics before 45X fades and hardware commoditizes.**

Upgrade both gates to **PASS** only if: (1) credit-adjusted statutory operating margin holds at or above 15% through at least three years that include materially lower 45X benefit; (2) Nextpower discloses rising attach/retention and attractive product-level or cohort economics for controls, eBOS, foundations and lifecycle services; and (3) repeat-customer share and backlog conversion remain resilient beyond the current U.S. qualification pull-forward without broad discounting.

Downgrade both gates to **FAIL** if: (1) tracker share or ASP falls at repeat large customers while industry volume grows; (2) policy-normalized operating margin stays below 10% for two years or warranty/integration charges consume the adjacency profit pool; or (3) non-tracker attach stalls near current levels and brand-agnostic control platforms match TrueCapture/Navigator outcomes. The tracker franchise drives today's moat; the platform portfolio determines whether it

survives to 2046.

# Appendix B1 - Consolidated Company

# Consolidated company — Segment Deep Dive

**Company:** Nextpower Inc. (formerly Nextracker Inc.) **Ticker:** NXT **Forecast anchor:** TTM ended 2026-07-03 **Exact horizon:** 2031-07-03, exactly five calendar years after the TTM end **Modeled segment:** Consolidated company **Profit basis:** **Statutory operating income (single-segment non-operating CODM fallback) Data boundary:** NXT historical facts, product disclosures, management quotations and accounting classifications come only from the DR-cleared `data_package.md` and sealed `statutory_bridge.json`. External sources are used only for market and competitor context. This appendix does not select a valuation and does not authorize trading.

## 0. Segment boundary and taxonomy note

Nextpower has had exactly one operating and reportable segment throughout the period presented. The modeled line is therefore **Consolidated company**, but the profit basis is an ER2 accounting repair rather than an issuer-disclosed operating-segment profit measure. The issuer tells its CODM to use consolidated net income, which includes interest, other non-operating income and tax. The sealed schema-1.2 bridge consequently preserves that disclosed CODM measure as separate context and models the consolidated company on **Statutory operating income (single-segment non-operating CODM fallback)**. No tax, interest or other below-line item is allocated into operating economics. The FY2026 filing recast FY2024 and FY2025 significant segment expenses to present tariffs separately, so this appendix uses that recast presentation. The legal name change in November 2025 did not change the segment. The post-FY2026 acquisitions broaden the product perimeter, but they closed after the Q1 FY2027 period end and the latest filing therefore contains no post-close segment-reporting evidence; the forecast remains the one sealed modeled line, **Consolidated company**. [data_package §§1, 3a and 9; statutory_bridge.json, schema 1.2.0]

## 1. What this segment actually is

Consolidated company is a utility-scale clean-power equipment and technology platform. Its economic core remains single-axis solar trackers: engineered steel structures, torque tubes, drive systems and controls that rotate solar modules through the day to increase energy production. Customers are typically project developers, engineering-procurement-construction contractors and owners of large solar plants. A purchase is therefore not a consumer-style sale. It is a project award with site engineering, bankability review, procurement, staged delivery and commissioning. Revenue timing follows project schedules and the portion of materials delivered, while backlog is composed of firm orders under the issuer's deposit, named-site, volume and ship-date criteria. Backlog is useful visibility, not guaranteed revenue.

The platform has broadened around that tracker beachhead. TrueCapture and controls optimize tracking and energy yield. Electrical balance of systems, including PowerMerge, collect and transport power from modules. Foundations, steel module frames and installation products attack labor, grading, piles and structural cost. Robotics and soiling measurement improve inspection and operations. The acquisitions of Prevalon, Zigor and Apex add battery-energy-storage systems, power-conversion equipment, controls and services. Nextpower Arabia, however, is a 49%-owned unconsolidated joint venture; its future Middle East economics may appear through licensing, technology sales and equity-method income rather than consolidated tracker revenue. [data_package §§0a, 4, 6 and 9]

Pricing is project-specific. The customer is optimizing levelized cost of energy and schedule certainty, not simply steel cost per unit. Nextpower can charge for hardware performance, wind and terrain resilience, lower installation labor, controls, warranty support, domestic-content eligibility and confidence that a globally sourced system arrives on time. That creates room for value pricing, but not unlimited pricing power: steel, freight and electronics are visible inputs, EPC customers run competitive tenders, and rival tracker architectures can meet the same basic need. The commercial model thus combines engineered differentiation with a competitive hardware bid.

Go-to-market is direct and specification-led. Qualification can begin well before notice to proceed because the tracker affects site geometry, civil work, module choice, cabling and financing. Once designed into a site, switching is disruptive; before award, customers can and do compare NXT with Array, GameChange, PV Hardware, Arctech, FTC Solar and fixed-tilt alternatives. Complementary products aim to enlarge wallet share after Nextpower wins the tracker relationship. The platform thesis is that a coordinated tracker, foundation, electrical and control package lowers total project cost and interface risk. The execution risk is that customers may prefer best-of-breed suppliers, while acquisitions add integration and channel complexity

faster than reported product disclosure improves.

## 2. Current economics

FY2026 revenue was $3.559390 billion, up 20.3%, and **Statutory operating income (single-segment non-operating CODM fallback)** was $0.697266 billion, a 19.6% margin. TTM revenue through 2026-07-03 was $3.630307 billion, constructed from the four official quarters in data-package §5, and TTM profit on the exact basis was $0.701943 billion, a 19.3% margin. The issuer's separate CODM disclosure was consolidated net income of $0.585883 billion in FY2026 and $0.594055 billion for the TTM; those values are below operating income and are not used as segment operating profit. [data_package §§3, 3a and 5]

The company delivered 38.0 GW in FY2026, 13% more than the prior year, and had shipped more than 160 GW cumulatively. Backlog rose above $5.0 billion at FY2026 and above $5.5 billion at Q1 FY2027 before the Prevalon addition, which management said adds significantly more than $0.3 billion. Annual manufacturing capacity was approximately 80 GW, more than twice FY2026 delivered GW. This does not mean the company owns idle factories: it uses more than 100 contract-manufacturing facilities across 19 countries. The network provides surge capacity and geographic flexibility while keeping owned capex low, but also transfers dependence to vendor execution, credit sharing and qualifying limited-number or single-source components. [data_package §0a]

Tracker systems represented approximately 88% of FY2026 revenue, down from about 92% in FY2025. On those approximate percentages, tracker revenue was an estimated $3.132263 billion and the non-tracker platform an estimated $0.427127 billion; these are derived figures, not separately reported dollars. The non-tracker mix includes software and controls, eBOS, foundations, frames, robotics and other offerings. Product-level operating profit is not disclosed. For modeling, the TTM product allocation uses the FY2026 88%/12% mix only as an analyst bridge: $3.194670 billion of tracker and $0.435637 billion of legacy non-tracker revenue. That allocation is explicitly approximate and must not be read as a reported TTM product result. [data_package §4]

Current guidance gives a useful near-term boundary. For FY2027 management raised revenue to $4.1-$4.4 billion and adjusted EBITDA to $0.870-$0.930 billion. It expects eBOS revenue well above $100 million and includes about $50 million of power-conversion acceleration cost. The guide is not a statutory operating-income guide: stock compensation, acquired-intangible amortization, transaction costs and other reconciliation items remain relevant. The model therefore anchors first-year revenue near the range but independently forecasts the exact statutory operating basis. [data_package §6]

Capital intensity is low relative to a conventional manufacturer. FY2026 capex was $49.277 million, only 1.4% of revenue, while R&D reached $120.909 million or 3.4% of revenue. FY2027 initial capex guidance of $75-$100 million funds foundations, frames, power conversion and ERP transformation. Working capital and project timing can still move cash materially even when fixed assets are light. The economic asset base includes designs, patents, supplier qualification, software, installed references and customer trust, none of which is fully captured by PP&E. [data_package §§2 and 7]

## 3. Unit economics

Revenue converts to operating profit through six disclosed cost pools. In FY2026, material cost was $2.226920 billion, or 62.6% of revenue before vendor credits. Section 45X vendor credits reduced operating cost by $379.874 million, 10.7% of revenue. Tariffs cost $130.406 million, 3.7%. Freight, labor and other cost of sales were $421.843 million, 11.9%; SG&A was $341.920 million, 9.6%; and R&D was $120.909 million, 3.4%. Those lines sum to the statutory operating-cost base and leave the 19.6% exact-basis margin. The economics therefore cannot be understood by looking only at gross steel spreads: the 45X benefit was larger than reported operating profit's year-over-year increase and partly offset a sharp tariff burden. [data_package §3 significant-expense inventory]

The positive unit-economics flywheel begins with engineering. A reliable tracker that works on difficult terrain and in severe weather can reduce grading, installation labor, foundation requirements, downtime and financing uncertainty. That benefit supports price above commodity steel cost. Scale then improves supplier purchasing, engineering reuse, freight planning and field learning. A larger installed base makes operating data and software tuning more useful. Complementary products can reduce project interfaces and raise revenue per watt without requiring a new customer acquisition. Contract manufacturing keeps owned capex modest and allows regional sourcing.

The same structure creates unusual sensitivities. Metal and component prices are not entirely pass-through, particularly when contracts are signed before procurement. Tariffs can move faster than repricing. The 45X credit is economically shared through vendors, so NXT depends on both policy continuation and contractual participation rather than receiving a simple

direct subsidy on every dollar of sales. High backlog can be margin-dilutive if older orders carry lower pricing or if projects move into expensive geographies. Acquired products may have lower early margins and require duplicate R&D, sales coverage and ERP work. The company is increasing R&D faster than revenue—1.0% of revenue in FY2022 to 3.4% in FY2026—which is sensible for platform creation but postpones operating leverage. [data_package §7 capital-allocation table]

Margin history illustrates improvement and fragility. The exact-basis margin rose from 4.5% in FY2022 to 8.9% in FY2023 and 23.5% in FY2024, then eased to 21.6% in FY2025, 19.6% in FY2026 and 19.3% for the current TTM. The step-up reflects scale, pricing, supply-chain execution and domestic-manufacturing credits; the subsequent decline reflects tariffs, mix and reinvestment. A steady 20%-plus margin is not an automatic output of volume growth. It requires continuing meaningful vendor credits, lower tariffs, better mix or operating leverage sufficient to replace them. [data_package §§3 and 3a]

Our five-year cases normalize 45X and tariffs explicitly. The base case does not capitalize the FY2026 10.7%-of-revenue credit rate forever. It assumes the net benefit falls as a percentage of revenue because international and acquired revenue expands, supplier economics mature and policy terms normalize, while tariffs also fall from FY2026's spike. Gross product and expense leverage offset most of the lost credit. The bear case assumes a much faster loss of credit economics plus sustained tariffs and price competition. The bull case retains more domestic-content economics and achieves enough attach-rate and procurement leverage to expand the statutory operating margin.

## 4. Competitive dynamics

The tracker market is concentrated enough for quality, scale and bankability to matter but contested enough to prevent monopoly economics. The principal direct rivals are Array Technologies, GameChange Solar, PV Hardware, Arctech, FTC Solar and Soltec. Fixed-tilt structures are the primary architectural substitute, especially on small, steep, irregular or very high-wind sites where tracker complexity may not pay back. Tracker competition turns on energy yield, wind and hail resilience, terrain flexibility, component count, installation time, software, warranty, local sourcing, delivery reliability and total cost of ownership.

Array is the closest public pure-play benchmark. Its 2025 Form 10-K describes trackers, fixed-tilt systems, software, foundation solutions and field services, showing that platform broadening is industry-wide rather than unique to NXT. Array's FY2025 presentation reported 96 GW cumulatively delivered and a $2.2 billion orderbook, while Nextpower's cleared packet reports more than 160 GW shipped and backlog above $5.5 billion by Q1 FY2027. Definitions and periods differ, so these are scale indicators rather than market-share arithmetic. Array's 248 active patents and 216 pending applications also show that competitors possess substantial intellectual property and can innovate around architecture. [data_package §0a official KPI history]; [Array 2025 10-K](https://www.sec.gov/Archives/edgar/data/1820721/000182072126000008/arry-20251231.htm) and [Array FY2025 presentation](https://www.sec.gov/Archives/edgar/data/1820721/000182072126000005/exhibit9922025q4earnings.htm)

Competition is becoming platform-on-platform. Array added APA foundations and emphasizes newer products in its orderbook. Shoals provides eBOS and BESS electrical infrastructure and is extending into data-center power. Its 2025 filing describes system-level electrical design, domestic manufacturing and mission-critical applications. Specialist eBOS vendors may defend category expertise and customer neutrality against a tracker vendor's bundled offer. Storage and power conversion bring another competitor set—global inverter, integrator and battery-platform companies with larger installed bases than Nextpower's newly acquired products. [Shoals 2025 10-K](https://www.sec.gov/Archives/edgar/data/1831651/000183165126000021/shls-20251231.htm)

Structural demand remains attractive. The IEA's Renewables 2025 forecast expects about 4,600 GW of renewable additions during 2025-2030, with solar representing nearly 80%, but it also cut its U.S. renewable forecast almost 50% following policy, permitting and import changes. That combination supports a growing global addressable market while warning against simply extrapolating recent U.S. growth. IEA also notes that competitive auctions are the main procurement mechanism for almost 60% of expected utility-scale additions, reinforcing buyer pressure on total installed cost. [IEA Renewables 2025](https://www.iea.org/reports/renewables-2025/renewable-electricity) and [IEA executive summary](https://www.iea.org/reports/renewables-2025/executive-summary)

Nextpower's pricing power is best characterized as earned and project-specific. It is strongest when weather risk, bankability, schedule, difficult terrain or domestic-content requirements make a proven platform valuable. It is weakest in standardized sites with ample suppliers and falling steel costs, or when developers face PPA pressure and aggressively retender equipment. The backlog and lack of any customer above 10% of FY2025 or FY2026 revenue suggest diversified demand, but EPC and developer procurement teams remain sophisticated. The product has switching costs after design freeze, not before award.

## 5. Moat at the segment level

The moat is a system of reinforcing advantages rather than one unassailable patent. First is installed proof: more than 160 GW cumulatively shipped gives developers, financiers and insurers a large evidence base. Reliability over a plant's life is difficult for a new entrant to prove quickly. Second is engineering and controls know-how across wind, terrain, soil, modules and site layout. Third is a qualified supply network with more than 100 contract-manufacturing facilities in 19 countries and approximately 80 GW annual capacity. Fourth is the ability to support global customers while sourcing locally. Fifth is workflow embedment: the tracker affects site design, foundations, electrical layout and construction sequence. Sixth is a growing attach portfolio that can reduce interfaces for the customer and increase Nextpower's data and commercial relevance. [data_package §0a official KPI and supply-network inventory]

These advantages should protect win rates and returns for five to ten years, but they do not protect every point of margin. Competitors also have patents, installed fleets, software and regional manufacturing. EPCs can multi-source. Tracker designs can be engineered around patents. Customers ultimately buy lower levelized cost, so a rival with simpler installation or cheaper steel can win. Platform M&A can weaken rather than deepen the moat if the products do not integrate or if bundling alienates specialist partners.

The strongest moat claim is not “NXT owns tracking.” It is “NXT is one of the few bankable global platforms able to engineer, source and support very large utility projects while continuously extending attach products.” That should support above-commodity returns, but the FY2026 margin also benefited from $379.874 million of vendor credits. A moat assessment that attributes that entire policy-linked benefit to proprietary advantage would be false precision. Our base case preserves a good but not widening moat; the bull case requires demonstrated cross-sell and durable credit sharing; the bear case treats tracker hardware as increasingly price competitive and acquisitions as only partially differentiated. [data_package §3 significant-expense inventory]

## 6. Historical growth rates

The following historicals are reproduced or mechanically derived only from the cleared package. “Three-year CAGR” means FY2024-to-FY2026 CAGR across the three displayed observations. Approximate mix-derived product dollars remain explicitly labeled.

| Product / sub-segment | FY2024 revenue | FY2025 revenue | FY2026 revenue | Three-year CAGR | Most recent YoY | Data-package cite |
|---|---|---|---|---|---|---|
| Consolidated company | $2.499841b | $2.959197b | $3.559390b | 19.3% | 20.3% | data_package §3, Consolidated company table |
| Tracker systems | [DATA GAP: not disclosed] | ~$2.722461b estimated from 92% mix | ~$3.132263b estimated from 88% mix | [DATA GAP: FY2024 mix unavailable] | ~15.1% estimated | data_package §4, dollar-disclosed and mix-derived table |
| Non-tracker platform | [DATA GAP: not disclosed] | ~$0.236736b estimated from 8% mix | ~$0.427127b estimated from 12% mix | [DATA GAP: FY2024 mix unavailable] | ~80.4% estimated | data_package §4, dollar-disclosed and mix-derived table |
| United States | $1.702611b | $2.031603b | $2.730699b | 26.7% | 34.4% | data_package §1, geographic-revenue table |
| Rest of World | $0.797230b | $0.927594b | $0.828691b | 2.0% | (10.7%) | data_package §1, geographic-revenue table |
| eBOS / PowerMerge | [DATA GAP: no GAAP dollars] | [DATA GAP: no GAAP dollars] | [DATA GAP: no GAAP dollars] | Not measurable | Not disclosed | data_package §4, product-disclosure table |
| TrueCapture and controls | [DATA GAP: no annual dollars] | [DATA GAP: no annual dollars] | [DATA GAP: no annual dollars] | Not measurable | Not disclosed | data_package §4, product-disclosure table |
| Foundations / frames / robotics | [DATA GAP: no standalone dollars] | [DATA GAP: no standalone dollars] | [DATA GAP: no standalone dollars] | Not measurable | Not disclosed | data_package §4, product-disclosure table |
| Power conversion / storage | Not applicable before ownership / launch | Not applicable before ownership / launch | Not applicable before ownership / launch | Not measurable | Not applicable | data_package §§4 and 9 |

Arithmetic checks: $2.959197b × 1.203 = $3.559900b, within 0.02% of reported $3.559390b after rounded growth. Tracker tie-out: $2.722461b × 1.1505 = $3.132263b. Non-tracker tie-out: $0.236736b × 1.8042 = $0.427127b. United States tie-out: $2.031603b × 1.3441 = $2.730699b. Rest of World tie-out: $0.927594b × 0.8934 = $0.828691b. All are within the required 2%; the product rows are still only approximate because the underlying mix percentages were approximate.

The historical pattern is informative. FY2026 revenue growth combined 13% delivered-GW growth, tracker pricing and mix, and very rapid growth in the small non-tracker base. U.S. growth carried the year while Rest-of-World revenue declined. A

five-year forecast that mechanically extends the 19.3% consolidated three-year CAGR would ignore both the Q4 FY2026 decline and Q1 FY2027 8.2% growth. Conversely, projecting only those recent quarters would ignore the $5.5 billion-plus backlog, acquisition perimeter and management's $4.1-$4.4 billion FY2027 guide.

## 7. Management guidance

Every forward fragment below comes from data-package §6; no transcript was re-fetched.

- **Q2 FY2026, 2025-10-23, Howard Wenger:** “demand is healthy” and “backlog is large and expanding.” Orders and project timing remained supportive despite policy change, but backlog is not guaranteed revenue. [data_package §6, rows 1-2]
- **Q2 FY2026, 2025-10-23, Dan Shugar:** “we feel really good with the pace and cadence.” Delivery scheduling improved enough to support a raised annual outlook. [data_package §6, row 3]
- **Q3 FY2026, 2026-01-27, Chuck Boynton:** “another year of solid growth.” This was directional FY2027 commentary, not a quantified revenue guide. [data_package §6, row 4]
- **Q3 FY2026, 2026-01-27, Howard Wenger:** “customer pilots planned for calendar year 2026.” Power conversion was still in commercialization before the later asset acquisitions; the model ramps rather than instantly scales it. [data_package §6, row 5]
- **Q3 FY2026, 2026-01-27, Howard Wenger:** “demand is healthy.” The repeat statement and record backlog support a constructive core case but do not settle U.S. policy risk. [data_package §6, row 6]
- **Q4 FY2026, 2026-05-12, Chuck Boynton:** “more than 40% growth in our non tracker business” and “approximately 15% of total revenue.” These were initial FY2027 product-mix anchors before the July acquisition closes and imply continued attach growth from FY2026's approximate 12% share. [data_package §6, rows 7-8]
- **Q4 FY2026, 2026-05-12, Dan Shugar:** “exceed our previously disclosed 2030 revenue outlook.” Confidence increased with power conversion, but the inaccessible Capital Markets Day deck prevents a clean reproduction of the old target. [data_package §6, row 9]
- **Q1 FY2027, 2026-07-30, Dan Shugar:** “record quarterly revenue and backlog” and “strong adoption of eBOS.” The official release validates near-term momentum, especially in the clearest non-tracker catalyst. [data_package §6, rows 10-11]
- **Q1 FY2027, 2026-07-30, Chuck Boynton:** “drive long-term profitable growth.” M&A is strategic, but this phrase is not a quantified margin promise. [data_package §6, row 12]

Quantified current guidance is FY2027 revenue of $4.1-$4.4 billion, adjusted EBITDA of $870-$930 million and GAAP net income of $540-$573 million. eBOS revenue is expected well above $100 million and about $50 million of power-conversion acceleration cost is included. Earlier FY2026 and initial FY2027 ranges are superseded. The distinction between adjusted EBITDA and our exact statutory-operating-income basis is critical: the guide cannot simply be divided by revenue and called segment margin. [data_package §6 quantified-guidance table]

## 8. Forward growth assumptions

The product decomposition below is an analyst revenue-driver bridge needed to make the consolidated forecast reproducible; it does not create separate financial segments or any product-level profit or margin forecast. The TTM tracker and legacy non-tracker bases apply the approximate FY2026 88%/12% mix to $3.630307 billion of TTM revenue. The acquired storage and power-conversion line has a zero NXT-ownership TTM base and is modeled as explicit post-close revenue, not a fabricated CAGR. The rows reconcile to consolidated revenue within rounding.

The Q4 FY2026 indication that non-tracker revenue would be approximately 15% of FY2027 revenue preceded the July 2026 Prevalon and Zigor/Apex closes, so it is not a like-for-like ceiling on the post-close perimeter. Every $0.300 billion TTM+1y acquired-product row is an analyst case assumption covering the nearly full year after those closes—not reported revenue, management guidance or a mechanical conversion of Prevalon's backlog. Zimmermann remains excluded because it had not closed at the information cutoff. [data_package §§6 and 9]

### Base case growth assumptions

| Product | Historical CAGR | Latest YoY | Management FY+1 guide | Base CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Tracker core | Not measurable over three years; ~15.1% FY2026 estimated | Not separately disclosed; FY2026 GW +13% | Consolidated $4.1-$4.4b | 6.4% | Backlog and solar deployment support volume, but U.S. policy, auction pressure and a mature large base drive steady deceleration. |
| Legacy non-tracker platform | Not measurable; ~80.4% FY2026 estimated | Not separately disclosed | Above 40% FY2027 growth; about 15% mix; eBOS well above $100m | 22.5% | Attach products grow faster than trackers from a small base, then moderate as eBOS and foundations reach scale and specialist competition responds. |
| Acquired storage and power conversion | Not applicable before ownership | Not applicable | Pilots, first orders and post-quarter acquisitions | Not meaningful from zero | Revenue ramps from $0.30b in year one to $1.40b in year five as Prevalon backlog, conversion assets and cross-sell enter the perimeter. |
| Consolidated company | 19.3% FY2024-FY2026 | 8.2% in Q1 FY2027 | FY2027 $4.1-$4.4b | 13.9% | Tracker growth moderates while attach products and acquisitions add roughly half of the five-year dollar growth. |

## Bull case growth assumptions

| Product | Historical CAGR | Latest YoY | Management FY+1 guide | Bull CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Tracker core | Not measurable over three years; ~15.1% FY2026 estimated | Not separately disclosed; FY2026 GW +13% | Consolidated $4.1-$4.4b | 10.0% | Global utility-scale solar, sustained share and strong domestic sourcing keep growth near recent delivered-GW performance despite the larger base. |
| Legacy non-tracker platform | Not measurable; ~80.4% FY2026 estimated | Not separately disclosed | Above 40% FY2027 growth; about 15% mix; eBOS well above $100m | 31.3% | PowerMerge, foundations, frames, robotics and controls become standard attach products across a meaningful portion of tracker projects. |
| Acquired storage and power conversion | Not applicable before ownership | Not applicable | Pilots, first orders and post-quarter acquisitions | Not meaningful from zero | Revenue reaches $2.15b as storage and conversion cross-sell, new channels and international projects validate the platform thesis. |
| Consolidated company | 19.3% FY2024-FY2026 | 8.2% in Q1 FY2027 | FY2027 $4.1-$4.4b | 19.9% | The bull case roughly sustains historical CAGR because new products offset tracker moderation. |

## Bear case growth assumptions

| Product | Historical CAGR | Latest YoY | Management FY+1 guide | Bear CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Tracker core | Not measurable over three years; ~15.1% FY2026 estimated | Not separately disclosed; FY2026 GW +13% | Consolidated $4.1-$4.4b | 1.8% | U.S. policy and interconnection delays cause a year-two decline; price competition and lower Rest-of-World traction limit recovery. |
| Legacy non-tracker platform | Not measurable; ~80.4% FY2026 estimated | Not separately disclosed | Above 40% FY2027 growth; about 15% mix | 8.7% | Some booked attach growth arrives, but customers prefer specialists and slow adoption outside the installed tracker base. |
| Acquired storage and power conversion | Not applicable before ownership | Not applicable | Pilots, first orders and post-quarter acquisitions | Not meaningful from zero | Revenue reaches only $0.62b as integration, competition and delayed customer qualification prevent scale. |
| Consolidated company | 19.3% FY2024-FY2026 | 8.2% in Q1 FY2027 | FY2027 $4.1-$4.4b | 5.7% | Near-term backlog protects year one, then the core stalls and acquired products contribute less than expected. |

## Explicit annual revenue paths

| Case and product, $b | TTM 2026-07-03 | TTM+1y | TTM+2y | TTM+3y | TTM+4y | TTM+5y 2031-07-03 |
|---|---|---|---|---|---|---|
| Bear tracker core | 3.195 estimated | 3.300 | 3.220 | 3.280 | 3.380 | 3.500 |
| Bear legacy non-tracker | 0.436 estimated | 0.500 | 0.530 | 0.560 | 0.610 | 0.660 |
| Bear acquired storage and conversion | 0.000 | 0.300 | 0.350 | 0.460 | 0.530 | 0.620 |
| Bear Consolidated company | 3.630 | 4.100 | 4.100 | 4.300 | 4.520 | 4.780 |
| Base tracker core | 3.195 estimated | 3.400 | 3.620 | 3.860 | 4.110 | 4.350 |
| Base legacy non-tracker | 0.436 estimated | 0.550 | 0.690 | 0.830 | 1.010 | 1.200 |
| Base acquired storage and conversion | 0.000 | 0.300 | 0.510 | 0.810 | 1.100 | 1.400 |
| Base Consolidated company | 3.630 | 4.250 | 4.820 | 5.500 | 6.220 | 6.950 |
| Bull tracker core | 3.195 estimated | 3.550 | 3.950 | 4.350 | 4.750 | 5.150 |
| Bull legacy non-tracker | 0.436 estimated | 0.580 | 0.780 | 1.050 | 1.350 | 1.700 |
| Bull acquired storage and conversion | 0.000 | 0.350 | 0.670 | 1.150 | 1.750 | 2.150 |
| Bull Consolidated company | 3.630 | 4.480 | 5.400 | 6.550 | 7.850 | 9.000 |

The base path decelerates consolidated growth from 17.1% in year one to 13.5%, 14.1%, 13.1% and 11.7%. The non-monotonic shape reflects acquisition and perimeter timing rather than a claim that the tracker core reaccelerates sharply. The bear path moves from 12.9% to 0.0%, 4.9%, 5.1% and 5.8% as backlog cushions the first year before a policy-driven stall. The bull path moves from 23.4% to 20.5%, 21.3%, 19.8% and 14.6%, a plausible fade rather than perpetual acceleration. The IEA's large global solar opportunity supports long-run growth, while its severe U.S. forecast cut supports the width between cases.

## 9. Forward Statutory operating income (single-segment non-operating CODM fallback) margin assumptions

Product-level profit and margins are a true non-disclosure. We therefore do not assign reported margins to tracker, eBOS or storage. The exact-basis segment margin is instead reconstructed from the issuer's disclosed consolidated cost pools. This avoids inventing product profitability while making 45X and tariff normalization explicit. [data_package §3 significant-expense inventory]

| Case | Current TTM margin | TTM+1y margin | TTM+2y margin | TTM+3y margin | TTM+4y margin | TTM+5y margin | Main mechanism |
|---|---|---|---|---|---|---|---|
| Bear, Statutory operating income (single-segment non-operating CODM fallback) | 19.3% | 15.5% | 14.5% | 14.8% | 15.2% | 15.5% | 45X sharing fades faster than tariffs; tracker price pressure and acquisition inefficiency overwhelm partial expense leverage. |
| Base, Statutory operating income (single-segment non-operating CODM fallback) | 19.3% | 18.5% | 19.0% | 19.4% | 19.7% | 20.0% | $50m conversion investment and acquisition costs depress year one; mix, procurement and SG&A leverage then offset lower credit intensity. |
| Bull, Statutory operating income (single-segment non-operating CODM fallback) | 19.3% | 19.2% | 20.0% | 21.0% | 21.6% | 22.0% | Strong attach adoption, retained domestic-content benefits, lower tariffs and fixed-cost leverage more than fund platform R&D. |

| Horizon cost pool as percent of revenue | FY2026 disclosed reference | Bear TTM+5y | Base TTM+5y | Bull TTM+5y |
|---|---|---|---|---|
| Material cost before vendor credits | 62.6% | 60.5% | 59.5% | 59.0% |
| 45X vendor credits, cost reduction | (10.7%) | (4.0%) | (6.0%) | (6.0%) |

| Horizon cost pool as percent of revenue | FY2026 disclosed reference | Bear TTM+5y | Base TTM+5y | Bull TTM+5y |
|---|---|---|---|---|
| Tariffs, net | 3.7% | 2.5% | 1.5% | 1.0% |
| Freight, labor and other cost of sales | 11.9% | 12.5% | 12.0% | 11.5% |
| SG&A | 9.6% | 9.0% | 9.0% | 8.5% |
| R&D | 3.4% | 4.0% | 4.0% | 4.0% |
| Statutory operating income (single-segment non-operating CODM fallback) margin | 19.6% | 15.5% | 20.0% | 22.0% |

The greater-than-100-basis-point moves are mechanistic. Bear loses 380 basis points versus TTM because vendor-credit intensity drops by roughly 670 basis points relative to FY2026 while tariff and mix relief recover only part of that amount. Base gains about 70 basis points from TTM by the horizon but first falls 80 basis points: management's $50 million conversion acceleration, acquisition amortization and integration occur before scale. By year five, lower material intensity, attach revenue and modest SG&A leverage offset a 470-basis-point reduction in 45X credit intensity from FY2026. Bull gains 270 basis points from TTM through improvement in pre-credit material cost, tariff relief, freight leverage and SG&A leverage, partly reinvested in R&D and partly offset by lower credit intensity.

These cost ratios are scenario assumptions, not company guidance. They prevent a common error: extending the 10.7% FY2026 45X benefit while simultaneously assuming product-mix expansion outside qualifying U.S. tracker components. The platform can become economically better even as that accounting benefit shrinks, but only if its gross value and fixed-cost leverage are real.

## 10. Segment rollup

The rollup uses product revenue totals from §8 and exact-basis margins from §9. Because Consolidated company is the sole modeled segment, there are no corporate or unallocated operating adjustments and no product-profit allocations. Interest, other income and tax stay below this appendix's profit line.

| Case | TTM+1y revenue | TTM+2y revenue | TTM+3y revenue | TTM+4y revenue | TTM+5y revenue | TTM+5y Statutory operating income (single-segment non-operating CODM fallback) margin | TTM+5y Statutory operating income (single-segment non-operating CODM fallback) |
|---|---|---|---|---|---|---|---|
| Bear | $4.100b | $4.100b | $4.300b | $4.520b | $4.780b | 15.5% | $0.741b |
| Base | $4.250b | $4.820b | $5.500b | $6.220b | $6.950b | 20.0% | $1.390b |
| Bull | $4.480b | $5.400b | $6.550b | $7.850b | $9.000b | 22.0% | $1.980b |

| Case | TTM+1y profit | TTM+2y profit | TTM+3y profit | TTM+4y profit | TTM+5y profit | Exact profit metric |
|---|---|---|---|---|---|---|
| Bear | $0.636b | $0.595b | $0.636b | $0.687b | $0.741b | Statutory operating income (single-segment non-operating CODM fallback) |
| Base | $0.786b | $0.916b | $1.067b | $1.225b | $1.390b | Statutory operating income (single-segment non-operating CODM fallback) |
| Bull | $0.860b | $1.080b | $1.376b | $1.696b | $1.980b | Statutory operating income (single-segment non-operating CODM fallback) |

Arithmetic ties: Bear horizon $3.500b + $0.660b + $0.620b = $4.780b; $4.780b × 15.5% = $0.7409b. Base horizon $4.350b + $1.200b + $1.400b = $6.950b; $6.950b × 20.0% = $1.3900b. Bull horizon $5.150b + $1.700b + $2.150b = $9.000b; $9.000b × 22.0% = $1.9800b. Each product revenue rollup reconciles exactly before display rounding.

Probability weighting is deliberately non-uniform: 25% bear, 55% base and 20% bull. The base receives the highest weight because current guidance, backlog and first-quarter execution support above-market growth, while disclosure is insufficient to award equal weight to the bull platform outcome. The bear probability remains meaningful because U.S. revenue concentration, credit sensitivity and acquisition pace create correlated risks. The probability-weighted horizon is $6.818 billion of revenue and $1.346 billion of **Statutory operating income (single-segment non-operating CODM fallback)**, implying a

19.7% probability-weighted margin rather than the margin of an independent scenario.

## 11. Key risks and wildcards

**U.S. policy and project timing — Bear.** FY2026 U.S. revenue was 76.7% of total and recent quarterly U.S. shares exceeded 75%. Earlier credit phase-outs, federal-land restrictions, import rules, interconnection delays or customer financing stress can shift projects despite backlog. IEA's nearly 50% downward revision to its U.S. renewable forecast demonstrates that this is not theoretical. [data_package §§1 and 5]; [IEA executive summary](https://www.iea.org/reports/renewables-2025/executive-summary)

**45X vendor-credit normalization — Bear and Base.** FY2026 vendor credits equaled 10.7% of revenue. The sharing mechanism may be renegotiated, narrowed, phased out or diluted by non-qualifying mix. Because this benefit sits in operating cost, losing it without pricing or sourcing offsets directly compresses statutory operating margin. [data_package §3 significant-expense inventory]

**Tariffs and trade enforcement — Bear.** FY2026 tariff cost rose to $130.406 million from $19.729 million in FY2025. Sourcing changes can reduce the burden, but new duties can strand quoted prices or delay modules and components. Tariffs and 45X are correlated policy variables, so modeling them independently can understate tail risk. [data_package §3 significant-expense inventory]

**Tracker price and architecture competition — Bear.** Array, GameChange, PV Hardware, Arctech and others compete on component count, terrain flexibility, wind behavior and local manufacturing. A project-specific moat does not prevent aggressive rebidding before award. Fixed tilt remains a substitute where tracker yield does not justify complexity.

**Platform attach and acquisition integration — Bull or Bear.** eBOS, foundations, frames, robotics, storage and conversion can expand revenue per customer and deepen workflow embedment. They can also create channel conflict, acquired-intangible amortization, warranty exposure and fragmented systems. The $50 million conversion acceleration cost proves commercialization requires real investment. [data_package §6 quantified-guidance table]

**Perimeter timing — Base and Bear.** Prevalon closed on 2026-07-17 and Zigor/Apex on 2026-07-30, after the TTM end. Year-one contributions are not comparable organic growth. Zimmermann was announced but not closed at the cutoff. The model includes explicit acquired revenue but does not assume unannounced M&A. [data_package §9]

**Backlog conversion — All cases.** More than $5.5 billion of backlog supports visibility, but schedules can move and firm orders can be canceled under contractual conditions. Revenue recognition depends on materials delivered, so healthy end demand can still produce volatile quarters and working capital. [data_package §0a official KPI history]

**Supplier continuity — Bear.** The contract-manufacturing network is flexible, yet some components come from a limited number or single source. Supplier financial stress, quality issues or inability to qualify a substitute could delay projects and damage the bankability moat.

**Customer concentration and bargaining power — Base and Bear.** No customer exceeded 10% of FY2025 or FY2026 revenue, which is favorable. Nevertheless, sophisticated EPCs and developers aggregate projects, compare bids and push price or payment terms. Diversified accounting concentration does not equal weak procurement power. [data_package §1 customer-concentration disclosure]

**International mix and Arabia accounting — Bull or Bear.** Rest-of-World revenue fell 10.7% in FY2026, so balanced geographic growth is not proven. Nextpower Arabia can improve Middle East reach, but the 49%-owned unconsolidated structure means volume may not translate into consolidated equipment revenue on the same basis as U.S. projects. [data_package §§1 and 9]

**Technology and warranty risk — Bear.** New tracker, electrical, storage, inverter and robotics products operate in harsh field conditions for decades. Design defects, connector issues, battery performance or cyber vulnerabilities can create warranty costs and weaken customer trust. A broader platform increases failure modes even as it raises cross-sell potential.

**Capital allocation — Bull or Bear.** The debt-free balance sheet and undrawn revolver provide room to invest. Recent acquisitions also create contingent payments and consume cash that existed at quarter end before closing. Good allocation can accelerate the platform; serial deals can conceal weak organic attach or lower returns.

## Summary

| Case | Segment TTM+5y Revenue | Exact profit metric | Segment TTM+5y Profit Margin | Segment TTM+5y Profit | Probability |
|---|---|---|---|---|---|
| Bear | $4.780b | Statutory operating income (single-segment non-operating CODM fallback) | 15.5% | $0.741b | 25% |
| Base | $6.950b | Statutory operating income (single-segment non-operating CODM fallback) | 20.0% | $1.390b | 55% |
| Bull | $9.000b | Statutory operating income (single-segment non-operating CODM fallback) | 22.0% | $1.980b | 20% |

The central conclusion is that Nextpower can compound faster than tracker-only market growth if its installed base becomes a distribution channel for eBOS, foundations, frames, controls, storage and power conversion. The model does not need tracker hypergrowth: Base tracker revenue compounds at 6.4%, while legacy non-tracker products compound at 22.5% and acquired storage/conversion reach $1.4 billion. The burden of proof is margin quality. FY2026's 19.6% statutory operating margin included vendor credits equal to 10.7% of revenue, so sustaining roughly 20% while that benefit normalizes requires genuine procurement, pricing, mix and expense leverage. That is plausible, not assured. The most valuable future disclosure would be audited tracker versus non-tracker revenue, organic versus acquired growth, product gross margin and a transparent 45X-sharing sensitivity.

## Data gaps carried forward

- [DATA GAP: Individual product revenue and product operating profit are not separately disclosed.]
- [DATA GAP: Tracker and non-tracker historical dollars are only approximate mix-derived estimates for FY2025 and FY2026.]
- [DATA GAP: FY2024 tracker/non-tracker mix is unavailable, preventing a true three-year product CAGR.]
- [DATA GAP: Product-level quarterly revenue and margins are not disclosed.]
- [DATA GAP: Q1 FY2027 delivered GW was not disclosed.]
- [DATA GAP: The Capital Markets Day deck could not be fetched; no long-range target was reconstructed from memory.]
- [DATA GAP: Power-conversion and storage revenue before the post-TTM acquisitions is not applicable within NXT's ownership perimeter.]

# Appendix S - Synthesis (Combined Earnings Model)

# Nextpower Inc. (formerly Nextracker Inc.) — Synthesis (Combined Earnings Model)

This appendix consolidates the one reviewed financial-projection segment into statutory operating income, net income, diluted EPS and the ER2 P/E 15 entry-price gate. It performs no source discovery and makes no accounting reclassification. The issuer-disclosed CODM measure, consolidated net income, remains separate context; the modeled segment uses **Statutory operating income (single-segment non-operating CODM fallback)** exactly as sealed. The reviewed horizon revenue and operating-income cases are reproduced without alteration.

## 1. Anchors and immutable gates

- Today: **2026-08-24**.
- Fiscal year end: **March 31**.
- TTM anchor: **2026-07-03**, comprising Q2 FY2026 ended 2025-09-26, Q3 FY2026 ended 2025-12-31, Q4/FY2026 ended 2026-03-31 and Q1 FY2027 ended 2026-07-03.
- Latest completed fiscal year used only for historical tie-out: **FY2026 ended 2026-03-31**.
- Horizon: **2031-07-03**, exactly 5.0 calendar years after the TTM end date.
- Valuation anchor: **USD 86.18** per NXT common share, XNAS:NXT, last completed raw exchange close for 2026-08-21. The actionability expiry is 2026-08-25T12:03:12+08:00.
- Raw quote evidence SHA-256: `6736ba1d2a3658b64e8f1c5a27d996960b43e7112a596d6ca9ca927ed4433f9d`.
- QFR-sealed quote-packet SHA-256: `37ba3073d7e8af469630f773f26a8384ce2a9c7b391763af7220b077015595de`.
- QFR-sealed statutory-bridge SHA-256: `a827e74eeaaef309ce7be494f930b49f22a2b1b8678e9defd227fc1cb4f0560f`.
- The strict quote validator returned `QUOTE_PACKET_VALID` at 2026-08-24T13:43:12+08:00 and reproduced the sealed packet hash. The statutory validator returned `STATUTORY_BRIDGE_VALID` and reproduced its sealed hash.
- `gate_manifest.json` records `QUANT FOUNDATION VERIFIED — CLEARED FOR WAVE 1`, `DATA PACKAGE VERIFIED — CLEARED FOR WAVE 2`, and `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING`. `data_package.md` also contains the exact forecasting marker `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`.
- Financial reporting currency and quote currency are both USD. The quoted security is common stock; it is not an ADR. Depositary ratio, share-class factor, split factor and FX are all exactly 1. One financial share equals one listed unit.
- Financial-statement diluted shares of 155.141856 million at 2026-07-03 multiplied by the 1.0 split factor equal 155.141856 million quote-basis diluted financial shares. Dividing by the 1.0 depositary and share-class factors produces 155.141856 million listed-unit equivalents.
- `trade_execution_authorized=false`. This appendix is research and does not authorize a trade.

The quote packet uses the schema-2.1 conservative 24-hour expiry because the exact Nasdaq fixing timetable could not be archived after the bounded retrieval attempts. The completed-session close, security identity, raw evidence, share basis and USD identity bridge remain hash-bound and valid through the stated expiry. No second price is introduced anywhere in this synthesis.

## 2. Segment-level forward assumptions

There is one reviewed modeled segment because the issuer has one operating and reportable segment but discloses consolidated net income as the CODM profit measure. Consolidated net income is below operating income and cannot serve

as an additive segment-to-operating bridge. The schema-1.2 repair therefore models one `Consolidated company` line on sourced statutory operating income and leaves interest, other income and tax below that line.

| Segment | Exact profit metric | TTM revenue, USD B | Bear TTM+5y revenue, USD B | Base TTM+5y revenue, USD B | Bull TTM+5y revenue, USD B | Bear margin | Base margin | Bull margin |
|---|---|---|---|---|---|---|---|---|
| Consolidated company | Statutory operating income (single-segment non-operating CODM fallback) | 3.630307 | 4.780 | 6.950 | 9.000 | 15.5% | 20.0% | 22.0% |

Source: reviewed `appendix_B_consolidated_company.md`, Sections 8-10, post-review SHA-256 `cb9e7fb3d1beaa26a0bbcd7d1f28bc13d7431ddc7df67cccd8b231190235129b`. The reviewer made 18 edit groups and left zero unresolved issues. The product decomposition in that appendix is a revenue-driver bridge, not multiple financial segments and not product-level profit disclosure.

The operating cases deliberately span three different platform outcomes. Bear assumes near-term backlog conversion, then policy and integration pressure: tracker revenue reaches $3.50 billion, legacy non-tracker revenue $0.66 billion, and acquired storage and conversion $0.62 billion. Base reaches $4.35 billion, $1.20 billion and $1.40 billion respectively. Bull reaches $5.15 billion, $1.70 billion and $2.15 billion. The corresponding exact revenue sums are $4.78 billion, $6.95 billion and $9.00 billion. No Zimmermann revenue is included because that transaction had not closed at the information cutoff.

## 3. Combined revenue build

Because the one reviewed segment equals the consolidated company, there are no corporate eliminations or consolidation adjustments. This identity is substantive: it preserves the one-segment fallback and prevents unsupported product allocations from entering statutory results.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Sum of segment TTM+5y revenue, USD B | 4.780 | 6.950 | 9.000 |
| Corporate eliminations, USD B | 0.000 | 0.000 | 0.000 |
| **Combined TTM+5y revenue, USD B** | **4.780** | **6.950** | **9.000** |
| Implied TTM 2026-07-03 to TTM+5y 2031-07-03 CAGR | 5.7% | 13.9% | 19.9% |

The annual path is reproduced from the reviewed appendix rather than re-derived from a terminal CAGR. That distinction matters because acquisitions and project timing make the cadence non-linear.

| Case | TTM anchor, USD B | TTM+1y | TTM+2y | TTM+3y | TTM+4y | TTM+5y |
|---|---|---|---|---|---|---|
| Bear | 3.630307 | 4.100 | 4.100 | 4.300 | 4.520 | 4.780 |
| Base | 3.630307 | 4.250 | 4.820 | 5.500 | 6.220 | 6.950 |
| Bull | 3.630307 | 4.480 | 5.400 | 6.550 | 7.850 | 9.000 |

Base year-one revenue is 17.1% above the TTM anchor, outside an unqualified 10% recency band. The step is nevertheless supported by current official FY2027 revenue guidance of $4.1-$4.4 billion, Q1 FY2027 revenue of $0.935 billion, backlog above $5.5 billion and the post-quarter acquisition perimeter. The model then decelerates year-over-year growth to 13.5%, 14.1%, 13.1% and 11.7%. Bear is protected by backlog in year one but stalls in year two. Bull fades from 23.4% in year one to 14.6% in year five rather than sustaining perpetual acceleration.

## 4. Combined operating-income build

The sealed bridge contains no corporate/unallocated adjustments and no operating bridge adjustments. Accordingly, the modeled segment profit, consolidated modeled metric and statutory operating income are identical in every case and year. Interest, other income and tax remain below statutory operating income.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Sum of segment TTM+5y profit on sealed metric, USD B | 0.740900 | 1.390000 | 1.980000 |

| Line | Bear | Base | Bull |
|---|---|---|---|
| Corporate and unallocated adjustments, USD B | 0.000000 | 0.000000 | 0.000000 |
| Consolidated TTM+5y modeled metric, USD B | 0.740900 | 1.390000 | 1.980000 |
| Operating bridge adjustments, USD B | 0.000000 | 0.000000 | 0.000000 |
| **Combined statutory TTM+5y operating income, USD B** | **0.740900** | **1.390000** | **1.980000** |
| Implied statutory operating margin | 15.5% | 20.0% | 22.0% |

| Case | TTM+1y OI, USD B | TTM+2y OI | TTM+3y OI | TTM+4y OI | TTM+5y OI | Horizon margin |
|---|---|---|---|---|---|---|
| Bear | 0.635500 | 0.594500 | 0.636400 | 0.687040 | 0.740900 | 15.5% |
| Base | 0.786250 | 0.915800 | 1.067000 | 1.225340 | 1.390000 | 20.0% |
| Bull | 0.860160 | 1.080000 | 1.375500 | 1.695600 | 1.980000 | 22.0% |

Bear normalizes the 45X vendor-credit benefit aggressively, retains tariff and pricing pressure, and allows only partial cost recovery. Base first absorbs the $50 million power-conversion acceleration, acquisition amortization and integration expense, then uses mix, procurement and modest SG&A leverage to reach a 20.0% margin despite lower 45X intensity. Bull adds stronger attach economics, lower tariffs and fixed-cost leverage. These are the reviewed segment assumptions, not new management guidance.

The resulting margin range is consistent with the moat gate being YELLOW rather than PASS. FY2026 gross 45X vendor credits equaled 10.7% of revenue and the net credit-after-tariff diagnostic was about 7.0%. A high reported margin is therefore not treated automatically as durable economic rent. Base earns its terminal 20.0% margin only if product value and leverage replace much of the policy benefit; Bear shows the failure mode if they do not.

## 5. Net income and quote-basis EPS build

The below-line model follows the data-package forecast ledger. TTM interest expense was $1.660 million with no funded debt; this is the anchor for a recurring $1.5 million lease/facility-cost component. Bear adds a scenario acquisition draw, Base uses only a temporary minimal draw, and Bull retains zero funded debt. Annual interest expense equals $1.5 million plus 5.5% of average funded debt. Other income equals an explicit average-cash driver times a normalized cash yield. The cash levels are income-driver averages, not terminal balance-sheet cash estimates. Tax rates stay close to the FY2026 17.9% and TTM 17.7% effective rates, with a higher Bear range.

| Case / year | End funded debt, USD B | Interest expense, USD B | Average cash driver, USD B | Cash yield | Other income, USD B | Pretax income, USD B | Tax rate | Tax expense, USD B | Net income, USD B |
|---|---|---|---|---|---|---|---|---|---|
| Bear +1 | 0.250 | 0.008375 | 0.850 | 1.50% | 0.012750 | 0.639875 | 20.0% | 0.127975 | 0.511900 |
| Bear +2 | 0.400 | 0.019375 | 0.700 | 1.50% | 0.010500 | 0.585625 | 20.5% | 0.120053 | 0.465572 |
| Bear +3 | 0.400 | 0.023500 | 0.600 | 1.50% | 0.009000 | 0.621900 | 21.0% | 0.130599 | 0.491301 |
| Bear +4 | 0.300 | 0.020750 | 0.550 | 1.50% | 0.008250 | 0.674540 | 21.0% | 0.141653 | 0.532887 |
| Bear +5 | 0.200 | 0.015250 | 0.500 | 1.50% | 0.007500 | 0.733150 | 21.0% | 0.153962 | 0.579189 |
| Base +1 | 0.000 | 0.001500 | 1.000 | 1.75% | 0.017500 | 0.802250 | 18.5% | 0.148416 | 0.653834 |
| Base +2 | 0.050 | 0.002875 | 1.200 | 1.75% | 0.021000 | 0.933925 | 18.5% | 0.172776 | 0.761149 |
| Base +3 | 0.050 | 0.004250 | 1.500 | 1.75% | 0.026250 | 1.089000 | 18.0% | 0.196020 | 0.892980 |
| Base +4 | 0.000 | 0.002875 | 1.800 | 1.75% | 0.031500 | 1.253965 | 18.0% | 0.225714 | 1.028251 |
| Base +5 | 0.000 | 0.001500 | 2.100 | 1.75% | 0.036750 | 1.425250 | 18.0% | 0.256545 | 1.168705 |
| Bull +1 | 0.000 | 0.001500 | 1.100 | 2.00% | 0.022000 | 0.880660 | 18.0% | 0.158519 | 0.722141 |
| Bull +2 | 0.000 | 0.001500 | 1.500 | 2.00% | 0.030000 | 1.108500 | 17.5% | 0.193988 | 0.914513 |
| Bull +3 | 0.000 | 0.001500 | 2.000 | 2.00% | 0.040000 | 1.414000 | 17.0% | 0.240380 | 1.173620 |
| Bull +4 | 0.000 | 0.001500 | 2.600 | 2.00% | 0.052000 | 1.746100 | 17.0% | 0.296837 | 1.449263 |
| Bull +5 | 0.000 | 0.001500 | 3.200 | 2.00% | 0.064000 | 2.042500 | 17.0% | 0.347225 | 1.695275 |

The model is reproducible as follows. For example, Base +5 pretax income is `$1.390000b - $0.001500b + $0.036750b = $1.425250b`; tax is `$1.425250b × 18.0% = $0.256545b`; net income is `$1.425250b -`

$0.256545b = $1.168705b. Bear +5 interest is $0.0015b + 5.5% × (($0.300b + $0.200b) / 2) = $0.015250b. Bull has no funded-debt increment, so annual interest remains the $1.5 million recurring component.

| Line at TTM+5y | Bear | Base | Bull |
|---|---|---|---|
| Combined statutory OI, USD B | 0.740900 | 1.390000 | 1.980000 |
| Net interest expense, USD B | (0.015250) | (0.001500) | (0.001500) |
| Other income, USD B | 0.007500 | 0.036750 | 0.064000 |
| Pretax income, USD B | 0.733150 | 1.425250 | 2.042500 |
| Tax rate | 21.0% | 18.0% | 17.0% |
| **Net income, USD B** | **0.579189** | **1.168705** | **1.695275** |
| Quote-basis diluted financial shares, M | 163.126655 | 161.966293 | 161.096022 |
| EPS, USD per quote-basis financial share | 3.550545 | 7.215730 | 10.523382 |
| Financial shares per listed unit | 1.000000 | 1.000000 | 1.000000 |
| EPS, USD per listed unit before FX | 3.550545 | 7.215730 | 10.523382 |
| FX, quote USD per reporting USD | 1.000000 | 1.000000 | 1.000000 |
| **EPS in quote currency per listed unit** | **3.550545** | **7.215730** | **10.523382** |

The mandatory security-unit equation is therefore direct but still explicit: `NI_USD × 1,000 / diluted financial shares in millions = USD EPS per financial share`; multiplying by the 1.0 financial-shares-per-listed-unit factor and 1.0 USD/USD FX factor reproduces listed-unit EPS exactly.

## 5a. Return-method input bridge

This table prepares inputs only. S does **not** select `PE`, `EV_NOPAT` or `PB_ROE`, does not choose an exit multiple and does not calculate shareholder returns. Those choices belong to the later valuation-preflight and scoring stages.

| Return-method input at 2031-07-03 | Bear | Base | Bull | Status and path |
|---|---|---|---|---|
| Statutory operating income, USD B | 0.740900 | 1.390000 | 1.980000 | Reviewed segment horizon |
| Normalized cash tax rate | 21.0% | 18.0% | 17.0% | Annual tax schedule above |
| Normalized NOPAT, USD B | 0.585311 | 1.139800 | 1.643400 | OI multiplied by one minus normalized tax rate |
| Terminal cash, USD B | Unavailable | Unavailable | Unavailable | Q1 cash predates closed-deal payments; contingent consideration and working-capital paths are incomplete |
| Gross funded debt, USD B | 0.200 | 0.000 | 0.000 | Annual debt schedule; Bear acquisition draw, Base repaid minimal draw, Bull no draw |
| Lease liabilities, USD B | Unavailable | Unavailable | Unavailable | FY2026 total was $0.052858b; Q1 disclosed $0.038400b noncurrent but not a full current-plus-noncurrent terminal path |
| Preferred equity, USD B | 0.000 | 0.000 | 0.000 | No preferred claim in the upstream balance-sheet perimeter |
| Minority interest, USD B | 0.000 | 0.000 | 0.000 | Saudi JV is equity-method, not consolidated NCI; no terminal consolidated NCI path supplied |
| Other senior claims, USD B | Unavailable | Unavailable | Unavailable | Prevalon and Zigor contingent cash payments lack a source-bound terminal payout schedule |
| Separately valued non-operating assets, USD B | 0.000 | 0.000 | 0.000 | No separate valuation supplied; no residual asset plug created |

| Return-method input at 2031-07-03 | Bear | Base | Bull | Status and path |
|---|---|---|---|---|
| Diluted listed-equivalent shares, M | 163.126655 | 161.966293 | 161.096022 | Explicit Section 6 path; all unit factors equal 1 |

The incomplete terminal cash, lease and contingent-claim paths mean this appendix does not present EV/NOPAT as controlling. That is an availability result, not a method selection. The reconciled EPS path remains complete for later consideration of a P/E method. No net-cash value is added to EPS and no cash is double counted.

### 5b. Insurer lane

**NOT TRIGGERED — issuer is not a P&C insurer or reinsurer.** Nextpower is an industrial solar-tracking and power-technology company. No `insurer_return_bridge.json` is created.

## 6. Share-count path

The forward path starts from the packet's 155.141856 million quote-basis diluted financial shares, not from stale fiscal-year shares and not from a listed-unit proxy. TTM SBC was $127.626 million. Each year therefore adds `127.626 / 86.18 = 1.480924 million` shares as a disclosed approximation. The packet price of USD 86.18 is also the sole mechanical conversion price for repurchase cash and the closed Prevalon $50 million stock consideration; it is not a forecast average market price and is not a return-model terminal price.

Management ranks organic investment and M&A ahead of repurchases and had used only $0.395 million of a $500 million three-year authorization by FY2026 year-end. Bear assumes no forward buyback. Base uses $50 million in years two and three, $100 million cumulatively. Bull uses $75 million and $100 million in years two and three, $175 million cumulatively. No repurchase is assumed after the authorization window. All cases include the $50 million Prevalon stock consideration in year one; Zimmermann equity is excluded because the transaction had not closed at the cutoff.

| Case / year | Starting shares, M | Buyback, USD B | Mechanical price, USD | Shares retired, M | SBC expense, USD M | SBC issuance, M | Acquisition issuance, M | Ending shares, M |
|---|---|---|---|---|---|---|---|---|
| Bear +1 | 155.141856 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.580181 | 157.202961 |
| Bear +2 | 157.202961 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 158.683884 |
| Bear +3 | 158.683884 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 160.164808 |
| Bear +4 | 160.164808 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 161.645732 |
| Bear +5 | 161.645732 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 163.126655 |
| Base +1 | 155.141856 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.580181 | 157.202961 |
| Base +2 | 157.202961 | 0.050 | 86.18 | 0.580181 | 127.626 | 1.480924 | 0.000000 | 158.103703 |
| Base +3 | 158.103703 | 0.050 | 86.18 | 0.580181 | 127.626 | 1.480924 | 0.000000 | 159.004446 |
| Base +4 | 159.004446 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 160.485370 |
| Base +5 | 160.485370 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 161.966293 |
| Bull +1 | 155.141856 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.580181 | 157.202961 |
| Bull +2 | 157.202961 | 0.075 | 86.18 | 0.870272 | 127.626 | 1.480924 | 0.000000 | 157.813613 |
| Bull +3 | 157.813613 | 0.100 | 86.18 | 1.160362 | 127.626 | 1.480924 | 0.000000 | 158.134174 |
| Bull +4 | 158.134174 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 159.615098 |
| Bull +5 | 159.615098 | 0.000 | 86.18 | 0.000000 | 127.626 | 1.480924 | 0.000000 | 161.096022 |

The forward identity is exact at full precision. Bear ending shares equal `155.141856 + 5 × 1.480923648 + 0.580181016 = 163.126655 million`. Base subtracts `2 × 0.580181016 million` repurchased shares to reach 161.966293 million. Bull subtracts `0.870271525 + 1.160362033 million` to reach 161.096022 million.

The historical approximation is also checked rather than assumed perfect. TTM weighted diluted shares were 153.777274 million. Adding `127.626 / 86.18 = 1.480924 million` SBC shares and subtracting `0.395 / 86.18 = 0.004584 million` repurchased shares gives 155.253614 million, versus the packet's 155.141856 million end-period diluted shares. The 0.111758 million residual is 0.07% of the packet count and reflects weighted-average timing, vesting and option mechanics. The approximation is close, but the model still carries a ±5% terminal-share sensitivity because current-year diluted shares rose 2.8% year over year and stock consideration remains a risk.

Capex consistency is preserved. Historical capex was $49.277 million in FY2026 and management guided FY2027 capex to $75-$100 million while product breadth expands. The limited Base and Bull repurchase schedules respect management's stated organic-investment and M&A priority. This synthesis does not assume a cash-funded buyback large enough to conflict with those commitments.

## 7. P/E 15 entry-price test

Required EPS at the immutable packet price is `USD 86.18 / 15 = USD 5.745333` per listed unit. Cushion is `(EPS × 15 - USD 86.18) / USD 86.18`. The Base case controls the binary result.

| Case | EPS, USD per listed unit | EPS × 15, USD | Packet price, USD | Cushion | Pass? |
|---|---|---|---|---|---|
| Bear | 3.550545 | 53.258172 | 86.18 | (38.20%) | FAIL |
| Base | 7.215730 | 108.235946 | 86.18 | 25.59% | PASS |
| Bull | 10.523382 | 157.850732 | 86.18 | 83.16% | PASS |

**P/E 15 gate: PASS — Base cushion 25.59%.** This is an entry-price underwriting gate only. It does not select a terminal P/E, does not authorize a return model, and does not turn 15x into an exit multiple. The Bear failure remains important: if policy-normalized operating margin settles near 15.5% and acquisition funding/dilution bite, the same packet price would be far above 15x the horizon EPS.

## 8. Reflexivity and historical anchor checks

TTM revenue is $3.630307 billion and the one modeled segment is the consolidated company, so the segment sum equals consolidated revenue exactly. TTM modeled segment profit is $0.701943 billion. There are no corporate or operating adjustments, so it equals statutory operating income exactly. Both residuals are 0.000 within the sealed $0.001 million statutory tolerance and within the broader 2% reflexivity band.

The latest completed FY repeats the same identity: $0.697266 billion of Consolidated company fallback profit equals segment sum, consolidated modeled metric and statutory operating income. Adding interest expense of $2.623 million and other income of $19.183 million produces $713.826 million pretax income; subtracting $127.943 million tax produces $585.883 million net income. TTM adds interest expense of $1.660 million and other income of $21.501 million to $701.943 million operating income, producing $721.784 million pretax and $594.055 million net income after $127.729 million tax.

There is no reflexivity plug. The horizon combined revenue and operating income are direct reproductions of the reviewed one-segment schedule. Below-line paths are separately stated and never absorbed into operating margin.

## 9. Latest-interim bridge reconciliation

**NOT TRIGGERED — four non-overlapping reported quarters are used:** Q2 FY2026 ended 2025-09-26, Q3 FY2026 ended 2025-12-31, Q4 FY2026 ended 2026-03-31 and Q1 FY2027 ended 2026-07-03. They contain 371 calendar days because of the issuer's week-based quarter calendar but remain four non-overlapping reported fiscal quarters.

As an independent check, the official cumulative bridge agrees exactly: FY2026 revenue `$3,559.390m - $864.253m prior Q1 + $935.170m current Q1 = $3,630.307m`; operating income `$697.266m - $186.230m + $190.907m = $701.943m`; pretax income `$713.826m - $190.967m + $198.925m = $721.784m`; and net income `$585.883m - $157.183m + $165.355m = $594.055m`. The two Q1 periods cover like-for-like issuer fiscal quarters, and no YTD amount overlaps a standalone quarter in the controlling four-quarter sum.

## 10. Base-case sensitivity

The sensitivity holds the other two principal inputs constant. The revenue test applies ±200 basis points to the exact 13.8697% CAGR implied by $3.630307 billion growing to $6.950 billion over exactly five calendar years. The margin test varies the one valid consolidated-company statutory-operating-income margin; there is no second disclosed profit-bearing segment. Share count varies the terminal Base diluted count by ±5%. Tax varies the 18% Base rate by ±300 basis points.

| Variable | Down case | Base | Up case | Down EPS impact | Up EPS impact |
|---|---|---|---|---|---|
| Consolidated revenue CAGR | 11.8697% | 13.8697% | 15.8697% | (0.596679) | 0.640104 |
| Statutory operating margin | 18.0% | 20.0% | 22.0% | (0.703727) | 0.703726 |
| Terminal diluted shares | 170.064608m | 161.966293m | 153.868979m | (0.343606) | 0.379775 |

| Variable | Down case | Base | Up case | Down EPS impact | Up EPS impact |
|---|---|---|---|---|---|
| Effective tax rate | 21.0% | 18.0% | 15.0% | (0.263990) | 0.263990 |

Margin is the largest single local sensitivity: ±200 basis points changes horizon EPS by about ±$0.704. Revenue CAGR is nearly as important because five years of compounding amplifies a 200-basis-point change into a $0.60-$0.64 EPS movement. Dilution and tax matter, but neither dominates the operating outcome at these ranges. The observable kill variables are therefore policy-normalized statutory operating margin and the scale/attach cadence of non-tracker and acquired products. A credit-adjusted margin below roughly 12%, stalled attach revenue, or rising warranty/integration costs would push evidence toward Bear. Conversely, separately disclosed attach economics and durable margins after 45X normalization would support the upper half of the case range.

## 11. Combined earnings summary

The probability weights are **25% Bear, 55% Base and 20% Bull**. Base gets the greatest weight because current official guidance, backlog and first-quarter execution support above-market growth. Bear remains meaningful because U.S. concentration, 45X normalization, tariffs, serial integration and SBC are correlated risks. Bull receives 20% because the storage, conversion and attach platform remains plausible but not proven by product-level revenue or margin disclosure.

| Case | Revenue, USD B | OI, USD B | OI margin | NI, USD B | EPS, USD per listed unit | Probability | EPS × 15, USD | Versus USD 86.18 |
|---|---|---|---|---|---|---|---|---|
| Bear | 4.780 | 0.740900 | 15.5% | 0.579189 | 3.550545 | 25% | 53.258172 | (38.20%) |
| Base | 6.950 | 1.390000 | 20.0% | 1.168705 | 7.215730 | 55% | 108.235946 | 25.59% |
| Bull | 9.000 | 1.980000 | 22.0% | 1.695275 | 10.523382 | 20% | 157.850732 | 83.16% |
| Probability-weighted EPS | 6.818 | 1.345725 | 19.7% | 1.126640 | 6.960964 | 100% | 104.414460 | 21.16% |

Probability-weighted EPS is the direct arithmetic mean under the stated weights: `25% × 3.550544815 + 55% × 7.215729747 + 20% × 10.523382155 = USD 6.960963995`. The probability-weighted revenue and operating-income rows reproduce the reviewed segment appendix. Probability-weighted net income is the same weighted arithmetic over the three synthesis scenarios. This expected EPS is a diagnostic summary, not a fourth scenario and not a probability-weighted shareholder return.

Management, Moat and the 2046 durability test are all YELLOW. The numerical Base case clears the P/E 15 gate, but the quality gates require monitoring rather than automatic conviction. The management appendix identifies short-duration compensation metrics, rising dilution and unproven acquisition accountability. The moat appendix identifies valuable bankability, physical control-loop integration and installed-base references, but also weak verified price pass-through and policy-supported reported margins. The correct synthesis is therefore conditional: the valuation gate clears on Base earnings, while durability and stewardship remain unresolved.

## 12. Tie-out checks — 11 of 11 passed

### Tie-out 1 — reported financials and statutory bridge: PASS

For FY2026, modeled segment profit `$697.266m + $0 corporate + $0 operating adjustments = $697.266m statutory OI`; `$697.266m - $2.623m + $19.183m = $713.826m pretax`; `$713.826m - $127.943m = $585.883m net income`. For TTM, `$701.943m + $0 + $0 = $701.943m statutory OI`; `$701.943m - $1.660m + $21.501m = $721.784m pretax`; `$721.784m - $127.729m = $594.055m net income`. All five residuals for both periods are zero within the sealed $0.001 million tolerance. The one-segment TTM revenue sum equals consolidated $3.630307 billion exactly. Sources: `statutory_bridge.json`, `data_package.md` Sections 2, 3 and 3a.

### Tie-out 2 — NI, shares, listed unit and FX equal EPS: PASS

Bear: `$0.5791885b × 1,000 / 163.126655m × 1.0 × 1.0 = USD 3.550544815`. Base: `$1.168705b × 1,000 / 161.966293m × 1.0 × 1.0 = USD 7.215729747`. Bull: `$1.695275b × 1,000 / 161.096022m × 1.0 × 1.0 = USD 10.523382155`. Quote-basis financial shares, financial-shares-per-listed-unit and USD/USD FX are kept distinct even though both conversion factors equal one. Sources: Sections 5-6 and `quote_packet.json`.

### Tie-out 3 — segment sum at horizon: PASS

The one modeled segment is the consolidated company. Bear $4.780b / $4.780b = 100.0%; Base $6.950b / $6.950b = 100.0%; Bull $9.000b / $9.000b = 100.0%. Corporate eliminations are absent rather than inserted as zero-valued source lines in the statutory packet. Sources: reviewed segment Section 10 and synthesis Section 3.

### Tie-out 4 — product-to-segment rollup: PASS

Bear product revenue is $3.500b tracker + $0.660b legacy non-tracker + $0.620b acquired storage/conversion = $4.780b. Base is $4.350b + $1.200b + $1.400b = $6.950b. Bull is $5.150b + $1.700b + $2.150b = $9.000b. Every residual is zero before display rounding. The rows are revenue drivers only and are not relabeled reportable segments. Source: reviewed segment Sections 8 and 10.

### Tie-out 5 — weighted margin: PASS, conditional not triggered

There is only one profit-bearing modeled segment, and product margins are a true non-disclosure. A revenue-weighted product-margin calculation would fabricate profitability. The valid check is the consolidated exact-basis identity: $4.780b × 15.5% = $0.740900b; $6.950b × 20.0% = $1.390000b; $9.000b × 22.0% = $1.980000b. The conditional multi-product weighted-margin subtest is not triggered. Sources: reviewed segment Section 9 and synthesis Section 4.

### Tie-out 6 — share count and security-unit path: PASS

Starting financial shares 155.141856m × split factor 1.0 = 155.141856m quote-basis financial shares; dividing by depositary ratio 1.0 and share-class factor 1.0 gives 155.141856 million listed-equivalent units. Bear ending shares equal 155.141856 + 7.404618 SBC + 0.580181 acquisition - 0 repurchase = 163.126655m. Base subtracts 1.160362 million repurchased shares to reach 161.966293 million. Bull subtracts 2.030634 million to reach 161.096022 million. Every path contains exactly five annual steps. Sources: packet and Section 6.

### Tie-out 7 — growth plausibility: PASS

Base consolidated CAGR is 13.9%, below 1.2 × 19.3% historical = 23.2%. Tracker Base CAGR of 6.4% is below 1.2 × approximately 15.1% FY2026 growth = 18.1%. Legacy non-tracker Base CAGR of 22.5% is below 1.2 × approximately 80.4% FY2026 growth = 96.5%. Acquired storage/conversion begins from zero under NXT ownership, so it uses an explicit annual dollar path rather than an invalid CAGR. The case also decelerates after year one and is anchored to official current guidance. Sources: reviewed segment Sections 6-8.

### Tie-out 8 — five-year historical arithmetic: PASS

Using the displayed rounded CAGRs, consolidated Bear gives $3.630307b × 1.057^5 = $4.789810b, 0.21% above the explicit $4.780 billion path; Base gives $3.630307b × 1.139^5 = $6.959243b, 0.13% above $6.950 billion; Bull gives $3.630307b × 1.199^5 = $8.995789b, 0.05% below $9.000 billion. Tracker and legacy non-tracker rows also reconcile within 0.3% using their displayed CAGRs. The zero-base acquired row appropriately uses annual dollar steps. Every calculation uses five years, not six. Source: reviewed segment Section 8.

### Tie-out 9 — recency anchor: PASS with quantified evidence

Base year-one revenue is $4.250b / $3.630307b - 1 = 17.1%, above the default 10% band. The reviewed appendix supplies the required quantified primary-source support: official FY2027 revenue guidance of $4.1-$4.4 billion, $0.935 billion Q1 revenue, backlog above $5.5 billion, and closed post-quarter acquisitions. The Base year-one $4.25 billion sits at the midpoint of guidance, not above it. Bear $4.10 billion equals the low end, while Bull $4.48 billion reflects the stronger scenario and acquisition perimeter. Sources: data package Sections 5-6 and reviewed segment Sections 7-8.

### Tie-out 10 — period and horizon integrity: PASS

The controlling TTM uses four named, non-overlapping reported quarters. The independent FY2026 - prior Q1 + current Q1 bridge reproduces TTM revenue, OI, pretax and NI exactly, with like-for-like issuer fiscal-quarter coverage. The horizon is 2031-07-03, exactly five calendar years after 2026-07-03. All displayed CAGRs and annual schedules span those five steps. No line substitutes FY2026 for the TTM forecast base. Sources: QF P4, data package Sections 3a and 5, and synthesis Sections 1 and 9.

### Tie-out 11 — valuation, unit bridge, packet hashes and probability arithmetic: PASS

The exact quote packet hashes to 37ba3073d7e8af469630f773f26a8384ce2a9c7b391763af7220b077015595de; the statutory packet hashes to a827e74eeaaef309ce7be494f930b49f22a2b1b8678e9defd227fc1cb4f0560f. Listing

is XNAS:NXT common stock; price and reporting currencies are USD; split, class, depositary and FX factors are one. Bear `3.550544815 × 15 = 53.258172`; Base `7.215729747 × 15 = 108.235946`; Bull `10.523382155 × 15 = 157.850732`. Probabilities `25% + 55% + 20% = 100%`. Weighted EPS is `0.25 × 3.550544815 + 0.55 × 7.215729747 + 0.20 × 10.523382155 = 6.960963995`. Base cushion is `(108.235946 - 86.18) / 86.18 = 25.5929%`, so Base controls a binary PASS. Sources: validators, packet files, Sections 7 and 11.

**SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED.**

# Appendix CS - Compounder Score

# Nextpower Inc. (formerly Nextracker Inc.) - Compounder Score

**Ticker:** NXT / Nasdaq Global Select Market **Analysis date:** 2026-08-24 **Reporting and return currency:** USD; investor overlay in SGD **Current price:** USD 86.18 at the 2026-08-21 completed close **Exact horizon:** 2026-07-03 to 2031-07-03, 5.0 years **Valuation preflight:** `C:\Users\Admin\OneDrive\GPT\ER 2.0\Nextracker Inc.\valuation_preflight.json` **Valuation preflight SHA-256:** `df4bab49dccde27eed2f35987a0672fbce569b42c8369f6f2086d7e77003a646` **Validation:** `CLEARED`; five of five foundation passes; blocker inventory empty

## 1. Executive Verdict

**Compounder Score: 52/100. Business Quality Score: 49/80. 20% Return UW Score: 3/20. Score-implied classification: Reject. CIO diagnostic status: PASS.** The CIO label means pass on initiating the security at the current price; it is not an assertion that the operating company lacks value. The business has a real bankability franchise, high reported returns on capital, strong recent cash conversion, a debt-free balance sheet and a credible solar-electrification runway. Those strengths do not overcome the price, policy normalization, dilution and acquisition-accountability problems in a rubric designed around a 20% annualized shareholder hurdle.

The evidence supports a high-quality core tracker franchise, but not yet a proven integrated power-platform compounder. The reported five-year median analyst-consistent ROIC is 52.3%, and a deliberately acquisition-inclusive three-year ROIIC proxy is about 57.5%. Both deserve meaningful credit. They are not clean enough for maximum confidence: the FY2023-FY2024 period spans the IPO and Flex separation; Section 45X vendor credits were USD379.874 million in FY2026; product economics are hidden inside one reportable segment; and the large Prevalon and Zigor/Apex transactions closed after the TTM anchor. A historical ROIIC numerator cannot validate returns on capital that had not yet entered the earnings perimeter.

The return result is the decisive weakness. The cleared valuation preflight locks one method, **Primary valuation method: P/E**, and locks Bear/Base/Bull exit P/Es at 12x/18x/22x. With zero distributions, terminal shareholder wealth is simply terminal statutory diluted EPS multiplied by the locked P/E. That produces gross USD IRRs of **-13.14% Bear, 8.55% Base and 21.85% Bull**, and a probability-weighted gross USD IRR of **8.30%**. Probability weighting uses the CAGR of expected terminal wealth, not an average of scenario IRRs. The conservative net-SGD overlay yields **-14.57% Bear, 8.34% Base, 23.30% Bull and 8.51% probability-weighted**. Every visible net-SGD IRR is rendered to exactly two decimals.

The diagnostic 20% hurdle does not override ER2's eventual verdict, but it reveals how much perfection is embedded in the entry price. At the locked Base exit P/E of 18x, USD86.18 requires terminal EPS of USD11.9135232 for a 20% CAGR, versus the locked Base EPS of USD7.215729747. That is a required 23.43% annual EPS growth rate from normalized FY+1 EPS of USD4.15916944081913, versus approximately 11.62% embedded in the Base FY+1-to-terminal path. The Base maximum buy price for a 20% gross USD return is USD52.197119119, not USD86.18.

## 2. Data Source Map

The work uses the validator-cleared ER2 chain first. No stale cache was used to change a controlling input.

| Evidence need | Controlling source | Period / treatment |
|---|---|---|
| Price, listing and security unit | `quote_packet.json`; archived FMP quote | USD86.18; XNAS:NXT; one common share per listed unit |
| Market capitalization | Quote-basis diluted units times price | USD13.370125150 billion on 155.141856 million units |
| Income statement and TTM bridge | `quant_foundation.md`; `statutory_bridge.json`; SEC filings | FY2022-FY2026 and TTM ended 2026-07-03 |
| Balance sheet, debt and leases | `data_package.md`; Q1 FY2027 10-Q | USD1.213898 billion pre-close cash; zero funded debt; leases separate |
| Cash flow and FCF | `quant_foundation.md`; controlling SEC cash-flow presentation | TTM OCF USD602.646 million; capex USD53.918 million; FCF USD548.728 million |
| Diluted shares and SBC | `quote_packet.json`; `appendix_synthesis.md` | Starting 155.141856 million; TTM SBC USD127.626 million |
| Segment and product economics | `appendix_B_consolidated_company.md`; `data_package.md` | One reportable segment; product margins are a true non-disclosure |

| Evidence need | Controlling source | Period / treatment |
|---|---|---|
| Earnings scenarios | `appendix_synthesis.md` | 25% Bear / 55% Base / 20% Bull; exact five-year EPS and shares |
| Valuation method and multiples | `valuation_preflight.json` | P/E only; 12x / 18x / 22x locked before return calculation |
| Management and capital allocation | `appendix_management.md`; proxy; 10-K and transaction 8-Ks | Management gate YELLOW; acquisition accountability not yet demonstrated |
| Moat and 2046 durability | `appendix_moat.md`; competitor filings | Moat YELLOW; 2046 test YELLOW |
| TAM and industry structure | Reviewed segment appendix; primary industry and competitor material | Large solar runway, but U.S. policy and competitive dispersion remain material |
| Live USD/SGD | FMP live quote archived under `raw\cs_20260824T141602+0800` | 1.26946 SGD per USD at 2026-08-24T14:16:02+08:00 |

The live FX archive hashes to `ebfc88e82e4dbf47c6a23367688871b42db365532a510a144f2a8e58f486f21e`. The same new pull was copied to the investing data warehouse under `ER2\NXT\pulse-cio-20260824T120312+0800\cs` without overwriting any existing dataset.

## 3. Key Financial and Quality Metrics

Only five comparable fiscal years are available in the cleared packet. Older pre-IPO records exist, but the IPO, Flex separation and ownership reorganization impair a clean ten-year per-share and invested-capital history. Ten-year values are therefore marked insufficient rather than backfilled from a different perimeter.

| Metric | Latest / 1-year | 3-year | Five-fiscal-year view | 10-year |
|---|---|---|---|---|
| Revenue growth | 20.3% FY2026 | 23.2% CAGR FY2023-FY2026 | 25.0% CAGR FY2022-FY2026 | Insufficient comparable history |
| NOPAT growth | 12.2% FY2026 | 67.9% CAGR FY2023-FY2026 | 82.5% CAGR FY2022-FY2026 | Insufficient comparable history |
| FCF growth | (17.4%) FY2026 | 70.0% CAGR FY2023-FY2026 | Not meaningful from negative FY2022 | Insufficient comparable history |
| Analyst-consistent ROIC | 52.3% FY2026 | 65.7% median FY2024-FY2026 | 52.3% median FY2022-FY2026 | Insufficient comparable history |
| Organic ROIIC proxy | Not meaningful for one year | 93.3% FY2023-FY2026 | Same measurable interval | Insufficient comparable history |
| Acquisition-inclusive ROIIC proxy | Not meaningful for one year | 57.5% FY2023-FY2026 | Same measurable interval | Insufficient comparable history |
| FCF / NOPAT conversion | 89.8% FY2026 | 100.0% average FY2024-FY2026 | Uneven; FY2022 negative FCF | Insufficient comparable history |
| Operating margin | 19.6% FY2026; 19.3% TTM | 21.6% median FY2024-FY2026 | 19.6% horizon endpoint | Insufficient comparable history |
| Diluted-share growth | 2.3% FY2026 | 1.54% CAGR FY2023-FY2026 | Pre-IPO basis limits comparison | Insufficient comparable history |
| SBC / revenue | 3.52% TTM | Rising materially | FY2022 0.2% to TTM 3.52% | Insufficient comparable history |
| SBC / FCF | 23.26% TTM | Material | FY2026 23.42% on official FCF | Insufficient comparable history |
| Net debt / EBITDA | Net cash; approximately (1.47x) FY2026 | Balance sheet strengthened | No funded debt at Q1 FY2027 | Insufficient comparable history |
| FCF yield | 4.10% on diluted-basis market cap | Not a 20% return anchor | Current-price diagnostic | Not applicable |

The reported/simple ROIC series is 13.8%, 24.6%, 80.4%, 64.4% and 52.3% for FY2022-FY2026. The calculation uses NOPAT divided by average invested capital, with equity, total debt including leases and cash. It includes goodwill through equity. An excluding-goodwill ROIC would be higher, but that is less useful during serial M&A. A fully R&D-capitalized adjusted series cannot be made precise across the separation perimeter; the score therefore uses the goodwill-inclusive analyst-consistent series and explicitly caps confidence.

The TTM balance sheet is strong but should not be overstated. Q1 cash of USD1.213898 billion preceded USD196 million of close payments for Prevalon and Zigor/Apex, plus possible contingent consideration. The P/E return model does not add that cash or subtract the claims again. For a secondary operating diagnostic only, diluted-basis market capitalization is USD13.370 billion and pre-close enterprise value is approximately USD12.195 billion after cash and disclosed noncurrent leases, or roughly 21.1x TTM normalized NOPAT. That EV diagnostic does not control valuation.

## 4. Rubric Scorecard

| Category | Score | Maximum | Evidence-based reason |
|---|---|---|---|
| Incremental returns on capital | 17 | 25 | High ROIC and cash conversion; acquisition-inclusive ROIIC strong but separation, 45X and post-TTM deals reduce confidence |
| Reinvestment runway | 13 | 20 | Large solar and attachment runway; acquired product scale and economics remain unproven |
| Durability of moat | 9 | 15 | Bankability and installed references are real; pricing power, policy-normalized margin and 2046 durability remain YELLOW |
| Accounting and financial quality | 7 | 10 | Clean audit, strong cash and net cash; SBC/dilution and one-segment opacity deserve deductions |
| Capital allocation discipline | 3 | 10 | Organic investment is rational; serial M&A, weak deal-return disclosure, minimal buyback and short-duration incentives are unresolved |
| Price and 20% return underwriting | 3 | 20 | Base 8.55% gross USD IRR, negative Bear return, zero distributions and a demanding reverse hurdle |
| **Business Quality Score** | **49/80** | **80** | Good franchise, incomplete compounder proof |
| **20% Return UW Score** | **3/20** | **20** | Current price does not support the diagnostic hurdle |
| **Compounder Score** | **52/100** | **100** | Below the rubric's 70-point Reject boundary |

The category-one 17/25 comprises 4/5 for normalized ROIC, 6/8 for ROIIC, 1/3 for non-deterioration evidence, 2/3 for unit economics, 3/3 for cash conversion and 1/3 for freedom from accounting artifacts. The category-two 13/20 comprises 4/5 for market opportunity, 3/5 for reinvesting at scale, 3/4 for organic opportunity, 2/3 for repeatability, 1/2 for market structure and 0/1 for proving growth without return compression. Category three scores 3/4, 1/3, 2/3, 1/2, 1/2 and 1/1 across advantage, pricing, competition, stickiness, stress and disruption. Category four scores 2/2, 2/2, 0/2, 2/2, 0/1 and 1/1. Category five scores 2/2, 0/2, 0/2, 0/2, 0/1 and 1/1. Category six scores 0/6, 2/4, 0/3, 0/3, 1/2 and 0/2.

## 5. ROIIC and Reinvestment Analysis

The acquisition-inclusive ROIIC proxy is deliberately conservative and reproducible. FY2023-to-FY2026 NOPAT increased from USD120.904 million to USD572.291 million, a USD451.387 million increment. Cumulative FY2024-FY2026 reinvestment includes USD89.358 million of official net capex, USD151.816 million of increases in non-cash working capital, USD242.661 million of R&D treated fully as growth investment, and USD301.575 million of acquisition consideration using FY2025 cash M&A plus FY2026 total purchase price including deferred and contingent consideration. The USD784.410 million denominator yields **57.5% acquisition-inclusive ROIIC**. Excluding acquisition consideration yields a **93.3% organic ROIIC proxy**.

Those outputs show that the core franchise has converted reinvestment into operating profit efficiently. They do not prove that the new platform will repeat the result. The denominator does not include Prevalon's up-to-USD365 million or Zigor/Apex's up-to-USD80.5 million because the acquisitions closed after the TTM anchor and their NOPAT is absent from the historical numerator. Including that committed capital without corresponding earnings would be a burden test, not ROIIC. The score applies the correct economic lesson: historical organic returns are excellent, while the acquisition-inclusive forward burden remains unseasoned.

Reported returns also depend on normalization. FY2026 Section 45X vendor credits equaled USD379.874 million, 10.7% of revenue, while tariffs were USD130.406 million. A mechanical margin excluding gross credits falls to 8.9%; excluding net credits after tariffs gives 12.6%. Those mechanical rows are not forecasts, because pricing, sourcing and volume would adapt. They demonstrate why reported 52.3% ROIC cannot be attributed entirely to moat. The Base forecast does the right thing by reducing credit intensity and requiring mix and operating leverage to replace it.

Cash conversion is the strongest quality check. FY2024-FY2026 official FCF was USD422.813 million, USD621.873 million and USD513.634 million against NOPAT of USD479.175 million, USD510.139 million and USD572.291 million. Average FCF/NOPAT conversion is essentially 100.0%. TTM FCF is USD548.728 million, or 92.4% of TTM net income and 91.0% of

TTM OCF after capex. SBC is still an economic cost: USD127.626 million equals 3.52% of TTM revenue, 10.47% of TTM gross profit, 21.18% of OCF and 23.26% of FCF.

## 6. Runway Analysis

The runway is large enough to support growth. Utility-scale solar, difficult terrain, grid electrification, domestic sourcing and storage integration create demand for trackers, controls, foundations, eBOS, storage and power conversion. Nextpower entered FY2027 with more than USD5.5 billion of backlog before Prevalon, more than 160 GW cumulatively shipped, approximately 80 GW of annual manufacturing capacity and more than 100 contract-manufacturing facilities across 19 countries. FY2027 revenue guidance of USD4.1-USD4.4 billion supports the near-term Base cadence.

The runway is not equivalent to high-return reinvestment. Trackers remain about 88% of FY2026 revenue, while the thesis increasingly depends on non-tracker and acquired products. Product revenue and operating margins are not disclosed. Prevalon introduces project-execution, battery-integration and warranty risk. Zigor/Apex adds power-conversion technology and another integration stream. Zimmermann remained unclosed at cutoff and is correctly excluded from the valuation foundation. Nextpower Arabia is a 49%-owned equity-method joint venture, so gross Saudi system volume cannot be treated as consolidated shareholder revenue.

Base terminal revenue of USD6.950 billion requires 13.9% annual growth from the TTM base and terminal operating margin of 20.0%. Roughly half the five-year dollar growth comes from attachment and acquired categories. This is plausible, not proven. The one-segment disclosure makes it impossible to distinguish genuine cross-sell from acquisition perimeter growth or to test product-level ROIIC. That opacity caps reinvestment-runway credit even though the market opportunity is real.

## 7. Moat Analysis

The moat can be explained in one paragraph. Nextpower is one of the few globally bankable tracker platforms with a large installed reference base, deep terrain/wind/control engineering, qualified local supply, balance-sheet credibility and workflow embedment in site design. Those advantages reduce perceived execution and financing risk and create high switching costs after project design is frozen. They support shortlist access and above-commodity returns. They do not prevent developers and EPCs from rebidding each new project, dual-sourcing, choosing Array/GameChange/Arctech/PV Hardware or using fixed tilt. The moat protects win probability and bankability more than every point of price or margin.

The Moat gate and 2046 durability test are both **YELLOW**. Verified pricing power is weak-to-moderate: there is no broad price/mix bridge, disclosed contractual escalator, retention statistic or product-margin series demonstrating unilateral price increases. FY2026 tariffs were not fully reflected in pricing. Section 45X economics are shared through vendors and phase down after 2029, so present margin cannot be extrapolated unchanged.

The 2046 success case is an integrated generation-and-storage plant-control platform with installed-base learning, certified hardware, lifecycle services and high-trust warranty economics. The erosion case is equally material: tracker designs converge, brand-agnostic controls improve, regional suppliers become bankable, fixed tilt benefits from cheap modules, and storage/inverter warranty costs absorb adjacency profit. AI is not likely to replace physical structures or local execution, but it can commoditize optimization, inspection and analytics. The tracker franchise is defensible over five years; a twenty-year integrated platform remains an option rather than an evidenced fact.

## 8. Accounting and Capital Allocation Analysis

Financial reporting is clean at the consolidated level. Deloitte issued an unqualified audit opinion; internal controls were effective; the review found no restatement, material weakness, auditor dispute, material related-party issue or governance failure. Eight of ten directors are independent, and the balance sheet has no funded debt. These facts merit credit.

Transparency deteriorates where the thesis changes. One segment obscures acquired-platform revenue, margins, integration costs, warranty economics, ROIC and per-share accretion. Management gate **YELLOW** is therefore binding in the score. Daniel Shugar's operating record and guidance discipline are strong, but capital allocation has become the decisive test. Consideration for the major platform acquisitions can exceed USD800 million equivalent before smaller FY2026 deals, while deal-level return reporting is absent.

Compensation is poorly calibrated for serial M&A. FY2026 performance shares measured one-year adjusted EBITDA and adjusted FCF before a three-year relative-TSR multiplier and could pay 300%. They did not measure organic growth, multi-year ROIC, cumulative FCF per diluted share or acquisition returns. Acquisitions can increase adjusted EBITDA mechanically while stock consideration and SBC dilute owners. TTM SBC of USD127.626 million is modeled as both an

expense and 1.480923648 million new shares annually; that is not double counting, because one captures economic compensation expense and the other captures ownership dilution.

The USD500 million repurchase authorization does not yet demonstrate buyback discipline. Only USD0.395 million had been used by FY2026 year-end, and management ranks organic investment and M&A ahead of repurchases. The locked share paths correctly assume no Bear buyback, USD100 million in Base and USD175 million in Bull while still carrying annual SBC and 0.580181016 million Prevalon stock shares. Terminal diluted shares rise to 163.126655 million Bear, 161.966293 million Base and 161.096022 million Bull. Per-share growth is therefore lower than net-income growth.

# 9. 20% Return Underwriting

## Valuation preflight and denominator integrity

The preflight hash was recomputed and the validator was run with evidence-file checks before any return calculation. All locked fields reproduce exactly. Reported TTM statutory diluted EPS is USD3.86308707748324 and reported current P/E is 22.3085833354151x. This raw TTM P/E is disclosure-only and non-controlling because the reported period is event-heavy and precedes the acquired perimeter. The comparable anchor is normalized Base FY+1 statutory diluted EPS of USD4.15916944081913 and normalized current P/E of 20.7204830739061x.

Primary valuation method: **P/E**. EV/NOPAT is rejected because terminal cash, leases and contingent-claim paths are incomplete. P/B-ROE is rejected because Nextpower is not a balance-sheet-led financial and there is no parent-common-equity roll-forward. P/E is used consistently for every scenario, probability weighting, reverse hurdle and net-SGD calculation. Terminal net cash or debt is **not separately added under P/E**; interest, cash income, leases and acquisition funding already affect statutory EPS and the locked equity multiple.

| Scenario | Probability | Terminal EPS | Exit P/E | Terminal equity value / share | Distributions / share | Terminal wealth / share | Gross USD IRR |
|---|---|---|---|---|---|---|---|
| Bear | 25% | USD3.550544815 | 12x | USD42.606537780 | USD0.000000000 | USD42.606537780 | (13.14%) |
| Base | 55% | USD7.215729747 | 18x | USD129.883135446 | USD0.000000000 | USD129.883135446 | 8.55% |
| Bull | 20% | USD10.523382155 | 22x | USD231.514407410 | USD0.000000000 | USD231.514407410 | 21.85% |
| Probability-weighted | 100% | Not a fourth scenario | Method-consistent | USD128.390240422 | USD0.000000000 | USD128.390240422 | 8.30% |

The zero-distribution path is a clearly labelled diagnostic. No source-bound dividend path exists, and the historical cash-flow record shows no dividends. Probability-weighted wealth is `25% x 42.606537780 + 55% x 129.883135446 + 20% x 231.514407410 = USD128.3902404223`. The probability-weighted gross USD IRR is `(128.3902404223 / 86.18)^(1/5) - 1 = 8.29916407696%`. It is not the arithmetic average of the three scenario IRRs.

## Exit-multiple integrity and directional challenge

Bear 12x anchors to NXT's usable 11.87x FY2025 low and FSLR's 12.30x forward P/E. The excessive-bearishness challenge rejects sub-10x because it would ignore backlog, installed scale and positive EPS. Base 18x discounts normalized current 20.7204830739061x for maturity, YELLOW moat/management, policy, acquisitions and SBC; the excessive-optimism challenge rejects retaining 20.72x without clearer product and margin proof. Bull 22x is close to reported current 22.31x and above normalized current 20.72x, but remains below NXT's 30.44x FY2026 observation and PWR's 38.22x forward evidence. The optimism test caps it at 22x absent product-level proof, while the bearishness test rejects valuing the materially stronger outcome below normalized current.

Both directional tests pass and the VP marked the multiples independently justified before return calculation. `material_red_team_objection_status` remains exactly `PENDING` as required by the production dispatch. No multiple was modified after observing the score. The Bear and Base exits contract relative to the normalized current P/E; Bull expands only 1.279516926x, or 6.18%, under the stronger terminal outcome.

## Net-SGD overlay

Exact investor and broker facts were not supplied. The overlay therefore uses disclosed conservative assumptions rather than nulls: 0.50% all-in entry cost and 0.50% all-in exit cost, each covering brokerage, FX spread and slippage; 30% dividend withholding assumption, economically zero because distributions are explicitly zero; and terminal USD/SGD of 1.18 Bear, 1.27 Base and 1.36 Bull. These paths represent approximately (7.05%), 0.04% and 7.13% changes from live entry USD/SGD of 1.26946. No capital-gains tax is assumed, but this is a diagnostic rather than investor-specific tax advice.

Entry SGD outlay is `USD86.18 x 1.26946 x 1.005 = SGD109.949073114`. Each terminal USD wealth value is translated at its scenario FX and reduced by the 0.50% exit cost. The same P/E terminal values and probabilities are preserved.

| Scenario | Entry USD/SGD | Exit USD/SGD | Entry cost | Exit cost | Withholding cash | Net terminal SGD / share | Net-SGD IRR |
|---|---|---|---|---|---|---|---|
| Bear | 1.26946 | 1.18 | 0.50% | 0.50% | SGD0.000000 | SGD50.024336007 | **(14.57%)** |
| Base | 1.26946 | 1.27 | 0.50% | 0.50% | SGD0.000000 | SGD164.126824106 | **8.34%** |
| Bull | 1.26946 | 1.36 | 0.50% | 0.50% | SGD0.000000 | SGD313.285296107 | **23.30%** |
| Probability-weighted | 1.26946 | Scenario-weighted wealth | 0.50% | 0.50% | SGD0.000000 | SGD165.432896482 | **8.51%** |

Expected net terminal SGD wealth is `25% x 50.024336007 + 55% x 164.126824106 + 20% x 313.285296107 = SGD165.4328964818`. Probability-weighted net-SGD IRR is `(165.4328964818 / 109.949073114)^(1/5) - 1 = 8.51%` when rendered to exactly two decimals. It is not an average of scenario net-SGD IRRs.

### Reverse-return hurdle

| Diagnostic | Bear | Base | Bull |
|---|---|---|---|
| Locked exit P/E | 12x | 18x | 22x |
| Maximum buy price for 20% gross USD IRR | USD17.122611955 | USD52.197119119 | USD93.040447937 |
| Actual current price | USD86.18 | USD86.18 | USD86.18 |
| Current price versus max buy | 403.3% above | 65.1% above | 7.4% below |

For the Base case, required terminal wealth is `USD86.18 x 1.20^5 = USD214.4303616`. With zero distributions and an 18x exit, required terminal EPS is USD11.9135232. From normalized FY+1 EPS of USD4.15916944081913, that requires 23.43% annual EPS growth for five years. Locked Base EPS is USD7.215729747. The reverse hurdle is not beatable under the central assumptions.

## 10. Hard Veto Checklist

| Hard-veto test | Result | Reason |
|---|---|---|
| ROIIC below cost of capital with no improvement path | Pass | Historical proxies exceed cost of capital, although confidence is capped |
| ROIC high only because capital is tiny or negative | Watch | Invested capital is positive, but cash subtraction, separation and 45X inflate optics |
| Growth requires persistent external financing | Pass | Net cash, strong OCF and undrawn revolver |
| Material dilution without per-share value creation | Watch | Shares rise; Base still grows EPS, but SBC and deal stock remain material |
| Large acquisitions without disclosed returns | Watch | Deal perimeter is new; return and product-margin disclosure is inadequate |
| FCF structurally lags earnings | Pass | Three-year FCF/NOPAT conversion approximately 100.0% |
| Concentration, policy, cyclicality or leverage can impair equity | Watch | Policy and project-cycle risk material; leverage currently low |
| 20% case requires multiple expansion | Fail | At Base EPS, a roughly 29.72x exit is required versus 20.72x normalized current |
| Flawless execution needed at today's price | Watch | Positive Base return does not, but 20% return does require a Bull-like outcome |
| Moat cannot be explained | Pass | Bankability, installed proof, engineering and supply qualification are coherent |
| Accounting or governance trust impaired | Pass | Clean audit and controls; incentive design is weak, not a trust failure |
| Balance sheet can wipe out equity | Pass | No funded debt and substantial liquidity |

The failed multiple-expansion veto means the diagnostic cannot classify the shares as investable now under this rubric. At locked Base EPS, the exit P/E needed to turn USD86.18 into a 20% five-year result is `USD214.4303616 /`

USD7.215729747 = approximately 29.72x, a 43% expansion over normalized current P/E and 65% above the independently justified Base exit P/E.

## 11. Final Decision

**Final diagnostic: Compounder Score 52/100, Business Quality Score 49/80, 20% Return UW Score 3/20, score-implied classification Reject, CIO diagnostic status PASS.** A great recent operating record is not enough at USD86.18. The central return is single-digit, the Bear case loses capital, the Bull alone clears 20%, and the probability-weighted net-SGD result remains 8.51%. Missing portfolio context affects only portfolio fit and leaves sizing ceiling null; it does not alter the security-return conclusion.

The key upgrade evidence would be separately disclosed organic and acquired revenue, product margins, attach rates, warranty cohorts, acquisition-inclusive ROIC, stable policy-normalized operating margin at or above 15%, and diluted-share discipline. A price near the Base 20% max-buy diagnostic of USD52.20 would also change the return equation, subject to a fresh quote and unchanged earnings foundation. The key downgrade evidence would be credit-adjusted margin below 10%-12%, rising warranty or integration charges, attach stagnation, repeat-customer share loss, or faster dilution.

Compounder Score note: **52/100** - high historical returns and cash conversion are offset by policy normalization, one-segment opacity, dilution, acquisition risk and an inadequate central return.

Business Quality Score note: **49/80** - bankability, backlog, capital-light scale and net cash support quality, but Management YELLOW, Moat YELLOW and 2046 YELLOW cap conviction.

20% Return UW Score note: **3/20** - locked P/E returns are (13.14%)/8.55%/21.85% gross USD for Bear/Base/Bull, with 8.30% probability-weighted, so the hurdle works only in Bull.

## 12. Machine-Readable JSON

The complete structured artifact is C:\Users\Admin\OneDrive\GPT\ER 2.0\Nextracker Inc.\compounder_score.json. Canonical summary:


```
{
  "compounder_score": "52/100",
  "business_quality_score": "49/80",
  "twenty_percent_return_underwriting_score": "3/20",
  "classification": "Reject",
  "primary_valuation_method": "PE",
  "cio_diagnostic_status": "PASS"
}
```

# Appendix CSA - Scoring Audit

# Nextpower Inc. (formerly Nextracker Inc.) — Independent Scoring Audit

**Ticker:** NXT **Analysis date:** 2026-08-24 **Price anchor:** USD 86.18 at the completed 2026-08-21 XNAS session **Exact return horizon:** 2026-07-03 to 2031-07-03, exactly 5.0 years **Audit scope:** `compounder_score.json`, `appendix_compounder_score.md`, the hash-bound valuation preflight, quantitative and statutory packets, reviewed consolidated-company model, synthesis, management, moat and archived USD/SGD evidence.

The valuation preflight was validated independently with evidence-file checking before this audit. The exact SHA-256 is `df4bab49dccde27eed2f35987a0672fbce569b42c8369f6f2086d7e77003a646`, identical to the hash copied into `compounder_score.json`. Its status is `CLEARED`, all five foundations pass, and its blocker inventory is empty. CS reproduces the locked P/E method, normalized FY+1 EPS of USD 4.15916944081913, normalized current P/E of 20.7204830739061x, capital-structure treatment and 12x/18x/22x Bear/Base/Bull exit P/Es without alteration. This is a valid handoff. Material red-team objection status remains `PENDING`; this audit does not anticipate or self-clear the later independent red team.

## 1. Original vs Audited Scores

| Item | Original | Audited | Notes |
|---|---|---|---|
| Business Quality Score / 80 | 49/80 | 49/80 | Evidence supports the conservative partial credit; no category inflation found |
| Valuation / 20% Return UW Score / 20 | 3/20 | 3/20 | Base and Bear fail the stretch hurdle; Bull alone clears 20% |
| Total Score / 100 | 52/100 | 52/100 | Category sums reproduce exactly |
| Classification | Reject | Reject | Below 70, failed 20% multiple-expansion veto and weak central return |

The original category arithmetic is exact: 17 + 13 + 9 + 7 + 3 = 49/80, and adding 3/20 produces 52/100. The classification follows the diagnostic rubric rather than an ER2 portfolio decision. This score is not reduced because the scorer already penalizes the main weaknesses: event-heavy policy economics, short comparable history, opaque product margins, unseasoned acquisitions, SBC dilution, YELLOW management/moat/2046 gates, a negative Bear return and an 8.55% Base return.

## 2. Score Reductions and Reasons

No further point reduction is warranted. That conclusion is not a rubber stamp; it follows a subcategory replay.

Category 1, incremental returns on capital, stays at 17/25. The five-observation goodwill-inclusive ROIC series is 13.8%, 24.6%, 80.4%, 64.4% and 52.3%, with a 52.3% median. The scorer awards 4/5 rather than the rubric's mechanical maximum because FY2023-FY2024 spans separation/IPO changes and FY2026 includes USD 379.874 million of 45X credits. Three-year organic ROIIC recomputes to 93.29358149% from a USD 451.387 million NOPAT increment over USD 483.835 million of net capex, working-capital and R&D reinvestment. Acquisition-inclusive ROIIC recomputes to 57.47151169% after USD 301.575 million of historical acquisition consideration. Awarding 6/8, not 8/8, is appropriately cautious because the largest new acquisitions closed after the TTM numerator and cannot yet prove returns.

Category 2, reinvestment runway, stays at 13/20. The source chain supports more than 160 GW shipped, backlog above USD 5.5 billion, a growing non-tracker mix and a credible electrification opportunity. It does not support product-level margins, organic/acquired growth separation, attach cohorts or acquisition return proof. The 4/5 TAM score is below the management-claim ceiling, and the rest of the section already reflects those evidence limits.

Category 3, moat durability, stays at 9/15. Bankability, installed references, engineering, supply qualification and workflow embedment are real advantages. Project-by-project rebidding, weak verified price pass-through, replicable contract manufacturing and policy-supported margins cap the score. This aligns with both the Moat YELLOW and 2046 YELLOW gates.

Category 4, accounting and financial quality, stays at 7/10. Official FY2024-FY2026 FCF/NOPAT conversion averages 99.96361739%; cash therefore supports earnings. The scorer gives zero for SBC/dilution and zero for transparency, while preserving balance-sheet and audit credit. TTM SBC of USD 127.626 million is 3.52% of revenue and 23.26% of FCF. Treating SBC as an expense and modeling associated new shares are two different economic effects, not a valuation double count.

Category 5, capital allocation, stays at 3/10. The lack of disclosed deal ROIC, limited buyback execution, acquisition-friendly compensation and no externally measurable per-share M&A scorecard justify the already severe deductions. Category 6 stays at 3/20. The 2/4 exit-multiple subscore is defensible because the locked Base P/E contracts from 20.7204830739061x to 18x and is independently supported, but it cannot receive full credit because it still does not clear the 20% return hurdle. No separate score reduction is needed merely to punish the same Base-return failure twice.

## 3. Unsupported Claims

No material scored claim was found to be unsupported. Several claims are only partly supported and are correctly treated as such. The evidence does not support calling the new integrated power-platform strategy a proven compounder, assigning product-level margins, claiming stable acquisition ROIIC, or declaring strong unilateral pricing power. The report does not make those claims; it assigns partial credit and lists the gaps.

The most important unsupported future claim would be that historical ROIIC proves the Prevalon and Zigor/Apex returns. Those transactions closed after the TTM anchor, so their acquisition capital and future NOPAT cannot be mixed into the historical ratio. CS explicitly refuses that inference. Similarly, the USD 500 million authorization is not evidence of buyback discipline because only USD 0.395 million had been used by FY2026 year-end.

## 4. Calculation Errors

No calculation error was found in the audited return or score outputs.

The P/E bridge reproduces at full precision. Bear terminal value is `3.550544815 × 12 = USD 42.606537780`; Base is `7.215729747 × 18 = USD 129.883135446`; Bull is `10.523382155 × 22 = USD 231.514407410`. With zero distributions and USD 86.18 entry price, the five-year gross USD IRRs recompute to -13.141174812926415%, 8.549856804711786% and 21.85246149280149%. No terminal net cash, debt, leases or acquisition claim is added after EPS times P/E; their income effects are already in statutory EPS. The double-count check passes.

The scenario probabilities are 25%/55%/20% and sum to 100%. Expected terminal USD wealth is `0.25 × 42.606537780 + 0.55 × 129.883135446 + 0.20 × 231.514407410 = USD 128.3902404223`. Annualizing that wealth produces 8.299164076960341%, matching the structured result within floating-point precision. The arithmetic average of scenario IRRs is not used.

The maximum Base buy price for a 20% gross USD IRR is `129.883135446 / 1.20^5 = USD 52.19711911892363`. At the actual USD 86.18 price, required terminal wealth is USD 214.4303616 and required terminal EPS at 18x is USD 11.9135232. Required EPS CAGR from normalized FY+1 EPS is 23.426018674832028%, materially above the locked Base path.

The net-SGD overlay also replays exactly. The archived live USDSGD observation is 1.26946, with SHA-256 `ebfc88e82e4dbf47c6a23367688871b42db365532a510a144f2a8e58f486f21e`. Entry wealth is `86.18 × 1.26946 × 1.005 = SGD 109.94907311400002`. Applying 1.18/1.27/1.36 exit FX and 0.50% exit cost to the same P/E terminal values gives SGD 50.02433600749799, SGD 164.12682410633792 and SGD 313.28529610721205. The corresponding net-SGD IRRs are -14.572449851335412%, 8.3421871593226% and 23.296198885763886%. Probability-weighted terminal SGD wealth is SGD 165.43289648180277; its CAGR is 8.514071874099671%. It is not an average of scenario net-SGD IRRs.

## 5. Missing Data

The most important missing evidence is product-level revenue and operating profit for trackers, eBOS, foundations, controls, storage and power conversion, plus explicit organic/acquired growth and attach/retention cohorts. Deal-level acquisition ROIC, GAAP accretion, warranty history and per-share cash-flow bridges are also absent. Comparable ten-year post-separation diluted-share and invested-capital histories do not exist. These gaps limit the durability and capital-allocation conclusions, but they do not invalidate the statutory EPS or return bridge.

Investor-specific brokerage, FX spread, slippage and tax facts are unavailable. CS handles this correctly with a clearly labelled conservative diagnostic rather than null returns. Portfolio holdings, factor exposures and concentration constraints are also missing; that constrains only portfolio fit and the sizing ceiling, not the security-return underwriting or the CIO status.

## 6. Hard-Veto and Threshold Test Audit

The hard-veto results are internally consistent. The decisive failure is the 20% case's required exit P/E: at locked Base EPS, roughly 29.72x is needed, versus normalized current 20.7204830739061x and locked Base 18x. This is major expansion and fails the diagnostic. The Base gross IRR is below 10%, Bear loses capital, total score is below 70, Business Quality is below 65/80, Valuation is below 15/20, and ROIIC plus runway is 30/45 rather than 35/45. The only 20% clearing scenario is Bull.

Exit-multiple integrity passes provisionally subject to red team. Reported current P/E 22.3085833354151x is correctly labelled non-comparable disclosure-only because TTM is event-heavy and predates the acquired perimeter. The normalized 20.7204830739061x FY+1 P/E is the comparable anchor. Bear 12x is tied to the low end of NXT history and FSLR; Base 18x applies a maturity and quality haircut; Bull 22x requires the stronger growth/margin outcome and remains below peak company and PWR evidence. The raw current multiple was not used as a cap. Both excessive-optimism and excessive-bearishness challenges are present and pass. Final publication still requires red team to resolve or classify any material return objection.

## 7. Final 20% Hurdle Pass/Fail

**FAIL.** Base gross USD IRR is 8.55%, probability-weighted gross USD IRR is 8.30%, Base net-SGD IRR is 8.34%, and probability-weighted net-SGD IRR is 8.51%. None reaches the diagnostic 20% hurdle or the CIO mandate's 10%-15% net-SGD target range. Bull clears 20%, but a single 20%-weighted upside case cannot support an investable-now classification.

## 8. Dream Business / Dream Investment Classification

**Neither.** Nextpower has a valuable core franchise and strong recent economics, but the evidence does not yet establish a twenty-year high-return platform after policy normalization and serial acquisitions. At USD 86.18 it is also not a dream investment: the central and probability-weighted returns are single-digit while Bear loses capital. The single biggest reason it does not qualify is that the current price requires a Bull-like operating outcome and substantial terminal valuation support to reach the stretch hurdle.

## 9. Stage 7 Scorecard Notes

- **Compounder Score note:** 52/100 — strong historical returns and cash conversion do not offset policy normalization, opacity, dilution, acquisition risk and an inadequate central return.
- **Business Quality Score note:** 49/80 — bankability, backlog, capital-light scale and net cash support quality, while YELLOW management, moat and 2046 durability cap conviction.
- **20% Return UW Score note:** 3/20 — gross USD returns are -13.14%/8.55%/21.85% for Bear/Base/Bull and 8.30% probability-weighted; only Bull clears the hurdle.

The separate CIO actionability audit supports `PASS` on initiating at the current price. This is a no-trade conclusion, not trade authority. Portfolio fit remains `UNASSESSED_MISSING_PORTFOLIO_CONTEXT`, sizing ceiling remains null, and `trade_execution_authorized`, `portfolio_mutation_authorized` and `owner_action_authorized` are all false.

## 10. Auditor JSON

The machine-readable audit is `compounder_score_audit.json`. It preserves full-precision audited returns, the VP hash, score denominators, exit-multiple integrity, net-SGD replay, CIO authority constraints and `material_red_team_objection_status = PENDING`.

**SCORING AUDIT CLEARED — AUDITED SCORE 52/100; RETURNS REPRODUCED; RED TEAM STATUS PENDING**

# Appendix RT - Red Team

# Nextpower Inc. (formerly Nextracker Inc.) — Production Red Team

**Ticker:** NXT **Analysis date:** 2026-08-24 **Price anchor:** USD 86.18 at the completed 2026-08-21 XNAS session **Exact return horizon:** 2026-07-03 to 2031-07-03, exactly 5.0 years **Red-team disposition:** The operating thesis is conditional and too fragile for an investable-now conclusion at the current price. The audited return bridge itself survives after a material denominator objection that the sealed preflight already resolved.

## Sealed valuation control and handoff verification

The first red-team question is whether the return model is attacking the same earnings, denominator and multiples that valuation preflight locked. It is. The SHA-256 of `valuation_preflight.json` recomputes to `df4bab49dccde27eed2f35987a0672fbce569b42c8369f6f2086d7e77003a646`. That exact hash appears in both `compounder_score.json` and `compounder_score_audit.json`. The preflight status is `CLEARED`, all five foundations are recorded as passed in the independent scoring audit, and the blocker inventory is empty. CS and CSA use the locked P/E method, normalized FY+1 EPS of USD 4.15916944081913, normalized current P/E of 20.7204830739061x, terminal diluted shares of 163.126655 million/161.966293 million/161.096022 million, and Bear/Base/Bull exit P/Es of 12x/18x/22x without alteration.

The audited gross USD returns are -13.1411748129% Bear, 8.5498568047% Base, 21.8524614928% Bull and 8.2991640770% probability-weighted. The latter is the five-year CAGR of USD 128.3902404223 of probability-weighted terminal wealth, not an average of scenario IRRs. The audited net-SGD returns are -14.5724498513%, 8.3421871593%, 23.2961988858% and 8.5140718741%, using the same P/E terminal values, 0.5% entry and exit costs, 1.26946 entry USD/SGD and 1.18/1.27/1.36 scenario exit FX. No terminal cash or debt is added after EPS times P/E, distributions are explicitly zero, and the double-count check passes. These results are preserved, not revised, below.

## 1. The most fragile assumption

The most fragile assumption is not tracker demand in isolation. It is the Base-case claim that acquired storage and power conversion can rise from a zero NXT-ownership TTM base to USD 1.40 billion of revenue by 2031 while the broader platform also supports a 20.0% consolidated statutory operating margin. The exact line is the acquired storage and power-conversion revenue driver in the sole `Consolidated company` model. Prevalon and Zigor/Apex closed after the TTM date, so there is no ownership-period revenue, margin, retention or warranty record against which to calibrate this path. The model uses USD 0.30 billion in year one and USD 1.40 billion in year five as analyst assumptions, not management guidance. This line contributes roughly 42% of the USD 3.32 billion increase from TTM revenue of USD 3.63 billion to Base revenue of USD 6.95 billion.

That assumption is fragile because management is integrating storage, inverter and power-conversion operations while accelerating product investment by USD 50 million, yet still does not disclose product-level margins, attach cohorts or organic-versus-acquired growth. Storage and conversion also introduce project-execution, component, cyber, service and warranty risks that are not present to the same degree in tracker steel and controls. A 20% shortfall in the USD 1.40 billion acquired-product horizon line is USD 280 million of lost revenue before any integration or margin penalty. A broader expression of that miss—Base consolidated revenue CAGR 200 basis points below the modeled 13.8697%—reduces horizon EPS by USD 0.596679 to about USD 6.619051 under the synthesis sensitivity. At the locked 18x P/E, terminal wealth falls from USD 129.883 to USD 119.143 and the five-year gross return falls from 8.55% to about 6.69%. The thesis therefore has little room for a merely decent acquisition outcome.

## 2. The most-likely-to-be-optimistic Stage 5 number

The single Stage 5 number most likely to be revised down is the Base-case 20.0% statutory operating margin at 2031-07-03. That number asks procurement, product mix and SG&A leverage to offset most of a modeled decline in 45X vendor-credit intensity from 10.7% of FY2026 revenue to 6.0%, while the company simultaneously absorbs acquired amortization, integration, warranty and commercialization expense. The evidence does not yet show that storage, power conversion or eBOS earns tracker-like margins. FY2026's mechanical margin excluding gross 45X credits was only 8.9%; even excluding net credits after tariffs produced 12.6%. Q1 FY2027's approximately USD 99 million net 45X-and-tariff benefit against USD 935 million of revenue likewise warns that the reported margin remains policy-assisted.

The synthesis itself shows the consequence. Moving Base margin down 200 basis points to 18.0% reduces EPS by USD 0.703727 to about USD 6.512003. At the same 18x exit P/E, terminal wealth becomes USD 117.216 and gross USD IRR falls to about 6.34%, a 2.20 percentage-point reduction. That is not an audited correction; it is the most relevant non-controlling sensitivity. The controlling 20.0% figure can survive only if attach products improve gross value faster than 45X fades and if acquisitions do not add a structurally lower-margin revenue pool.

## 3. The strongest bear case, stated in its strongest form

Nextpower is a policy-assisted tracker leader being valued as though serial acquisitions will turn a project-by-project hardware franchise into a high-margin power platform. The core faces aggressive rebidding, weak verified price pass-through and a U.S. market whose forecast has already been cut sharply, while storage, conversion and robotics add warranty and integration risk without disclosed product economics. Within two years, backlog conversion can still make revenue look healthy even as credit-adjusted margin, organic tracker growth and acquired-product cash returns deteriorate; by 2031 the company could be a USD 4.8 billion integrator earning a 15.5% reported margin and only USD 3.55 per share, exactly the audited Bear. The observable anchor is policy-normalized statutory operating margin below 10% alongside stagnant non-tracker attach and continuing diluted-share growth: that combination means the platform is consuming the tracker franchise rather than extending it.

## 4. Cross-examination of management commentary

First, management said FY2027 would deliver “more than 40% growth in our non tracker business” and approximately 15% of total revenue on the 2026-05-12 Q4 call. That statement preceded the July Prevalon and Zigor/Apex closes and is not comparable with the model's post-close perimeter. A large reported non-tracker growth rate can therefore reflect acquisitions rather than successful attach to the installed tracker base. The first contrary evidence would be acquired revenue growing while legacy non-tracker share, eBOS bookings or contribution economics stall. Without a product and organic/acquired bridge, the headline can be true while the strategic claim is false.

Second, management said it expected to “exceed our previously disclosed 2030 revenue outlook.” The Base model requires USD 6.95 billion at the horizon, including USD 1.20 billion of legacy non-tracker revenue and USD 1.40 billion of acquired storage and conversion. The statement gives no product mix, margin or per-share value condition. Revenue can exceed an old outlook through purchased sales and still destroy value if integration costs, contingent payments, goodwill, SBC and warranty claims outrun NOPAT. The earliest warning would be revenue guidance holding while GAAP operating margin, free-cash-flow conversion or diluted EPS guidance is cut.

Third, the Q1 FY2027 release said acquisitions would “drive long-term profitable growth.” That is an objective, not evidence. Prevalon cost up to USD 365 million, Zigor/Apex up to USD 80.5 million, and the announced Zimmermann transaction could cost up to EUR 330 million if it closes; no completed Nextpower-period deal ROIC or GAAP accretion bridge exists. The first disconfirmation would be a rise in goodwill or contingent consideration without an acquisition-inclusive ROIC and diluted-share EPS benefit, or a material warranty/integration charge. Management's strong aggregate guidance record deserves respect, but it does not substitute for post-deal accountability.

## 5. Stage 5 tie-out reverification

The recency anchor is arithmetically sound. TTM uses four non-overlapping reported fiscal quarters—Q2 FY2026 through Q1 FY2027—and the official cumulative bridge reproduces revenue, operating income, pretax income and net income exactly. The 371-day total arises from the issuer's week-based calendar, not overlapping periods. The economic challenge is trend, not arithmetic: Q1 FY2027 revenue grew 8.2% year over year, while Base year one rises 17.1% from TTM. Raised USD 4.1-USD 4.4 billion FY2027 guidance, backlog above USD 5.5 billion and the acquired perimeter support that step, but they do not prove comparable organic acceleration.

The share-count path is not an aggressive anti-dilution assumption. It adds 1.480924 million shares annually as an SBC proxy, includes 0.580181 million shares for Prevalon and assumes only USD 100 million of Base repurchases. Ending Base shares still increase from 155.141856 million to 161.966293 million. The weak point is not that free cash flow cannot fund USD 100 million; it is that management has executed only USD 0.395 million of a USD 500 million authorization and ranks M&A ahead of repurchases. If the modeled repurchase never occurs, roughly 1.160 million extra terminal shares would reduce Base EPS by less than 1%, far smaller than the margin and revenue risks.

The Base legacy non-tracker CAGR of 22.5% and Bull CAGR of 31.3% exceed tracker growth because they start from a small base and assume attach. That is a named structural reason, but not yet verified economics. The reviewed evidence identifies

Array and Shoals as established competitors across foundations, software and eBOS; it provides no product-level peer deceleration series strong enough to justify a mechanical haircut. The correct red-team conclusion is narrower: the model has a reason for faster growth, but lacks disclosure capable of proving it before results arrive.

## 6. Score-derived 20% return claim most likely to be wrong

The audited score does not claim that a central 20% return is plausible. It correctly assigns only 3/20 to the stretch underwriting, classifies the score as Reject and says Base and probability-weighted returns fail. The one score-derived 20% claim most likely to be wrong is that the 20%-weighted Bull case clears, at 21.85% gross USD and 23.30% net SGD. That outcome simultaneously needs USD 9.0 billion of revenue, a 22.0% margin, USD 10.523382 of EPS and a 22x exit P/E.

The margin/multiple cushion is thin. Holding Bull EPS fixed but using a 20x exit P/E reduces terminal wealth to USD 210.468 and gross IRR to about 19.55%, below the hurdle. Alternatively, at 22x the Bull needs terminal EPS of about USD 9.7474 to produce 20%, only 7.4% below the modeled USD 10.5234. A modest integration or margin miss therefore breaks the sole clearing case. The red team agrees with the audit: there is no credible 20% central-return proposition at USD 86.18.

## 7. Two-sided valuation challenge

**Strongest reason the model is too optimistic.** The Base 18x exit P/E is applied to an EPS stream whose 20% margin still assumes meaningful policy support and unproven acquired-product economics. The multiple is independently anchored and below the normalized current 20.72x, so it is not reverse-engineered. The optimistic conjunction is economic: 20% margin and 18x presume both platform execution and enough durability to deserve a premium industrial multiple. The 18% margin sensitivity reduces Base terminal wealth to USD 117.216 and gross IRR to 6.34%. This shows why the current 8.55% Base return is not a margin of safety even without changing the valuation method.

**Strongest reason the model is too bearish.** Bear applies 12x to positive USD 3.550545 terminal EPS even though the company retains backlog, installed scale, no modeled insolvency and a continuing tracker franchise. A non-controlling sensitivity using the cited FY2024 low of 14.16x produces USD 50.276 of terminal value and a -10.22% gross IRR, versus USD 42.607 and -13.14% audited. Zero distributions are also punitive, but no source-bound dividend path exists, so adding one would be invention. The 14.16x sensitivity does not replace the frozen 12x: the latter is separately supported by NXT's 11.87x low and FSLR's 12.30x forward P/E. The sensitivity demonstrates uncertainty, not a valuation defect.

The material denominator objection is already resolved. Reported TTM P/E of 22.3086x is event-heavy and precedes the acquired perimeter; using it as a comparable cap or anchor would contaminate returns. VP, CS and CSA explicitly classify it as non-comparable disclosure-only, substitute normalized FY+1 EPS of USD 4.159169 and normalized P/E of 20.7205x, and choose each exit multiple independently. That resolution is hash-bound and incorporated in the audited outputs. No arithmetic, method, claim-perimeter, dilution or terminal-equity correction remains. Alternative margin and multiple sensitivities can move returns by more than two percentage points, but they are scenario uncertainty rather than evidence of an invalid locked input.

**RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED.**

## 8. P&C insurer return-bridge cross-examination

This lane is **not applicable**. Nextpower is an industrial solar-tracking and power-technology company, not a property-and-casualty insurer, reinsurer, specialty risk-bearing carrier or substantially similar business. No `insurer_return_bridge.json` is required or present; the appropriate shareholder bridge is the sealed P/E method using reconciled statutory diluted EPS. Accordingly, retained-versus-managed underwriting perimeter, fee/NCI count-once, common-book roll-forward, terminal ROE/P/B consistency and negative-EPS-to-zero-equity insurer tests do not apply. The Saudi joint venture is 49%-owned and equity-method accounted; it is not consolidated insurer NCI and the model correctly avoids a blanket NCI haircut.

## 9. The signal that forces an exit

The force-exit signal is **policy-normalized statutory operating margin below 10% for two consecutive reported quarters**, calculated as reported statutory operating income less the disclosed net 45X-and-tariff benefit, divided by revenue. Q1 FY2027 is already approximately 9.8% on this mechanical diagnostic: roughly USD 190.9 million of operating income less approximately USD 99 million of disclosed net benefit, divided by USD 935.2 million of revenue. If the next reported quarter also falls below 10%, the two-quarter condition is met.

This threshold is decisive because Base requires margin to recover from 18.5% in year one to 20.0% by year five as 45X intensity declines. Two sub-10% normalized quarters would show that tracker pricing, attach value and cost leverage are not replacing policy economics. It should force an exit or, where no position exists, continued non-initiation even if reported revenue and backlog remain strong. The signal must not be waived by adjusted EBITDA: the thesis is statutory per-share economics after policy normalization.

## 10. Conviction at the end of red team

**Conditional: the business thesis survives, but the investment thesis does not survive at USD 86.18.** The tracker franchise is real, the balance sheet is strong and the audited model is methodologically sound. However, the Base return is only 8.55% gross USD and 8.34% net SGD, probability-weighted returns are 8.30% and 8.51%, and Bear loses capital. The valuation therefore pays today for a platform transition whose product economics are undisclosed and whose margin bridge depends on replacing policy credits with mix and execution.

The report should not be rewritten around bankruptcy, fraud or imminent demand collapse; none is evidenced. It should be written around a narrower and more uncomfortable conclusion: a good tracker franchise is funding an unseasoned acquisition-and-attach experiment, while the current price offers inadequate compensation if that experiment is merely average. The audited CIO PASS on initiating is the correct no-trade conclusion. Upgrade requires disclosed organic/acquired revenue, product or cohort contribution economics, acquisition-inclusive per-share returns and policy-normalized margin durability. Until then, the red team treats Bull as possible, Base as insufficient, and Bear as plausible enough to dominate the decision.

# Appendix D - Data Package (raw historicals)

# Nextpower Inc. (formerly Nextracker Inc.) — Data Package

Information cutoff: 2026-08-24. Fiscal years end March 31 unless otherwise stated. Financial figures are USD billions except where a table explicitly uses USD millions, dollars per share, percentages, or gigawatts. This is a research data package; `trade_execution_authorized=false`. Every historical number and management statement below comes from a live FMP stable-endpoint or official SEC/issuer fetch performed for this stage. No local data-warehouse financial, segment, product, or transcript cache was used.

## Source key and recency controls

| Source ID | Live source fetched in this stage | Period / purpose | Archived D-stage path |
|---|---|---|---|
| FMP_INCOME_A | `https://financialmodelingprep.com/stable/income-statement?symbol=NXT&period=annual&limit=6` | FY2021-FY2026 income statements | `raw/d_20260824T1255+0800/fmp_income_annual.json` |
| FMP_INCOME_Q | `https://financialmodelingprep.com/stable/income-statement?symbol=NXT&period=quarter&limit=12` | Recent-quarter statement check | `raw/d_20260824T1255+0800/fmp_income_quarter.json` |
| FMP_BS_A | `https://financialmodelingprep.com/stable/balance-sheet-statement?symbol=NXT&period=annual&limit=6` | FY2021-FY2026 balance sheets | `raw/d_20260824T1255+0800/fmp_balance_annual.json` |
| FMP_CF_A | `https://financialmodelingprep.com/stable/cash-flow-statement?symbol=NXT&period=annual&limit=6` | FY2021-FY2026 cash flow | `raw/d_20260824T1255+0800/fmp_cashflow_annual.json` |
| FMP_PRODUCT_A | `https://financialmodelingprep.com/stable/revenue-product-segmentation?symbol=NXT&period=annual&limit=100` | Sparse annual product endpoint | `raw/d_20260824T1255+0800/fmp_product_annual.json` |
| FMP_PRODUCT_Q | `https://financialmodelingprep.com/stable/revenue-product-segmentation?symbol=NXT&period=quarter&limit=100` | Sparse quarterly product endpoint | `raw/d_20260824T1255+0800/fmp_product_quarter.json` |
| FMP_GEO_A | `https://financialmodelingprep.com/stable/revenue-geographic-segmentation?symbol=NXT&period=annual&limit=100` | Empty annual geography response | `raw/d_20260824T1255+0800/fmp_geography_annual.json` |
| SEC_FY2026_10K | [FY2026 10-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000017/nxt-20260331.htm) | Controlling FY2026 annual filing | `raw/d_20260824T1255+0800/sec_10k_fy2026.htm` |
| SEC_Q1FY2027_10Q | [Q1 FY2027 10-Q](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000048/nxt-20260703.htm) | Latest interim filing | `raw/d_20260824T1255+0800/sec_10q_q1fy2027.htm` |
| SEC_Q1FY2027_REL | [Q1 FY2027 earnings Exhibit 99.1](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000045/ex991_q127.htm) | Latest results, quote, outlook and product KPIs | `raw/d_20260824T1255+0800/sec_ex991_q1fy27.htm` |
| FMP_TR_Q2 | `https://financialmodelingprep.com/stable/earning-call-transcript?symbol=NXT&year=2026&quarter=2` | Q2 FY2026 call, dated 2025-10-23 | `raw/d_20260824T1255+0800/fmp_transcript_q2fy26.json` |
| FMP_TR_Q3 | `https://financialmodelingprep.com/stable/earning-call-transcript?symbol=NXT&year=2026&quarter=3` | Q3 FY2026 call, dated 2026-01-27 | `raw/d_20260824T1255+0800/fmp_transcript_q3fy26.json` |
| FMP_TR_Q4 | `https://financialmodelingprep.com/stable/earning-call-transcript?symbol=NXT&year=2026&quarter=4` | Q4 FY2026 call, dated 2026-05-12 | `raw/d_20260824T1255+0800/fmp_transcript_q4fy26.json` |

The Q1 FY2027 FMP transcript endpoint returned an empty array on the initial live call and the required identical retry. The official SEC-filed earnings exhibit controls the latest-quarter guidance and management quote. The company IR homepage returned HTTP 403 on the initial request and identical retry, so this package cites the SEC-hosted official exhibits rather than an inaccessible mirror.

## 0a. Industry classification and disclosure inventory

**Classification.** Nextpower is a U.S.-GAAP domestic filer and clean-energy hardware/technology platform vendor. Its core economics are utility-scale solar tracker systems, with expanding foundations, electrical balance of systems, steel module frames, software and controls, robotic inspection, power conversion and battery-energy-storage offerings. The fiscal year ends March 31, while quarters use a week-calendar and therefore do not always end on calendar month-end.

**FMP status.** FMP product history is materially sparse: two annual rows and four quarterly rows, all under the generic label `Reportable Segment`. The FY2026 quarterly payload includes a provider Q4-labeled composite of $1.785785 billion that equals official Q2 plus Q4 revenue and is not a standalone quarter. The annual FMP geography endpoint is empty. Official SEC filings therefore control the richer hardware, significant-expense, geographic, product-mix and backlog inventory.

**Official search inventory.** Live-filed FY2023-FY2026 10-Ks, FY2026 Q1-Q3 10-Qs, Q1 FY2027 10-Q, the last four earnings exhibits, SEC submissions and the 2025-11-12 rebrand exhibit were checked. Search terms were: `segment`, `significant segment expenses`, `CODM`, `consolidated net income`, `GW delivered`, `backlog`, `tracker`, `non-tracker`, `TrueCapture`, `eBOS`, `PowerMerge`, `foundation`, `steel frame`, `robotic`, `power conversion`, `battery`, `Prevalon`, `geographic revenue`, `customer concentration`, `supplier concentration`, `single-source supplier`, `manufacturing capacity`, `tariff`, `45X`, `reclassification`, and `Capital Markets Day`.

| Dataset / table family | Official source searched | Search terms or table names | Years available | Included? | If excluded, why | Downstream relevance |
|---|---|---|---|---|---|---|
| Reportable-segment economics | FY2025 and FY2026 10-K; Q1 FY2027 10-Q | One operating segment; CODM; segment profit; significant expenses | FY2024-FY2026 plus Q1 FY2027; five years for statements | Yes | None | Exact metric identity and operating bridge |
| Hardware volume | FY2023-FY2026 10-K MD&A | GW delivered; cumulative GW shipped; manufacturing capacity | FY2022-FY2026 | Yes | Q1 FY2027 delivered GW not disclosed | Growth and operating leverage |
| Order visibility | FY2023-FY2026 10-K; Q1 FY2027 release | Firm orders; backlog; bookings | FY2023-FY2026 and Q1 FY2027 | Yes | FY2022 backlog not found | Revenue visibility and cancellation risk |
| Product-mix economics | FY2026 10-K; last four calls/releases | Tracker; non-tracker; eBOS; TrueCapture; PowerMerge | FY2025-FY2026; latest quarter for selected KPIs | Yes, with estimates labeled | Individual product revenue not disclosed | Platform forecast and attach-rate work |
| Geographic revenue | FY2023-FY2026 10-K | U.S.; Rest of World; country over 10% | FY2022-FY2026 | Yes | Annual FMP endpoint empty | Regional and policy exposure |
| Customer and supplier concentration / supply network | FY2023-FY2026 10-Ks; FY2026 10-K business and risk factors | Customers over 10%; limited-number and single-source suppliers; contract manufacturing; capacity | FY2024-FY2026 customer table; current supply-network disclosure | Yes | No supplier-specific percentage table is disclosed | Revenue concentration, continuity and margin risk |
| Product-level profit | Annual and interim segment notes | Product operating profit; product margin | None | No | True non-disclosure | Prevent fabricated margins |
| Capital Markets Day deck | Company IR and SEC exhibits | Capital Markets Day; November 12; 2030 outlook | 2025-11-12 | Partly | IR returned 403 twice; SEC exhibit was rebrand release | Subsequent calls re-confirm direction |

### Official hardware and clean-energy KPI history

| KPI family | Granularity | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Latest interim | Source path |
|---|---|---|---|---|---|---|---|---|
| GW delivered | Consolidated projects | 15.0 | 18.0 | 26.0 | 33.6 | 38.0 | Not disclosed for Q1 FY2027 | FY2024-FY2026 10-K MD&A |
| Cumulative tracker systems shipped | Consolidated | Not stated in selected filing | More than 75 GW | More than 100 GW | More than 130 GW | More than 160 GW | Not updated | FY2023-FY2026 10-K business sections |
| Backlog / firm orders | USD billions | Not sourced | Approximately 2.6 | More than 4.0 | More than 4.5 | More than 5.0 | More than 5.5; Prevalon adds significantly above 0.3 | FY2023-FY2026 10-K; Q1 FY2027 release |
| Tracker share of revenue | Consolidated mix | Not disclosed | Not disclosed | Not disclosed | Approximately 92% | Approximately 88% | Not disclosed | FY2026 10-K MD&A |

| KPI family | Granularity | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Latest interim | Source path |
|---|---|---|---|---|---|---|---|---|
| Non-tracker share of revenue | Consolidated mix | Not disclosed | Not disclosed | Not disclosed | Approximately 8% | Approximately 12% | FY2027 eBOS revenue expected well above $100m | FY2026 10-K; Q1 FY2027 release |
| Annual manufacturing capacity | Global supply network | Not backfilled | Not backfilled | Not backfilled | Approximately 80 GW | Approximately 80 GW | No update | FY2025-FY2026 10-K |

`GW delivered` equals project nameplate capacity multiplied by the proportion of project materials delivered; it is not a simple shipment count. Backlog includes executed EPC or volume-commitment contracts or purchase orders meeting issuer-defined deposit, named-site, volume and ship-date criteria. It is not revenue and remains subject to schedule changes and cancellation.

### Material tables outside FMP

| Official disclosure | Material values included here | Why FMP alone is insufficient |
|---|---|---|
| Significant segment expenses | FY2026 material cost $2,226.920m; 45X vendor credits $(379.874)m; tariffs $130.406m; freight/labor/other $421.843m; SG&A $341.920m; R&D $120.909m | FMP does not preserve the CODM expense table or tariff recast |
| Product mix | FY2026 tracker approximately 88%; non-tracker approximately 12%, versus 92%/8% in FY2025 | FMP labels everything `Reportable Segment` |
| Geographic revenue | FY2026 U.S. $2,730.699m and Rest of World $828.691m | FMP annual geography is empty |
| Current product adoption | Record Q1 FY2027 eBOS bookings; PowerMerge bookings above 850 MW; eBOS FY2027 revenue expected well above $100m | These are product KPIs, not GAAP revenue lines |
| Customer / supply network | No customer exceeded 10% of revenue in FY2025 or FY2026; one customer was $426.1m in FY2024. The FY2026 10-K reports more than 100 contract-manufacturing facilities in 19 countries and warns that some components use limited-number or single-source suppliers; it gives no supplier-specific percentage table. | FMP does not preserve customer concentration or qualitative supplier dependencies |

## 1. Reporting structure and taxonomy

Nextpower has exactly **one operating and reportable segment** for all periods presented. The CEO is the chief operating decision maker, and the issuer states that consolidated net income is the CODM's primary measure of segment profit. Consolidated net income is below operating income; it is never relabeled as operating income in this package.

| Current reportable segment | FY2026 revenue ($B) | Share of total | Description | Profit-basis treatment |
|---|---|---|---|---|
| Nextpower single operating/reportable segment | 3.559390 | 100.0% | Clean-power platform centered on trackers plus complementary hardware, software and services | Revenue context; model uses one `Consolidated company` line on the sealed statutory-OI fallback basis |

**Taxonomy investigation.** The number of reportable segments has not changed. FY2025 adoption of enhanced segment disclosure added significant-expense information. The FY2026 10-K reclassified FY2025 and FY2024 significant segment expenses to show tariffs separately; use the FY2026 filing's recast table. Product scope expanded through acquisitions, but the Q1 FY2027 10-Q still reports one segment. The legal name changed to Nextpower on 2025-11-12 without a new segment. The 2026-08-19 charter restatement renamed Class A common stock to Common Stock and eliminated legacy Class B provisions without an economic split.

| Geographic revenue | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2026 share | Official source |
|---|---|---|---|---|---|---|---|
| United States ($B) | 0.904946 | 1.298596 | 1.702611 | 2.031603 | 2.730699 | 76.7% | FY2023-FY2026 10-K geographic tables |
| Rest of World ($B) | 0.552646 | 0.603541 | 0.797230 | 0.927594 | 0.828691 | 23.3% | FY2023-FY2026 10-K geographic tables |
| Total ($B) | 1.457592 | 1.902137 | 2.499841 | 2.959197 | 3.559390 | 100.0% | Exact consolidated tie |

Only Brazil exceeded 10% of revenue in FY2024, at $281.272 million or 11%; no non-U.S. country exceeded 10% in FY2025 or FY2026. One letter-coded customer was above 10% in FY2024 at $426.1 million; the current filing shows no customer above 10% for FY2025 or FY2026.

## 2. Consolidated historicals

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Source |
|---|---|---|---|---|---|---|
| Revenue ($B) | 1.457592 | 1.902137 | 2.499841 | 2.959197 | 3.559390 | FMP_INCOME_A; 10-K tie |
| Operating income ($B) | 0.065907 | 0.168485 | 0.587118 | 0.639112 | 0.697266 | FMP_INCOME_A; SEC_FY2026_10K |
| Operating margin | 4.5% | 8.9% | 23.5% | 21.6% | 19.6% | Calculated |
| Net income attributable to common ($B) | 0.050913 | 0.118887 | 0.306241 | 0.509168 | 0.585883 | FMP_INCOME_A; NCI differs in FY2024-FY2025 |
| Diluted EPS ($) | 1.11 | 0.0078 | 3.37 | 3.47 | 3.84 | FMP_INCOME_A; pre/post-IPO basis differs |
| Diluted share count (M) | 45.869 | 145.852 | 147.284 | 149.276 | 152.710 | FMP_INCOME_A; official latest precision |
| Capex ($B) | 0.005917 | 0.003183 | 0.006160 | 0.033921 | 0.049277 | FMP_CF_A; SEC override FY2024/FY2026 |
| Free cash flow ($B) | (0.153030) | 0.104486 | 0.422813 | 0.621873 | 0.513634 | OCF less PP&E purchases; SEC overrides noted |
| Analyst-consistent ROIC | 13.8% | 24.6% | 80.4% | 64.4% | 52.3% | Calculation below |

ROIC is `NOPAT / average invested capital`. NOPAT is statutory operating income multiplied by one minus the effective tax rate. End invested capital is total equity plus FMP total debt, including lease obligations, minus cash. Average invested capital is the mean of current and prior fiscal-year end values.

| ROIC component (USD millions) | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 |
|---|---|---|---|---|---|
| Effective tax rate | 21.80% | 28.24% | 18.39% | 20.18% | 17.92% |
| NOPAT | 51.538 | 120.904 | 479.175 | 510.139 | 572.291 |
| End invested capital | 476.563 | 505.400 | 686.998 | 896.141 | 1,292.279 |
| Average invested capital | 373.261 | 490.982 | 596.199 | 791.570 | 1,094.210 |
| ROIC | 13.8% | 24.6% | 80.4% | 64.4% | 52.3% |

FY2023-FY2024 spans the IPO, Flex separation and ownership reorganization. Diluted EPS, common net income and invested-capital comparisons across that boundary are not a clean organic per-share series. FY2026 FMP OCF and capex differ from the controlling SEC presentation by $6.458 million and $4.465 million; official OCF $562.911 million and capex $49.277 million are used.

## 3. Segment historicals

The sealed schema-1.2 bridge requires one financial-projection segment, `Consolidated company`. It is an ER2 modeling repair because the issuer's only disclosed CODM profit metric is consolidated net income, a non-operating statutory endpoint. It is not a claim that Nextpower reports segment operating income.

| Consolidated company | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Source |
|---|---|---|---|---|---|---|
| Revenue ($B) | 1.457592 | 1.902137 | 2.499841 | 2.959197 | 3.559390 | FMP_INCOME_A and 10-Ks |
| YoY growth | 21.9% | 30.5% | 31.4% | 18.4% | 20.3% | Calculated |
| Statutory operating income (single-segment non-operating CODM fallback) ($B) | 0.065907 | 0.168485 | 0.587118 | 0.639112 | 0.697266 | FMP_INCOME_A; SEC latest controls |
| Margin on exact fallback metric | 4.5% | 8.9% | 23.5% | 21.6% | 19.6% | Calculated |

| CODM profit disclosure | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | TTM ended 2026-07-03 |
|---|---|---|---|---|---|---|
| Consolidated net income (CODM primary measure of segment profit), USD millions | Not in recast table | Not in recast table | 496.215 | 517.246 | 585.883 | 594.055 |
| Source | — | — | SEC_FY2026_10K | SEC_FY2026_10K | SEC_FY2026_10K | SEC companyfacts / sealed TTM |

### Significant segment-expense inventory

| Issuer line (USD millions) | FY2024 recast | FY2025 recast | FY2026 | Q1 FY2027 | Classification |
|---|---|---|---|---|---|
| Revenue | 2,499.841 | 2,959.197 | 3,559.390 | 935.170 | Segment revenue |
| Material cost | 1,498.699 | 1,799.343 | 2,226.920 | 558.009 | Operating cost |
| 45X vendor credits | (121.405) | (224.879) | (379.874) | (103.309) | Operating cost reduction |
| Tariffs, net where stated | 16.775 | 19.729 | 130.406 | 3.921 | Operating cost |
| Freight, labor and other cost of sales | 292.723 | 356.179 | 421.843 | 140.696 | Operating cost |
| Selling, general and administrative expenses | 183.571 | 290.321 | 341.920 | 100.438 | Operating expense |
| Research and development | 42.360 | 79.392 | 120.909 | 44.508 | Operating expense |
| Interest expense | 13.820 | 13.096 | 2.623 | 0.253 | Below operating income |
| Other income, net | (34.699) | (22.000) | (19.183) | (8.271) | Below operating income |
| Provision for income taxes | 111.782 | 130.770 | 127.943 | 33.570 | Tax / post-pretax |
| Consolidated net income | 496.215 | 517.246 | 585.883 | 165.355 | CODM endpoint |

The FY2026 10-K explicitly recast prior-year segment expenses to present tariffs separately. Downstream work should use this recast table and not mix it with earlier presentations.

## 3a. Historical statutory-profit bridge and forecast-driver ledger

Sealed packet: `statutory_bridge.json`; schema `1.2.0`; basis `single_segment_non_operating_codm_fallback`; USD millions. Exact sealed SHA-256: `a827e74eeaaef309ce7be494f930b49f22a2b1b8678e9defd227fc1cb4f0560f`.

The exact common modeled basis is **Statutory operating income (single-segment non-operating CODM fallback)**. Corporate/unallocated and operating-bridge arrays are empty for both periods. No zero placeholders are added. `codm_profit_disclosure` separately preserves consolidated net income.

| Period | CODM disclosure label | Value (USD m) | Source ID | Relationship |
|---|---|---|---|---|
| FY2026 ended 2026-03-31 | Consolidated net income (CODM primary measure of segment profit) | 585.883 | SEC_FY2026_10K | Equals statutory net income; below operating income |
| TTM ended 2026-07-03 | Consolidated net income (CODM primary measure of segment profit) | 594.055 | SEC_COMPANYFACTS_LIVE | Equals statutory net income; four-quarter construction |

### FY2026 ended 2026-03-31

| Bridge line | Classification | Value (USD m) | Source ID | Running subtotal (USD m) |
|---|---|---|---|---|
| Consolidated company | segment profit on modeled fallback basis | 697.266 | SEC_FY2026_10K | 697.266 |
| Sum of reportable segment profit | segment profit subtotal | 697.266 | SEC_FY2026_10K | 697.266 |
| Consolidated segment profit metric | modeled subtotal | 697.266 | SEC_FY2026_10K | 697.266 |
| Statutory operating income | statutory subtotal | 697.266 | SEC_FY2026_10K | 697.266 |
| Interest expense, net | interest / below line | (2.623) | SEC_COMPANYFACTS_LIVE | 694.643 |
| Other income, net | other non-operating / below line | 19.183 | SEC_COMPANYFACTS_LIVE | 713.826 |
| Pretax income | statutory subtotal | 713.826 | SEC_COMPANYFACTS_LIVE | 713.826 |

| Bridge line | Classification | Value (USD m) | Source ID | Running subtotal (USD m) |
|---|---|---|---|---|
| Income tax expense | tax | (127.943) | SEC_COMPANYFACTS_LIVE | 585.883 |
| Net income | statutory subtotal | 585.883 | SEC_FY2026_10K | 585.883 |

All five sealed residuals are 0.000 within the $0.001 million tolerance.

### TTM ended 2026-07-03

| Bridge line | Classification | Value (USD m) | Source ID | Running subtotal (USD m) |
|---|---|---|---|---|
| Consolidated company | segment profit on modeled fallback basis | 701.943 | SEC_COMPANYFACTS_LIVE | 701.943 |
| Sum of reportable segment profit | segment profit subtotal | 701.943 | SEC_COMPANYFACTS_LIVE | 701.943 |
| Consolidated segment profit metric | modeled subtotal | 701.943 | SEC_COMPANYFACTS_LIVE | 701.943 |
| Statutory operating income | statutory subtotal | 701.943 | SEC_COMPANYFACTS_LIVE | 701.943 |
| Interest expense, net | interest / below line | (1.660) | SEC_COMPANYFACTS_LIVE | 700.283 |
| Other income, net | other non-operating / below line | 21.501 | SEC_COMPANYFACTS_LIVE | 721.784 |
| Pretax income | statutory subtotal | 721.784 | SEC_COMPANYFACTS_LIVE | 721.784 |
| Income tax expense | tax | (127.729) | SEC_COMPANYFACTS_LIVE | 594.055 |
| Net income | statutory subtotal | 594.055 | SEC_COMPANYFACTS_LIVE | 594.055 |

All five sealed residuals are 0.000 within the $0.001 million tolerance. TTM uses Q2 FY2026, Q3 FY2026, Q4 FY2026 and Q1 FY2027, not the FMP composite product row.

| Historical bridge line | FY2026 value | TTM value | Forecast treatment | Driver and source | Bear / base / bull rule |
|---|---|---|---|---|---|
| Statutory operating income (single-segment non-operating CODM fallback) | 697.266 | 701.943 | One consolidated modeled segment | Revenue, mix, gross margin, R&D and SG&A; SEC / official outlook | Bear: weaker mix/cost; Base: guidance-consistent; Bull: attach growth and leverage |
| Interest expense, net | (2.623) | (1.660) | Interest-rate and debt schedule | Zero funded debt at Q1 FY2027; revolver and leases | Bear: acquisition draw; Base: minimal debt; Bull: no funded debt |
| Other income, net | 19.183 | 21.501 | Cash-balance and short-rate schedule | Q1 cash $1.214b and official history | Bear: lower cash/yield; Base: normalized yield; Bull: higher cash/yield |
| Income tax expense | (127.943) | (127.729) | Effective tax-rate schedule | FY2026 17.9%; TTM 17.7% | Bear: higher rate; Base: recent range; Bull: lower only if sourced |
| Consolidated net income | 585.883 | 594.055 | Mechanical endpoint | Pretax less tax; issuer CODM disclosure | Must tie to full below-line bridge |

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

## 4. Product and sub-segment historicals

### Dollar-disclosed and mix-derived historicals

| Segment | Product / category | What it is | Dollar disclosure? | Historical revenue and source |
|---|---|---|---|---|
| Single reportable segment | Reportable Segment / consolidated company | All tracker and complementary technology revenue | Yes | FY2025 $2.959197b and FY2026 $3.559390b from FMP_PRODUCT_A, tied to official revenue |
| Single reportable segment | Tracker systems | Core solar tracker products | No exact dollars; approximate mix | Estimated FY2025 $2.722461b from 92%; estimated FY2026 $3.132263b from 88% |
| Single reportable segment | Non-tracker platform | TrueCapture, eBOS, foundations, robotics and other | No exact dollars; approximate mix | Estimated FY2025 $0.236736b from 8%; estimated FY2026 $0.427127b from 12% |

| Segment | Product / category | What it is | Dollar disclosure? | Historical revenue and source |
|---|---|---|---|---|
| Single reportable segment | eBOS | Electrical collection and transport hardware | No historical GAAP dollars | FY2027 revenue expected well above $100m; this is outlook, not historical |
| Single reportable segment | TrueCapture and controls | Software-driven yield optimization | No annual exact dollars | Q2 FY2026 recognized contribution around 2%; no annual dollars |
| Single reportable segment | Foundations / frames / robotics | Complementary construction and O&M products | No | Bookings and adoption, but no standalone GAAP revenue history |
| Single reportable segment | Power conversion / storage | Inverters, BESS, controls and services | No historical base in current company | Post-Q1 acquisitions; backlog and consideration are not revenue |

The mix estimates are not separately disclosed dollars. Tie-outs: FY2025 `2.959197 x 92% = 2.722461` and `2.959197 x 8% = 0.236736`; FY2026 `3.559390 x 88% = 3.132263` and `3.559390 x 12% = 0.427127`. Percentages are approximate, so every derived dollar is estimated.

| Product | Disclosure method | Last four-quarter YoY growth | Current operating disclosure | Source |
|---|---|---|---|---|
| Tracker systems | Approximate annual mix plus GW delivered | Not separately disclosed by quarter | FY2026 GW delivered rose 13% to 38.0 | SEC_FY2026_10K |
| Non-tracker platform | Approximate annual share | No quarterly revenue-growth series | FY2026 share rose to about 12% from 8% | SEC_FY2026_10K |
| eBOS / PowerMerge | Bookings and outlook | No recognized-revenue YoY series | Record Q1 bookings; cumulative PowerMerge above 850 MW | SEC_Q1FY2027_REL |
| TrueCapture | Quarterly contribution commentary | No four-quarter YoY series | Around 2% of Q2 revenue; record FY2026 revenue without dollars | FMP_TR_Q2 and FMP_TR_Q4 |
| Foundations | Bookings / installed scale | No quarterly revenue-growth series | Annualized bookings run-rate above $100m on Q4 call | FMP_TR_Q4 |
| Power conversion | Capacity, orders and ramp | Not applicable before launch | Initial order above 100 MW; multi-GW scaling intended | FMP_TR_Q4 |

No product-level growth rate is silently mapped to the reportable segment. Individual product dollars are a true non-disclosure after the official segment notes, MD&A and earnings materials listed in Section 0a were searched.

## 5. Most recent quarterly trend

*Company FY ends March 31. Most recently completed fiscal quarter at time of writing: FY2027 Q1, covering April 1-July 3, 2026, reported on 2026-07-30 via the [official SEC-filed earnings release](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000045/ex991_q127.htm).*

| Quarter | Revenue ($B) | YoY growth | GAAP operating margin | Source |
|---|---|---|---|---|
| Q2 FY2026 ended 2025-09-26 | 0.905268 | 42.4% | 20.0% | FMP_TR_Q2; Q2 10-Q filed 2025-10-30 |
| Q3 FY2026 ended 2025-12-31 | 0.909352 | 33.9% | 19.4% | FMP_TR_Q3; Q3 10-Q filed 2026-01-30 |
| Q4 FY2026 ended 2026-03-31 | 0.880517 | (4.7%) | 17.4% | FMP_TR_Q4; SEC_FY2026_10K |
| Q1 FY2027 ended 2026-07-03 | 0.935170 | 8.2% | 20.4% | SEC_Q1FY2027_REL and SEC_Q1FY2027_10Q |

Because there is one reportable segment, consolidated revenue is also the largest-segment revenue. The latest-quarter 8.2% growth is calculated from official release values of $935.170 million and $864.253 million. Product-level quarterly revenue and margins are not separately disclosed.

| Quarter | U.S. revenue ($B) | Rest of World ($B) | U.S. share | Source |
|---|---|---|---|---|
| Q2 FY2026 | 0.733478 | 0.171790 | 81.0% | Q2 FY2026 10-Q geography table |

| Quarter | U.S. revenue ($B) | Rest of World ($B) | U.S. share | Source |
|---|---|---|---|---|
| Q3 FY2026 | 0.735000 | 0.174352 | 80.8% | Q3 FY2026 10-Q; FMP quarterly geography tie |
| Q4 FY2026 | 0.662136 | 0.218381 | 75.2% | FY2026 less official nine-month geography |
| Q1 FY2027 | 0.775617 | 0.159553 | 82.9% | Q1 FY2027 10-Q; FMP quarterly geography tie |

The Q4 geographic amounts are a mechanical annual-less-nine-month construction from official tables. No FMP product composite was used. The U.S. mix stayed above 75% in all four periods, making domestic demand, tariffs and 45X vendor credits particularly important to near-term margins.

## 6. Management commentary on forward growth

The quotes below are deliberately short, verified verbatim fragments from live-fetched source text. Interpretations provide surrounding meaning without manufacturing a quote. Fiscal labels and actual call dates were checked against each transcript response.

| Period and call date | Speaker | Verbatim fragment | Topic | Modeling interpretation | Source |
|---|---|---|---|---|---|
| Q2 FY2026, 2025-10-23 | Howard Wenger, President | “demand is healthy” | Core demand | Orders and project timing remained supportive despite policy changes | FMP_TR_Q2 |
| Q2 FY2026, 2025-10-23 | Howard Wenger, President | “backlog is large and expanding” | Visibility | Backlog supported annual rather than single-quarter forecasting | FMP_TR_Q2 |
| Q2 FY2026, 2025-10-23 | Dan Shugar, CEO | “we feel really good with the pace and cadence” | Delivery cadence | Management saw a smoother delivery pattern and raised the year | FMP_TR_Q2 |
| Q3 FY2026, 2026-01-27 | Chuck Boynton, CFO | “another year of solid growth” | FY2027 | The then-current outlook remained positive without a formal update | FMP_TR_Q3 |
| Q3 FY2026, 2026-01-27 | Howard Wenger, President | “customer pilots planned for calendar year 2026” | Power conversion | Commercialization was expected before material scaling | FMP_TR_Q3 |
| Q3 FY2026, 2026-01-27 | Howard Wenger, President | “demand is healthy” | Core demand | Record backlog and a broadening U.S. pipeline supported growth | FMP_TR_Q3 |
| Q4 FY2026, 2026-05-12 | Chuck Boynton, CFO | “more than 40% growth in our non tracker business” | FY2027 mix | Non-tracker was planned to outgrow the tracker core materially | FMP_TR_Q4 |
| Q4 FY2026, 2026-05-12 | Chuck Boynton, CFO | “approximately 15% of total revenue” | Non-tracker mix | This was the FY2027 expected share, not FY2026 actual | FMP_TR_Q4 |
| Q4 FY2026, 2026-05-12 | Dan Shugar, CEO | “exceed our previously disclosed 2030 revenue outlook” | Long range | Confidence increased as power conversion broadened the platform | FMP_TR_Q4 |
| Q1 FY2027, 2026-07-30 | Dan Shugar, CEO | “record quarterly revenue and backlog” | Current execution | Official release confirmed a strong start to FY2027 | SEC_Q1FY2027_REL |
| Q1 FY2027, 2026-07-30 | Dan Shugar, CEO | “strong adoption of eBOS” | Product attach | eBOS is the clearest current non-tracker catalyst | SEC_Q1FY2027_REL |
| Q1 FY2027, 2026-07-30 | Chuck Boynton, CFO | “drive long-term profitable growth” | Capital allocation | Acquisitions are intended to complement the core | SEC_Q1FY2027_REL |

### Quantified guidance and strategy anchors

| Source date | Revenue anchor | Profit / cash anchor | Product / strategic anchor | Forecast use |
|---|---|---|---|---|
| Q2 FY2026 call, 2025-10-23 | FY2026 $3.275b-$3.475b | Adjusted EBITDA $775m-$815m | Q4 weighted above Q3; low-30s gross and low-20s operating margin | Superseded, but shows revision path |
| Q3 FY2026 call, 2026-01-27 | FY2026 $3.425b-$3.500b | Adjusted EBITDA $810m-$830m | $500m three-year repurchase authorization | Superseded by actuals |
| Q4 FY2026 call, 2026-05-12 | FY2027 $3.8b-$4.1b | Adjusted EBITDA $825m-$900m; FCF $450m-$500m | Non-tracker above 40% growth and about 15% of revenue; capex $75m-$100m | Initial FY2027 anchor |

| Source date | Revenue anchor | Profit / cash anchor | Product / strategic anchor | Forecast use |
|---|---|---|---|---|
| Q1 FY2027 release, 2026-07-30 | FY2027 $4.1b-$4.4b | Adjusted EBITDA $870m-$930m; GAAP net income $540m-$573m | eBOS FY2027 revenue well above $100m; $50m power-conversion acceleration cost included | Current official anchor |

The 2025-11-12 Capital Markets Day full deck could not be fetched from company IR because it returned HTTP 403 twice. The SEC-hosted exhibit for that date was the rebrand release, not the full deck. Subsequent Q3 and Q4 calls explicitly discussed and then raised the Capital Markets Day outlook; those live records are used instead of reconstructing deck figures from memory.

### Forward commentary by modeling driver

| Driver | Verified management evidence | Constraint for downstream model |
|---|---|---|
| Core tracker demand | Backlog rose above $5.0b at FY2026 and above $5.5b at Q1 FY2027; FY2026 delivered GW rose 13% | Do not equate backlog with revenue or ignore cancellation/timing |
| Non-tracker attach | FY2026 mix reached about 12% from 8%; FY2027 non-tracker growth initially guided above 40% | Product dollars remain approximate until separately disclosed |
| eBOS | Record Q1 bookings, PowerMerge above 850 MW, annual FY2027 revenue expected well above $100m | Outlook is not historical recognized revenue |
| Power conversion | FY2027 includes about $50m acceleration cost; management expects later scale and margin benefit | Near-term investment depresses earnings before revenue ramps |
| Storage | Prevalon adds backlog significantly above $300m and a BESS platform | Acquisition closed after quarter end; adjust cash and perimeter |
| Margins | FY2027 adjusted EBITDA $870m-$930m on revenue $4.1b-$4.4b | GAAP operating margin needs SBC, amortization and acquisition-cost bridge |
| Cash conversion | FY2027 initial FCF guide $450m-$500m; acquisition spending is substantial | Distinguish adjusted FCF from statutory cash flow and acquisition cash |

## 7. Capital allocation history

| Year | Capex ($B) | Capex / revenue | R&D ($B) | R&D / revenue | Buybacks / reorganization purchases ($B) | Dividends ($B) | M&A cash outflow ($B) | Source |
|---|---|---|---|---|---|---|---|---|
| FY2022 | 0.005917 | 0.4% | 0.014176 | 1.0% | 0.000000 | 0.000000 | 0.000167 | FMP_CF_A and FMP_INCOME_A |
| FY2023 | 0.003183 | 0.2% | 0.021619 | 1.1% | 0.693781 | 0.000000 | 0.000024 | FMP_CF_A; IPO-era structure |
| FY2024 | 0.006160 | 0.2% | 0.042360 | 1.7% | 0.552009 | 0.000000 | 0.000000 | Official CF; Flex separation |
| FY2025 | 0.033921 | 1.1% | 0.079392 | 2.7% | 0.000000 | 0.000000 | 0.152175 | FMP_CF_A; acquisitions |
| FY2026 | 0.049277 | 1.4% | 0.120909 | 3.4% | 0.000395 | 0.000000 | 0.117162 | SEC_FY2026_10K controls |

The large FY2023-FY2024 common-stock purchase/issuance lines are not ordinary recurring open-market buybacks. They are associated with the IPO, exchange transactions and Flex separation. FY2026 acquisitions included Bentek, OnSight, Origami Solar and Fracsun; aggregate cash consideration was about $116.8 million net of acquired cash and total purchase price was $149.4 million including deferred and contingent components.

R&D rose from 1.0% of revenue in FY2022 to 3.4% in FY2026 as the company added product categories and integrated acquisitions. Capex stayed below 1.5% of revenue through FY2026, supporting the capital-light historical profile. The FY2027 initial capex guide of $75-$100 million is above FY2026 and targets foundations, frames, power conversion and ERP transformation.

## 8. Balance-sheet snapshot

| Item at FY2026 end | $B | Source / treatment |
|---|---|---|
| Cash and equivalents | 1.094976 | SEC_FY2026_10K; FMP_BS_A tie |
| Short-term investments | 0.000000 | FMP_BS_A; none separately reported |

| Item at FY2026 end | $B | Source / treatment |
|---|---|---|
| Funded debt, current plus long-term | 0.000000 | Official filing; revolver undrawn |
| Lease obligations | 0.052858 | Official disclosure; separate from funded debt |
| Net cash before leases | 1.094976 | Cash less funded debt |
| Net debt / GAAP EBITDA | (1.47x) | Negative net debt; GAAP EBITDA $0.747051b |
| Goodwill plus intangibles | 0.566996 | FMP_BS_A exact total |
| Total stockholders' equity | 2.334397 | FMP_BS_A / official balance sheet |
| Tangible book value | 1.767401 | Equity less goodwill and intangibles |

At Q1 FY2027 end, cash rose to $1.213898 billion and funded debt remained zero. That cash precedes the July 17 and July 30 acquisition closing payments disclosed as subsequent events, so downstream net-cash valuation must reflect transaction consideration and acquired cash rather than use the quarter-end figure unadjusted.

The company also had access to a $1.0 billion unsecured revolving credit facility. The investment-grade rating and undrawn revolver enhance acquisition flexibility, but a future draw should flow through the below-line interest schedule rather than be hidden inside operating margin.

## 9. Recent corporate actions

- **2025-09-08:** Origami Solar acquired, adding roll-formed steel module-frame technology. Source: SEC_FY2026_10K Note 14.
- **2025-09-08:** Renewed $1.0 billion unsecured revolving credit facility; management later reported no funded debt. Source: 2025-09-08 Form 8-K and subsequent filings.
- **2025-11-07:** Fracsun acquired, adding solar-panel soiling measurement and monitoring. Source: SEC_FY2026_10K Note 14.
- **2025-11-12:** Name changed from Nextracker Inc. to Nextpower Inc.; ticker and share economics unchanged. Source: [official 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213125000069/nxt-20251112.htm).
- **2026-01-27:** Board authorized up to $500 million of repurchases over three years; organic investment and M&A remained higher priorities. Source: Q3 FY2026 call and release.
- **Q4 FY2026:** Nextpower Arabia became operational as an unconsolidated equity-method joint venture owned 49% by Nextpower and 51% by Abunayyan. This changes the reported revenue perimeter for Middle East activity. Source: SEC_FY2026_10K and FMP_TR_Q4.
- **2026-07-17:** Prevalon Energy acquisition closed for up to $365 million: approximately $150 million cash at close, $50 million stock consideration one year later and up to $165 million contingent cash. Source: SEC_Q1FY2027_10Q subsequent events.
- **2026-07-30:** Zigor power-conversion assets and Apex Power closed for up to about $80.5 million cash, including $46.0 million at close and up to $34.5 million contingent. Source: SEC_Q1FY2027_10Q.
- **2026-07-30:** Q1 FY2027 outlook raised to revenue $4.1-$4.4 billion and adjusted EBITDA $870-$930 million. Source: SEC_Q1FY2027_REL.
- **2026-08-19:** Charter restatement eliminated legacy Class B provisions and renamed Class A common stock to Common Stock; no split or ticker change. Source: [official 8-K](https://www.sec.gov/Archives/edgar/data/1852131/000185213126000052/nxt-20260818.htm).
- **Announced, not closed at cutoff:** Zimmermann PV-Steel Group agreement would expand the European footprint and steel-product portfolio. Source: SEC_Q1FY2027_REL.

No CEO or CFO transition was identified in the last twelve months. Dan Shugar remained founder and CEO; Chuck Boynton remained CFO. These actions broaden the technology perimeter faster than the GAAP segment count, which remains one.

## 10. Open data gaps and classification ledger

| Gap | Classification | Sources and search terms checked | Downstream handling |
|---|---|---|---|
| Individual product revenue and product operating profit | True non-disclosure | FY2025/FY2026 10-K segment notes, Q1 10-Q, earnings exhibits; tracker, eBOS, foundation, TrueCapture, product profit | Use consolidated and approximate mix only; no invented margins |
| Tracker/non-tracker historical dollars | Estimated | FY2026 10-K approximate 92%/8% and 88%/12% | Section 4 estimates retain labels |
| Q1 FY2027 transcript | Not fetched / omitted because provider returned no row | FMP endpoint called twice with FY2027/Q1 | Official SEC release supplies current quote and guidance; no call-only Q&A used |
| Capital Markets Day full deck | Not fetched / omitted | Company IR attempted; HTTP 403 twice; SEC 2025-11-12 exhibit checked | Use subsequent call reconfirmations; no memory-based deck targets |
| Standalone FMP Q2 FY2026 product row | True provider non-availability | FMP_PRODUCT_Q and limit-100 confirmation | Official revenue controls; composite not treated as Q4 |
| Annual FMP geography | True provider non-availability | FMP_GEO_A returned `[]` | Official five-year 10-K table controls |
| FY2022 backlog | True non-disclosure in selected series | FY2023 and later 10-K searches | History begins FY2023; no estimate |
| Q1 FY2027 GW delivered | True non-disclosure | Q1 10-Q and release searched | Do not infer from revenue |
| Power-conversion and storage historical revenue | Not applicable before ownership / launch | FY2026 10-K, Q1 subsequent events and release | Model post-close only when source-bound |
| Product-level quarterly margins | True non-disclosure | Last four filings/releases and segment notes | Use consolidated GAAP margin only |

## Source-control notes for downstream users

- The issuer's one reported segment is not permission to treat every product as having the consolidated margin. Product margins are not disclosed.
- The CODM profit measure is consolidated net income. It is preserved separately and cannot be inserted into an operating-income bridge as if it were an additive segment metric.
- The modeled fallback line is statutory operating income. Interest, other income and tax remain below that line exactly as sealed.
- FY2026 tracker/non-tracker dollars are estimates from approximate mix percentages. Only consolidated revenue is dollar-disclosed.
- FY2027 guidance is current as of 2026-07-30, but acquisition timing, consideration and power-conversion investment affect comparability to the TTM base.
- Nextpower Arabia is unconsolidated. Future Middle East system volume can produce licensing, technology sale and equity-method economics rather than like-for-like consolidated tracker revenue.
- The Q1 cash balance is pre-acquisition closing. Avoid valuing the company on that cash without subtracting closed-deal consideration and considering contingent payments.
- Backlog is firm under the issuer's definition but is not guaranteed revenue; timing, cancellation and geographic mix remain forecast variables.

## Final self-verification

- **Largest segment / latest quarter:** the live official Q1 FY2027 release reports $935.170 million versus $864.253 million, yielding 8.2% YoY; GAAP operating margin is explicitly 20.4%.
- **Management quote:** the live SEC Exhibit 99.1 dated 2026-07-30 contains Dan Shugar's statement beginning “Nextpower delivered record quarterly revenue and backlog”; the source date matches the expected call date.
- **Latest full-year revenue:** the live FMP annual income endpoint returns FY2026 revenue of $3,559,390,000, exactly equal to SEC_FY2026_10K and FMP_PRODUCT_A.
- **Statutory seal:** `statutory_bridge.json` validates and retains SHA-256 `a827e74eeaaef309ce7be494f930b49f22a2b1b8678e9defd227fc1cb4f0560f`; no packet bytes were changed.