First Solar Q1'22 Earnings Call

April 28, 2022

First Solar

LEADING THE WORLD'S
SUSTAINABLE ENERGY FUTURE

Important Information

Cautionary Note Regarding Forward Looking Statements

This presentation contains forward-looking statements which are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in this presentation, other than statements of historical fact, are forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning: demand for our technology, our business strategy, including anticipated trends and developments in and management plans for our business and the markets in which we operate; our financial guidance for 2022, including future financial results, operating results, net sales, gross margin, operating expenses, operating income, earnings per share, net cash balance, capital expenditures, and shipments; bookings, booking opportunities, expected module shipments; the impact of supply chain logistics, including our lack of direct Tier 1 suppliers in Russia-Ukraine conflict areas, commodity and currency market volatility, our indirect exposure through equipment vendors, potential tool manufacture and delivery timing, and sales freight cost and transit times; our ability to upgrade and expand manufacturing capacity worldwide; the progression of our Japan project development and O&M business platform sale negotiations; our ability to continue expanding our manufacturing footprint; our ability to reduce the costs to construct PV solar power systems; research and development ("R&D") programs; our ability to access residential markets; our potential collaboration with SunPower; the impact and implementation timing of our copper replacement (CuRe) program; the impact of domestic and international policies on our business; the ability of our updated contracting structure to provide ASP upsides and gross margin risk mitigation; and energy yield.

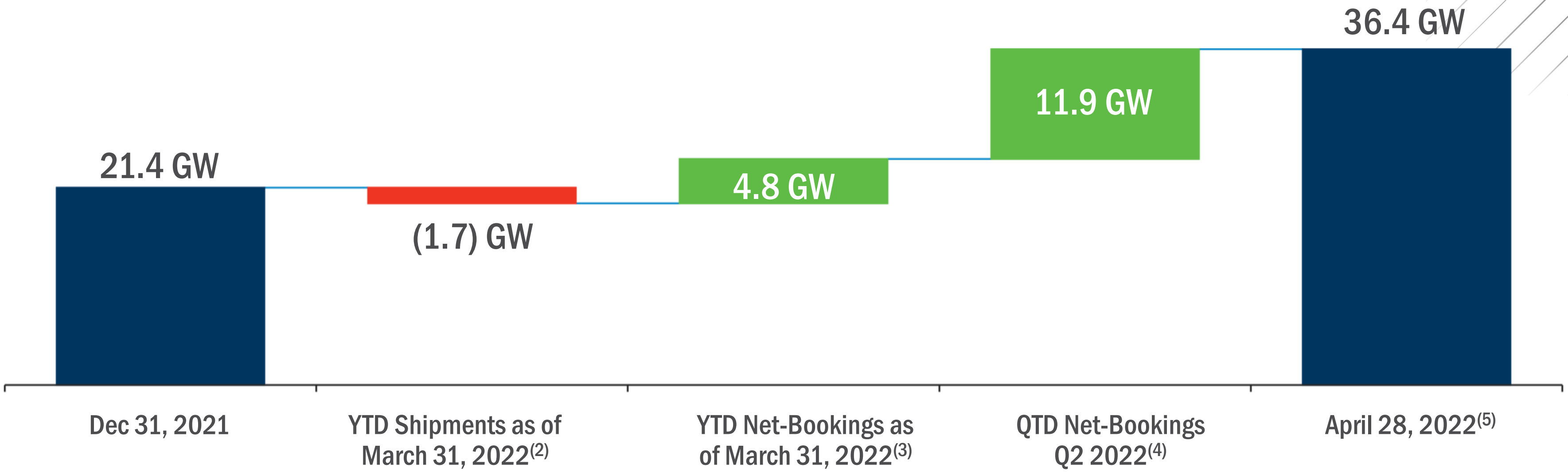
These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue," "contingent" and the negative or plural of these words and other comparable terminology. Forward-looking statements are only predictions based on our current expectations and our projections about future events and therefore speak only as of the date of this presentation. You should not place undue reliance on these forward-looking statements. We undertake no obligation to update any of these forward-looking statements for any reason, whether as a result of new information, future developments or otherwise. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by our forward-looking statements. These factors include, but are not limited to: structural imbalances in global supply and demand for PV solar modules; our competitive position and other key competitive factors; the market for renewable energy, including solar energy; the reduction, elimination, expiration or introduction of government subsidies, policies, and support programs for solar energy projects; the impact of public policies, such as tariffs or other trade remedies imposed on solar cells and modules; the passage of proposed legislation intended to encourage renewable energy investments through tax credits; interest rate fluctuations and both our and our customers' ability to secure financing; our ability to execute on our long-term strategic plans; the loss of any of our large customers, or the ability of our customers and counterparties to perform under their contracts with us; our ability to execute on our solar module technology and cost reduction roadmaps; our ability to improve the wattage of our solar modules; the creditworthiness of our offtake counterparties and the ability of our offtake counterparties to fulfill their contractual obligations to us; the satisfaction of conditions precedent in our sales agreements; our ability to attract new customers and to develop and maintain existing customer and supplier relationships; our ability to successfully develop and complete our systems business projects; our ability to convert existing production facilities to support new product lines, such as Series 6 module manufacturing; general economic and business conditions, including those influenced by U.S., international, and geopolitical events; environmental responsibility, including with respect to cadmium telluride ("CdTe") and other semiconductor materials; claims under our limited warranty obligations; changes in, or the failure to comply with, government regulations and environmental, health, and safety requirements; effects resulting from pending litigation; future collection and recycling costs for solar modules covered by our module collection and recycling program; supply chain disruption, including the availability of shipping containers, port congestion, canceled shipments by logistic providers, and the cost of fuel, all of which may be exacerbated by the COVID-19 pandemic and the Russia-Ukraine conflict; our ability to protect our intellectual property; our ability to prevent and/or minimize the impact of cyber-attacks or other breaches of our information systems; our continued investment in research and development; the supply and price of components and raw materials, including CdTe; our ability to convert existing or construct production facilities to support new product lines; our ability to attract and retain key executive officers and associates; the severity and duration of the COVID-19 pandemic, including its potential impact on our business, financial condition, and results of operations; and the matters discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" of our most recent Annual Report on Form 10-K and our subsequently filed Quarterly Reports on Form 10-Q, as supplemented by our other filings with the Securities and Exchange Commission. You should carefully consider the risks and uncertainties described in these reports.

First Quarter 2022 Update

Q1 Highlights	▪ Year to date bookings of 16.7 GW; 11.9 GW since previous earnings call ▪ Q1 2022 production of approximately 2.1 GW, shipments of approximately 1.7 GW
Manufacturing Performance Metrics(1)	▪ 96% fleet-wide capacity utilization; 110% when adjusted for planned downtime ▪ 21.9 MWs produced per day and 97.2% manufacturing yield ▪ 455 average watts per module and 98% bin distribution from 445 to 465
Supply Chain, Logistics	▪ No direct Tier 1 suppliers in Russia-Ukraine conflict areas; commodity and currency market volatility ▪ Indirect exposure through equipment vendors; potential tool manufacture and delivery timing impact ▪ Sales freight cost and transit times remain at historic highs
Strategic	▪ Japan project development and O&M business platform sale negotiations progressing well; expect to announce signing in Q2; closing to follow subject to customary closing conditions ▪ Module manufacturing expansion: Continue to evaluate further accretive growth
Technology	▪ Series 7: Larger form factor, regionally optimized steel mounting structure ▪ Bifaciality: Continued testing and additional field-deployed prototypes ▪ Multi-Junction Tandem: Access to residential market; in discussions with SunPower ▪ CuRe: Implementation delayed beyond 2022; Prioritize Series 7, Bifaciality, Tandem

(1) Data from March 1, 2022 through March 31, 2022

Expected Module Shipments[1] (GW_{DC}):



The above table presents the actual module shipments for 2022 through March 31, 2022, new module volume net-bookings through April 28, 2022, and the expected module shipments beyond March 31, 2022. A module is considered to be shipped when the delivery process to a customer commences and the module leaves one of our facilities or the module has been recognized as revenue. Expected module shipments do not have a direct correlation to expected revenues as expected module shipments do not represent total systems revenues and do not consider the timing of when all revenue recognition criteria are met, including timing of module installation.

(1) Expected module shipments includes systems projects and contracted 3rd party module-only sales. Systems projects include (a) under sales agreement, (b) executed PPA not under sales agreement, and (c) no PPA and not under sales agreement, but electricity to be sold on an open contract basis.

(2) Reflects shipments from Jan 1, 2022 to March 31, 2022

(3) Reflects bookings from Jan 1, 2022 to March 31, 2022

(4) Reflects bookings from April 1, 2022 to April 28, 2022

(5) Balance includes remaining shipment volumes as of March 31, 2022 and net-bookings through April 28, 2022. Shipments from April 1 to April 28, 2022 not deducted.

Indicative Contract Pricing Adjustments (1)

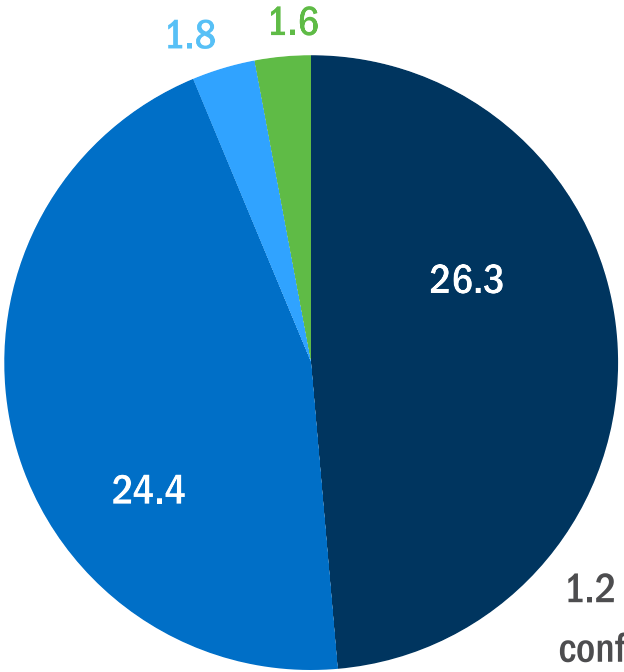
		Previous Structure	Updated Structure
Technology Roadmap	BIN	🔴	🔴
	Degradation	🔴	🟢
	Temperature Coefficient	🔴	🟢
	Bifaciality	n/a	🟢
Product Features	Series 7	n/a	🟢
	Standard / High Load	🔴	🔵
Logistics & Commodities	Sales Freight	🔴	🔵
	Aluminum	🔴	🔵
External Policy	ITC / Domestic Content	n/a	🟢

🔴 No upside available | 🟢 Upside for improvements | 🔵 Cost increase offset | - - - Addressed in 10-Q disclosure

(1) The foregoing summary of indicative pricing adjustments under recent module sale contracts that include a pricing adjustment mechanism does not purport to be complete and is subject to, and qualified in its entirety by, the terms of such definitive module sale contracts. Such definitive module sale contracts may not include every adjustment summarized here.

Potential Booking Opportunities

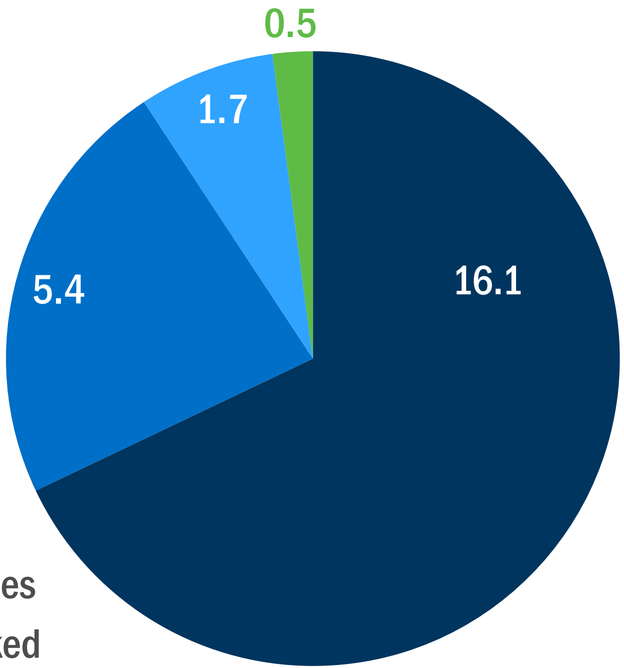
Total bookings opportunities



1.2 GW_{DC} of opportunities confirmed, but not booked

54.1 GW_{DC} Opportunity

Mid-to-Late stage opportunities



23.7 GW_{DC} Opportunity

Policy

- **Uyghur Forced Labor Prevention Act**
  - Signed December 2021, fully enters into force in June 2022
- **Solar Energy Manufacturing for America Act (SEMA)**
  - Proposed framework for tax credits to incentivize domestic manufacturing
- **Petition related to anti-circumvention of AD/CVD duties**
  - Department of Commerce initiated anti-circumvention inquiry

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- **Accelerated renewable energy targets to boost energy security**
  - REPowerEU aims to cut dependence on Russian gas, deploy renewables
  - EU states bringing forward renewables targets
- **Strategic vulnerabilities**
  - Dependencies on authoritarian states including Russia and China
- **Rapidly strengthening bilateral transatlantic relations:**
  - Longer term focus on shared climate, sustainability, and energy security goals

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- **Tariff and non-tariff barriers**
  - Basic customs duties on imported cells & modules to provide a fair and level playing field
- **Production Linked Incentive Scheme**
  - Incentivizes domestic manufacturing
- **Government clean energy targets**
  - 25 GW of new capacity deployed every year until the end of this decade

Income Statement Highlights

(In millions, except per share amounts)[1]	Q1 2022A	Q4 2021A	Q1 2021A	QoQ Change	YoY Change
Net sales	**$367**	**$907**	**$803**	**($540)**	**($436)**
Gross profit %	*3.1%*	*27.2%*	*23.0%*	*(24.1%)*	*(19.9%)*
Selling, general and administrative	37	38	52	(2)	(15)
Research and development	27	30	20	(3)	7
Production start-up	7	5	11	2	(4)
Gain on sales of businesses, net[2]	2	-	151	2	(149)
Operating (loss) income	**(58)**	**173**	**252**	**(231)**	**(310)**
Income tax benefit (expense)	19	(36)	(46)	55	66
Net (loss) income	**(43)**	**131**	**210**	**(175)**	**(253)**
Net (loss) income per share - diluted	**(0.41)**	**1.23**	**1.96**	**(1.64)**	**(2.37)**

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding
(2) Q1'22: Realized gain on the sale of Chile O&M operations; Q1'21: Realized gain on the sales of North American O&M and U.S. project development businesses

Balance Sheet Highlights

(In millions)[1]	Q1 2022A	Q4 2021A	Q1 2021A	QoQ Change	YoY Change
Cash and marketable securities[2]	$1,558	$1,831	$1,797	(273)	(239)
Accounts receivable[3]	322	455	817	(133)	(495)
Inventories - current and noncurrent	1,079	904	755	175	323
Property, plant and equipment, net	2,786	2,650	2,398	136	388
PV solar power systems, net	214	217	236	(3)	(22)
Project assets - current and noncurrent	392	315	291	76	101
Total assets	**7,399**	**7,414**	**7,109**	**(15)**	**290**
Long-term debt - current and noncurrent	252	240	257	12	(5)
Total liabilities	**1,524**	**1,454**	**1,414**	**70**	**110**
Total stockholders' equity	**5,875**	**5,960**	**5,695**	**(84)**	**180**

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding
(2) Includes cash and cash equivalents, marketable securities, and restricted cash
(3) Includes accounts receivable trade, net and unbilled, net

2022 Guidance as of April 28, 2021

	Prior	Current
Net Sales	\$2.4B to \$2.6B	Unchanged
Gross Margin (\$)(1)	\$155M to \$215M	Unchanged
Operating Expenses(2)	\$365M to \$380M	Unchanged
Operating Income(3,4)	\$55M to \$150M	Unchanged
Earnings Per Share	\$0.00 to \$0.60	Unchanged
Net Cash Balance(5)	\$1.1B to \$1.35B	Unchanged
Capital Expenditures	\$850M to \$1.1B	Unchanged
Shipments	8.9GW to 9.4GW	Unchanged

(1) Includes \$10 million to \$15 million of underutilization losses
(2) Includes \$85 million to \$90 million of production start-up expense
(3) Includes \$95 million to \$105 million of production start-up expense and underutilization losses
(4) Includes \$270 million to \$290 million pre-tax gain related to the potential sale of the Japan project development and O&M platform
(5) Defined as cash, cash equivalents, marketable securities, and restricted cash less expected debt at the end of 2022

Summary & Highlights

Financial

- Q1'22 loss per share of $0.41, in line with internal expectations
- Reiterated full year 2022 guidance

Operational

- Q1'22 production of 2.1 GW and shipments of 1.7 GW in line with expectations
- Technology roadmap opportunity across Series 7, bifaciality, tandem

Bookings

- 11.9 GW of net bookings since previous earnings call, YTD bookings of 16.7 GW
- Current contracted backlog of 36.4 GW
- Opportunity pipeline of 54.1 GW, including 23.7 GW mid-to-late stage
- Updated contracting structure providing ASP upsides and GM risk mitigation

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