# First Solar Q2’22 Earnings Call

July 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, gross profit, gross loss, operating expenses, operating income, earnings per share, loss per share, net cash balance, capital expenditures, shipments, gain on sale of businesses, net, tax expense, after-tax gain on sale of businesses, non-operating income, income (loss) before taxes, net income, net loss, and implied loss per share; bookings, booking opportunities, expected module shipments; our ability to upgrade and expand manufacturing capacity worldwide; the progression of our Japan operations and maintenance platform sale; the anticipated sale of our Luz del Norte project in Chile; our ability to continue expanding our manufacturing footprint; research and development ("R&D") programs; our potential collaboration with SunPower; the ability of our updated contracting structure to provide ASP upsides and gross margin risk mitigation; and energy yield.

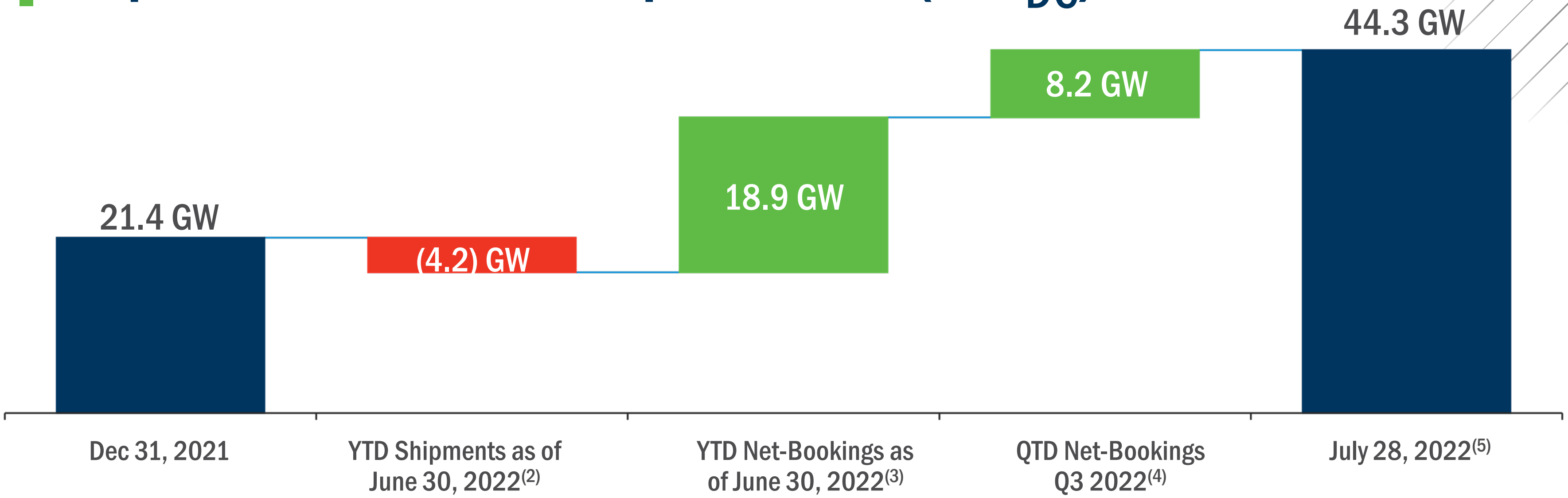
These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue," "contingent" and 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; changes in the exchange rates between the functional currencies of our subsidiaries and other currencies in which assets and liabilities are denominated; 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.

# Second Quarter 2022 Update

| | |
|---|---|
| **Bookings, Production, Shipments** | ▪ Year to date bookings of 27.1 GW; 10.4 GW since previous earnings call<br>▪ Q2 2022 production of approximately 2.2 GW<br>▪ Q2 2022 shipments of approximately 2.5 GW |
| **Manufacturing Performance Metrics(1)** | ▪ 112% fleet-wide capacity utilization; 114% when adjusted for planned downtime<br>▪ 25.8 MWs produced per day and 97.6% manufacturing yield<br>▪ 463 average watts per module and 98% bin distribution from 455 to 470 watts per module |
| **Strategic** | ▪ Completed the sale of our utility-scale solar project development platform in Japan<br>▪ Evaluating potential buyers for our Luz del Norte project in Chile |
| **Manufacturing Capacity** | ▪ Ohio and India manufacturing plant construction on schedule<br>▪ $500m debt facility supporting India manufacturing<br>▪ Inflationary risk to future capacity expansion |

(1) Data from June 1, 2022 through June 30, 2022

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




The above table presents the actual module shipments for 2022 through June 30, 2022, new module volume net-bookings through July 28, 2022, and the expected module shipments beyond June 30, 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 consider the timing of when all revenue recognition criteria are met.

(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 June 30, 2022

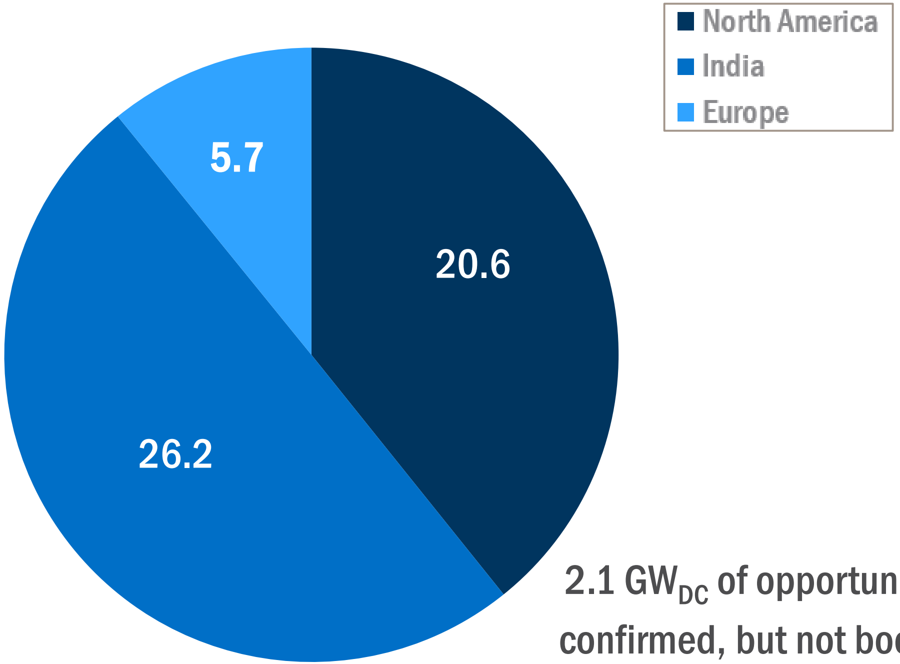
(3) Reflects bookings from Jan 1, 2022 to June 30, 2022

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

(5) Balance includes remaining shipment volumes as of June 30, 2022 and net-bookings through July 28, 2022. Shipments from July 1 to July 28, 2022 not deducted.

# Potential Booking Opportunities

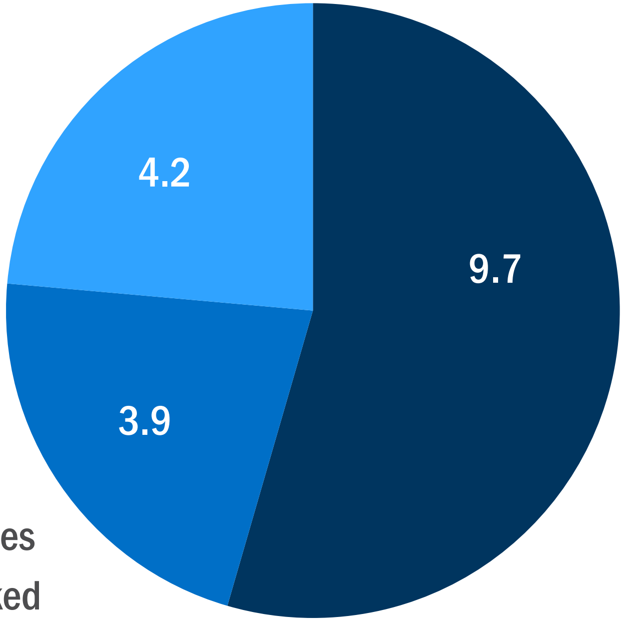
## Total Booking Opportunities




2.1 $GW_{DC}$ of opportunities confirmed, but not booked

52.5 $GW_{DC}$ Opportunity

## Mid-to-Late Stage Booking Opportunities




17.8 $GW_{DC}$ Opportunity

# Legacy Systems Business Events

| Japan Platform *(in millions)* | 2022 Guidance (as of April 28, 2022) | Q2 2022 Actuals | 2022 Guidance (as of July 28, 2022) |
|---|---|---|---|
| **Gain on Sale of Businesses, Net** | **$270 - $290** | **$245** | **$245** |
| Tax Expense | $(26) | $(13) | $(14) |
| **After-tax Gain on Sale of Businesses** | **$244 - $264** | **$232** | **$231** |

| Luz del Norte [1] *(in millions, except earnings per share)* | 2022 Guidance (as of April 28, 2022) | Q2 2022 Actuals | 2022 Guidance (as of July 28, 2022) |
|---|---|---|---|
| Net Sales | - | - | $150 - $200 |
| Gross Profit (Loss) | - | $(58) | $(40) - $(50) |
| Non-operating Income | - | - | $30 - $35 |
| **Income (Loss) Before Taxes** | **-** | **$(58)** | **$(10) - $(15)** |
| Tax Expense | - | $(23) | $(30) - $(40) |
| **Net Income (Loss)** | **-** | **$(81)** | **$(40) - $(55)** |
| **Implied Loss per Share[2]** | **-** | **$(0.76)** | **$(0.38) – $(0.52)** |

(1) Q2 2022 actuals reflect impairment based on a market approach valuation technique. Full year 2022 guidance assumes sale of asset occurs in 2022. In the event asset sale does not occur in 2022 (i) gross profit impairment of $58 million would remain unchanged, (ii) 2022 full year gross profit and non-operating Income impact is expected to be $0 and (iii) full year 2022 tax impact is expected to be $17 million.

(2) Assumes share count of 106.6 million shares.

# Income Statement Highlights

| *(In millions, except per share amounts)*[1] | Q2 2022A | Q1 2022A | Q2 2021A | QoQ Change | YoY Change |
|---|---|---|---|---|---|
| **Net sales** | **$621** | **$367** | **$629** | **$254** | **($8)** |
| *Gross (loss) profit %* | *(3.7%)* | *3.1%* | *27.7%* | *(6.8%)* | *(31.4%)* |
| Selling, general and administrative | 39 | 37 | 36 | 2 | 3 |
| Research and development | 25 | 27 | 24 | (2) | 1 |
| Production start-up | 13 | 7 | 2 | 6 | 11 |
| Gain on sales of businesses, net[2] | 245 | 2 | (2) | 243 | 247 |
| **Operating income (loss)** | **145** | **(58)** | **110** | **203** | **35** |
| Income tax benefit (expense) | (84) | 19 | (20) | (103) | (64) |
| **Net income (loss)** | **56** | **(43)** | **82** | **99** | **(26)** |
| **Net income (loss) per share – diluted** | **0.52** | **(0.41)** | **0.77** | **0.93** | **(0.25)** |

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding
(2) Reflects gains associated with the sales of our Japan project development business (Q2'22), our Chile O&M operations (Q1'22), and our North American O&M and U.S. project development businesses (Q2'21)

# Balance Sheet Highlights

| *(In millions)*[1] | Q2 2022A | Q1 2022A | Q2 2021A | QoQ Change | YoY Change |
|---|---|---|---|---|---|
| Cash and marketable securities[2] | $1,853 | $1,558 | $2,052 | 295 | (199) |
| Accounts receivable[3] | 490 | 322 | 598 | 168 | (108) |
| Inventories - current and noncurrent | 1,049 | 1,079 | 830 | (29) | 220 |
| Property, plant and equipment, net | 2,989 | 2,786 | 2,397 | 203 | 592 |
| PV solar power systems, net | 156 | 214 | 233 | (58) | (77) |
| Project assets - current and noncurrent | 30 | 392 | 311 | (362) | (281) |
| **Total assets** | **7,419** | **7,399** | **7,248** | **20** | **171** |
| Long-term debt - current and noncurrent | 175 | 252 | 279 | (77) | (104) |
| **Total liabilities** | **1,524** | **1,524** | **1,465** | **(1)** | **59** |
| **Total stockholders' equity** | **5,896** | **5,875** | **5,784** | **21** | **112** |

(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 July 28, 2022

| | Prior | Current |
|---|---|---|
| Net Sales | \$2.4B to \$2.6B | \$2.55B to \$2.8B |
| Gross Profit [1,2] | \$155M to \$215M | \$115M to \$165M |
| Operating Expenses[3] | \$365M to \$380M | \$350M to \$365M |
| Operating Income[2,4,5] | \$55M to \$150M | \$5M to \$70M |
| Earnings (Loss) Per Share | \$0.00 to \$0.60 | \$(0.25) to \$0.25 |
| Net Cash Balance[6] | \$1.1B to \$1.35B | \$1.3B to \$1.5B |
| Capital Expenditures | \$850M to \$1.1B | Unchanged |
| Shipments | 8.9GW to 9.4GW | Unchanged |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(1) Includes \$10 million to \$15 million of underutilization losses
(2) Includes \$40 million to \$50 million of losses associated with a legacy systems business asset in Chile
(3) Includes \$80 million to \$85 million of production start-up expense
(4) Includes \$90 million to \$100 million of production start-up expense and underutilization losses
(5) Includes \$245 million pre-tax gain related to the sale of the Japan project development and O&M platforms
(6) Defined as cash, cash equivalents, marketable securities, and restricted cash less expected debt at the end of 2022

# Summary & Highlights

**Financial**

- Q2 2022 earnings per share of $0.52
- Updated guidance to reflect two discrete legacy systems events
- Midpoint of module revenue and gross margin guidance remains unchanged

**Operational**

- Q2 2022 production of 2.2 GW
- Q2 2022 shipments of 2.5 GW

**Bookings**

- Year-to-date bookings of 27.1 GW
- Current contracted backlog of 44.3 GW
- 10.4 GW of new bookings since prior earnings call have a base ASP, excluding adjustors of 30.1 c/w

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