



sunworks[®]
Solar Power

Second Quarter 2022

Results Conference Call

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Safe Harbor

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2Q22 Performance Summary

Significant y/y revenue and gross profit margin; material improvement in orders and backlog

2Q22 Performance Highlights

- **Strong y/y growth in revenue growth and gross profit.** Total revenue +13.4% to \$36.4 million; gross profit +11.4% to \$16.9 million
- **Strong quarter for Residential Solar (RS) segment.** Segment sales +42.5% y/y; segment gross profit +25.6% y/y; residential market originations accelerated in 2Q, supported by broad-based contributions from both direct sales initiatives and channel partners; RS represented 91% of total revenue in 2Q22
- **Commercial activity robust, driven by broad-based strength across segments.** In 2Q22, RS originations +70% y/y; Commercial Solar Energy (CSE) segment orders rose to a multi-year high of \$24 million
- **Total backlog +51% y/y to multi-year high of \$97 million.** RS backlog +30% y/y; CSE backlog +102% y/y
- **Disciplined balance sheet management.** As of June 30, 2022, the Company had total cash of \$12.1 million; continue to maintain sufficient inventory to support strong customer demand, continued supply chain disruptions

2Q22 Strategic Update

Improved operational excellence, including recent price actions, to drive improved margin capture

1. Increase Velocity of Installation

- Reduction in the time required to install a residential solar installation improves customer experience, channel partner relationships and pricing power.
- Pilot test successful - decentralized all design, permitting and installation activities, reduced installation times significantly.

2. Expand Direct Sales Channel

- Multi-year initiative to develop a robust, direct sales team designed to complement its third-party channel partners.
- During the second quarter 2022, the direct sales team was responsible for nearly 15% of total installation revenue, versus 5% in the prior-year period. Approaching 25% of originations.

3. Drive Efficient Procurement

- Shift an increased proportion of its sourcing from third-party distribution channels toward U.S. based original equipment manufacturers
- Manage near-term supply chain module constraints

4. Drive Margin Expansion

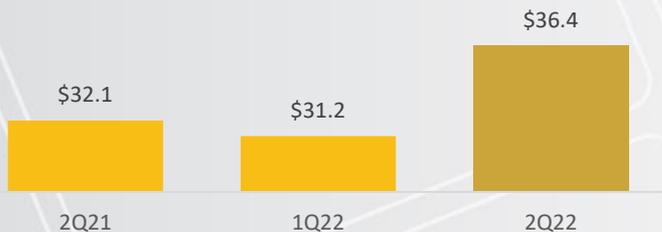
- Programmatic price increases to offset inflationary pressures in Residential segment
- Execute against multi-year high backlog in both Residential and Commercial segments

2Q22 Consolidated Overview

Strong y/y revenue growth; cost inflation pressures margin capture; backlog +51% y/y

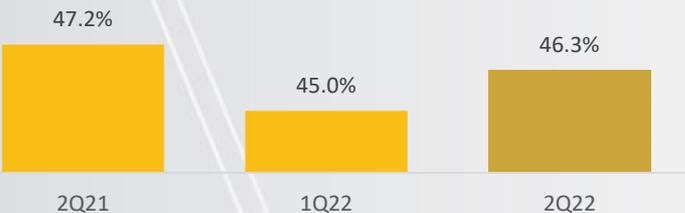
Total Revenue (\$MM)

Total revenue +13% y/y, as increased adoption within RS offset lower revenue contributions from CSE



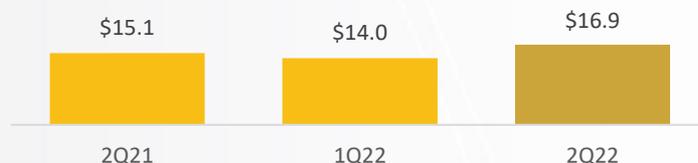
Gross Margin (%)

Y/Y Gross margin declined 90 bps y/y due to higher materials and labor costs. Price increases to drive margin expansion in 2H '22.



Total Gross Profit (\$MM)

Total gross profit increased 11% y/y on higher revenue base



Total Backlog (\$MM)

Total backlog increased 51% y/y due to broad-based demand growth across RS and CSE segments

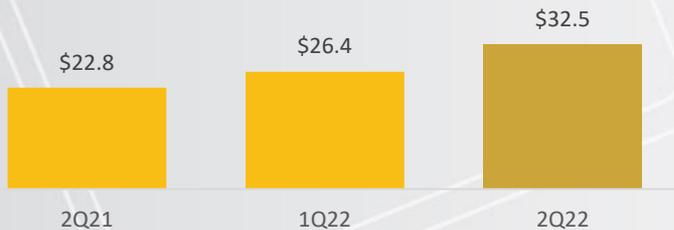


Residential Solar Segment Overview

Direct sales initiative gaining momentum, driving growth in originations and backlog

RS Segment Revenue (\$MM)

RS segment revenue +43% y/y, driven by broad-based growth across both direct and channel sales partners



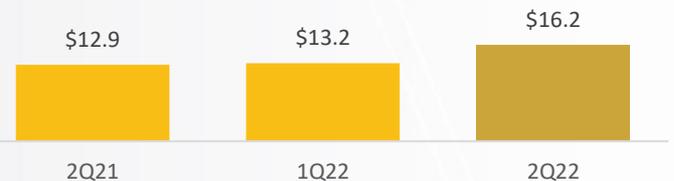
RS Segment Originations (Watts)

RS segment originations +60% y/y; growth across channel partners and direct sales



RS Segment Gross Profit (\$MM)

RS segment gross profit +26% y/y on higher revenue base; margin rate impacted by inflationary pressures on materials and labor



RS Segment Backlog (\$MM)

RS segment backlog +31% y/y; increased visibility into 2H22



Commercial Solar Energy Segment Overview

Order activity rose to multi-year high, while pipeline of new opportunities to support growth in '23

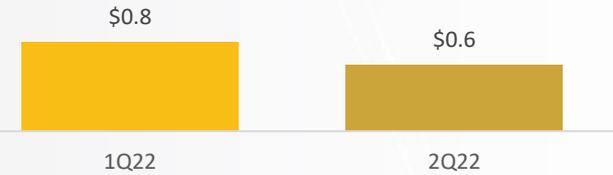
CSE Segment Revenue (\$MM)

CSE segment revenue declined 19% y/y due primarily to low order intake in preceding quarters



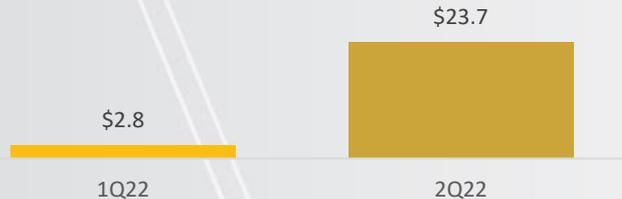
CSE Segment Gross Profit (\$MM)

Gross Profit decline driven by volume, expected to recover given commercial activity



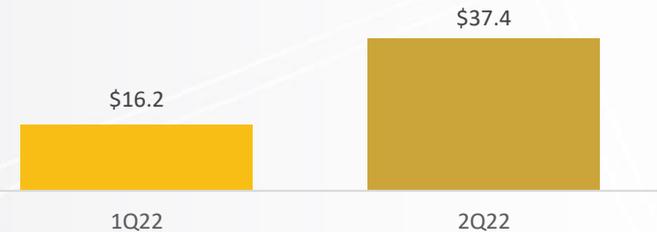
CSE Segment Orders (\$MM)

CSE segment orders total \$23.7 million in 2Q22 – a multi-year high



CSE Segment Backlog (\$MM)

CSE segment backlog increased 95% y/y, driven by strengthening demand from C&I customers





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