



Fourth Quarter 2022

Conference Call Presentation

4Q22 Performance Summary

Significant y/y organic revenue growth across both residential and commercial segments

Strong commercial and operational execution, despite permitting and weather-related challenges in California

Total revenue and gross profit increased 69% and 61%, respectively, in 4Q22

Residential Solar segment revenue +70% y/y

Commercial Solar Energy segment revenue +65% y/y

4Q22 Performance Summary

Three months ended December 31, 2022

Key Wins

- ✓ Rising electricity prices continue to drive increased solar adoption, particularly in California, which represented more than 40 % of total revenue in 2022
- ✓ Residential Solar segment delivered strong year-over-year growth in new installations, revenue, originations and backlog
- ✓ Direct sales channel represented a record 27% of fourth quarter revenue, up from 5% in the prior-year period – increased direct sales force by more than 600 agents since acquiring Solcius in 2021
- ✓ Supply chain normalizing; module availability improving; raw materials costs declining
- ✓ Backlog increased approximately 50% y/y to \$87.0 million, driven by growth in both residential and commercial demand

Key Challenges

- ✓ Experienced significant weather-related challenges in California during the fourth quarter and into the first quarter 2023
- ✓ Weather delays contributed to lower fixed cost absorption, impacting margin realization, which resulted in a y/y decline in Adjusted EBITDA
- ✓ Higher interest rates have led to higher financing costs; we are responding with targeted actions, including new loan providers and PPA options

Business Transformation Update

Demonstrated commercial expansion, operational execution and disciplined capital allocation

Focused on improved time-to-installation, expansion of direct sales channel, expanded procurement, and ratable margin improvement

In 4Q22, direct sales team represented 27% of total sales, versus ~5% in PY period

Total installations (in watts) increased 57% y/y in 4Q22

Continue to pass price increases into the market

Business Transformation Initiatives



Accelerate Installation Velocity

- ✓ Reduction in the time required to install a residential solar installation improves both pricing power with third-party channel relationships and customer retention
- Decentralized design, permitting and scheduling to local and regional teams in 2022
- Decentralization supports faster response times, improves customer relationships



Expand Direct Sales Channel

- ✓ Multi-year initiative to develop a robust, direct sales team designed to complement its third-party channel partners; total direct sales team of ~600 people
- ✓ During 4Q22, the direct sales team was responsible for 27% of total installation revenue, versus 5% in the prior-year period.



Drive Supply Chain, Logistics Efficiencies

- ✓ Shift an increased proportion of its sourcing from foreign, third-party distribution channels toward U.S. OEMs
- ✓ We expect that recent improvements in module availability will allow the Company to reduce its module inventory over the coming quarters



Drive Sustained Margin Expansion

- ✓ Highly focused on pricing actions, market share gains; reduction in lead times; optimization of sales channel network; increased mix of higher-margin direct sales; and recently introduced lean operating principles
- ✓ This actions, including recent programmatic price increases, position us to achieve improved margin realization in 2023

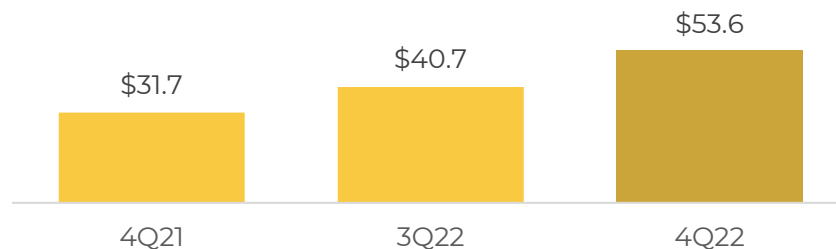
4Q22 Consolidated Financial Performance

Generated strong y/y organic growth in revenue and gross profit

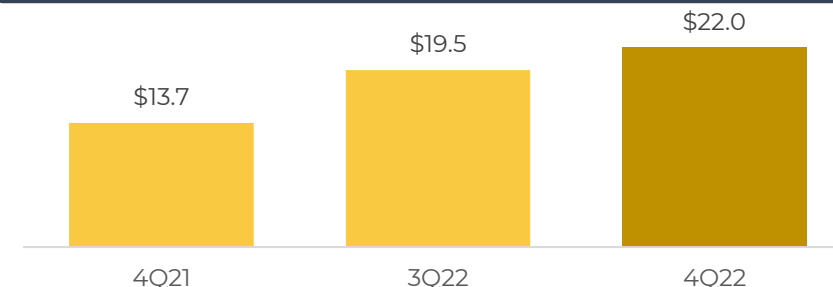
Delivered significant organic revenue growth, yet weather-related challenges and permitting delays impacted margin realization

Cost inflation pressures evident throughout 2022; beginning to see relief in 1Q23

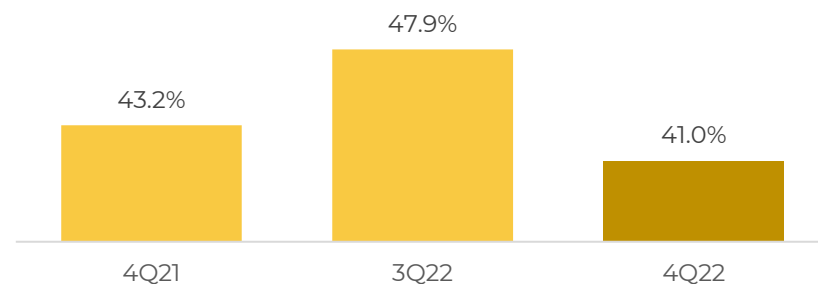
Total Revenue
(\$MM)



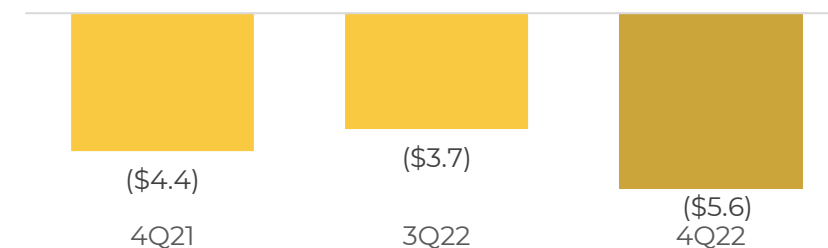
Total Gross Profit
(\$MM)



Gross Margin
(%)



Adjusted EBITDA
(\$MM)



4Q22 Residential Solar Segment

Direct sales initiative, pricing actions contributing to strong y/y organic growth in backlog

Residential Solar Segment revenue increased 70% y/y in 4Q22, while segment backlog increased by 38% y/y

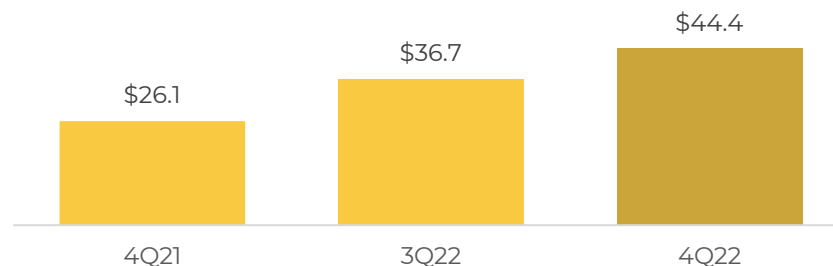
Despite weather and permitting challenges in 4Q22, we narrowed our operating loss significantly versus the PY period

Labor availability constraints in select markets led to inefficiencies

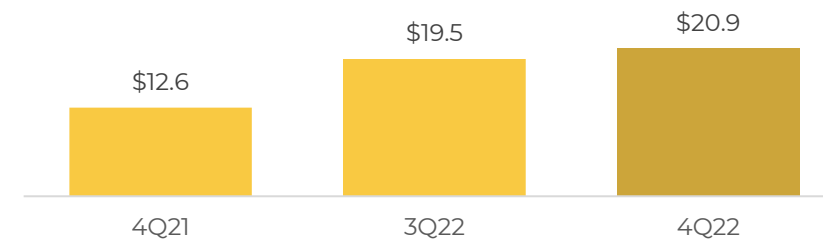
Working through pre-price increase backlog – price +10% since 4Q21

Increased mix of direct sales to become margin accretive over time

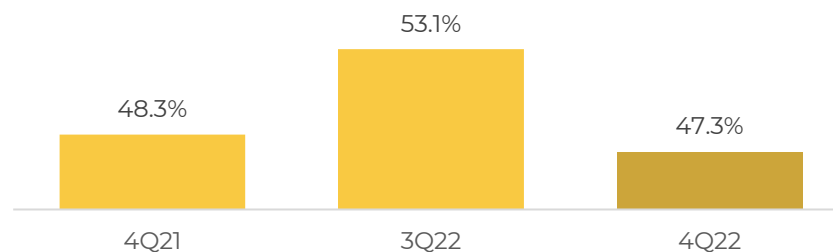
Residential Solar Segment Revenue (\$MM)



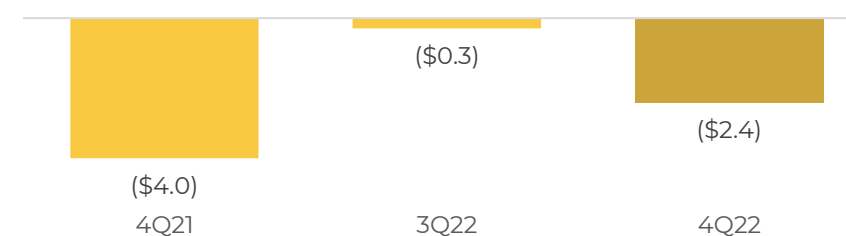
Residential Solar Segment Gross Profit (\$MM)



Residential Solar Segment Gross Margin (%)



Residential Solar Segment Operating Income (Loss) (\$MM)



Residential Solar Segment Performance Indicators

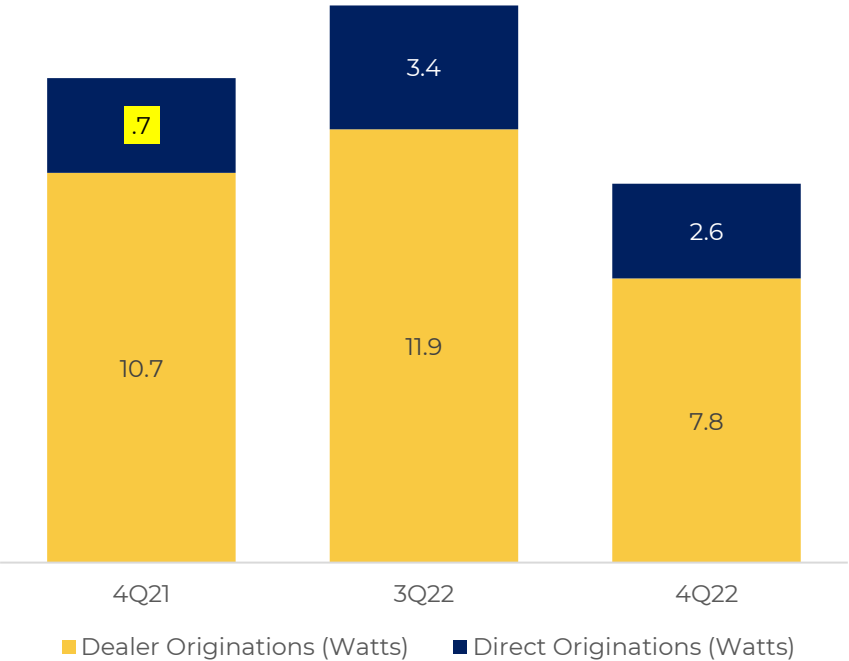
Anticipate accelerating solar adoption due to Inflation Reduction Act-sponsored tax credits

Residential originations increased y/y in 4Q22

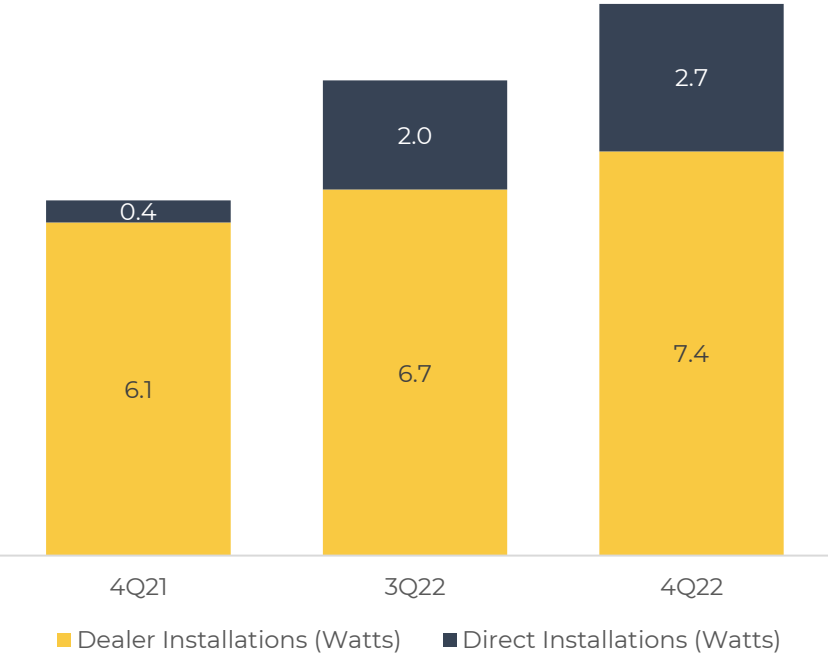
Seasonality and interest rate pressures led to a sequential decline in originations

Expanding channels in 1Q23 through dealers, direct and telesales

Residential Originations By Channel
(Watts)



Residential Installations by Channel
(Watts)



4Q22 Commercial Solar Energy Segment

Significant y/y organic revenue growth, narrowed operating loss, improved backlog

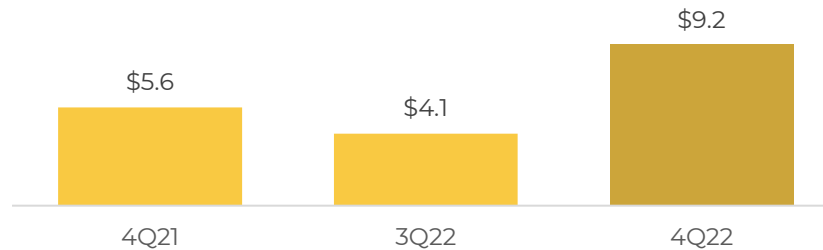
Commercial segment revenue more than doubled on a sequential basis in 4Q22, while segment backlog increased by 75% versus the PY period

Executing against existing backlog – healthy pipeline of new opportunities

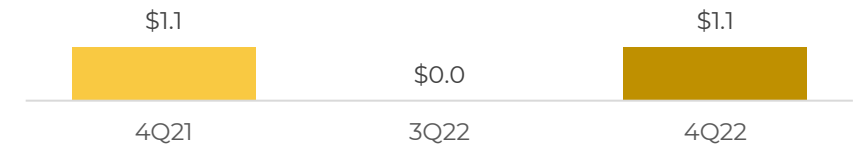
Y/Y gross margin decline a function of less favorable mix and project timing

Prior year includes a \$5.5M goodwill impairment

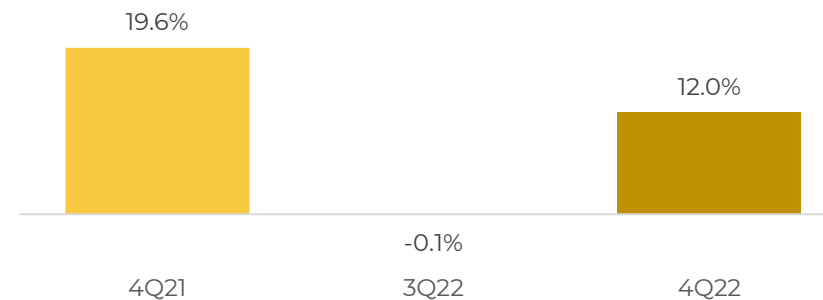
Commercial Solar Energy Segment Revenue (\$MM)



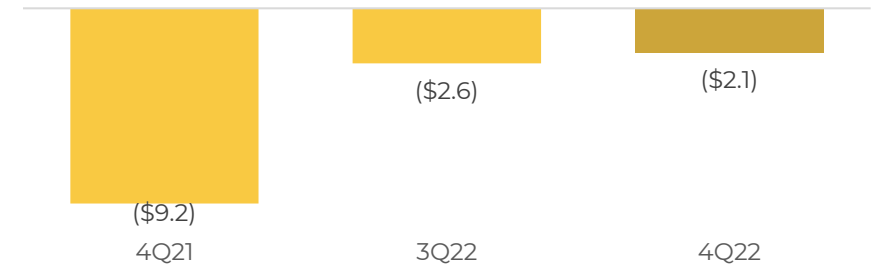
Commercial Solar Energy Gross Profit (\$MM)



Commercial Solar Energy Gross Margin (%)



Commercial Solar Energy Operating Income (Loss) (\$MM)



Orders and Backlog Remain Elevated Entering 2023

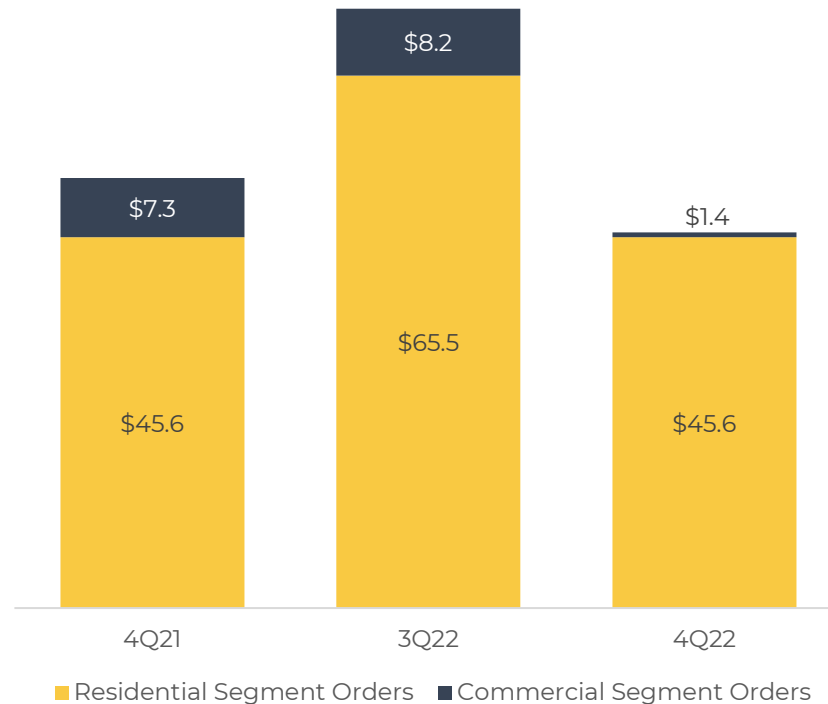
Anticipate accelerating solar adoption due to Inflation Reduction Act-sponsored tax credits

Originations impacted by higher interest rates and financing costs in 4Q22, but backlog across segments remains above PY period

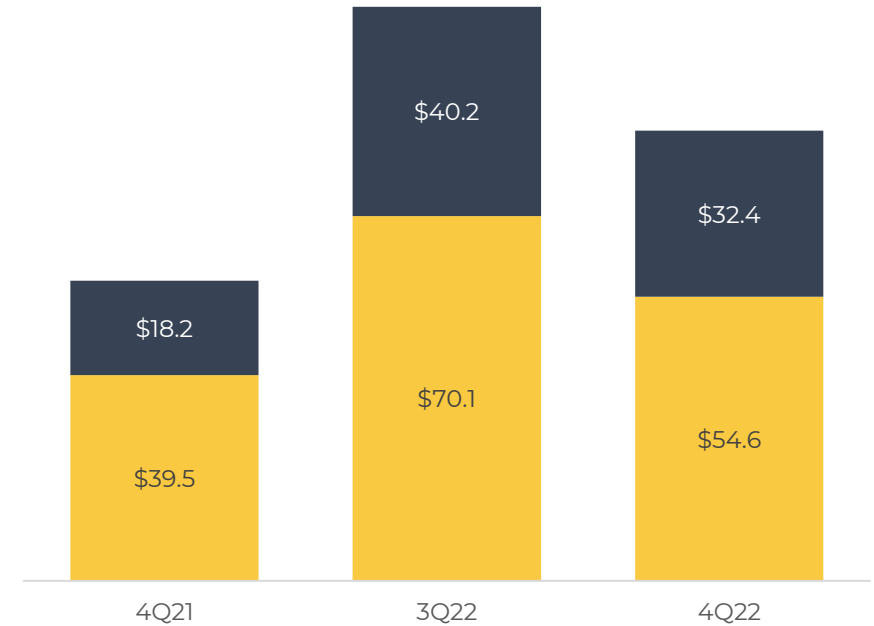
Commercial segment orders contingent on customer timing; anticipating growth throughout 2023

Residential channel development will be supported through new financing products, including PPAs, driving growth in 2023

Total Orders by Reporting Segment (\$MM)



Total Backlog by Reporting Segment (\$MM)





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