



FOR IMMEDIATE RELEASE

SunPower Seeks to Designate Complete Solar as Stalking Horse in Its Bankruptcy Asset Purchase Agreement (APA)

LEHI, UTAH (August 14, 2024) – [Complete Solaria, Inc.](#) (now renamed “Complete Solar” or the “Company,” for more information please click [here](#)) (Nasdaq: CSLR) published its Q2’24 results to be presented via webcast today, August 14, 2024, at 5:00 p.m. EDT. Interested parties may access the webcast by registering [here](#) or by visiting: <https://investors.completesolaria.com/news-events/events>.

Q2’24 actuals and Q3’24 forecasts (based on non-GAAP results unless noted) are as follows:

- SunPower is seeking to have Complete Solar designated as the stalking horse in its Chapter 11 bankruptcy APA with a \$45 million bid for certain assets. The hearing to approve the stalking horse motion is scheduled for August 29, before the U.S. Bankruptcy Court in Delaware, with the likely closing of the sale by the end of Sept. 2024
- In order to stabilize the SunPower business, Complete Solar’s bid also will assume certain liabilities, including up to \$7.2 million for the SunPower New Homes business
- Retention employment offers (contingent on executing the APA) were made to a group of SunPower New Homes employees
- As previously discussed, the Company’s Q2’24 revenue was low, only \$4.5 million, due to a near-total lack of working capital which limited operations for most of Q2
- In response, the Company raised \$46 million in a July 2024 convertible debenture offering that provided working capital and paid off all long-term debt and critical overdue accounts
- When the total elimination of the private equity debt was announced on July 1, the Company’s stock (Nasdaq: CSLR) traded up 32.1% on a record 132.6 million shares
- Q2’24 non-commission opex reached a two-year low of \$4.4M (peak Q2’23, \$12.9M)
- 37 Core Energy employees have been integrated into the Company

Fellow Shareholders:

Our revenue, earnings and cashflow for Q2'24 are given below, compared with the Q1'24 & Q4'23 prior quarter actual results. See our 10Q filing ([here](#)) for the Q1'24 report.

(\$1000s, except gross margin)	GAAP			Non-GAAP ¹		
	Q2 2024	Q1 2024	Q4 2023	Q2 2024	Q1 2024	Q4 2023
Revenue	4,492	10,040	20,729	4,492	10,040	20,729
Gross Margin	-20%	23%	13%	-20%	24%	13%
Operating Income	(9,494)	(7,544)	(16,055)	(6,624)	(6,179)	(12,183)
Funding ²	3,000	5,000	13,145	3,000	5,000	13,145
Cash Flow	(739)	(667)	895	(739)	(667)	895
Cash Balance	1,839 ³	1,889	2,556	1,839	1,889	2,556

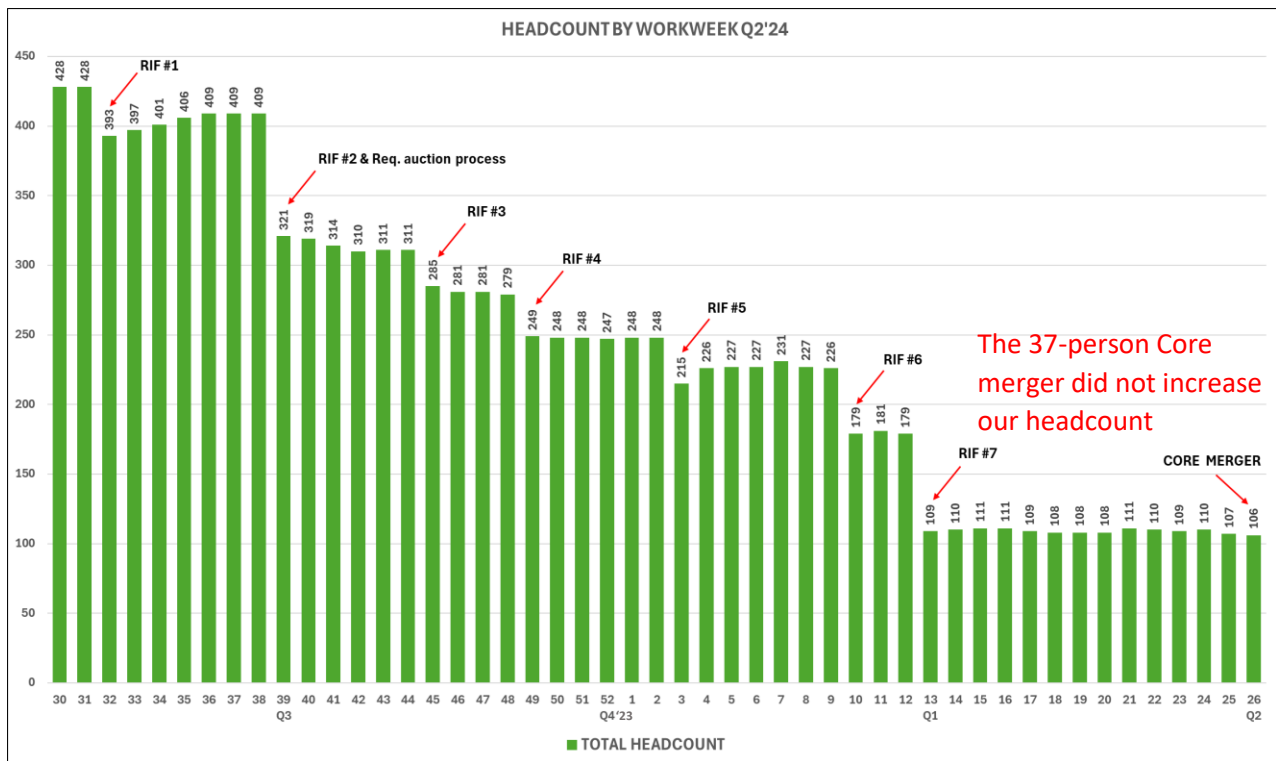
1. Reconciliation to GAAP attached. 2. Includes funding of \$8,145 in Q4'23 (Maxeon asset acquisition), \$5,000 in Q4'23 (TJR Equity), \$5,000 in Q1'24 (TJR Equity), and \$3,000 in Q2'24 (TJR Equity). 3. \$26,353 on July 9, after \$46,000 convertible debenture offering in early July and debt elimination.

Complete Solar's revenue was nearly cut off in Q1'24 due to a six-month impasse with our private equity lenders. We expect revenue to recover to \$20 million in Q4'24. Meanwhile, the Company received \$3.0 million in equity funding in Q2'24 which kept our ending cash balance flat. Our gross profit was reduced by three one-time events relating to inventory and project clean-up during the quarter. That combined with the anomalously low revenue produced low gross margin. We expect to exceed 30% gross margin in Q3'24.

The financial data circled above show the benefits of our vigorous cost reduction program. Despite the working capital crunch that cut revenue in half twice, from \$20.7 million in Q4'23 to \$4.5 million in Q2'24, we also cut our operating losses in half – from (\$12.2) million in Q4'23 to (\$6.6) million in Q2'24 – because our cost-reduction measures more than compensated for the lower revenue. Thus, our revenue misadventure, which has ended, has forced us to run extra lean, providing more fall-through leverage as our revenue recovers to its prior level.

Cost Reductions

To achieve the cost reductions described above, we had to maintain our headcount discipline. As shown in the headcount graph below, the Company made its seventh and final reduction to 109 employees in Q1'24 for both financial and productivity reasons. The latest Q2'24 data show that we have maintained a flat headcount, even after integrating 37 new employees from Core Energy, a Logan, Utah-based solar company very similar to Complete Solar.



Rodgers stated, “The merger brought to us Core Energy CEO Cole Farmer, a solar marketing and sales expert who reports to me, as well as Rick Guy’s California installing crew (three jobs per day), which replaced our Complete Solar crew. In our plan, the integration with SunPower will also be merit-based and focus on cash and cost efficiency.

Rodgers continued, “All Complete Solar employees now hold stock options (in a \$1.50 stock with a lot of upside potential) designed to be economically significant to each individual. Silicon Valley dominates the S&P 500 (nine of the top 10, counting Microsoft) precisely because its employees are significant shareholders of their companies, not because there are a lot of billionaires in Silicon Valley. Even with its literal trillions of dollars, New York’s highest ranked company on the S&P

500 is J.P. Morgan, a 153-year-old company ranked at No. 11. So, we will follow the Silicon Valley formula and make all of our new SunPower employees shareholders, one at a time, based on merit. My prior company, Cypress Semiconductor, controlled SunPower from 2001 to 2010. I was SPWR chairman at its 2005 IPO. We gave out stock options then, and veteran SunPower employees remember them well.”

Organization Changes

On August 16, COO Brian Wuebbels will leave the Company to take on a CEO role in a manufacturing company near his home in Highland, Illinois. Brian said, “I appreciate the opportunity that Complete Solar has afforded me, and I especially want to thank T.J. Rodgers for all that I have learned from him the past year. Complete Solar is well positioned to be a leader in the residential solar industry and has a leadership team in place to make that a reality.”

Rodgers replied, “We deeply appreciate the fact that Brian put up with his commuter flights for eight months more than he had planned in order to lead us through the second quarter report with our new auditors, BDO, the fifth largest auditing firm in the world. I have appointed Linda DeJulio, our VP of Quality, to be the Acting COO and the ranking officer in the Company.”

Conclusion

Complete Solar has been presented with a tremendous opportunity to hire SunPower people and acquire SPWR assets to scale CSLR and its value at a rate unimaginable to us just weeks ago. We need to get Delaware court approval on our APA and then we need to execute on it. We have a detailed plan that is in its fourth revision at this writing.

About Complete Solar

Complete Solar is a solar company with unique technology and an end-to-end customer offering – which includes financing, design and project fulfilment, and follow-on customer service – allowing it to sell more products across more markets and enable more options for customers wishing to make the switch to a more energy-efficient lifestyle. To learn more, visit

<https://www.completesolaria.com>.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America ("GAAP"), Complete Solar provides an additional financial metrics that is not prepared in accordance with GAAP ("non-GAAP"). Management uses

non-GAAP financial measures, in addition to GAAP financial measures, as a measure of operating performance because the non-GAAP financial measure does not include the impact of items that management does not consider indicative of Complete Solar's operating performance, such as amortization of goodwill and expensing employee stock options in addition to accounting for their dilutive effect. The non-GAAP financial measures do not replace the presentation of Complete Solar's GAAP financial results and should only be used as a supplement to, not as a substitute for, Complete Solar's financial results presented in accordance with GAAP.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about us and our industry that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "will," "goal," "prioritize," "plan," "target," "expect," "focus," "look forward," "opportunity," "believe," "estimate," "continue," "anticipate," and "pursue" or the negative of these terms or similar expressions. Actual results could differ materially from these forward-looking statements as a result of certain risks and uncertainties. For additional information on these risks and uncertainties and other potential factors that could affect our business and financial results or cause actual results to differ from the results predicted, readers should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of the registration statement on Form 10K filed, which was declared effective by the Securities and Exchange Commission (the "SEC") on June 30, 2023. Such filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Complete Solar assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

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Complete Solar, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(In Thousands)

		13 weeks ended December 31, 2023	13 weeks ended March 31, 2024	13 weeks ended June 30, 2024
GAAP operating loss from continuing operations	<u>Note</u>	(16,055)	(7,544)	(9,494)
Depreciation and amortization	A		321	
Stock based compensation	B	901	638	1,965
Restructuring charges	C	2,971	406	905
Total of Non-GAAP adjustments		3,872	1,365	2,870
Non-GAAP net loss		(12,183)	(6,179)	(6,624)

Notes:

- (A) Depreciation and amortization: Depreciation and amortization related to capital expenditures.
- (B) Stock-based compensation: Stock-based compensation relates to our equity incentive awards and for services paid in warrants. Stock-based compensation is a non-cash expense.
- (C) Restructuring charges: Costs related to the headcount reductions.

Source: Complete Solar, Inc.