



SUNPOWER GROUP LTD.

PROFIT GUIDANCE AND UPDATE FOR THE UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

The Board of Directors (the “**Board**”) of Sunpower Group Ltd. (the “**Company**” and together with its subsidiaries (the “**Group**”) wishes to provide the following profit guidance and updates for the unaudited consolidated financial results for the third quarter (“**3Q 2021**”) and nine months ended 30 September 2021 (“**9M 2021**”).

Commodity prices have been continuously rising across the board this year and this trend has pushed up the feedstock costs of the Company, leading to cost pressures on the production operations of the Green Investments (“**GI**”) projects. In addition, power has been rationed in several provinces from September 2021¹ onward in China, resulting in operational constraints for some of the Company’s downstream customers that have temporarily reduced their steam consumption.

Based on a holistic assessment of factors that may affect near-term earnings prospects and review to-date of the Group’s unaudited consolidated financial results arising from the above developments, the Board wishes to advise that the Group expects profit attributable to equity holders without financial effects of Convertible Bonds (thereafter “**CBs**”)² for 3Q 2021 to be negatively impacted. Despite this, steam sales volume in 3Q 2021 still saw a notable YoY increase due to strong demand from customers and the ramp-up of the existing GI projects, including the Shantou Project. At the same time, the Group expects the profit attributable to equity holders generated by the Green Investments (“**GI**”) business for 9M 2021 without financial effects of CBs to record a YoY increase.

The surge in feedstock price is exceptional and the Group has taken various measures that position it well to navigate the current headwinds and achieve long-term sustainable development. The Group has been raising steam prices with customers, controlling unit material consumption, stocking up feedstock when prices are conducive, pursuing cost savings through blended combustion of sludge and other wastes and by increasing efficiency, and adding new customers. The Group will adhere to the above measures and continue to explore more measures in the long-term. In addition, the Board believes that the Group’s robust financial fundamentals and reliable business model that generates long-term, recurring, high-quality cashflow position it well to support these measures.

Moreover, the tight energy supply is expected to be temporary in the longer-term. As the relevant measures introduced by the central government gradually take effect, the tight energy supply is expected to be progressively alleviated.³ Recently, the National Development and Reform Commission (NDRC) stated that the vigorous promotion of the implementation of

¹ Due to more stringent enforcement of the Dual Control System of Total Energy Consumption and Energy Intensity Scheme (能源消费强度和总量双控制度方案). <https://www.scmp.com/business/china-business/article/3150016/chinese-firms-warn-hit-bottom-line-provinces-introduce>.

² Financial effects of Convertible Bonds consist of fair value change, unrealised foreign exchange translation and amortised interest costs of Convertible Bonds.

³ <http://www.scio.gov.cn/xwfbh/xwfbh/wqfbh/44687/47182/wz47184/Document/1714692/1714692.htm>

energy supply and price stabilisation has achieved initial results, and more measures will be taken to ensure energy supply and stable prices.⁴

As a leading provider of industrial steam, the Company remains committed in assisting the attainment of carbon peak and carbon neutrality and the development of the circular economy. The Company practices ESG and sustainability values, and is in compliance with ultra-low emission controls. Further, the Group is in a position to benefit from the long-term development of industrial parks as it has a strong supplier role in the provision of steam, a non-discretionary production input, to industrial users.

The Group is in the process of finalising the unaudited consolidated financial results for 3Q 2021 and 9M 2021 and as such, the above is qualified in its entirety by and should be read in conjunction with the Group's 3Q 2021 and 9M 2021 results when released. For more details, analysis and commentary, shareholders may refer to the Group's 3Q 2021 and 9M 2021 results which will be released in November 2021.

Shareholders are advised to exercise caution when dealing in the shares of the Company and to seek the advice of their stockbrokers, bank managers, solicitors or other professional advisers when dealing in the shares of the Company.

By Order of the Board

Ma Ming

Executive Director

27 October 2021

This announcement may contain forward-looking statements and financial information respect to the anticipated future performance and involve assumptions and uncertainties based on the Group's current view of future events. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. The actual results may vary from the anticipated results and such variations may be material. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Group undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance of the Group is not necessarily indicative of the future performance of the Group.

⁴ https://www.ndrc.gov.cn/fzggw/jgsj/yxj/sjdt/202110/t20211019_1300082.html?code=&state=123