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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**Complete Solaria, Inc.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-40117**  
(Commission  
File Number)

**93-2279786**  
(I.R.S. Employer  
Identification Number)

**45700 Northport Loop East  
Fremont, CA 94538  
(510) 270-2507**  
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**William J. Anderson  
Chief Executive Officer  
45700 Northport Loop East  
Fremont, CA 94538  
(510) 270-2507**  
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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**Copies to:**

**Matthew B. Hemington  
John T. McKenna  
Cooley LLP  
3175 Hanover Street  
Palo Alto, CA 94304  
Tel: (650) 843-5000**

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary proxy statement/prospectus is not complete and may be changed. These securities described herein may not be sold until the registration statement filed with the U.S. Securities and Exchange Commission is declared effective. This preliminary proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**

**SUBJECT TO COMPLETION, DATED AUGUST 8, 2023**



**Up to 45,922,536 Shares of Common Stock  
Up to 21,874,907 Shares of Common Stock Issuable Upon Exercise of Warrants  
Up to 13,249,907 Warrants to Purchase Common Stock**

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This prospectus relates to the issuance by us of an aggregate of up to 21,874,907 shares of our common stock, \$0.0001 par value per share (the “**common stock**”), which consists of (i) up to 6,266,667 shares of common stock that are issuable upon the exercise of warrants (the “**Private Warrants**”) originally issued in a private placement to Freedom Acquisition I, LLC (the “**Sponsor**”) in connection with the initial public offering of Freedom Acquisition I Corp. (“**FACT**”), (ii) up to 8,625,000 shares of common stock that are issuable upon the exercise of warrants (the “**Public Warrants**”) originally issued in the initial public offering of FACT, (iii) up to 716,668 shares of common stock that are issuable upon the exercise of warrants issued to certain selling stockholders in connection with conversion of working capital loans (the “**Working Capital Warrants**”) and (iv) up to 6,266,572 shares of common stock that are issuable upon the exercise of warrants issued to certain equityholders of Legacy Complete Solaria (as defined herein) (the “**Merger Warrants**”) and together with the Private Warrants, Public Warrants and the Working Capital Warrants, the “**Warrants**”). We will receive the proceeds from any exercise of any Warrants for cash.

This prospectus also relates to the offer and sale from time to time by the selling securityholders named in this prospectus or their permitted transferees (the “**selling stockholders**”) of (i) up to 45,922,536 shares of common stock consisting of (a) up to 10,966,635 shares of common stock issued in connection with private placements pursuant to subscription agreements entered into on or around July 13, 2023 (the “**PIPE Shares**”), (b) up to 8,625,000 shares of common stock originally issued in a private placement to the Sponsor in connection with the initial public offering of FACT, (c) up to 6,266,667 shares of common stock issuable upon exercise of the Private Warrants, (d) up to 13,080,994 shares of common stock pursuant to that certain Amended and Restated Registration Rights Agreement, July 18, 2023, between us and the selling securityholders granting such holders registration rights with respect to such shares, (e) up to 716,668 shares of common stock that are issuable upon the exercise of the Working Capital Warrants, and (f) up to 6,266,572 shares of common stock issuable upon exercise of the Merger Warrants, and (ii) up to 13,249,907 Warrants consisting of (a) up to 6,266,667 Private Warrants, (b) up to 716,668 Working Capital Warrants and (c) up to 6,266,572 Merger Warrants. We will not receive any proceeds from the sale of shares of common stock or Warrants by the selling stockholders pursuant to this prospectus.

The selling securityholders may offer, sell or distribute all or a portion of the securities hereby registered publicly or through private transactions at prevailing market prices or at negotiated prices. We will not receive any of the proceeds from such sales of the shares of common stock or Warrants, except with respect to amounts received by us upon exercise of the Warrants. We will bear all costs, expenses and fees in connection with the registration of these securities, including with regard to compliance with state securities or “blue sky” laws. The selling securityholders will bear all commissions and discounts, if any, attributable to their sale of shares of common stock or Warrants. See the section titled “*Plan of Distribution*.”

Our common stock and Warrants are listed on The Nasdaq Stock Market under the symbols “CSLR” and “CSLRW,” respectively. On August 7, 2023, the last reported sales price of our common stock was \$3.10 per share and the last reported sales price of our Public Warrants was \$0.32 per warrant.

We are an “emerging growth company” as defined under U.S. federal securities laws and, as such, have elected to comply with reduced public company reporting requirements. This prospectus complies with the requirements that apply to an issuer that is an emerging growth company.

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**Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described in the section titled “[Risk Factors](#)” beginning on page 6 of this prospectus, and under similar headings in any amendments or supplements to this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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Prospectus dated \_\_\_\_\_, 2023

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-1 that we filed with the Securities and Exchange Commission (the “SEC”) using the “shelf” registration process. Under this shelf registration process, the selling securityholders may, from time to time, sell the securities offered by them described in this prospectus. We will not receive any proceeds from the sale by such selling securityholders of the securities offered by them described in this prospectus. This prospectus also relates to the issuance by us of the shares of common stock issuable upon the exercise of any Warrants. We will not receive any proceeds from the sale of shares of common stock underlying the Warrants pursuant to this prospectus, except with respect to amounts received by us upon the exercise of the Warrants for cash.

Neither we nor the selling securityholders have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or any applicable prospectus supplement or any free writing prospectuses prepared by or on behalf of us or to which we have referred you. Neither we nor the selling securityholders take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the selling securityholders will make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

We may also provide a prospectus supplement or post-effective amendment to the registration statement to add information to, or update or change information contained in, this prospectus. You should read both this prospectus and any applicable prospectus supplement or post-effective amendment to the registration statement together with the additional information to which we refer you in the sections of this prospectus titled “*Where You Can Find More Information.*”

On July 17, 2023, FACT filed an application for deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which FACT was domesticated and continues as a Delaware corporation, changing its name to “Complete Solaria, Inc.”

Complete Solaria, Inc. (f/k/a Complete Solar Holding Corporation), a Delaware corporation (“**Legacy Complete Solaria**”), FACT, Jupiter Merger Sub I Corp., a Delaware corporation and wholly-owned subsidiary of FACT (“**First Merger Sub**”), Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly-owned subsidiary of FACT (“**Second Merger Sub**”) and The Solaria Corporation, a Delaware corporation and a wholly-owned indirect subsidiary of Complete Solaria (“**Solaria**”), entered into that certain Amended and Restated Business Combination Agreement, dated as of May 26, 2023 (as may be further amended, supplemented or otherwise modified from time to time, the “**Business Combination Agreement**”). Pursuant to the terms and subject to the conditions of the Business Combination, on July 18, 2023, (i) First Merger Sub merged with and into Complete Solaria with Complete Solaria surviving as a wholly-owned subsidiary of FACT (the “**First Merger**”), (ii) immediately thereafter and as part of the same overall transaction, Complete Solaria merged with and into Second Merger Sub, with Second Merger Sub surviving as a wholly-owned subsidiary of FACT (the “**Second Merger**”), and FACT changed its name to “Complete Solaria, Inc.” and Second Merger Sub changed its name to “CS, LLC” and (iii) immediately after the consummation of the Second Merger and as part of the same overall transaction, Solaria merged with and into a newly formed Delaware limited liability company and wholly-owned subsidiary of FACT and changed its name to “SolarCA LLC” (“**Third Merger Sub**”), with Third Merger Sub surviving as a wholly-owned subsidiary of FACT (the “**Additional Merger**”, and together with the First Merger and the Second Merger, the “**Mergers**”).

Unless the context indicates otherwise, references in this prospectus to the “Complete Solaria,” “we,” “us,” “our” and similar terms refer to CS, LLC. (f/k/a Complete Solaria, Inc.). References to “FACT” refer to the predecessor company prior to the consummation of the Business Combination.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus may constitute “forward-looking statements” for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our and our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

- our ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition and our ability to grow and manage growth profitably following the Closing;
- our financial and business performance following the Business Combination, including financial projections and business metrics;
- changes in our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans;
- our ability to meet the expectations of new and current customers, and our ability to achieve market acceptance for our products;
- our expectations and forecasts with respect to market opportunity and market growth;
- the ability of our products and services to meet customers’ compliance and regulatory needs;
- our ability to attract and retain qualified employees and management;
- our ability to develop and maintain its brand and reputation;
- developments and projections relating to our competitors and industry;
- changes in general economic and financial conditions, inflationary pressures and the resulting impact demand, and our ability to plan for and respond to the impact of those changes;
- our expectations regarding our ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- our future capital requirements and sources and uses of cash;
- our ability to obtain funding for its operations and future growth; and
- our business, expansion plans and opportunities.

These forward-looking statements are based on information available as of the date of this prospectus, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

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In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and such statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

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You should rely only on the information contained in this prospectus, any supplement to this prospectus or in any free writing prospectus, filed with the Securities and Exchange Commission. Neither we nor the selling stockholders have authorized anyone to provide you with additional information or information different from that contained in this prospectus filed with the Securities and Exchange Commission. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The selling stockholders are offering to sell, and seeking offers to buy, our securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our securities. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: Neither we nor the selling stockholders, have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of our securities and the distribution of this prospectus outside the United States.

## FREQUENTLY USED TERMS

“**2022 Convertible Notes**” means the Pre-Signing Convertible Notes and the Post-Signing Convertible Notes issued by Complete Solaria.

“**April 2022 FACT Note**” means the unsecured promissory note in the amount of up to \$500,000 issued on April 1, 2022, by FACT to the Sponsor.

“**Articles of Association**” means the amended and restated memorandum and articles of association of FACT, dated February 25, 2021.

“**Business Combination**” means the transactions contemplated by the Business Combination Agreement.

“**Business Combination Agreement**” means the amended and restated business combination agreement, dated as of May 26, 2023, by and among FACT, First Merger Sub, Second Merger Sub, Complete Solaria and Solaria.

“**Cayman Islands Companies Act**” means the Companies Act (As Revised) of the Cayman Islands as the same may be amended from time to time.

“**Closing**” means the closing of the Business Combination.

“**Closing Date**” means the date of the Closing.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Complete Solar**” means Complete Solar Holding Corporation, a Delaware corporation, prior to the consummation of the Required Transaction.

“**Complete Solaria**” means Complete Solaria, Inc. (f/k/a Freedom Acquisition I Corp.), a Delaware corporation.

“**Complete Solaria Board**” means the board of directors of Complete Solaria.

“**Complete Solaria Capital Stock**” means Complete Solaria Common Stock and Complete Solaria Preferred Stock.

“**Complete Solaria Common Stock**” means the common stock, par value \$0.0001 per share, of Complete Solaria.

“**Complete Solaria Preferred Stock**” means the preferred stock, par value \$0.0001 per share, of Complete Solaria.

“**Complete Solaria Subscription Agreements**” means the Pre-Signing Complete Solaria Subscription Agreements together with the Post-Signing Complete Solaria Subscription Agreements.

“**Continental**” means Continental Stock Transfer & Trust Company.

“**December 2022 FACT Note**” means the unsecured promissory note in the amount of up to \$325,000 issued on December 14, 2022, by FACT to Tidjane Thiam, Adam Gishen, Abhishek Bhatia and Edward Zeng.

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“**DGCL**” means the Delaware General Corporation Law, as amended.

“**DLLCA**” means the Delaware Limited Liability Company Act, as amended.

“**Domestication**” means the domestication of FACT as a corporation incorporated in the State of Delaware.

“**ESPP**” means the Complete Solaria, Inc. 2023 Employee Stock Purchase Plan.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Extension Amendment Proposal**” means the proposal presented at the Extension Meeting to amend the amended and restated memorandum and articles of association of FACT to extend the date by which FACT must complete its initial business combination from March 2, 2023 to June 2, 2023, and thereafter to up to three (3) times by an additional one month each time (or up to September 2, 2023) (such period, as may be extended, the “**Extension Period**”).

“**Extension**” means any extension of the date by which FACT must complete its initial business combination as contemplated by the Extension Amendment Proposal.

“**Extension Articles Amendment**” means the amendment to the amended and restated memorandum and articles of association of FACT, as proposed in the Extension Amendment Proposal, which was approved as a special resolution at the Extension Meeting.

“**Extension Amendment Redemptions**” means the redemption on March 1, 2023 by FACT shareholders of an aggregate of 23,256,504 Class A Ordinary Shares at a redemption price of \$10.21 per share, for an aggregate redemption amount of approximately \$237,372,952, in connection with the approval of the Extension Amendment Proposal and implementation of the Extension Articles Amendment.

“**Extension Meeting**” means the extraordinary general meeting of FACT shareholders held on February 28, 2023 to consider the Extension Amendment Proposal and Trust Amendment Proposal.

“**FACT**” means Freedom Acquisition I Corp., a Cayman Islands exempted company, prior to the consummation of the Domestication.

“**FACT Board**” means the board of directors of FACT.

“**FACT Class A Ordinary Shares**” or “**Class A Ordinary Shares**” means the 34,500,000 Class A ordinary shares, par value \$0.0001 per share, of FACT prior to the consummation of the Domestication.

“**FACT Class B Ordinary Shares**” or “**Class B Ordinary Shares**” means the 8,625,000 Class B ordinary shares, par value \$0.0001 per share, of FACT prior to the consummation of the Domestication.

“**FACT Initial Shareholders**” means the Sponsor, members of the Sponsor, and FACT’s officers and directors.

“**FACT Ordinary Shares**” means the FACT Class A Ordinary Shares and the FACT Class B Ordinary Shares.

“**FACT PIPE Investment**” means investments in FACT or any subsidiary of FACT (including New Complete Solaria following the Closing).



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“**FACT PIPE Investors**” means the investors in any FACT PIPE Investment.

“**FACT Private Placement Warrants**” or “**Private Placement Warrants**” means the 6,266,667 warrants held by the Sponsor that were issued in a private placement at the time of FACT’s IPO, each of which is exercisable for one Class A Ordinary Share at an exercise price of \$11.50 per share.

“**FACT Public Warrants**” or “**Public Warrants**” means the 8,625,000 warrants to acquire FACT Class A Ordinary Shares, issued as part of the FACT Public Units, at an initial exercise price of \$11.50 per share.

“**FACT Special Committee**” means the special committee of the FACT Board.

“**FACT Warrants**” means the FACT Private Placement Warrants and the FACT Public Warrants.

“**February 2023 FACT Note**” means the unsecured promissory note in the amount of up to \$2,100,000 issued on February 28, 2023, by FACT to the Sponsor.

“**Founder Shares**” means the FACT Class B Ordinary Shares purchased by the Sponsor in a private placement prior to the initial public offering, and the FACT Class A Ordinary Shares that issued upon the conversion thereof.

“**GAAP**” means U.S. generally accepted accounting principles.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**IPO**” means FACT’s initial public offering of its units, ordinary shares and warrants pursuant to its registration statement on Form S-1 declared effective by the SEC on February 25, 2021 (SEC File No. 333-252940).

“**June 2022 FACT Note**” means the unsecured promissory note in the amount of up to \$500,000 issued on June 6, 2022, by FACT to the Sponsor.

“**May 2023 FACT Note**” means the unsecured promissory note in the amount of up to \$300,000 issued on May 31, 2023, by FACT to the Sponsor.

“**Legacy Complete Solaria**” means Complete Solaria, Inc. (f/k/a Complete Solar Holding Corporation), a Delaware corporation which, pursuant to the Business Combination, became a direct, wholly owned subsidiary of Complete Solaria, Inc.

“**Nasdaq**” means the Nasdaq Stock Market.

“**NYSE**” means the New York Stock Exchange.

“**Original Business Combination Agreement**” means the business combination agreement, dated as of October 3, 2022, by and among FACT, First Merger Sub, Second Merger Sub, Complete Solaria and Solaria, as amended by that certain First Amendment to Business Combination Agreement, dated as of December 26, 2022, as further amended by that certain Second Amendment to Business Combination Agreement, dated as of January 17, 2023.

“**Post-Signing Convertible Notes**” means the convertible promissory notes issued by Complete Solaria pursuant to the Post-Signing Complete Solaria Subscription Agreements.

“**Post-Signing Complete Solaria Subscription Agreements**” means the additional subscription agreements entered into by Complete Solaria and certain investors pursuant to which such investors purchased Post-Signing Convertible Notes from Complete Solaria following the date of the Original Business Combination Agreement, on terms substantially similar to, or no less favorable in all material respects to Complete Solaria than the Pre-Signing Complete Solaria Subscription Agreements.

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**“Pre-Signing Complete Solaria Subscription Agreements”** means the note subscription agreements entered into by Complete Solaria and certain investors pursuant to which such investors purchased Pre-Signing Convertible Notes from Complete Solaria prior to date of the Original Business Combination Agreement.

**“Pre-Signing Convertible Notes”** means the convertible promissory notes issued by Complete Solaria pursuant to the Pre-Signing Complete Solaria Subscription Agreements.

**“Public Shareholders”** means the holders of the Public Shares.

**“Public Shares”** means the FACT Class A Ordinary Shares.

**“Required Transaction”** means the transactions contemplated by the Required Transaction Merger Agreement, including the merger of Solaria with and into a wholly-owned subsidiary of Complete Solaria, which were consummated on November 4, 2022.

**“Required Transaction Merger Agreement”** means that certain merger agreement by and among Complete Solaria, Complete Solaria Midco, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Solaria, Complete Solaria Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Midco, Solaria, and Fortis Advisors LLC, a Delaware limited liability company, solely in its capacity as the representative of Solaria’s stockholders.

**“SEC”** means the U.S. Securities and Exchange Commission.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Solaria”** means The Solaria Corporation, a Delaware corporation and a wholly-owned subsidiary of Complete Solaria.

**“Specified Sponsor Share Amount”** means the difference of (i) 3,300,000 *minus* (ii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to holders of 2022 Convertible Notes *minus* (iii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to certain counterparties in consideration for loans and other amounts paid to finance the working capital loans due to the Sponsor and extension fees.

**“Sponsor”** means Freedom Acquisition I LLC, a Cayman Islands limited liability company.

**“Transfer Agent”** means Continental Stock Transfer & Trust Company.

**“Trust Account”** means the trust account established at the consummation of FACT’s IPO that holds the proceeds of the IPO and is maintained by Continental, acting as trustee.

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our securities, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes thereto and the information set forth in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Unless the context otherwise requires, we use the terms “Complete Solaria,” “company,” “we,” “us” and “our” in this prospectus to refer to Complete Solaria, Inc. and our wholly owned subsidiaries.*

### Overview

Our mission is to deliver energy-efficient solutions to homeowners and small to medium size businesses that allow them to lower their energy bills while reducing their carbon footprint. With a strong technology platform, financing solutions, and aesthetically pleasing high-performance solar modules, Complete Solaria has created a unique, end-to-end offering that delivers a best-in-class customer experience. With installation partners in 47 states in the United States and 13 countries in Europe, Complete Solaria is building an international brand for solar energy. Complete Solaria’s relentless drive to expand the accessibility of solar energy is underpinned by its vision: to create a global society powered by the sun.

In November 2022, Complete Solar, Inc. and The Solaria Corporation merged to form Complete Solaria. Complete Solaria combines two complementary businesses: Solaria, a seller of premium solar modules through a national network of installers, and Complete Solar, a residential solar sales and fulfillment company. The combination of these two companies establishes Complete Solaria as a full, renewable energy system operator with compelling customer offerings, advanced technology, financing solutions, and project fulfillment that enables Complete Solaria to sell more products across more geographies in the United States and Europe.

### Corporate Information

We were originally known as Freedom Acquisition I Corp. We are engaged in solar system sales and associated commerce. On July 18, 2023, Complete Solaria, FACT, First Merger Sub, Second Merger Sub and Third Merger Sub consummated the transactions contemplated under the Business Combination Agreement, following the approval at the special meeting of the stockholders of FACT held July 11, 2023. In connection with the closing of the Business Combination, we changed our name from Freedom Acquisition I Corp. to Complete Solaria, Inc.

Our principal executive offices are located at 45700 Northport Loop E, Fremont, CA 94538, and our telephone number is (510) 270-2507. Our corporate website address is <https://www.completesolaria.com/>. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

“Complete Solaria” and our other registered and common law trade names, trademarks and service marks are property of Complete Solaria, Inc. This prospectus contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols.

### Emerging Growth Company Status

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (“**JOBS Act**”). As an emerging growth company, we are exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to

provide information relating to the ratio of total compensation of our President and Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Act.

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the “**JOBS Act**”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement under the Securities Act declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of New Complete Solaria’s financial statements with those of another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (a) following the fifth anniversary of the Closing of FACT’s IPO, (b) in which we have total annual gross revenue of at least \$1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year’s second fiscal quarter; and (2) the date on which we have issued more than \$1.00 billion in non-convertible debt securities during the prior three-year period. References herein to “emerging growth company” are to its meaning under the Securities Act, as modified by the JOBS Act.

#### **Summary Risk Factors**

- Our business currently depends in part on the availability of rebates, tax credits and other financial incentives. The expiration, elimination or reduction of these rebates, credits or incentives or the ability to monetize them could adversely impact the business.
- Existing regulations and policies and changes to these regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.
- We rely on net metering and related policies to offer competitive pricing to customers in many of our current markets and changes to net metering policies may significantly reduce demand for electricity from residential solar energy systems.
- We utilize a limited number of suppliers of solar panels and other system components to adequately meet anticipated demand for its solar service offerings. Any shortage, delay or component price change from these suppliers or delays and price increases associated with the product transport logistics could result in sales and installation delays, cancellations and loss of market share.
- We utilize third-party sales and installation partners whose performance could result in sales and installation delays, cancellations, and loss of market share.
- We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund operations and make adequate capital investments as planned due to the general economic environment and any market pressure that would drive down the average selling prices of solar power products, among other factors.

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- Our business substantially focuses on solar service agreements and transactions with residential customers.
- We have incurred losses and may be unable to achieve or sustain profitability in the future.
- Our business is concentrated in certain markets including California, putting us at risk of region-specific disruptions.
- We depend on a limited number of customers and sales contracts for a significant portion of revenues, and the loss of any customer or cancellation of any contract may cause significant fluctuations or declines in revenues.
- We have identified a material weakness in our internal controls over financial reporting. If we are unable to maintain effective internal controls over financial reporting and disclosure controls and procedures, the accuracy and timeliness of its financial and operating reporting may be adversely affected, and confidence in its operations and disclosures may be lost.

## The Offering

### Issuance of common stock

|  |  |
|--|--|
| Shares of common stock offered by us                                     | Up to 21,874,907 shares of common stock, consisting of (i) up to 6,266,667 shares of common stock that are issuable upon exercise of the Private Warrants, (ii) up to 8,625,000 shares of common stock that are issuable upon exercise upon the exercise of the Public Warrants, (iii) up to 716,668 shares of common stock that are issuable upon the exercise of the Working Capital Warrants and (iv) up to 6,266,572 shares of common stock issuable upon exercise of the Merger Warrants. |
| Shares of common stock outstanding prior to the exercise of all Warrants | 45,290,553 (as of August 7, 2023)  |
| Shares of common stock outstanding assuming exercise of all Warrants     | 67,165,460 (based on the total shares outstanding as of August 7, 2023)  |
| Exercise price of Warrants   | \$11.50 per share, subject to adjustment as described herein   |
| Use of proceeds  | We will receive up to an aggregate of approximately \$251.6 million from the exercise of the Warrants. We expect to use the net proceeds from the exercise of the Warrants for general corporate purposes. See “Use of Proceeds.”  |

### Resale of common stock and Warrants

|   |  |
|---|--|
| Shares of common stock offered by the selling securityholders | <p>We are registering the resale by the selling securityholders named in this prospectus, or their permitted transferees, and aggregate of 45,922,536 shares of common stock, consisting of:</p> <ul style="list-style-type: none"><li>• up to 10,966,635 PIPE Shares;</li><li>• up to 8,625,000 Founder Shares;</li><li>• up to 6,266,667 shares of common stock issuable upon the exercise of the Private Warrants;</li><li>• up to 13,080,994 shares of common stock pursuant to the Registration Rights Agreement (including shares issuable upon exercise of convertible securities);</li><li>• up to 716,668 shares of common stock issuable upon exercise of the Working Capital Warrants; and</li><li>• up to 6,266,572 shares of common stock issuable upon exercise of the Merger Warrants.</li></ul> <p>In addition, we are registering 8,625,000 shares of common stock issuable upon exercise of the Public Warrants that were previously registered.</p> |
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| Warrants offered by the selling stockholders   | Up to 13,249,907 Warrants, consisting of (i) up to 6,266,667 Private Warrants, (ii) up to 716,668 Working Capital Warrants and (iii) up to 6,266,572 Merger Warrants.   |
| Redemption   | The Public Warrants are redeemable in certain circumstances. See “ <i>Description of Our Securities — Warrants.</i> ”   |
| Terms of the offering  | The selling stockholders will determine when and how they will dispose of the shares of common stock registered for resale under this prospectus.   |
| Lock-Up Agreements   | Certain of our securityholders are subject to certain restrictions on transfer until the termination of applicable lock-up periods. See the section titled “ <i>Certain Relationships and Related Party Transactions — Lock-Up Agreement.</i> ” |
| Use of proceeds  | We will not receive any of the proceeds from the sale of the shares of common stock or Warrants by the selling stockholders, except with respect to amounts received by us due to the exercise of the Warrants.                                 |
| Risk factors   | Before investing in our securities, you should carefully read and consider the information set forth in “ <i>Risk Factors</i> ” beginning on page 6.  |
| Nasdaq ticker symbols  | “CSLR” and “CSLRW”  |
| For additional information concerning the offering, see “ <i>Plan of Distribution</i> ” beginning on page 119. |   |

## RISK FACTORS

*Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including our financial statements and related notes appearing at the end of this prospectus and in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before deciding to invest in our securities. If any of the events or developments described below were to occur, our business, prospects, operating results and financial condition could suffer materially, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.*

### **Risks Related to our Businesses and Industry**

***Our business currently depends in part on the availability of rebates, tax credits and other financial incentives. The expiration, elimination or reduction of these rebates, credits or incentives or the ability to monetize them could adversely impact our business.***

U.S. federal, state and local government bodies provide incentives to end users, distributors, system integrators and manufacturers of solar energy systems to promote solar electricity in the form of rebates, tax credits and other financial incentives such as system performance payments, payments for renewable energy credits associated with renewable energy generation and the exclusion of solar energy systems from property tax assessments. These incentives enable us to lower the price charged to customers for energy and for solar energy systems. However, these incentives may expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated as solar energy adoption rates increase. These reductions or terminations often occur without warning.

The IRA extended and modified prior law applicable to tax credits that are available with respect to solar energy systems. Under the IRA, the following credits are available: (i) a production tax credit under Code Section 44 (for facilities that begin construction before January 1, 2025) and Code Section 45Y (for facilities that begin construction between January 1, 2025 and the year that is four calendar years after the year in which certain U.S. greenhouse gas emissions percentages are met) (the “**PTC**”) in connection with the installation of certain solar facilities and energy storage technology, (ii) an investment tax credit under Code Section 48 (for facilities that begin construction before January 1, 2025) and Code Section 48E (for facilities that begin construction between January 1, 2025 and the year that is four calendar years after the year in which certain U.S. greenhouse gas emissions percentages are met) (the “**ITC**”) in connection with the installation of certain solar facilities and energy storage technology, and (iii) a residential clean energy credit (the “**Section 25D Credit**”) in connection with the installation of property that uses solar energy to generate electricity for residential use.

Prior to the IRA, the PTC for solar facilities had phased out and was no longer available. The IRA reinstated the PTC for solar facilities. The PTC available to a taxpayer in a taxable year is equal to a certain rate multiplied by the kilowatt hours of electricity produced by the taxpayer from solar energy at a facility owned by it and sold to an unrelated party during that taxable year. The base rate for the PTC is 0.3 cents. This rate is increased to 1.5 cents for projects that (i) have a maximum net output of less than one MW AC, (ii) begin construction before January 29, 2023, or (iii) meet certain prevailing wage and apprenticeship requirements. It also may be increased for projects that include a certain percentage of components that were produced in the United States, projects that are located in certain energy communities, and projects that are located in low-income communities.

The ITC available to a taxpayer in a taxable year is equal to the “energy percentage” of the basis of “energy property” placed in service by the taxpayer during that taxable year. “Energy property” includes equipment that uses solar energy to generate electricity (including structural components that are necessary to the functioning of a solar facility as a whole) and certain energy storage systems (including batteries included as part of or adjacent



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to a solar facility). The base “energy percentage” for the ITC is 6%. This energy percentage is increased to 30% for projects that (i) have a maximum net output of less than one MW AC, (ii) begin construction before January 29, 2023, or (iii) meet certain prevailing wage and apprenticeship requirements. It also may be increased for projects that include a certain percentage of components that were produced in the United States, projects that are located in certain energy communities, and projects that are located in low-income communities. ITCs are subject to recapture if, during the five-year period after a facility is placed in service, the facility is sold, exchanged, involuntarily converted, or ceases its business usage. If the event that causes such recapture occurs within the first year after a project is placed in service, 100% of the ITCs will be recaptured. The recapture percentage is reduced 20% for each subsequent year. Historically, we have utilized the ITC when available for both residential and commercial leases and power purchase agreements, based on ownership of the solar energy system.

The Section 25D Credit available to a taxpayer is equal to the “applicable percentage” of expenditures for property that uses solar energy to generate electricity for use in a dwelling unit used as a residence by the taxpayer. The applicable percentage is 26% for such systems that are placed in service before January 1, 2022, 30% for such systems that are placed in service after December 31, 2021 and before January 1, 2033, 26% for such systems that are placed in service in 2033, and 22% for such systems that are placed in service in 2034. The Section 25D Credit is scheduled to expire effective January 1, 2035. Although it is unlikely that Complete Solaria would qualify for the Section 25D Credit, the availability of the Section 25D Credit may impact the prices of its solar energy systems.

Reductions in, eliminations of, or expirations of, governmental incentives could adversely impact results of operations and ability to compete in this industry by increasing the cost of capital, causing us to increase the prices of our energy and solar energy systems and reduce the size of our addressable market.

***Existing regulations and policies and changes to these regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.***

The market for electric generation products is heavily influenced by federal, state and local government laws, regulations and policies concerning the electric utility industry in the United States and abroad, as well as policies promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation, and changes that make solar power less competitive with other power sources could deter investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could in turn result in a significant reduction in the demand for our solar power products. The market for electric generation equipment is also influenced by trade and local content laws, regulations and policies that can discourage growth and competition in the solar industry and create economic barriers to the purchase of solar power products, thus reducing demand for our solar products. In addition, on-grid applications depend on access to the grid, which is also regulated by government entities. We anticipate that our solar power products and our installation will continue to be subject to oversight and regulation in accordance with federal, state, local and foreign regulations relating to construction, safety, environmental protection, utility interconnection and metering, trade, and related matters. It is difficult to track the requirements of individual states or local jurisdictions and design equipment to comply with the varying standards. In addition, the United States and European Union, among others, have imposed tariffs or are in the process of evaluating the imposition of tariffs on solar panels, solar cells, polysilicon, and potentially other components. These and any other tariffs or similar taxes or duties may increase the price of our solar products and adversely affect our cost reduction roadmap, which could harm our results of operations and financial condition. Any new regulations or policies pertaining our solar power products may result in significant additional expenses for our customers, which could cause a significant reduction in demand for our solar power products.

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### ***We rely on net metering and related policies to offer competitive pricing to customers in many of our current markets and changes to net metering policies may significantly reduce demand for electricity from residential solar energy systems.***

Net metering is one of several key policies that have enabled the growth of distributed generation solar energy systems in the United States, providing significant value to customers for electricity generated by their residential solar energy systems but not directly consumed on-site. Net metering allows a homeowner to pay his or her local electric utility for power usage net of production from the solar energy system or other distributed generation source. Homeowners receive a credit for the energy an interconnected solar energy system generates in excess of that needed by the home to offset energy purchases from the centralized utility made at times when the solar energy system is not generating sufficient energy to meet the customer's demand. In many markets, this credit is equal to the residential retail rate for electricity and in other markets, such as Hawaii and Nevada, the rate is less than the retail rate and may be set, for example, as a percentage of the retail rate or based upon a valuation of the excess electricity. In some states and utility territories, customers are also reimbursed by the centralized electric utility for net excess generation on a periodic basis.

Net metering programs have been subject to legislative and regulatory scrutiny in some states and territories including, but not limited to, California, New Jersey, Arizona, Nevada, Connecticut, Florida, Maine, Kentucky, Puerto Rico and Guam. These jurisdictions, by statute, regulation, administrative order or a combination thereof, have recently adopted or are considering new restrictions and additional changes to net metering programs either on a state-wide basis or within specific utility territories. Many of these measures were introduced and supported by centralized electric utilities. These measures vary by jurisdiction and may include a reduction in the rates or value of the credits customers are paid or receive for the power they deliver back to the electrical grid, caps or limits on the aggregate installed capacity of generation in a state or utility territory eligible for net metering, expiration dates for and phasing out of net metering programs, replacement of net metering programs with alternative programs that may provide less compensation and limits on the capacity size of individual distributed generation systems that can qualify for net metering. Net metering and related policies concerning distributed generation also received attention from federal legislators and regulators.

In California, the California Public Utilities Commission ("CPUC") issued an order in 2016 retaining retail-based net metering credits for residential customers of California's major utilities as part of Net Energy Metering 2.0 ("NEM 2.0"). Under NEM 2.0, new distributed generation customers receive the retail rate for electricity exported to the grid, less certain non-bypassable fees. Customers under NEM 2.0 also are subject to interconnection charges and time-of-use rates. Existing customers who receive service under the prior net metering program, as well as new customers under the NEM 2.0 program, currently are permitted to remain covered by them on a legacy basis for a period of 20 years. On September 3, 2020, the CPUC opened a new proceeding to review its current net metering policies and to develop Net Energy Metering 3.0 ("NEM 3.0"), also referred to by the CPUC as the NEM 2.0 successor tariff. NEM 3.0 was finalized on December 15, 2022 and will include several changes from previous net metering plans. There will be changes that impact the amount that homeowners with solar power will be able to recuperate when selling excess energy back to the utility grid. With NEM 3.0, the value of the credits for net exports will be tied to the state's 2022 Distributed Energy Resources Avoided Cost Calculator Documentation ("ACC"). Another significant change with NEM 3.0 will be applied to the netting period: the time period over which the utilities measure the clean energy being imported or exported. In general, longer netting periods have typically been advantageous for solar power customers because any consumption can be offset with production. NEM 3.0 will instead measure energy using instantaneous netting, which means interval netting approximately every 15 minutes. This will lead to more NEM customers' electricity registering as exports, now valued at the new, lower ACC value.

### ***We utilize a limited number of suppliers of solar panels and other system components to adequately meet anticipated demand for our solar service offerings. Any shortage, delay or component price change from these suppliers or delays and price increases associated with the product transport logistics could result in sales and installation delays, cancellations and loss of market share.***

We purchase solar panels, inverters and other system components from a limited number of suppliers, which makes us susceptible to quality issues, shortages and price changes. If we fail to develop, maintain and

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expand relationships with existing or new suppliers, we may be unable to adequately meet anticipated demand for our solar energy systems or may only be able to offer our systems at higher costs or after delays. If one or more of the suppliers that we rely upon to meet anticipated demand ceases or reduces production, we may be unable to satisfy this demand due to an inability to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms.

In particular, there are a limited number of inverter suppliers. Once we design a system for use with a particular inverter, if that type of inverter is not readily available at an anticipated price, we may incur additional delay and expense to redesign the system.

In addition, production of solar panels involves the use of numerous raw materials and components. Several of these have experienced periods of limited availability, particularly polysilicon, as well as indium, cadmium telluride, aluminum and copper. The manufacturing infrastructure for some of these raw materials and components has a long lead time, requires significant capital investment and relies on the continued availability of key commodity materials, potentially resulting in an inability to meet demand for these components. The prices for these raw materials and components fluctuate depending on global market conditions and demand and we may experience rapid increases in costs or sustained periods of limited supplies.

Despite efforts to obtain components from multiple sources whenever possible, many suppliers may be single-source suppliers of certain components. If we are not able to maintain long-term supply agreements or identify and qualify multiple sources for components, access to supplies at satisfactory prices, volumes and quality levels may be harmed. We may also experience delivery delays of components from suppliers in various global locations. In addition, while there are alternative suppliers and service providers that we could enter into agreements with to replace its suppliers on commercially reasonable terms, we may be unable to establish alternate supply relationships or obtain or engineer replacement components in the short term, or at all, at favorable prices or costs. Qualifying alternate suppliers or developing our own replacements for certain components may be time-consuming and costly and may force us to make modifications to our product designs.

Our need to purchase supplies globally and our continued international expansion further subjects us to risks relating to currency fluctuations. Any decline in the exchange rate of the U.S. dollar compared to the functional currency of component suppliers could increase component prices. In addition, the state of the financial markets could limit suppliers' ability to raise capital if they are required to expand their production to meet our needs or satisfy our operating capital requirements. Changes in economic and business conditions, wars, governmental changes and other factors beyond our control or which we do not presently anticipate, could also affect suppliers' solvency and ability to deliver components on a timely basis. Any of these shortages, delays or price changes could limit our growth, cause cancellations or adversely affect profitability and the ability to effectively compete in the markets in which the company operates.

### ***We utilize third-party sales and installation partners whose performance could result in sales and installation delays, cancellations, and loss of market share.***

We outsource our module manufacturing to contract manufacturers in Thailand, Vietnam, and India. As a result of outsourcing, we face several significant risks, including limited control over assembly and testing capacity, delivery schedules, quality assurance, manufacturing yields, production costs and tariffs. If the operations of third-party contract manufacturers were disrupted or their financial stability impaired, or if they were unable or unwilling to devote capacity to our solar panels in a timely manner, our business could suffer as we might be unable to produce finished solar panels on a timely basis. We also risk customer delays resulting from an inability to move module production to an alternate provider or to complete production internationally, and it may not be possible to obtain sufficient capacity or comparable production costs at another facility in a timely manner. In addition, migrating our design methodology to third-party contract manufacturers or to a captive panel assembly facility could involve increased costs, resources and development time, and utilizing additional third-party contract manufacturers could expose the company to further risk of losing control over

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intellectual property and the quality of solar panels. Any reduction in the supply of solar panels could impair revenue by significantly delaying the ability to ship products and potentially damage relationships with new and existing customers, any of which could have a material and adverse effect on our financial condition and results of operation.

***We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund operations and make adequate capital investments as planned due to the general economic environment and any market pressure that would drive down the average selling prices of solar power products, among other factors.***

To develop new products, including our Power XT Modules, support future growth, achieve operating efficiencies, and maintain product quality, we must make capital investments in research and development, and product and process technology. Our activities have required and will continue to require investment of capital and substantial engineering expenditures.

We manage our working capital requirements and fund our committed capital expenditures through our current cash and cash equivalents, and cash generated from operations, and funds available under venture debt lines of credits (the “**Credit Facilities**”). Upon termination of the Credit Facilities, we may be unable to find adequate credit support in replacement, on acceptable terms or at all. In such case, our ability to obtain adequate amounts of debt financing may be harmed. The lenders under our credit facilities and holders of our debentures may also require the repayment of indebtedness to them in the event that obligations under other indebtedness or contracts in excess of the applicable threshold amount are accelerated and we fail to discharge such obligations. If our capital resources are insufficient to satisfy liquidity requirements, for example, due to cross acceleration of indebtedness, we may seek to sell additional equity investments or debt securities or obtain other debt financings. Market conditions, however, could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms, and lenders may be unwilling to lend funds on acceptable terms. The sale of additional equity investments or convertible debt securities may result in additional dilution to our stockholders. Additional debt would result in increased expenses and could impose new restrictive covenants that may be different from those restrictions contained in the covenants under certain of our current debt agreements and debentures. Financing arrangements, including letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us. If additional financing is not available, we may be forced to seek to sell assets or reduce or delay capital investments, any of which could adversely affect our business, results of operations and financial condition.

If we cannot generate sufficient cash flows, find other sources of capital to fund operations and projects, or make adequate capital investments to remain technologically and price competitive, we may need to sell additional equity investments or debt securities, or obtain other debt financings. If adequate funds from these or and other sources are not available on acceptable terms, the ability to fund operations, develop and expand our distribution network, maintain research and development efforts, meet debt service obligations, or otherwise respond to competitive pressures would be significantly impaired. Our inability to do any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

***Our business substantially focuses on solar service agreements and transactions with residential customers.***

Our business substantially focuses on solar service agreements and transactions with residential customers. Our energy system sales to homeowners utilize power purchase agreements (“**PPAs**”), leases, loans and other products and services. We currently offer PPAs and leases through Sunrun, Inc., EverBright, LLC, Sunnova Energy International, and OakStar Bank. If we were to be unable to arrange new or alternative methods of financing for PPAs and leases on favorable terms, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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### ***Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows.***

On February 7, 2018, safeguard tariffs on imported solar cells and modules went into effect pursuant to Proclamation 9693, which approved recommendations to provide relief to U.S. manufacturers and impose safeguard tariffs on imported solar cells and modules, based on the investigations, findings, and recommendations of the U.S. International Trade Commission (the “**International Trade Commission**”). Since 2021, modules are subject to a tariff rate of 15%. Cells are subjected to a tariff-rate quota, under which the first 2.5 GW of cell imports each year will be exempt from tariffs; and cells imported after the 2.5 GW quota has been reached will be subject to the same 30% tariff as modules in the first year, with the same 5% decline in each of the three subsequent years. The tariff-free cell quota applies globally, without any allocation by country or region.

The tariffs could materially and adversely affect our business and results of operations. While solar cells and modules based on interdigitated back contact technology were granted exclusion from these safeguard tariffs on September 19, 2018, our solar products based on other technologies continue to be subject to the safeguard tariffs. Although we are actively engaged in efforts to mitigate the effect of these tariffs, there is no guarantee that these efforts will be successful.

Uncertainty surrounding the implications of existing tariffs affecting the U.S. solar market and potential trade tensions between the United States and other countries is likely to cause market volatility, price fluctuations, supply shortages, and project delays, any of which could harm our business, and the pursuit of mitigating actions may divert substantial resources from other projects. Further, the Uyghur Forced Labor Prevention Act may inhibit importation of certain solar modules or components. In addition, the imposition of tariffs is likely to result in a wide range of impacts to the U.S. solar industry and the global manufacturing market, as well as our business in particular. Such tariffs could materially increase the price of our solar products and result in significant additional costs to the company, its resellers, and the resellers’ customers, which could cause a significant reduction in demand for the company’s solar power products and greatly reduce our competitive advantage.

### ***If we fail to manage operations and growth effectively, we may be unable to execute our business plan, maintain high levels of customer service or adequately address competitive challenges.***

We have experienced significant growth in recent periods as measured by our number of customers; we intend to continue efforts to expand our business within existing and new markets. This growth has placed, and any future growth may place, a strain on management, operational and financial infrastructure. Our growth requires our management to devote a significant amount of time and effort to maintain and expand relationships with customers, dealers and other third parties, attract new customers and dealers, arrange financing for growth and manage expansion into additional markets.

In addition, our current and planned operations, personnel, information technology and other systems and procedures might be inadequate to support future growth and may require us to make additional unanticipated investments in its infrastructure. Our success and ability to further scale our business will depend, in part, on our ability to manage these changes in a cost-effective and efficient manner.

If we cannot manage operations and growth, we may be unable to meet expectations regarding growth, opportunity and financial targets, take advantage of market opportunities, execute our business strategies or respond to competitive pressures. This could also result in declines in quality or customer satisfaction, increased costs, difficulties in introducing new offerings or other operational difficulties. Any failure to effectively manage our operations and growth could adversely impact our reputation, business, financial condition, cash flows and results of operations.

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***We have international activities and customers in the European Union, and plans to continue these efforts, which subjects us to additional business risks, including logistical and compliance related complexity.***

A portion of our sales are made to customers outside of the United States, and a substantial portion of our supply agreements are with supply and equipment vendors located outside of the United States. We have solar cell and module production lines located at our outsourced manufacturing facilities in Thailand, Vietnam, and India. We are also considering other manufacturing locations.

Risks we face in conducting business internationally include:

- multiple, conflicting and changing laws and regulations, export and import restrictions, employment laws, data protection laws, environmental protection, regulatory requirements, international trade agreements, and other government approvals, permits and licenses;
- difficulties and costs in staffing and managing foreign operations as well as cultural differences;
- potentially adverse tax consequences associated with current, future or deemed permanent establishment of operations in multiple countries;
- relatively uncertain legal systems, including potentially limited protection for intellectual property rights, and laws, changes in the governmental incentives that we rely on, regulations and policies which impose additional restrictions on the ability of foreign companies to conduct business in certain countries or otherwise place them at a competitive disadvantage in relation to domestic companies;
- inadequate local infrastructure and developing telecommunications infrastructures;
- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable;
- currency fluctuations, government-fixed foreign exchange rates, the effects of currency hedging activity, and the potential inability to hedge currency fluctuations;
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions;
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make the company less competitive in some countries; and
- liabilities associated with compliance with laws (for example, the Foreign Corrupt Practices Act in the United States and similar laws outside of the United States).

We have an organizational structure involving entities globally. This increases the potential impact of adverse changes in laws, rules and regulations affecting the free flow of goods and personnel, and therefore heightens some of the risks noted above. Further, this structure requires us to effectively manage our international inventory and warehouses. If we fail to do so, our shipping movements may not correspond with product demand and flow. Unsettled intercompany balances between entities could result, if changes in law, regulations or related interpretations occur in adverse tax or other consequences that affect capital structure, intercompany interest rates and legal structure. If we are unable to successfully manage any such risks, any one or more could materially and negatively affect our business, financial condition and results of operations.

***We have incurred losses and may be unable to achieve or sustain profitability in the future.***

We have incurred net losses in the past and had an accumulated deficit of \$85.4 million as of December 31, 2022. We will continue to incur net losses as spending increases to finance the expansion of operations, installation, engineering, administrative, sales and marketing staffs, spending increases on brand awareness and other sales and marketing initiatives, and implement internal systems and infrastructure to support the company's growth. We do not know whether revenue will grow rapidly enough to absorb these costs, and our limited

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operating history makes it difficult to assess the extent of these expenses or their impact on results of operations. Our ability to achieve profitability depends on a number of factors, including but not limited to:

- Growing the customer base;
- Maintaining or further lowering the cost of capital;
- Reducing the cost of components for our solar service offerings;
- Growing and maintaining our channel partner network;
- Growing our direct-to-consumer business to scale; and
- Reducing operating costs by lowering customer acquisition costs and optimizing our design and installation processes and supply chain logistics.

Even if we do achieve profitability, we may be unable to sustain or increase profitability in the future.

### ***A material drop in the retail price of utility-generated electricity or electricity from other sources could adversely impact our ability to attract customers which would harm our business, financial condition and results of operations.***

We believe that a homeowner's decision to buy solar energy from us is primarily driven by a desire to lower electricity costs. Decreases in the retail prices of electricity from utilities or other energy sources would harm our ability to offer competitive pricing and could harm its business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, including nuclear, coal, natural gas or renewable energy technologies;
- the construction of additional electric transmission and distribution lines;
- a reduction in the price of natural gas or other natural resources as a result of new drilling techniques or other technological developments, a relaxation of associated regulatory standards, or broader economic or policy developments;
- energy conservation technologies and public initiatives to reduce electricity consumption;
- subsidies impacting electricity prices, including in connection with electricity generation and transmission; and
- development of new energy technologies that provide less expensive energy.

A reduction in utility electricity prices would make the purchase of our solar service offerings less attractive. If the retail price of energy available from utilities were to decrease due to any of these or other reasons, we would be at a competitive disadvantage. As a result, we may be unable to attract new homeowners and growth would be limited.

### ***We face competition from both traditional energy companies and renewable energy companies.***

The solar energy and renewable energy industries are both highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with large utilities. We believe that our primary competitors are the traditional utilities that supply energy to potential customers. We compete with these utilities primarily based on price, predictability of price and the ease by which customers can switch to electricity generated by our solar energy systems. If we cannot offer compelling value to its customers based on these factors, then our business will not grow. Utilities generally have substantially greater financial, technical, operational and other resources than us. As a result of their greater size, these competitors may be able to devote more resources to the research, development, promotion and sale of their products or respond more quickly to

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evolving industry standards and changes in market conditions than we can. Utilities could also offer other value-added products and services that could help them compete with us even if the cost of electricity they offer is higher than ours. In addition, a majority of utilities' sources of electricity is non-solar, which may allow utilities to sell electricity more cheaply than electricity generated by our solar energy systems.

### ***Our business is concentrated in certain markets including California, putting us at risk of region-specific disruptions.***

As of December 31, 2022, a substantial portion of our installations were in California and we expect much of its near-term future growth to occur in California, further concentrating our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in this market and in other markets that may become similarly concentrated. We may not have adequate insurance, including business interruption insurance, to compensate for losses that may occur from any such significant events. A significant natural disaster could have a material adverse impact on our business, results of operations and financial condition. In addition, acts of terrorism or malicious computer viruses could cause disruptions in our business, our partners' businesses or the economy as a whole. To the extent that these disruptions result in delays or cancellations of installations or the deployment of solar service offerings, our business, results of operations and financial condition would be adversely affected.

### ***Our growth strategy depends on the widespread adoption of solar power technology.***

The distributed residential solar energy market is at a relatively early stage of development in comparison to fossil fuel-based electricity generation. If additional demand for distributed residential solar energy systems fails to develop sufficiently or takes longer to develop than we anticipate, the company may be unable to originate additional solar service agreements and related solar energy systems and energy storage systems to grow the business. In addition, demand for solar energy systems and energy storage systems in our targeted markets may not develop to the extent it anticipates. As a result, we may be unsuccessful in broadening our customer base through origination of solar service agreements and related solar energy systems and energy storage systems within its current markets or in new markets we may enter.

Many factors may affect the demand for solar energy systems, including, but not limited to, the following:

- availability, substance and magnitude of solar support programs including government targets, subsidies, incentives, renewable portfolio standards and residential net metering rules;
- the relative pricing of other conventional and non-renewable energy sources, such as natural gas, coal, oil and other fossil fuels, wind, utility-scale solar, nuclear, geothermal and biomass;
- performance, reliability and availability of energy generated by solar energy systems compared to conventional and other non-solar renewable energy sources;
- availability and performance of energy storage technology, the ability to implement such technology for use in conjunction with solar energy systems and the cost competitiveness such technology provides to customers as compared to costs for those customers reliant on the conventional electrical grid; and
- general economic conditions and the level of interest rates.

The residential solar energy industry is constantly evolving, which makes it difficult to evaluate our prospects. We cannot be certain if historical growth rates reflect future opportunities or its anticipated growth will be realized. The failure of distributed residential solar energy to achieve, or its being significantly delayed in achieving, widespread adoption could have a material adverse effect on our business, financial condition and results of operations.



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### ***Our business could be adversely affected by seasonal trends, poor weather, labor shortages, and construction cycles.***

Our business is subject to significant industry-specific seasonal fluctuations. In the United States, many customers make purchasing decisions towards the end of the year in order to take advantage of tax credits. In addition, sales in the new home development market are often tied to construction market demands, which tend to follow national trends in construction, including declining sales during cold weather months.

### ***The ongoing COVID-19 pandemic could adversely affect our business, financial condition and results of operations.***

The ongoing COVID-19 pandemic has resulted in and may continue to result in widespread adverse impacts on the global economy. We have experienced some resulting disruptions to business operations as the COVID-19 virus has continued to evolve and circulate through the states and U.S. territories in which the company operates. We, along with our dealers, modified certain business and workforce practices (including those related to new contract origination, installation and servicing of solar energy systems and employee work locations) to conform to government restrictions and best practices encouraged by governmental and regulatory authorities. Such modifications have allowed our dealers to continue to install and the company to continue to service solar energy systems, but may also disrupt operations, impede productivity or otherwise be ineffective in the future. If there are additional outbreaks of the COVID-19 virus or other viruses or more stringent health and safety guidelines are adopted, our ability, and the ability of our dealers to continue performing installations and service calls may be adversely impacted. A significant or extended decline in new contract origination may have a material adverse effect on our business, cash flows, liquidity, financial condition and results of operations.

There is considerable uncertainty regarding the extent and duration of governmental and other measures implemented to try to slow the spread of the COVID-19 virus, such as large-scale travel bans and restrictions, border closures, quarantines, shelter-in-place orders and business and government shutdowns. We have seen delays in most jurisdictions from whom it must receive permission to operate for its solar energy systems to be placed in service. Worsening economic conditions could result in less favorable outcomes over time, which would impact future financial performance. Further, the effects of the economic downturn associated with the COVID-19 pandemic may increase unemployment and reduce consumer credit ratings and credit availability, which may adversely affect new customer origination and existing customers' ability to make payments on their solar service agreements. Periods of high unemployment and a lack of availability of credit may lead to increased delinquency and default rates. Finally, if supply chains become significantly disrupted due to additional outbreaks of the COVID-19 virus or other viruses or more stringent health and safety guidelines are implemented, our ability to install and service solar energy systems could become adversely impacted.

We cannot predict the full impact the COVID-19 pandemic or the significant disruption and volatility currently being experienced in the capital markets will have on our business, cash flows, liquidity, financial condition and results of operations at this time due to numerous uncertainties. The ultimate impact will depend on future developments, including, among other things, the ultimate duration of the COVID-19 virus, the distribution, acceptance and efficacy of the vaccine, the depth and duration of the economic downturn and other economic effects of the COVID-19 pandemic, the consequences of governmental and other measures designed to prevent the spread of the COVID-19 virus, actions taken by governmental authorities, customers, dealers and other third parties, our ability and the ability of our customers, potential customers and dealers to adapt to operating in a changed environment and the timing and extent to which normal economic and operating conditions resume.

### ***Natural disasters, terrorist activities, political unrest, economic volatility, and other outbreaks could disrupt our delivery and operations, which could materially and adversely affect our business, financial condition, and results of operations.***

Global pandemics or fear of spread of contagious diseases, such as Ebola virus disease (EVD), coronavirus disease 2019 (COVID-19), Middle East respiratory syndrome (MERS), severe acute respiratory syndrome

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(SARS), H1N1 flu, H7N9 flu, avian flu and monkeypox, as well as hurricanes, earthquakes, tsunamis, or other natural disasters could disrupt our business operations, reduce or restrict operations and services, incur significant costs to protect its employees and facilities, or result in regional or global economic distress, which may materially and adversely affect business, financial condition, and results of operations. Actual or threatened war, terrorist activities, political unrest, civil strife, future disruptions in access to bank deposits or lending commitments due to bank failures and other geopolitical uncertainty could have a similar adverse effect on our business, financial condition, and results of operations. On February 24, 2022, the Russian Federation launched an invasion of Ukraine that has had an immediate impact on the global economy resulting in higher energy prices and higher prices for certain raw materials and goods and services which in turn is contributing to higher inflation in the United States and other countries across the globe with significant disruption to financial markets. We have outsourced product development and software engineering in Ukraine and we may potentially indirectly be adversely impacted any significant disruption it has caused and may continue to escalate. Any one or more of these events may impede our operation and delivery efforts and adversely affect sales results, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, and results of operations.

### ***We depend on a limited number of customers and sales contracts for a significant portion of revenues, and the loss of any customer or cancellation of any contract may cause significant fluctuations or declines in revenues.***

In 2020, 2021 and 2022, our top customers, Consolidated Electrical Distributors, Inc. and Sunrun Inc., accounted for 32%, 36%, 30% and 33%, 31%, 30% of its total revenues from continuing operations, respectively, on a pro forma basis. We anticipate that our dependence on a limited number of customers will continue for the foreseeable future. As a result of customer concentration, our financial performance may fluctuate significantly from period to period based, among others, on exogenous circumstances related to its clients. In addition, any one of the following events may materially adversely affect cash flows, revenues and results of operations:

- reduction, delay or cancellation of orders from one or more significant customers;
- loss of one or more significant customers and failure to identify additional or replacement customers;
- failure of any significant customers to make timely payment for our products; or
- the customers becoming insolvent or having difficulties meeting their financial obligations for any reason.

### ***We are exposed to the credit risk of customers and payment delinquencies on its accounts receivables.***

While customer defaults have been immaterial to date, we expect that the risk of customer defaults may increase as we grow our business. If we experience increased customer credit defaults, our revenue and our ability to raise new investment funds could be adversely affected. If economic conditions worsen, certain of our customers may face liquidity concerns and may be unable to satisfy their payment obligations to us on a timely basis or at all, which could have a material adverse effect on our financial condition and results of operations.

### ***Rising interest rates may adversely impact our business.***

Due to recent increases in inflation, the U.S. Federal Reserve has raised its benchmark interest rates. Increases in the federal benchmark rate could result in an increase in market interest rates, which may increase our interest expense and the costs of refinancing existing indebtedness or obtaining new debt. Consequently, rising interest rates will increase cost of capital. As a result, rising interest rates may have an adverse impact on our ability to offer attractive pricing on solar service agreements to customers. If in the future we have a need for significant borrowings and interest rates increase, that would increase the cost of the solar systems purchased us, which either would make those systems more expensive for customers, which is likely to reduce demand, or would lower operating margins, or both.

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### ***We may not realize the anticipated benefits of past or future acquisitions, and integration of these acquisitions may disrupt our business.***

In November 2022, we acquired The Solaria Corporation, after which Complete Solar was renamed “Complete Solaria, Inc.” In the future, we may acquire additional companies, project pipelines, products or technologies, or enter into joint ventures or other strategic initiatives. Our ability as an organization to integrate acquisitions is unproven. We may not realize the anticipated benefits of our acquisitions or any other future acquisition or the acquisition may be viewed negatively by customers, financial markets or investors.

Any acquisition has numerous risks, including, but not limited to, the following:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with current products and technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of ongoing business and distraction of management and employees from other opportunities and challenges due to integration issues;
- difficulty integrating the acquired company’s accounting, management information and other administrative systems;
- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, vendors, and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact operating results;
- failure of due diligence processes to identify significant issues with product quality, legal and financial liabilities, among other things;
- inability to assert that internal controls over financial reporting are effective; and
- inability to obtain, or obtain in a timely manner, approvals from governmental authorities, which could delay or prevent such acquisitions.

### ***We depend on our intellectual property and may face intellectual property infringement claims that could be time-consuming and costly to defend and could result in the loss of significant rights.***

From time to time, we and our customers, or the third parties with whom we work may receive letters, including letters from other third parties, and may become subject to lawsuits with such third parties alleging infringement of their patents. Additionally, we are required by contract to indemnify some customers and third-party intellectual property providers for certain costs and damages of patent infringement in circumstances where our products are a factor creating the customer’s or these third-party providers’ infringement liability. This practice may subject us to significant indemnification claims by customers and third-party providers. We cannot assure investors that indemnification claims will not be made or that these claims will not harm our business, operating results or financial condition. Intellectual property litigation is very expensive and time-consuming and could divert management’s attention from our business and could have a material adverse effect on our business, operating results or financial condition. If there is a successful claim of infringement against us, our customers or our third-party intellectual property providers, we may be required to pay substantial damages to the party claiming infringement, stop selling products or using technology that contains the allegedly infringing intellectual property, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Parties making infringement claims may also be able to bring an action before the International Trade

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Commission that could result in an order stopping the importation into the United States of our solar products. Any of these judgments could materially damage our business. We may have to develop non-infringing technology, and our failure in doing so or in obtaining licenses to the proprietary rights on a timely basis could have a material adverse effect on the business.

***We may be required to file claims against other parties for infringing its intellectual property that may be costly and may not be resolved in its favor.***

To protect our intellectual property rights and to maintain competitive advantage, we have filed, and may continue to file, suits against parties we believe infringe or misappropriate our intellectual property. Intellectual property litigation is expensive and time-consuming, could divert management's attention from our business, and could have a material adverse effect on our business, operating results, or financial condition, and our enforcement efforts may not be successful. In addition, the validity of our patents may be challenged in such litigation. Our participation in intellectual property enforcement actions may negatively impact our financial results.

***Developments in technology or improvements in distributed solar energy generation and related technologies or components may materially adversely affect demand for our offerings.***

Significant developments in technology, such as advances in distributed solar power generation, energy storage solutions such as batteries, energy storage management systems, the widespread use or adoption of fuel cells for residential or commercial properties or improvements in other forms of distributed or centralized power production may materially and adversely affect demand for our offerings and otherwise affect our business. Future technological advancements may result in reduced prices to consumers or more efficient solar energy systems than those available today, either of which may result in current customer dissatisfaction. We may not be able to adopt these new technologies as quickly as its competitors or on a cost-effective basis.

Additionally, recent technological advancements may impact our business in ways not currently anticipated. Any failure by us to adopt or have access to new or enhanced technologies or processes, or to react to changes in existing technologies, could result in product obsolescence or the loss of competitiveness and decreased consumer interest in its solar energy services, which could have a material adverse effect on its business, financial condition and results of operations.

***We depend on the success of our relationships with third-party contract manufacturers to assemble solar cells into solar panels and any damage to those relationships or any failure to obtain sufficient capacity could significantly delay the our ability to ship solar panels and damage its customer relationships.***

We outsource our module manufacturing to contract manufacturers in Thailand, Vietnam, and India. As a result of outsourcing this final step in production, we face several significant risks, including limited control over assembly and testing capacity, delivery schedules, quality assurance, manufacturing yields, production costs and tariffs. If the operations of third-party contract manufacturers were disrupted or their financial stability impaired, or if they were unable or unwilling to devote capacity to our solar panels in a timely manner, business could suffer as we might be unable to produce finished solar panels on a timely basis. We also risk customer delays resulting from an inability to move module production to an alternate provider at all or on commercially reasonable terms, or to complete production internationally, and it may not be possible to obtain sufficient capacity or comparable production costs at another facility in a timely manner. In addition, migrating design methodology to third-party contract manufacturers or to a captive panel assembly facility could involve increased costs, resources and development time, and utilizing additional third-party contract manufacturers could expose us to further risk of losing control over intellectual property and the quality of its solar panels. Any reduction in the supply of solar panels could impair revenue by significantly delaying our ability to ship products and potentially damage relationships with new and existing customers, any of which could have a material and adverse effect on our financial condition and results of operation.

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***Our business is subject to complex and evolving data protection laws. Many of these laws and regulations are subject to change and uncertain interpretation and could result in claims, increased cost of operations or otherwise harm its business.***

Consumer personal privacy and data security have become significant issues and the subject of rapidly evolving regulation in the United States. Furthermore, federal, state and local government bodies or agencies have in the past adopted, and may in the future adopt, more laws and regulations affecting data privacy. For example, the state of California enacted the California Consumer Privacy Act of 2018 (“**CCPA**”) and California voters recently approved the California Privacy Rights Act (“**CPRA**”). The CCPA creates individual privacy rights for consumers and places increased privacy and security obligations on entities handling the personal data of consumers or households. The CCPA went into effect in January 2020 and it requires covered companies to provide new disclosures to California consumers, provides such consumers, business-to-business contacts and employees new ways to opt-out of certain sales of personal information, and allows for a new private right of action for data breaches. The CPRA modifies the CCPA and imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. The CCPA and the CPRA may significantly impact Complete Solaria’s business activities and require substantial compliance costs that adversely affect its business, operating results, prospects and financial condition. To date, we have not experienced substantial compliance costs in connection with fulfilling the requirements under the CCPA or CPRA. However, we cannot be certain that compliance costs will not increase in the future with respect to the CCPA and CPRA or any other recently passed consumer privacy regulation.

Outside the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, the European Union’s General Data Protection Regulation (“**EU GDPR**”) and the United Kingdom’s GDPR (“**UK GDPR**”) impose strict requirements for processing personal data. Under the EU GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Non-compliance with the UK GDPR may result in substantially similar adverse consequences to those in relation to the EU GDPR, including monetary penalties of up to £17.5 million or 4% of worldwide revenue, whichever is higher.

In addition, we may be unable to transfer personal data from Europe and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (“**EEA**”) and the United Kingdom have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are not adequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK’s standard contractual clauses, these mechanisms are subject to legal challenges, and there is no assurance that Complete Solaria can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK, or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of its operations, the need to relocate part of or all of its business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against its processing or transferring of personal data necessary to operate its business. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the EU GDPR’s cross-border data transfer limitations.

Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations and policies, could result in additional cost and liability to

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us damage our reputation, inhibit sales and adversely affect our business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations and policies that are applicable to our business may limit the use and adoption of, and reduce the overall demand for, its solutions. If we are not able to adjust to changing laws, regulations and standards related to privacy or security, our business may be harmed.

***Any unauthorized access to or disclosure or theft of personal information we gather, store or use could harm our reputation and subject us to claims or litigation.***

We receive, store and use personal information of customers, including names, addresses, e-mail addresses, and other housing and energy use information. We also store information of dealers, including employee, financial and operational information. We rely on the availability of data collected from customers and dealers in order to manage our business and market our offerings. We take certain steps in an effort to protect the security, integrity and confidentiality of the personal information collected, stored or transmitted, but there is no guarantee inadvertent or unauthorized use or disclosure will not occur or third parties will not gain unauthorized access to this information despite our efforts. Although Complete Solaria takes precautions to provide for disaster recovery, the company's ability to recover systems or data may be expensive and may interfere with normal operations. Also, although we obtain assurances from such third parties they will use reasonable safeguards to secure their systems, we may be adversely affected by unavailability of their systems or unauthorized use or disclosure of its data maintained in such systems. Because techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we our suppliers or vendors and our dealers may be unable to anticipate these techniques or to implement adequate preventative or mitigation measures.

Cyberattacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, disruption of customers' operations, loss or damage to data delivery systems, unauthorized release of confidential or otherwise protected information, corruption of data and increased costs to prevent, respond to or mitigate cybersecurity events. In addition, certain cyber incidents, such as advanced persistent threats, may remain undetected for an extended period.

Unauthorized use, disclosure of or access to any personal information maintained by us or on the behalf of us, whether through breach of our systems, breach of the systems of our suppliers, vendors or dealers by an unauthorized party or through employee or contractor error, theft or misuse or otherwise, could harm our business. If any such unauthorized use, disclosure of or access to such personal information were to occur, our operations could be seriously disrupted and we could be subject to demands, claims and litigation by private parties and investigations, related actions and penalties by regulatory authorities.

In addition, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of federal, state and local laws and regulations relating to the unauthorized access to, use of or disclosure of personal information. Finally, any perceived or actual unauthorized access to, use of or disclosure of such information could harm our reputation, substantially impair our business, financial condition and results of operations. The COVID-19 pandemic generally is increasing the attack surface available to criminals, as more companies and individuals work remotely and otherwise work online. Consequently, the risk of a cybersecurity incident suffered by us or our vendors or service providers is increased, and our investment in risk mitigations against cybersecurity incidents is evolving as the threat landscape changes. While we currently maintain cybersecurity insurance, such insurance may not be sufficient to cover against claims, and we cannot be certain that cyber insurance will continue to be available on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim.

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***If we fail to comply with laws and regulations relating to interactions by the company or its dealers with current or prospective residential customers could result in negative publicity, claims, investigations and litigation and adversely affect financial performance.***

Our business substantially focuses on solar service agreements and transactions with residential customers. We offer leases, loans and other products and services to consumers by contractors in our dealer networks, who utilize sales people employed by or engaged as third-party service providers of such contractors. We and our dealers must comply with numerous federal, state and local laws and regulations that govern matters relating to interactions with residential consumers, including those pertaining to consumer protection, marketing and sales, privacy and data security, consumer financial and credit transactions, mortgages and refinancings, home improvement contracts, warranties and various means of customer solicitation, including under the laws described below in “*As sales to residential customers have grown, we have increasingly become subject to substantial financing and consumer protection laws and regulations.*” These laws and regulations are dynamic and subject to potentially differing interpretations and various federal, state and local legislative and regulatory bodies may initiate investigations, expand current laws or regulations, or enact new laws and regulations regarding these matters. Changes in these laws or regulations or their interpretation could dramatically affect how we and our dealers do business, acquire customers and manage and use information collected from and about current and prospective customers and the costs associated therewith. We and our dealers strive to comply with all applicable laws and regulations relating to interactions with residential customers. It is possible, however, these requirements may be interpreted and applied in a manner inconsistent from one jurisdiction to another and may conflict with other rules or our practices or the practices of our dealers.

Although we require dealers to meet consumer compliance requirements, we do not control dealers and their suppliers or their business practices. Accordingly, we cannot guarantee they follow ethical business practices such as fair wage practices and compliance with environmental, safety and other local laws. A lack of demonstrated compliance could lead us to seek alternative dealers or suppliers, which could increase costs and have a negative effect on business and prospects for growth. Violation of labor or other laws by our dealers or suppliers or the divergence of a dealer or supplier’s labor or other practices from those generally accepted as ethical in the United States or other markets in which the company does or intends to do business could also attract negative publicity and harm the business.

From time to time, we have been included in lawsuits brought by the consumer customers of certain contractors in our networks, citing claims based on the sales practices of these contractors. While we have paid only minimal damages to date, we cannot be sure that a court of law would not determine that we are liable for the actions of the contractors in our networks or that a regulator or state attorney general’s office may hold us accountable for violations of consumer protection or other applicable laws by. Our risk mitigation processes may not be sufficient to mitigate financial harm associated with violations of applicable law by our contractors or ensure that any such contractor is able to satisfy its indemnification obligations to us. Any significant judgment against us could expose it to broader liabilities, a need to adjust our distribution channels for products and services or otherwise change our business model and could adversely impact the business.

***We may be unsuccessful in introducing new service and product offerings.***

We intend to introduce new offerings of services and products to both new and existing customers in the future, including home automation products and additional home technology solutions. We may be unsuccessful in significantly broadening our customer base through the addition of these services and products within current markets or in new markets the company may enter. Additionally, we may not be successful in generating substantial revenue from any additional services and products introduced in the future and may decline to initiate new product and service offerings.

***Damage to our brand and reputation or change or loss of use of our brand could harm our business and results of operations.***

We depend significantly on our reputation for high-quality products, excellent customer service and the brand name “Complete Solaria” to attract new customers and grow our business. If we fail to continue to deliver solar energy systems or energy storage systems within the planned timelines, if our offerings do not perform as anticipated or if we damage any of our customers’ properties or delays or cancels projects, our brand and reputation could be significantly impaired. Future technological improvements may allow the company to offer lower prices or offer new technology to new customers; however, technical limitations in our current solar energy systems and energy storage systems may prevent us from offering such lower prices or new technology to existing customers.

In addition, given the sheer number of interactions our personnel or dealers operating on our behalf have with customers and potential customers, it is inevitable that some customers’ and potential customers’ interactions with us or dealers operating on our behalf will be perceived as less than satisfactory. This has led to instances of customer complaints, some of which have affected our digital footprint on rating websites and social media platforms. If we cannot manage hiring and training processes to avoid or minimize these issues to the extent possible, our reputation may be harmed and our ability to attract new customers would suffer.

In addition, if we were to no longer use, lose the right to continue to use or if others use the “Complete Solaria” brand, we could lose recognition in the marketplace among customers, suppliers and dealers, which could affect our business, financial condition, results of operations and would require financial and other investment and management attention in new branding, which may not be as successful.

***Our success depends on the continuing contributions of key personnel.***

We rely heavily on the services of our key executive officers and the loss of services of any principal member of the management team could adversely affect operations. We are investing significant resources in developing new members of management as we complete our restructuring and strategic transformation. In connection with the recent merger with The Solaria Corporation, members of Complete Solar’s management team and Solaria’s management team are being integrated into one management team for Complete Solaria. We also anticipate that over time we will need to hire a number of highly skilled technical, sales, marketing, administrative, and accounting personnel. The competition for qualified personnel is intense in this industry. We may not be successful in attracting and retaining sufficient numbers of qualified personnel to support its anticipated growth. We cannot guarantee that any employee will remain employed with us for any definite period of time since all of employees, including key executive officers, serve at-will and may terminate their employment at any time for any reason.

***If we or our dealers or suppliers fail to hire and retain a sufficient number of employees and service providers in key functions, our growth and ability to timely complete customer projects and successfully manage customer accounts would be constrained.***

To support growth, we and our dealers need to hire, train, deploy, manage and retain a substantial number of skilled employees, engineers, installers, electricians and sales and project finance specialists. Competition for qualified personnel in this industry has increased substantially, particularly for skilled personnel involved in the installation of solar energy systems. We and our dealers also compete with the homebuilding and construction industries for skilled labor. These industries are cyclical and when participants in these industries seek to hire additional workers, it puts upward pressure on us and our dealers’ labor costs. Companies with whom our dealers compete to hire installers may offer compensation or incentive plans that certain installers may view as more favorable. As a result, our dealers may be unable to attract or retain qualified and skilled installation personnel. The further unionization of the industry’s labor force or the homebuilding and construction industries’ labor forces, either in response to the COVID-19 pandemic or otherwise, could also increase our dealers’ labor costs.



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Shortages of skilled labor could significantly delay a project or otherwise increase dealers' costs. Further, we need to continue to increase the training of the customer service team to provide high-end account management and service to homeowners before, during and following the point of installation of its solar energy systems. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new customer service team member is fully trained and productive at the standards established by us. If we are unable to hire, develop and retain talented customer service or other personnel, we may not be able to grow our business.

***Our operating results and ability to grow may fluctuate from quarter to quarter and year to year, which could make future performance difficult to predict and could cause operating results for a particular period to fall below expectations.***

Our quarterly and annual operating results and its ability to grow are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past and expect to experience such fluctuations in the future. In addition to the other risks described in this "Risk Factors" section, the following factors could cause operating results to fluctuate:

- expiration or initiation of any governmental rebates or incentives;
- significant fluctuations in customer demand for our solar energy services, solar energy systems and energy storage systems;
- our dealers' ability to complete installations in a timely manner;
- our's and our dealers' ability to gain interconnection permission for an installed solar energy system from the relevant utility;
- the availability, terms and costs of suitable financing;
- the amount, timing of sales and potential decreases in value of SRECs;
- Our ability to continue to expand its operations and the amount and timing of expenditures related to this expansion;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in our pricing policies or terms or those of competitors, including centralized electric utilities;
- actual or anticipated developments in competitors' businesses, technology or the competitive landscape; and
- natural disasters or other weather or meteorological conditions.

For these or other reasons, the results of any prior quarterly or annual periods should not be relied upon as indications of our future performance.

***Our ability to obtain insurance on the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events or company-specific events, as well as the financial condition of insurers.***

Our insurance policies cover legal and contractual liabilities arising out of bodily injury, personal injury or property damage to third parties and are subject to policy limits.

However, such policies do not cover all potential losses and coverage is not always available in the insurance market on commercially reasonable terms. In addition, we may have disagreements with insurers on the amount of recoverable damages and the insurance proceeds received for any loss of, or any damage to, any of

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our assets may be claimed by lenders under financing arrangements or otherwise may not be sufficient to restore the loss or damage without a negative impact on its results of operations. Furthermore, the receipt of insurance proceeds may be delayed, requiring us to use cash or incur financing costs in the interim. To the extent our experiences covered losses under its insurance policies, the limit of our coverage for potential losses may be decreased or the insurance rates it has to pay increased. Furthermore, the losses insured through commercial insurance are subject to the credit risk of those insurance companies. While we believe our commercial insurance providers are currently creditworthy, we cannot assure such insurance companies will remain so in the future.

We may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. The insurance coverage obtained may contain large deductibles or fail to cover certain risks or all potential losses. In addition, our insurance policies are subject to annual review by insurers and may not be renewed on similar or favorable terms, including coverage, deductibles or premiums, or at all. If a significant accident or event occurs for which we are not fully insured or the company suffers losses due to one or more of its insurance carriers defaulting on their obligations or contesting their coverage obligations, it could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to breaches of our information technology systems, which could lead to disclosure of internal information, damage to our reputation or relationships with dealers, suppliers, and customers, and disrupt access to online services. Such breaches could subject us to significant reputational, financial, legal, and operational consequences.***

Our business requires the use and storage of confidential and proprietary information, intellectual property, commercial banking information, personal information concerning customers, employees, and business partners, and corporate information concerning internal processes and business functions. Malicious attacks to gain access to such information affects many companies across various industries, including ours.

Where appropriate, we use encryption and authentication technologies to secure the transmission and storage of data. These security measures may be compromised as a result of third-party security breaches, employee error, malfeasance, faulty password management, or other irregularity or malicious effort, and result in persons obtaining unauthorized access to data.

We devote resources to network security, data encryption, and other security measures to protect our systems and data, but these security measures cannot provide absolute security. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, target end users through phishing and other malicious techniques, and/or may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventative measures. As a result, we may experience a breach of our systems in the future that reduces our ability to protect sensitive data. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving team members, contractors and temporary staff. If we experience, or are perceived to have experienced, a significant data security breach, fail to detect and appropriately respond to a significant data security breach, or fail to implement disclosure controls and procedures that provide for timely disclosure of data security breaches deemed material to our business, including corrections or updates to previous disclosures, we could be exposed to a risk of loss, increased insurance costs, remediation and prospective prevention costs, damage to our reputation and brand, litigation and possible liability, or government enforcement actions, any of which could detrimentally affect our business, results of operations, and financial condition.

We may also share information with contractors and third-party providers to conduct business. While we generally review and typically request or require such contractors and third-party providers to implement security measures, such as encryption and authentication technologies to secure the transmission and storage of data, those third-party providers may experience a significant data security breach, which may also detrimentally

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affect our business, results of operations, and financial condition as discussed above. See also under this section, “*We may be required to file claims against other parties for infringing its intellectual property that may be costly and may not be resolved in our favor.*” We rely substantially upon trade secret laws and contractual restrictions to protect our proprietary rights, and, if these rights are not sufficiently protected, our ability to compete and generate revenue could suffer.

### ***As sales to residential customers have grown, we have increasingly become subject to consumer protection laws and regulations.***

As we continue to seek to expand our retail customer base, our activities with customers are subject to consumer protection laws that may not be applicable to other businesses, such as federal truth-in-lending, consumer leasing, telephone and digital marketing, and equal credit opportunity laws and regulations, as well as state and local finance laws and regulations. Claims arising out of actual or alleged violations of law may be asserted against us by individuals or governmental entities and may expose the company to significant damages or other penalties, including fines. In addition, our affiliations with third-party dealers may subject the company to alleged liability in connection with actual or alleged violations of law by such dealers, whether or not actually attributable to us, which may expose us to significant damages and penalties, and we may incur substantial expenses in defending against legal actions related to third-party dealers, whether or not ultimately found liable.

### ***The competitive environment in which we operate often requires the undertaking of customer obligations, which may turn out to be costlier than anticipated and, in turn, materially and adversely affect our business, results of operations and financial condition.***

We are often required, at the request of our end customer, to undertake certain obligations such as:

- system output performance warranties; and
- system maintenance.

Such customer obligations involve complex accounting analyses and judgments regarding the timing of revenue and expense recognition, and in certain situations these factors may require us to defer revenue or profit recognition until projects are completed or until contingencies are resolved, which could adversely affect revenues and profits in a particular period.

### ***We are subject to risks associated with construction, cost overruns, delays, regulatory compliance and other contingencies, any of which could have a material adverse effect on its business and results of operations.***

We are a licensed contractor in certain communities that we service and are ultimately responsible as the contracting party for every solar energy system installation. A significant portion of our business depends on obtaining and maintaining required licenses in various jurisdictions. All such licenses are subject to audit by the relevant government agency. Our failure to obtain or maintain required licenses could result in the termination of certain of our contracts. For example, we hold a license with California’s Contractors State License Board (the “**CSLB**”) and that license is currently under probation with the CSLB. If we fail to comply with the CSLB’s law and regulations, it could result in termination of certain of our contracts, monetary penalties, extension of the license probation period or revocation of its license in California. In addition, we may be liable, either directly or through its solar partners, to homeowners for any damage we causes to them, their home, belongings or property during the installation of our systems. For example, we either directly or through its solar partners, frequently penetrate homeowners’ roofs during the installation process and may incur liability for the failure to adequately weatherproof such penetrations following the completion of construction. In addition, because the solar energy systems we or our solar partners deploy are high voltage energy systems, we may incur liability for any failure to comply with electrical standards and manufacturer recommendations.

Further, we or our solar partners may face construction delays or cost overruns, which may adversely affect our or our solar partners’ ability to ramp up the volume of installation in accordance with our plans. Such delays

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or overruns may occur as a result of a variety of factors, such as labor shortages, defects in materials and workmanship, adverse weather conditions, transportation constraints, construction change orders, site changes, labor issues and other unforeseen difficulties, any of which could lead to increased cancellation rates, reputational harm and other adverse effects.

In addition, the installation of solar energy systems, energy-storage systems and other energy-related products requiring building modifications are subject to oversight and regulation in accordance with national, state and local laws and ordinances relating to building, fire and electrical codes, safety, environmental protection, utility interconnection and metering, and related matters. We also rely on certain employees to maintain professional licenses in many of the jurisdictions in which we operate, and the failure to employ properly licensed personnel could adversely affect our licensing status in those jurisdictions. It is difficult and costly to track the requirements of every individual authority having jurisdiction over our installations and to design solar energy systems to comply with these varying standards. Any new government regulations or utility policies pertaining to our systems may result in significant additional expenses to us and our homeowners and, as a result, could cause a significant reduction in demand for solar service offerings.

While we have a variety of stringent quality standards that the company applies in the selection of its solar partners, we do not control our suppliers and solar partners or their business practices. Accordingly, we cannot guarantee that they follow our standards or ethical business practices, such as fair wage practices and compliance with environmental, safety and other local laws. A lack of demonstrated compliance could lead us to seek alternative suppliers or contractors, which could increase costs and result in delayed delivery or installation of our products, product shortages or other disruptions of its operations. Violation of labor or other laws by our suppliers and solar partners or the divergence of a supplier's or solar partners' labor or other practices from those generally accepted as ethical in the United States or other markets in which we do business could also attract negative publicity and harm our business, brand and reputation in the market.

***We have identified a material weakness in our internal controls over financial reporting. If we are unable to maintain effective internal controls over financial reporting and disclosure controls and procedures, the accuracy and timeliness of our financial and operating reporting may be adversely affected, and confidence in our operations and disclosures may be lost.***

In connection with the preparation and audit of our financial statements for the years ended December 31, 2021 and 2020, and our consolidated financial statements for the year ended December 31, 2022, our management identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weakness is as follows:

- We do not have sufficient full-time accounting personnel, (i) to enable appropriate reviews over the financial close and reporting process, (ii) to allow for an appropriate segregation of duties, and (iii) with the requisite experience and technical accounting knowledge to identify, review and resolve complex accounting issues under generally accepted accounting principles in the United States ("GAAP"). Additionally, we did not adequately design and/or implement controls related to conducting a formal risk assessment process.

Complete Solar was not required to perform an evaluation of internal control over financial reporting as of December 31, 2021 and 2020 in accordance with the provisions of the Sarbanes-Oxley Act, nor were we required to do so as of December 31, 2022. Had such an evaluation been performed, additional control deficiencies may have been identified by Complete Solar's management, and those control deficiencies could have also represented one or more material weaknesses.

We have taken certain steps, such as recruiting additional personnel, in addition to utilizing third-party consultants and specialists, to supplement its internal resources, to enhance its internal control environment and

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plans to take additional steps to remediate the material weaknesses. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take. We cannot assure you that the measures we have taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to our material weakness in internal control over financial reporting or that it will prevent or avoid potential future material weaknesses.

If we are not able to maintain effective internal control over financial reporting and disclosure controls and procedures, or if material weaknesses are discovered in future periods, a risk that is significantly increased in light of the complexity of our business, we may be unable to accurately and timely report our financial position, results of operations, cash flows or key operating metrics, which could result in late filings of the annual and quarterly reports under the Exchange Act, restatements of financial statements or other corrective disclosures, an inability to access commercial lending markets, defaults under its secured revolving credit facility and other agreements, or other material adverse effects on our business, reputation, results of operations, financial condition or liquidity.

***Compliance with occupational safety and health requirements and best practices can be costly, and noncompliance with such requirements may result in potentially significant penalties, operational delays and adverse publicity.***

The installation and ongoing operations and maintenance of solar energy systems and energy storage systems requires individuals hired by us, our dealers or third-party contractors, potentially including employees, to work at heights with complicated and potentially dangerous electrical systems. The evaluation and modification of buildings as part of the installation process requires these individuals to work in locations that may contain potentially dangerous levels of asbestos, lead, mold or other materials known or believed to be hazardous to human health. There is substantial risk of serious injury or death if proper safety procedures are not followed. Our operations are subject to regulation under OSHA, DOT regulations and equivalent state and local laws. Changes to OSHA or DOT requirements, or stricter interpretation or enforcement of existing laws or regulations, could result in increased costs. If we fail to comply with applicable OSHA or DOT regulations, even if no work-related serious injury or death occurs, we may be subject to civil or criminal enforcement and be required to pay substantial penalties, incur significant capital expenditures or suspend or limit operations. Because individuals hired by us or on our behalf to perform installation and ongoing operations and maintenance of the company's solar energy systems and energy storage systems, including its dealers and third-party contractors, are compensated on a per project basis, they are incentivized to work more quickly than installers compensated on an hourly basis. While we have not experienced a high level of injuries to date, this incentive structure may result in higher injury rates than others in the industry and could accordingly expose the company to increased liability. Individuals hired by or on behalf of us may have workplace accidents and receive citations from OSHA regulators for alleged safety violations, resulting in fines. Any such accidents, citations, violations, injuries or failure to comply with industry best practices may subject us to adverse publicity, damage its reputation and competitive position and adversely affect the business.

***Our business has benefited from the declining cost of solar energy system components and business may be harmed to the extent the cost of such components stabilize or increase in the future.***

Our business has benefited from the declining cost of solar energy system components and to the extent such costs stabilize, decline at a slower rate or increase, our future growth rate may be negatively impacted. The declining cost of solar energy system components and the raw materials necessary to manufacture them has been a key driver in the price of the solar energy systems we own, and the prices charged for electricity and customer adoption of solar energy. Solar energy system component and raw material prices may not continue to decline at the same rate as they have over the past several years or at all. In addition, growth in the solar industry and the resulting increase in demand for solar energy system components and the raw materials necessary to manufacture them may also put upward pressure on prices. An increase of solar energy system components and raw materials prices could slow growth and cause business and results of operations to suffer. Further, the cost of solar energy

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system components and raw materials has increased and could increase in the future due to tariff penalties, duties, the loss of or changes in economic governmental incentives or other factors.

### ***Product liability claims against us could result in adverse publicity and potentially significant monetary damages.***

It is possible our solar energy systems or energy storage systems could injure customers or other third parties or our solar energy systems or energy storage systems could cause property damage as a result of product malfunctions, defects, improper installation, fire or other causes. Any product liability claim we face could be expensive to defend and may divert management's attention. The successful assertion of product liability claims against us could result in potentially significant monetary damages, potential increases in insurance expenses, penalties or fines, subject the company to adverse publicity, damage our reputation and competitive position and adversely affect sales of solar energy systems or energy storage systems. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions to the industry as a whole and may have an adverse effect on our ability to expand its portfolio of solar service agreements and related solar energy systems and energy storage systems, thus affecting our business, financial condition and results of operations.

### ***Our warranty costs may exceed the warranty reserve.***

We provide warranties that cover parts performance and labor to purchasers of our solar modules. We maintain a warranty reserve on our financial statements, and our warranty claims may exceed the warranty reserve. Any significant warranty expenses could adversely affect our financial condition and results of operations. Significant warranty problems could impair our reputation which could result in lower revenue and a lower gross margin.

### ***We are subject to legal proceedings and regulatory inquiries and may be named in additional claims or legal proceedings or become involved in regulatory inquiries, all of which are costly, distracting to our core business and could result in an unfavorable outcome or harm our business, financial condition, results of operations or the trading price for our securities.***

We are involved in claims, legal proceedings that arise from normal business activities. In addition, from time to time, third parties may assert claims against us. We evaluate all claims, lawsuits and investigations with respect to their potential merits, our potential defenses and counter claims, settlement or litigation potential and the expected effect on us. In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time-consuming legal proceedings that could result in any number of outcomes. Although outcomes of such actions vary, any claims, proceedings or regulatory actions initiated by or against us whether successful or not, could result in expensive costs of defense, costly damage awards, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of significant operational resources or some other harm to the business. In any of these cases, our business, financial condition or results of operations could be negatively impacted.

We make a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. In our opinion, resolution of all current matters is not expected to have a material adverse impact on our business, financial condition or results of operations. However, depending on the nature and timing of any such controversy, an unfavorable resolution of a matter could materially affect our future business, financial condition or results of operations, or all of the foregoing, in a particular quarter.

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### ***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified directors and officers.***

We will face increased legal, accounting, administrative and other costs and expenses as a public company that we did not incur as a private company. The Sarbanes-Oxley Act, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements will increase costs and make certain activities more time-consuming. A number of those requirements will require us to carry out activities we had not done previously. For example, we created new board committees and adopted new internal controls and disclosure controls and procedures. In addition, expenses associated with SEC reporting requirements will be incurred. Furthermore, if any issues in complying with those requirements are identified (for example, if the auditors identify a material weakness or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of it. It may also be more expensive to obtain director and officer liability insurance. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our board of directors or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs.

### ***Our ability to use net operating loss carryforwards and certain other tax attributes may be limited.***

We have incurred substantial losses during our history and do not expect to become profitable in the near future and may never achieve profitability. Under current U.S. federal income tax law, unused losses for the tax year ended December 31, 2017 and prior tax years will carry forward to offset future taxable income, if any, until such unused losses expire, and unused federal losses generated after December 31, 2017 will not expire and may be carried forward indefinitely but will be only deductible to the extent of 80% of current year taxable income in any given year. Many states have similar laws.

In addition, both current and future unused net operating loss (“NOL”) carryforwards and other tax attributes may be subject to limitation under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in equity ownership by certain stockholders over a three-year period. The Business Combination may have resulted in an ownership change for us and, accordingly, our NOL carryforwards and certain other tax attributes may be subject to limitations (or disallowance) on their use after the Business Combination. Our NOL carryforwards may also be subject to limitation as a result of prior shifts in equity ownership. Additional ownership changes in the future could result in additional limitations on our NOL carryforwards. Consequently, even if we achieve profitability, we may not be able to utilize a material portion of our NOL carryforwards and other tax attributes, which could have a material adverse effect on cash flow and results of operations.

### ***Sales of a substantial number of our common stock in the public market by our shareholders could cause the price of our common stock to decline.***

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of the our common stock in the public market, the market price of our common stock could decline.

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### ***Provisions in our Certificate of Incorporation and Bylaws and provisions of the DGCL may delay or prevent an acquisition by a third party that could otherwise be in the interests of shareholders.***

Our Certificate of Incorporation and Bylaws contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of the our board. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest, or other transaction that stockholders may consider favorable, include the following:

- advance notice requirements for stockholder proposals and director nominations;
- provisions limiting stockholders' ability to call special meetings of stockholders and to take action by written consent;
- restrictions on business combinations with interested stockholders;
- no cumulative voting; and
- the ability of the board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions by such acquirer.

These provisions of our Certificate of Incorporation and Proposed Bylaws could discourage potential takeover attempts and reduce the price that investors might be willing to pay for the shares of our common stock in the future, which could reduce the market price of our common stock.

### ***The provision of our Certificate of Incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against directors and officers.***

Our Certificate of Incorporation provides that, unless otherwise consented to by us in writing, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for the following types of actions or proceedings:

- any derivative action or proceeding brought on behalf of us;
- any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any of our current or former directors, officers, stockholders, employees or agents to us or our stockholders;
- any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents relating to any provision of the DGCL or our Certificate of Incorporation or the Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents governed by the internal affairs doctrine of the State of Delaware, in each such case unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein.

Our Certificate of Incorporation will further provide that, unless otherwise consented to by us in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint against any person in connection with any offering of our securities, asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities will be deemed to have notice of and consented to this provision.



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Although our Certificate of Incorporation contains the choice of forum provisions described above, it is possible that a court could rule that such provisions are inapplicable for a particular claim or action or that such provisions are unenforceable. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. In addition, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and, therefore, the exclusive forum provisions described above do not apply to any actions brought under the Exchange Act.

Although we believe these provisions will benefit us by limiting costly and time-consuming litigation in multiple forums and by providing increased consistency in the application of applicable law, these exclusive forum provisions may limit the ability of our shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and other employees.

## **MARKET AND INDUSTRY DATA**

Information contained in this prospectus concerning the market and the industries in which Complete Solaria competes, including its market position, general expectations of market opportunities and market size, is based on information from various third-party sources, publicly available information, various industry publications, internal data and estimates, and assumptions made by Complete Solaria based on such sources. Internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which Complete Solaria operates and Complete Solaria management's understanding of industry conditions. This information and any estimates provided herein involve numerous assumptions and limitations, and you are cautioned not to give undue weight to such information. Third-party sources generally state that the information contained in such sources has been obtained from sources believed to be reliable. Although we believe that such information is reliable, there can be no assurance as to the accuracy or completeness of such information. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. Although we are responsible for all of the disclosure contained in this prospectus and we believe the third-party market position, general expectations of market opportunity and market size data included in this prospectus are reliable, we have not independently verified any third-party information and each publication speaks as of its original publication date (and not as of the date of this prospectus). In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

## USE OF PROCEEDS

All of the shares of common stock and Warrants offered by the selling securityholders pursuant to this prospectus will be sold by the selling securityholders for their respective accounts. We will not receive any of the proceeds from these sales.

We will receive up to an aggregate of approximately \$251.6 million from the exercise of the Warrants, assuming the exercise in full of all of the Warrants for cash. We expect to use the net proceeds from the exercise of the Warrants for general corporate purposes. We will have broad discretion over the use of proceeds from the exercise of the Warrants. There is no assurance that the holders of the Warrants will elect to exercise any or all of such Warrants. To the extent that the Warrants are exercised on a “cashless basis,” the amount of cash we would receive from the exercise of the Warrants will decrease.

**DETERMINATION OF OFFERING PRICE**

The offering price of the shares of common stock underlying the Warrants offered hereby is determined by reference to the exercise price of the Warrants of \$11.50 per share. The Public Warrants are listed on Nasdaq under the symbol “CSLRW.”

We cannot currently determine the price or prices at which shares of common stock or Warrants may be sold by the selling securityholders under this prospectus.

## MARKET INFORMATION FOR SECURITIES AND DIVIDEND POLICY

### Market Information

Our common stock and Public Warrants are currently listed on Nasdaq under the symbols “CSLR” and “CSLRW,” respectively. Prior to the consummation of the Business Combination, our common stock and our Public Warrants were listed on the NYSE under the symbols “FACT” and “FACT WS,” respectively. On August 7, 2023, there were 230 holders of record of the common stock and 198 holders of record of our Warrants. We currently do not intend to list the Private Warrants on any stock exchange or stock market.

### Dividend Policy

We have never declared or paid any dividends on shares of our common stock. We anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any decision to declare and pay dividends in the future will depend on, among other things, the consent of our lender(s), our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks, uncertainties and assumptions. You should read the “Special Note Regarding Forward-Looking Statements” and “Risk Factors” sections of this prospectus/proxy statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

Complete Solaria was formed in November 2022 through the merger of Solaria and Complete Solar, which combines two complementary businesses: Complete Solar, a residential solar sales and fulfillment company and Solaria, a seller of premium solar modules through a national network of installers. The combination of the two companies establishes Complete Solaria as a full renewable energy system operator with compelling customer offerings, advanced technology and project fulfillment that enables Complete Solaria to sell more products across more geographies in the United States and Europe.

Founded in 2010, Complete Solar created a technology platform to offer clean energy products to homeowners by enabling a national network of sales partners and build partners. Complete Solar’s sales partners generate solar installation contracts with homeowners on behalf of Complete Solar. To facilitate this process, Complete Solar provides the software tools, sales support and brand identity to its sales partners, making them competitive with national providers. This turnkey solution makes it easy for anyone to sell solar.

We fulfill our customer contracts by engaging with local construction specialists. We manage the customer experience and complete all pre-construction activities prior to delivering build-ready projects including hardware, engineering plans, and building permits to its builder partners. We manage and coordinate this process through our proprietary HelioTrack™ software system.

Founded in 2000, Solaria is a provider of residential solar modules. Our business model leverages manufacturing with third-party contract manufacturers to produce our solar modules utilizing Solaria’s proprietary intellectual property.

We fulfill our customer contracts by selling through distributors that are linked to a network of installers, called the Pro Partner Network (“PPN”), who, in turn, contract with residential customers to “go solar” using Solaria modules. The PPN is present in 47 states in the United States and 13 countries in Europe.

Effective January 1, 2023, we changed our fiscal quarters to four, thirteen-week periods within a standard calendar year. Each annual reporting period begins on January 1 and ends on December 31. Since the fiscal quarter change was made after the end of fiscal 2022, we will continue to report prior year financial information based on its prior year fiscal calendar. Our financial results for the thirteen weeks ended April 2, 2023 are compared to its results for the three months ended March 31, 2022. The comparison of these two quarters is primarily affected by the difference of two days between the first quarter of fiscal 2023 and first quarter of 2022.

### Growth Strategy and Outlook

Complete Solaria’s growth strategy contains the following elements:

- *Increase revenue by expanding installation capacity and developing new geographic markets* – We continue to expand our network of partners who will install systems resulting from sales generated by

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our sales partners. By leveraging this network of skilled builders, we aim to increase our installation capacity in our traditional markets and expand our offering into new geographies throughout the United States. This will enable greater sales growth in existing markets and create new revenue in expansion markets.

- *Increase revenue and margin by engaging national-scale sales partners* – We aim to offer a turnkey solar solution to prospective sales partners with a national footprint. These include electric vehicle manufacturers, national home security providers, and real estate brokerages. We expect to create a consistent offering with a single execution process for such sales partners throughout their geographic territories. These national accounts have unique customer relationships that we believe will facilitate meaningful sales opportunities and low cost of acquisition to both increase revenue and improve margin.
- *Increase revenue by expanding its product line in order to capture greater share of wallet from pro partners* – We have built our brand by providing a premium product with superior aesthetics and greater power production than those provided by typical solar modules. As a premium product, we have enjoyed a premium price. However, most of our pro partners also purchase non-premium products from other manufacturers, which they offer to their non-premium segment customers. In the third quarter of 2022, we extended our product line to offer a semi-premium product to address a wider range of customer needs and expect to capture a greater share of our existing pro partner solar module purchases.
- *Increase revenue and margin by bundling software and services with solar module sales*—Prior to merging with Solaria, Complete Solar sold service offerings, powered by the HelioQuote™ software system, to solar companies as an extension of its primary business of Solar System Sales. These software enhanced service offerings include solar sales software, proposal writing services, and design, engineering and permitting services. At the scale of most solar companies, including most pro partners, it is more effective and cost efficient to purchase these services than to perform them in-house. As a combined entity, we expect to bundle these services with its module sales in order to increase its solar module sales and expand its high-margin software enhanced services offerings.

### **The Business Combination**

Complete Solaria, Inc. (f/k/a Complete Solar Holding Corporation), FACT, First Merger Sub, Second Merger Sub, and Solaria entered into that certain Business Combination Agreement. Pursuant to the terms and subject to the conditions of the Business Combination, (i) First Merger Sub merged with and into Complete Solaria with Complete Solaria surviving as a wholly-owned subsidiary of FACT (the “**First Merger**”), (ii) immediately thereafter and as part of the same overall transaction, Complete Solaria merged with and into Second Merger Sub, with Second Merger Sub surviving as a wholly-owned subsidiary of FACT (the “**Second Merger**”), and FACT changed its name to “Complete Solaria, Inc.” and Second Merger Sub changed its name to “CS, LLC” and (iii) immediately after the consummation of the Second Merger and as part of the same overall transaction, Solaria merged with and into a newly formed Delaware limited liability company and wholly-owned subsidiary of FACT and changed its name to “SolarCA LLC” (“**Third Merger Sub**”), with Third Merger Sub surviving as a wholly-owned subsidiary of FACT (the “**Additional Merger**”, and together with the First Merger and the Second Merger, the “**Mergers**”).

As a condition to closing the Business Combination, in October 2022, Complete Solar entered into a merger agreement with The Solaria Corporation to merge and form Complete Solaria, Inc. The merger between Complete Solar and Solaria was consummated in November 2022. As Complete Solar determined that it was the primary beneficiary of Solaria, the merger was accounted for as a business combination in accordance with ASC 805.

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The merger between Complete Solaria and FACT was accounted for as a reverse recapitalization. Under this method of accounting, FACT was treated as the acquired company for financial statement reporting purposes. The most significant change in the successor's future reported financial position and results are expected to be an estimated increase in cash (as compared to Complete Solaria's balance sheet at December 31, 2022). See "Unaudited Pro Forma Condensed Combined Financial Information."

### **Key Financial Definitions/Components of Results of Operations**

#### ***Service Revenues***

We generate service revenue by providing customer solar solutions through a standardized platform to our residential solar providers and companies to facilitate the sale and installation of solar energy systems. Our contracts consist of two performance obligations, which include solar installation services and post-installation services that are performed prior to inspection by the authority having jurisdiction. The significant majority of our service revenue is recognized at a point in time upon the completion of the installation and the remainder is recognized upon inspection. Service revenue is recognized net of a reserve for the performance guarantee of solar output.

We enter into three types of customer contracts for solar energy installations. The majority of our service revenue is recognized through contracts where the homeowner enters into a power purchase agreement with our distribution partner. We perform the solar energy installation services on behalf of our distribution partner, who owns the solar energy system upon installation. Additionally, we enter into a Solar Purchase and Installation Agreement directly with homeowners, whereby the homeowner either pays cash or obtains financing through a third-party loan partner. In cash contracts with homeowners, we recognize service revenue based on the price we charge to the homeowner. We record service revenue in the amount received from the financing partner, net of any financing fees charged to the homeowner, which we consider to be a customer incentive.

As part of our service revenue, we also enter into contracts to provide our software enhanced service offerings, including design and proposal services, to customers that include solar installers and solar sales organizations. We perform these leveraging our HelioQuote™ platform and other software tools to create computer aided drawings, structural letters, and electrical reviews for installers and proposals for installers. We charge a fixed fee per service offering, which we recognize in the period the service is performed.

#### ***Product Revenues***

We generate product revenue by selling solar panels through distributors, who are identified as the customer, under non-cancellable arrangements. We recognize revenue from sales of products as control is transferred to the customer, generally upon delivery to the customer's premises.

### **Operating Expenses**

#### ***Cost of Service Revenues***

Cost of service revenues consists primarily of the cost of solar energy systems, and installation and other subcontracting costs. Cost of revenue also includes associated warranty costs, shipping and handling, allocated overhead costs, depreciation, and amortization of internally developed software.

#### ***Cost of Product Revenues***

Cost of product revenues consists primarily of direct production costs, including labor, materials, and subcontractor costs, indirect labor and overhead costs related to manufacturing activities; depreciation of production equipment, amortization of developed technologies, and allocated facilities costs.



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### ***Sales Commissions***

Sales commissions are direct and incremental costs of obtaining customer contracts. These costs are paid to third-party vendors who source residential customer contracts for the sale of solar energy systems.

### ***Sales and Marketing***

Sales and marketing expenses primarily consist of personnel related costs, including salaries and employee benefits, stock-based compensation, and other promotional and advertising expenses. We expense certain sales and marketing, including promotional expenses, as incurred. With the additional resources that come from the business combination, we expect to increase our investment in sales and marketing.

### ***General and Administrative***

General and administrative expenses consist primarily of personnel and related expenses for our employees, in our finance, research, engineering and administrative teams including salaries, bonuses, payroll taxes, and stock-based compensation. It also consists of legal, consulting, and professional fees, rent expenses pertaining to our offices, business insurance costs and other costs. We expect an increase in audit, tax, accounting, legal and other costs related to compliance with applicable securities and other regulations, as well as additional insurance, investor relations, and other costs associated with being a public company.

### ***Interest Expense***

Interest expense primarily relates to interest expense on the issuance of debt and convertible notes and the amortization of debt issuance costs.

### ***Other Expense, Net***

Other expense, net consists of changes in the fair value of our convertible notes, the impact of debt extinguishment, and changes in the fair value of our redeemable convertible preferred stock warrant liabilities.

### ***Income Tax Expense***

Income tax expense primarily consists of income taxes in certain foreign and state jurisdictions in which we conduct business.

### **Supply Chain Constraints and Risk; COVID-19**

We rely on a small number of suppliers of solar energy systems and other equipment. If any of our suppliers was unable or unwilling to provide us with contracted quantities in a timely manner at prices, quality levels and volumes acceptable to us, we would have very limited alternatives for supply, and we may not be able find suitable replacements for our customers, or at all. Such an event could materially adversely affect our business, prospects, financial condition and results of operations.

The ongoing COVID-19 pandemic has resulted and may continue to result in widespread adverse effects on the global and U.S. economies. Ongoing government and business responses to COVID-19, along with COVID-19 variants and the resurgence of related disruptions, could have a continued material adverse impact on economic and market conditions and trigger a period of continued global and U.S. economic slowdown.

In addition, the global supply chain and our industry have experienced significant disruptions in recent periods. We have seen supply chain challenges and logistics constraints increase, including shortages of panels, inverters, batteries and associated component parts for inverters and solar energy systems available for purchase,

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which materially impacted our results of operations. In an effort to mitigate unpredictable lead times, we experienced substantial build up in inventory on hand commencing in early 2022 in response to global supply chain constraints. In certain cases, this has caused delays in critical equipment and inventory, longer lead times, and has resulted in cost volatility. These shortages and delays can be attributed in part to the COVID-19 pandemic and resulting government action, as well as broader macroeconomic conditions that may persist once the immediate effects of the COVID-19 pandemic have subsided, and have been exacerbated by the ongoing conflict between Russia and Ukraine. If these shortages and delays persist into 2023, they could adversely affect the timing of when battery energy storage systems can be delivered and installed, and when (or if) we can begin to generate revenue from those systems. If any of our suppliers of solar modules experienced disruptions in the supply of the modules' component parts, for example semiconductor solar wafers or investors, this may decrease production capabilities and restrict our inventory and sales. In addition, we have experienced and are experiencing varying levels of volatility in costs of equipment and labor resulting in part from disruptions caused by general global economic conditions, including inflationary pressures and the COVID-19 pandemic. While inflationary pressures have resulted in higher costs of products, in part due to an increase in cost of the materials and wage rates, these additional costs have been offset by the related rise in electricity rates.

We cannot predict the full effects the COVID-19 pandemic will have on our business, cash flows, liquidity, financial condition and results of operations at this time due to numerous uncertainties. Given the dynamic nature of these circumstances on our ongoing business, results of operations and overall financial performance, the full impact of COVID-19 and other macroeconomic factors, including the conflict in Ukraine, cannot be reasonably estimated at this time. In the event we are unable to mitigate the impact of delays or price volatility in solar energy systems, raw materials, and freight, it could materially adversely affect our business, prospects, financial condition and results of operations. For additional information on risk factors that could impact our results, please refer to "Risk Factors" located elsewhere in this proxy statement/prospectus.

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances, changes in the accounting estimates are reasonably likely to occur from period-to-period. Actual results could differ significantly from our estimates. Our future financial statements will be affected to the extent that our actual results materially differ from these estimates. For further information on all of our significant accounting policies, see Note 2, Summary of Significant Accounting Policies, to our consolidated financial statements included elsewhere in this proxy statement/prospectus.

We believe that policies associated with our revenue recognition, goodwill, impairment of long-lived assets, provision for income taxes, business combinations and calculation of noncontrolling interests and redeemable noncontrolling interests have the greatest impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

### **Revenue Recognition**

We recognize revenue when control of goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

#### *Service Revenue – Solar Energy System Installations*

The majority of our revenue is generated from the installation of solar energy systems. We identify two performance obligations, which include installation services and post-installation services, and we recognize

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revenue when control transfers to the customer, upon the completion of the installation and upon the solar energy system passes inspection by the authority having jurisdiction, respectively. We apply judgment in allocating the transaction price between the installation and post-installation performance obligations, based on the estimated costs to perform our services. Changes in such estimates could have a material impact on the timing of our revenue recognition.

Our contracts with customers generally contain a performance guarantee of system output, and we will issue payments to customers if output falls below contractually stated thresholds over the performance guarantee period, which is typically 10 years. We apply judgment in estimating the reduction in revenue associated with the performance guarantee, which is historically not material. However, due to the long-term nature of the guarantee, changes in future estimates could have a material impact on the estimate of our revenue reserve.

### *Service Revenue – Software Enhanced Services*

We recognize revenue from software enhanced services, which include proposals generated from our HelioQuote™ platform and design services performed using internally developed and external software applications. We contract with solar installers to generate proposals and we contract with solar sales entities to perform design services for their potential customers. Under each type of customer contract, we generate a fixed number of proposals or designs for the customer in the month the services are contracted. Contracts with customers are enforceable on a month-to-month basis and we recognize revenue each month based on the volume of services performed.

### *Product Revenue*

We generate product revenue from the sale of solar panels direct to customers. We sign master purchase agreements with customers that are cancellable at any time, and contracts are evidenced by noncancellable purchase orders placed under the terms of the master purchase agreement. Each purchase order is a contract with a customer, which defines the price and quantity of panels purchased. We recognize revenue based on the contract price, net of incentives, such as volume-based rebates and price protection. We recognize revenue from the sale of solar panels when control is transferred to the customer, which is generally upon delivery to the customer's premises, and our panel sales do not provide for a right of return.

### *Product Warranties*

We typically provide a 10-year, warranty on our solar energy system installations, which provides assurance over the workmanship in performing the installation, including roof leaks caused by our performance. For solar panel sales, we provide a 30-year warranty that the products will be free from defects in material and workmanship. We record a liability for estimated future warranty claims based on historical trends and new installations. To the extent that warranty claim behavior differs from historical trends, we may experience a material change in our warranty liability.

### *Inventory Excess and Obsolescence*

Our inventory consists of completed solar energy systems and related components, which we classify as finished costs. We record a reserve for inventory which is considered obsolete or in excess of anticipated demand based on a consideration of marketability and product life cycle stage, component cost trends, demand forecasts, historical revenues, and assumptions about future demand and market conditions. We apply judgment in estimating the excess and obsolete inventory, and changes in demand for our inventory components could have a material impact on our inventory reserve balance.

### *Stock-Based Compensation*

We recognize stock-based compensation expense over the requisite service period on a straight-line basis for all stock-based payments that are expected to vest to employees, non-employees and directors, including

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grants of employee stock options and other stock-based awards. Equity-classified awards issued to employees, non-employees such as consultants and non-employee directors are measured at the grant-date fair value of the award. Forfeitures are recognized as they occur. For accounting purposes, we estimate grant-date fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option the expected volatility of the price of our common stock and expected dividend yield. We determine these inputs as follows:

*Expected Term* - Expected term represents the period that our stock-based awards are expected to be outstanding and is determined using the simplified method.

*Expected Volatility* - Expected volatility is estimated by studying the volatility of comparable public companies for similar terms.

*Expected Dividend* -The Black-Scholes valuation model calls for a single expected dividend yield as an input. We have never paid dividends and have no plans to pay dividends.

*Risk-free Interest Rate* - We derive the risk-free interest rate assumption from the U.S. Treasury's rates for the U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the awards being valued.

*Forfeitures* - We recognize forfeitures as they occur.

If any assumptions used in the Black-Scholes option pricing model change significantly, stock-based compensation for future awards may differ materially compared to the awards granted previously. For the first quarter 2023, stock-based compensation expense was \$1.0 million. As of April 2, 2023, we had approximately \$11.3 million of total unrecognized stock-based compensation expense related to stock options, including stock options assumed in the acquisition of Solaria.

### **Common Stock Valuations**

Prior to the Business Combination, our common stock was not publicly traded, therefore, our board of directors exercised significant judgment in determining the fair value of our common stock on the date of each option grant, with input from management, based on several objective and subjective factors. Factors considered by our board of directors include:

- company performance, our growth rate and financial condition at the approximate time of the option grant;
- the value of companies that we consider peers based on several factors including, but not limited to, similarity to us with respect to industry, business model, stage of growth, financial risk or other factors;
- changes in our company and our prospects since the last time the board approved option grants and determined fair value;
- amounts recently paid by investors for our redeemable convertible preferred stock in arm's-length transactions;
- the rights, preferences and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the likelihood of achieving a liquidity event, such as an initial public offering or sale of all or a portion of our company;
- future financial projections; and
- valuations completed near the time of the grant.

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Since our inception, we have prepared valuations in a manner consistent with the method outlined in the AICPA Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Certain of these valuations relied on a fundamental analysis of the business, using a discounted cash flow model, to derive an estimate of our total equity. The estimated equity value was then allocated to each class of equity, based on the respective rights and preferences, using an Option-Pricing Methodology, or OPM. Certain other valuations relied on recent transactions in our preferred and/or common stock. For dates near a recent preferred stock financing, we assessed the value of common stock implied by the price paid for the preferred, primarily using an OPM to backsolve the common stock value.

We believe that we have used reasonable methodologies, approaches and assumptions consistent with the AICPA Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, to determine the fair value of our common stock. We have reviewed key factors and events between each date below and have determined that the combination of the factors and events described above reflect a true measurement of the fair value of our common stock over an extended period.

### ***Business Combinations, Including Intangible Assets, and Goodwill***

The results of the acquisition of Solaria are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of the acquired business being recorded at their estimated fair values on the acquisition date, which may be considered preliminary and subject to adjustment during the measurement period, which is up to one year from the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed and allocate the purchase price to the respective assets and liabilities. Determining the fair value of assets acquired and liabilities assumed requires significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, royalty rates and selection of comparable companies. We engage the assistance of third-party valuation specialists in concluding fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination. The resulting fair values and useful lives assigned to acquisition-related intangible assets impact the amount and timing of future amortization expense.

These estimates are inherently uncertain and unpredictable, and if different estimates were used the purchase price for the acquisition could be allocated to the acquired assets and liabilities differently from the allocation that we have made. In addition, unanticipated events and circumstances may occur, which may affect the accuracy or validity of such estimates, and if such events occur, we may be required to record a charge against the value ascribed to an acquired asset, an increase in the amounts recorded for assumed liabilities, or an impairment of some or all of the goodwill.

Goodwill recognized in connection with our 2022 acquisition was \$119.4 million. We are integrating the Solaria business into our existing operations and therefore, it is included in our single reporting unit.

Based upon the date of acquisition of our goodwill on November 4, 2022, we concluded that the estimated fair value of our reporting unit significantly exceeded its carrying value.

The largest identified intangible asset recognized was customer relationships. We determined a fair value of \$24.7 million using a multi-period excess earning and estimated useful lives of 22 years.

We evaluate our intangible assets for indications of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our intangible assets consist of trademarks, developed technology and customer relationships. Factors that could trigger an impairment analysis include significant under-performance relative to historical or projected future operating results, significant changes in the manner of our use of the acquired assets or the strategy for our overall business or significant

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negative industry or economic trends. If this evaluation indicates that the value of the intangible asset may be impaired, we assess the likelihood of recoverability of the net carrying value of the asset over its remaining useful life. If this assessment indicates that the intangible asset is not recoverable, based on the estimated undiscounted future cash flows of the technology or customer relationships over its remaining useful life, we reduce the net carrying value of the related intangible asset to an estimated fair value.

### Recent Accounting Pronouncements

A discussion of recently issued accounting standards applicable to Complete Solar is described in Note 2, Significant Accounting Policies, in the Notes to Consolidated Financial Statements and in Note 2, Significant Accounting Policies.

### Results of Operations

#### *Thirteen weeks ended April 2, 2023 compared to three months ended March 31, 2022*

The following table sets forth our unaudited statements of operations data for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively. We have derived this data from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. This information should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for any future period.

| <b>(In thousands)</b>                      | <b>Thirteen Weeks<br/>Ended<br/>April 2, 2023</b> | <b>Three Months<br/>Ended<br/>March 31, 2022</b> | <b>\$<br/>Change</b> | <b>%<br/>Change</b> |
|--|---|--|----------------------|---------------------|
| Product revenues                           | \$ 18,721   | \$ —   | \$ 18,721            | 100%                |
| Service revenue                            | 16,677  | 20,302   | (3,625)              | (18%)               |
| Total revenues                             | 35,398  | 20,302   | 15,096               | 74%                 |
| Cost of product revenues <sup>(1)</sup>    | 19,489  | —  | 19,489               | 100%                |
| Cost of service revenues <sup>(1)</sup>    | 13,818  | 13,410   | 408                  | 3%                  |
| Total cost of revenue                      | 33,307  | 13,410   | 19,897               | 148%                |
| Gross profit                               | 2,091   | 6,892  | (4,801)              | (70%)               |
| Gross margin %                             | 6%  | 34%  |                      | (28%)               |
| Operating expenses:                        |   |  |                      |                     |
| Sales commissions                          | 5,677   | 7,114  | (1,437)              | (20%)               |
| Sales and marketing <sup>(1)</sup>         | 3,549   | 1,470  | 2,079                | 141%                |
| General and administrative <sup>(1)</sup>  | 13,098  | 2,012  | 11,086               | 551%                |
| Total operating expenses                   | 22,324  | 10,596   | 11,728               | 111%                |
| Loss from operations                       | (20,233)  | (3,704)  | (16,529)             | 446%                |
| Interest expense <sup>(2)</sup>            | (3,611)   | (706)  | (2,905)              | 411%                |
| Interest income                            | 8   | —  | 8                    | 100%                |
| Other income (expense), net <sup>(3)</sup> | 317   | 3,205  | (2,888)              | (90)%               |
| Loss before income taxes                   | (23,519)  | (1,205)  | (22,314)             | 1,852%              |
| Provision for income taxes                 | 5   | (1)  | 6                    | (600)%              |
| Net loss                                   | \$ (23,514)                                       | \$ (1,206)                                       | \$ (22,308)          | 1,850%              |

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- (1) Includes stock-based compensation expense as follows:

| <u>(In thousands)</u>                  | <u>Thirteen Weeks</u> | <u>Three Months</u>   |
|--|-----------------------|-----------------------|
|  | <u>Ended</u>          | <u>Ended</u>          |
|  | <u>April 2, 2023</u>  | <u>March 31, 2022</u> |
| Cost of sales                          | \$ 11                 | \$ 3                  |
| Sales and marketing                    | 168                   | 18                    |
| General and administrative             | 843                   | 27                    |
| Total stock-based compensation expense | <u>\$ 1,022</u>       | <u>\$ 48</u>          |

- (2) Includes interest expense to related party of \$0.2 million and \$0.1 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.
- (3) Other (expense), net includes other income from related parties of zero and \$1.4 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.

### **Product Revenues**

Total product revenues for the thirteen weeks ended April 2, 2023 was \$18.7 million, all of which is attributable to the November 2022 acquisition of Solaria.

### **Service Revenues**

We disaggregate our service revenues based on the following types of services:

| <u>(In thousands)</u>             | <u>Thirteen Weeks</u> | <u>Three Months</u>   | <u>\$</u>        | <u>%</u>     |
|-----------------------------------|-----------------------|-----------------------|------------------|--------------|
|                                   | <u>Ended</u>          | <u>Ended</u>          |                  |              |
|                                   | <u>April 2, 2023</u>  | <u>March 31, 2022</u> |                  |              |
| Solar energy system installations | \$ 15,843             | \$ 19,728             | \$(3,885)        | (20%)        |
| Software enhanced services        | 834                   | 574                   | 260              | 45%          |
| Total service revenues            | <u>\$ 16,677</u>      | <u>\$ 20,302</u>      | <u>\$(3,625)</u> | <u>(18%)</u> |

Revenues from solar energy system installations for the thirteen weeks ended April 2, 2023 was \$15.8 million compared to \$19.7 million for the three months ended March 31, 2022. The decrease in solar energy system installation revenues of \$3.9 million is primarily due to a decrease in the volume of solar energy system installations, driven largely by unusual inclement California weather during the first quarter of 2023, partially offset by an increase in average selling price of solar energy system installations.

Revenues from software enhanced services for the thirteen weeks ended April 2, 2023 was \$.8 million compared to \$0.6 million for the three months ended March 31, 2022. The increase in software enhanced services revenues is primarily due to increased sales and marketing for proposal and design services.

### **Cost of Product Revenues**

Cost of product revenues for the thirteen weeks ended April 2, 2023 was \$19.5 million, all of which is attributable to the November 2022 acquisition of Solaria.

### **Cost of Service Revenues**

Cost of service revenues for the thirteen weeks ended April 2, 2023 was \$13.8 million compared to \$13.4 million for the three months ended March 31, 2022. The increase in cost of service revenues of \$0.4 million was primarily due to rising costs period over period, partially offset by a smaller increase in excess and obsolete inventory reserves during the thirteen weeks ended April 2, 2023 as compared to the three months ended March 31, 2022.

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### **Gross Profit**

Gross margin decreased 28% year over year, from 34% for the three months ended March 31, 2022 to 6% for the thirteen weeks ended April 2, 2023. The decrease in margin is primarily due to the increase in product revenues as a result of the acquisition of Solaria, which has lower margins than service revenues, and the impact of rising costs associated with service revenues.

### **Sales Commissions**

Sales commissions for the thirteen weeks ended April 2, 2023, decreased by \$1.4 million, or 20%, compared to the three months ended March 31, 2022. The decrease in commissions is primarily due to the diversification of our sales partner channels to deliver greater services and capture more contribution margin by reducing sales commissions.

### **Sales and Marketing**

Sales and marketing expense for the thirteen weeks ended April 2, 2023 increased by \$2.1 million, or 141%, compared to the three months ended March 31, 2022. The increase is attributable to the acquisition of Solaria in November 2022.

### **General and Administrative**

General and administrative costs for the thirteen weeks ended April 2, 2023 increased by \$11.1 million, or 551%, compared to the three months ended March 31, 2022. The increase was primarily attributed to \$9.1 million in general and administrative costs associated with the acquisition of Solaria in November 2022, along with additional increases in bad debt expense of \$1.9 million and outside services costs of \$0.1 million related to the deSPAC transaction.

### **Interest Expense**

Interest expense for the thirteen weeks ended April 2, 2023 increased by \$2.9 million, or 411%, compared to the three months ended March 31, 2022. The increase was primarily attributed to accretion of \$2.2 million and the amortization of issuance costs of \$0.6 million related to long term debt in CS Solis LLC that occurred in February of 2022, and a \$0.1 million increase in interest expense related to the 2022 Convertible Notes.

### **Other Income (Expense), Net**

Other income (expense), net for the thirteen weeks ended April 2, 2023 decreased by \$2.9 million, or 90%, compared to the three months ended March 31, 2022. The decrease was primarily attributed to \$3.2 million prior year conversion costs of our convertible debt and SAFE agreements in March 2022 which did not occur in 2023, partially offset by \$0.2 million increase in the fair value of Series D-7 Preferred Stock warrants.

### **Net Loss**

As a result of the factors discussed above, our net loss for the thirteen weeks ended April 2, 2023 was \$23.5 million, an increase of \$22.3 million, or 1,850%, as compared to a net loss of \$1.2 million for the three months ended March 31, 2022.

## **Results of Operations**

### **Year ended December 31, 2022 compared to year ended December 31, 2021**

The following table sets forth our unaudited statements of operations data for the years ended December 31, 2022 and 2021, respectively. We have derived this data from our audited annual financial statements included



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elsewhere in this prospectus. This information should be read in conjunction with our audited annual financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for any future period.

| (In thousands)                             | Years Ended December 31, |                   | \$ Change         | % Change     |
|--|--------------------------|-------------------|-------------------|--------------|
|  | 2022                     | 2021              |                   |              |
| Product revenues                           | \$ 13,325                | \$ —              | \$ 13,325         | 100%         |
| Service revenue                            | 66,475                   | 68,816            | (2,341)           | (3%)         |
| <b>Total revenues</b>                      | <b>79,800</b>            | <b>68,816</b>     | <b>10,984</b>     | <b>16%</b>   |
| Cost of product revenues <sup>(1)</sup>    | 12,847                   | —                 | 12,847            | 100%         |
| Cost of service revenues <sup>(1)</sup>    | 46,647                   | 40,123            | 6,524             | 16%          |
| <b>Total cost of revenue</b>               | <b>59,494</b>            | <b>40,123</b>     | <b>19,371</b>     | <b>48%</b>   |
| <b>Gross profit</b>                        | <b>20,306</b>            | <b>28,693</b>     | <b>(8,387)</b>    | <b>(29%)</b> |
| Gross margin %                             | 25%                      | 42%               |                   | (17%)        |
| <b>Operating expenses:</b>                 |                          |                   |                   |              |
| Sales commissions                          | 21,195                   | 25,061            | (3,866)           | (15%)        |
| Sales and marketing <sup>(1)</sup>         | 7,471                    | 5,179             | 2,292             | 44%          |
| General and administrative <sup>(1)</sup>  | 14,251                   | 5,780             | 8,471             | 147%         |
| <b>Total operating expenses</b>            | <b>42,917</b>            | <b>36,020</b>     | <b>6,897</b>      | <b>19%</b>   |
| <b>Loss from operations</b>                | <b>(22,611)</b>          | <b>(7,327)</b>    | <b>(15,284)</b>   | <b>209%</b>  |
| Interest expense <sup>(2)</sup>            | (4,986)                  | (1,712)           | (3,274)           | 191%         |
| Interest income                            | 5                        | —                 | 5                 | 100%         |
| Other income (expense), net <sup>(3)</sup> | (1,858)                  | (240)             | (1,618)           | 674%         |
| Loss before income taxes                   | (29,450)                 | (9,279)           | (20,171)          | 217%         |
| Provision for income taxes                 | (27)                     | (3)               | (24)              | 800%         |
| <b>Net loss</b>                            | <b>\$ (29,477)</b>       | <b>\$ (9,282)</b> | <b>\$(20,195)</b> | <b>218%</b>  |

(1) Includes stock-based compensation expense as follows (in thousands):

|   | Years Ended December 31, |               |
|---|--------------------------|---------------|
|   | 2022                     | 2021          |
| Cost of sales                                 | \$ 22                    | \$ 19         |
| Sales and marketing                           | 232                      | 68            |
| General and administrative                    | 649                      | 113           |
| <b>Total stock-based compensation expense</b> | <b>\$ 903</b>            | <b>\$ 200</b> |

(2) Includes interest expense to related parties of \$0.3 million and \$0.7 million during the year ended December 31, 2022 and 2021, respectively

(3) Includes other income from related parties of \$1.4 million, zero and zero during the years ended December 31, 2022 and 2021, respectively.

### Product Revenues

Total product revenues for the year ended December 31, 2022 was \$13.3 million, all of which is attributable to the November 2022 acquisition of Solaria.

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### **Service Revenues**

The Company disaggregates its service revenues based on the following types of services:

| (In thousands)                    | Years Ended December 31, |           | Change<br>\$ | Change<br>% |
|-----------------------------------|--------------------------|-----------|--------------|-------------|
|                                   | 2022                     | 2021      |              |             |
| Solar energy system installations | \$ 62,896                | \$ 66,958 | \$(4,062)    | (6%)        |
| Software enhanced services        | 3,579                    | 1,858     | 1,721        | 93%         |
| Total service revenues            | \$ 66,475                | \$ 68,816 | \$(2,341)    | (3%)        |

Revenues from solar energy system installations for the year ended December 31, 2022 was \$62.9 million compared to \$67.0 million for the year ended December 31, 2021. The decrease in solar energy system installation revenues of \$4.1 million is primarily due to constraints on the supply of solar panels available to purchase for fulfillment of our customer contracts. These supply constraints resulted from economic sanctions such as the Dec 21, 2021 Uyghur Forced Labor Prevention Act and supplier reactions to the Auxin Solar Tariff Petition. Without the necessary equipment to fulfill customer contracts, our projects were pushed into subsequent quarters.

Revenues from software enhanced services for the year ended December 31, 2022 was \$3.6 million compared to \$1.9 million for the year ended December 31, 2021. The increase in software enhanced services revenues is primarily due to increased sales and marketing for proposal and design services.

### **Cost of Product Revenues**

Cost of product revenues for the year ended December 31, 2022 was \$12.8 million, all of which is attributable to the November 2022 acquisition of Solaria.

### **Cost of Service Revenues**

Cost of service revenues for the year ended December 31, 2022 was \$46.6 million compared to \$40.1 million for the year ended December 31, 2021. The increase of cost of service revenues of \$6.5 million was primarily driven by an increase in the reserve for excess and obsolete inventory of \$3.6 million, an increase in warranty costs of \$0.9 million and the effect of increasing materials prices for our solar energy systems. The increase in the reserve was a result of a substantial build up in inventory on hand commencing in early 2022 in response to global supply chain constraints, a general product shift relating to market demand for higher voltage solar panels, and certain inventory management adjustments associated with inventories maintained by inactive installers.

### **Gross Profit**

Gross margin decreased 17% year over year, from 42% for the year ended December 31, 2021 to 25% for the year ended December 31, 2022. The decrease in margin is primarily due to increased product revenues as a result of the acquisition of Solaria, which has lower margins than service revenues, and the increases in cost of service revenue as described above.

### **Sales Commissions**

Sales commission decreased by \$3.8 million, or 15%, from \$25.0 million in the year ended December 31, 2021 to \$21.2 million in the year ended December 31, 2022. The decrease in commissions is due to the diversification of our sales partner channels to deliver greater services and value it is able to capture more contribution margin by reducing sales commissions.

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### ***Sales and Marketing***

Sales and marketing expense increased by \$2.3 million, or 44%, from \$5.2 million in the year ended December 31, 2021 to \$7.5 million in the year ended December 31, 2022. The increase was due to a \$1.4 million increase in personnel-related costs, a \$0.7 million increase in outside sales and marketing services associated with marketing our proposal and design services, and a \$0.1 million increase in stock-based compensation expense. Of these cost increases, \$1.3 million is attributable to the acquisition of Solaria in November 2022.

### ***General and Administrative***

General and administrative expense increased by \$8.5 million, or 147%, from \$5.8 million in the year ended December 31, 2021 to \$14.3 million in the year ended December 31, 2022. The increase was primarily attributed outside services for finance and legal costs of \$3.5 million related to the deSPAC transaction, an increase in bad debt expense of \$1.7 million, an increase in payroll related costs of \$1.3 million, an increase in office and occupancy related costs due to new offices for \$0.8 million, an increase in, an increase in stock-based compensation for \$0.5 million, and an increase in outside service costs associated with maintaining our internal use software of \$0.4 million. Of these cost increases, \$3.0 million is attributable to acquisition of Solaria in November 2022.

### ***Interest Expense***

Interest expense increased by \$3.3 million, or 191%, from \$1.7 million in the year ended December 31, 2021 to \$5.0 million in the year ended December 31, 2022. The increase was primarily attributed to accretion of \$2.4 million and the amortization of issuance costs of \$1.2 million related to long term debt in CS Solis LLC that occurred in February of 2022 and a \$0.2 million increase in interest expense related to the 2022 Convertible Notes. The increase was offset by a \$0.8 million reduction in interest expense, as we repaid or converted debt instruments in February 2022, which were outstanding during 2021.

### ***Other Income (Expense), Net***

Other income (expense), net increased by \$1.6 million, or 674%, from \$0.2 million in the year ended December 31, 2021 to \$1.8 million in the year ended December 31, 2022. The increase was primarily attributed to an increase in the fair value of preferred stock warrants of \$5.2 million, partially offset by a gain on the extinguishment of our convertible debt and safe agreements in March 2022 of \$3.2 million.

### ***Net loss***

As a result of the factors discussed above, our net loss for the year ended December 31, 2022 was \$29.5 million, an increase of \$20.2 million, or 218%, as compared to \$9.3 million for the year ended December 31, 2021.

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### **Year ended December 31, 2021 compared to year ended December 31, 2020**

The following table sets forth our statement of operations data for 2021 and 2020. We have derived this data from our audited annual financial statements included elsewhere in this prospectus. This information should be read in conjunction with our audited annual financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for any future period.

| (In thousands)                            | Years Ended December 31, |                   | \$ Change         | % Change    |
|---|--------------------------|-------------------|-------------------|-------------|
|   | 2021                     | 2020              |                   |             |
| Product revenues, net                     | \$ —                     | \$ —              | \$ —              | —           |
| Service revenue, net                      | 68,816                   | 29,378            | 39,438            | 134%        |
| <b>Total revenues</b>                     | <b>68,816</b>            | <b>29,378</b>     | <b>39,438</b>     | <b>134%</b> |
| Cost of product revenue <sup>(1)</sup>    | —                        | —                 | —                 | —           |
| Cost of service revenue <sup>(1)</sup>    | 40,123                   | 17,097            | 23,026            | 135%        |
| <b>Total cost of revenue</b>              | <b>40,123</b>            | <b>17,097</b>     | <b>23,026</b>     | <b>135%</b> |
| <b>Gross profit</b>                       | <b>28,693</b>            | <b>12,281</b>     | <b>16,412</b>     | <b>134%</b> |
| Gross margin %                            | 42%                      | 42%               |                   | (0%)        |
| <b>Operating expenses:</b>                |                          |                   |                   |             |
| Sales commissions                         | 25,061                   | 10,410            | 14,651            | 141%        |
| Research and engineering <sup>(1)</sup>   | —                        | —                 | —                 | —           |
| Sales and marketing <sup>(1)</sup>        | 5,179                    | 3,185             | 1,994             | 63%         |
| General and administrative <sup>(1)</sup> | 5,780                    | 3,801             | 1,979             | 52%         |
| <b>Total operating expenses</b>           | <b>36,020</b>            | <b>17,396</b>     | <b>18,624</b>     | <b>107%</b> |
| <b>Loss from operations</b>               | <b>(7,327)</b>           | <b>(5,115)</b>    | <b>(2,212)</b>    | <b>43%</b>  |
| Interest expense <sup>(2)</sup>           | (1,712)                  | (523)             | (1,189)           | 227%        |
| Interest income                           | —                        | —                 | —                 | —           |
| Other income (expense), net               | (240)                    | (41)              | (199)             | 485%        |
| <b>Loss before income taxes</b>           | <b>(9,279)</b>           | <b>(5,679)</b>    | <b>(3,600)</b>    | <b>63%</b>  |
| Provision for income taxes                | (3)                      | (3)               | —                 | 0%          |
| <b>Net loss</b>                           | <b>\$ (9,282)</b>        | <b>\$ (5,682)</b> | <b>\$ (3,600)</b> | <b>63%</b>  |

(1) Includes stock-based compensation expense as follows:

| (In thousands)                                | Years Ended December 31, |               |
|---|--------------------------|---------------|
|   | 2021                     | 2020          |
| Cost of sales                                 | \$ 19                    | \$ 8          |
| Sales and marketing                           | 68                       | 37            |
| General and administrative                    | 113                      | 64            |
| <b>Total stock-based compensation expense</b> | <b>\$ 200</b>            | <b>\$ 109</b> |

(2) Includes interest expense to related party of \$0.7 million and \$0.2 million during the years ended December 31, 2021 and 2020, respectively.

### **Revenues**

Total revenue for the year ended December 31, 2021 was \$68.8 million which compares with total revenue of \$29.4 million for the year ended December 31, 2020. The increase in 2021 revenue is significantly impacted by the change in the business coming out of the COVID-19 pandemic. Solar revenue (including the installation

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and completion of solar systems) increased by \$37.0 million. The increase is driven primarily by the volume of transactions in 2021. Other revenues, including design services and proposal services, increased by \$1.6 million, the increase in revenues is driven by greater internal focus on performing such services in 2021.

### ***Cost of Revenues and Gross Profit***

Cost of revenues for the year ended December 31, 2021 was \$40.1 million compared to \$17.1 million for the year ended December 31, 2020. The 135% increase in cost of revenue for the year ended December 31, 2021 over for the year ended December 31, 2020 grew proportionately with the increase in revenue during the same comparable periods, as well as slight increase in raw material costs.

Our gross profits for the year ended December 31, 2021 increased by \$16.4 million, or 134%, as compared to the year ended December 31, 2020. Gross margins of 42% remained flat year-over-year.

### ***Sales Commission***

Sales commissions for the year ended December 31, 2021 increased by \$14.7 million, or 141%, compared to the year ended December 31, 2020. The increase in sales commissions expenses is primarily attributable to a corresponding increase of 134% in service revenue.

### ***Sales and Marketing***

Sales and marketing expense for the year ended December 31, 2021 increased by \$2.0 million, or 63%, compared to the year ended December 31, 2020. The increase was primarily attributable to an increase of \$1.4 million in personnel-related expenses as a result of increased headcount in our sales and marketing organization, \$0.2 million increase in office supplies, and \$0.1 million increase in due and subscription expense.

### ***General and Administrative***

General and administrative expense for the year ended December 31, 2021 increased by \$2.0 million, or 52%, compared to the year ended December 31, 2020. The increase was primarily attributable to an increase of \$0.5 million in accounting, legal, and other contract labor costs, \$0.3 million in personnel-related expenses, as a result of increased headcount, \$0.2 million increase in office and occupancy related costs, \$0.2 million increase in customer support, \$0.2 million increase in amortization of internal software, a \$0.1 million increase in stock-based compensation expense related to additional stock-based awards granted in fiscal year 2022, and a \$0.1 million increase in recruitment and reallocation expenses.

### ***Interest Expense***

Interest expense for the year ended December 31, 2021 increased by \$1.2 million, or 227%, compared to the year ended December 31, 2020. The increase is attributable to a \$0.6 million increase in interest expense related to amortization of debt discount primarily due to the 2020-A and 2021-A notes, a \$0.3 million increase in interest expense related to our SVB operating loan, and a \$0.3 million increase in financing costs associated with a 2021 short-term bridge loan.

### ***Other Income (Expense), Net***

Other income (expense), net for the year ended December 31, 2021 increased by \$0.2 million, or 485%, compared to the year ended December 31, 2020. The increase was primarily due to increase of \$1.3 million related to the fair value measurement of the SAFEs, \$0.3 million related to revaluation of derivative liabilities of 2019-A 2020-A and 2021-A notes, and \$0.3 million related to fair value remeasurement of Series B and Series C preferred stock warrants. These expenses were partially offset by other income relating to PPP loan forgiveness of approximately \$1.7 million.

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### **Net Loss**

As a result of the factors discussed above, our net loss for the year ended December 31, 2021 was \$9.3 million, an increase of \$3.6 million, or 63%, as compared to \$5.7 million for the year ended December 31, 2020.

### **Liquidity and Capital Resources**

Since our inception, we have financed our operations primarily through sales of equity securities, issuance of convertible notes and cash generated from operations. Our principal uses of cash in recent periods have been funding our operations and investing in capital expenditures. As of April 2, 2023, our principal sources of liquidity were cash and cash equivalents of \$3.3 million, which were held for working capital purposes. Our cash equivalents are on deposit with major financial institutions. Our cash position raises substantial doubt regarding our ability to continue as a going concern for twelve months following the issuance of the condensed consolidated financial statements. To meet our short-term financing needs, we have raised \$11.0 million in convertible note financing and an additional \$14.1 million in other debt financing in the thirteen weeks ended April 2, 2023 with the potential to raise an additional convertible notes to meet short-term liquidity requirements.

Although we do not have significant purchase commitments, we believe that our existing capital resources may not be sufficient to fund our operations in the near term without regard to the transaction contemplated within this proxy statement/prospectus. To the extent that the transaction contemplated in this proxy statement/prospectus does not occur, we may be required to seek additional equity or debt financing. While there can be no assurances, we anticipate raising additional required capital from new and existing investors. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, we may be required to reduce planned spending, which could have a material adverse effect on our operations.

### **Debt Financings**

#### *2022 Convertible Notes*

In connection with the Business Combination Agreement, we raised the 2022 Convertible Notes in November 2022, December 2022, and February 2023 with additional investors, with an aggregate purchase price of \$23.0 million. Additionally, as part of the acquisition of Solaria, we assumed a note from an existing investor for \$6.7 million, which was modified as of the close of the business combination to contain the same terms as the other 2022 Convertible Notes. We did not incur significant issuance costs associated with the 2022 Convertible Notes. The 2022 Convertible Notes converted to common shares of Complete Solaria, Inc. at the close of the deSPAC transaction. The 2022 Convertible Notes accrued interest at a rate of 5% per annum. Immediately prior to the closing of the expected deSPAC transaction, the 2022 Convertible Notes converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2022 Convertible Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement. As of April 2, 2023 and December 31, 2022, the 2022 Convertible Notes accrued \$0.5 million and \$0.2 million in interest, respectively. As of April 2, 2023 and December 31, 2022, the carrying values of the 2022 Convertible Notes represent the only balances in the convertible notes, net, noncurrent and convertible notes, net due to related parties, noncurrent financial statement captions.

Upon the Closing of the Business Combination, the Sponsor transferred to the holders of 2022 Convertible Notes a pro rata percentage of (i) 500,000 shares of Complete Solaria Common Stock in exchange for payment by such investor to FACT of \$0.0001 per share and (ii) 363,285 FACT Private Placement Warrants held by the Sponsor. In addition, holders of 2022 Convertible Notes are entitled to receive, on a pro rata basis, up to an additional (i) 250,000 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$12.50 per share for a period of at least 20 days out of 30 consecutive days on

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which the shares of Complete Solaria Common Stock are traded on a stock exchange, and (ii) 250,000 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$15.00 per share for a period of at least 20 days out of 30 consecutive days on which the shares of Complete Solaria Common Stock are traded on a stock exchange.

### *2018 Bridge Notes*

In December 2018, Solaria Corporation issued senior subordinated convertible secured notes (“**2018 Notes**”) totaling approximately \$3.4 million in exchange for cash. The notes bear interest at the rate of 8% per annum and the investors are entitled to receive twice of the face value of the notes at maturity. The 2018 Notes were assumed in the acquisition by Complete Solaria and are secured by substantially all of the assets of Complete Solaria. In December 2022, we entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2022 to December 13, 2023. In connection with the amendment, the notes will continue to bear interest at 8% per annum and are entitled to an increased repayment premium from 110% to 120% of the principal and accrued interest at the time of repayment. As of April 2, 2023 and December 31, 2022, the carrying value of the 2018 Notes was \$10.1 million and \$9.8 million, respectively. Interest expense recognized for the thirteen weeks ended April 2, 2023 was \$0.3 million.

### *SCI Term Loan and Revolver Loan*

In October 2020, Solaria entered into a loan agreement (“**Loan Agreement**”) with Structural Capital Investments III, LP (“**SCI**”) to obtain a revolving loan of \$5.0 million. The debt was assumed by Complete Solaria upon the acquisition of Solaria and recorded at its fair value of \$5.0 million. The Revolving Loan has a term of thirty-six months, principal repayments at the end of the term and an annual interest rate of 7.75% or Prime rate plus 4.5%, whichever is higher. The loan is due and payable as of October 31, 2023. Interest expense recognized for the thirteen weeks ended April 2, 2023 was \$0.1 million.

### *Secured Credit Facility*

In December 2022, we entered into a secured credit facility agreement with Kline Hill Partners IV SPV LLC and Kline Hill Partners Opportunity IV SPV LLC. The secured credit facility agreement, which matures in April 2023, allows us to borrow up to 70% of the net amount of our eligible vendor purchase orders with a maximum amount of \$10.0 million at any point in time. The purchase orders are backed by relevant customer sales orders which serve as a collateral. The amounts drawn under the secured credit facility may be reborrowed provided that the aggregate borrowing does not exceed \$20.0 million. The repayment under the secured credit facility is the borrowed amount multiplied by 1.15x if repaid within 75 days and borrowed amount multiplied by 1.175x if repaid after 75 days. We may prepay any borrowed amount without premium or penalty.

At April 2, 2023, the outstanding net debt amounted to \$10.4 million, including accrued financing cost of \$2.8 million, compared to December 31, 2022, where the outstanding net debt amounted to \$5.6 million, including accrued financing cost of \$0.1 million.

### *Long-Term Debt in CS Solis*

In February 2022, we received an investment from CRSEF Solis Holdings, LLC (“**CRSEF**”). The investment was made pursuant to a subscription agreement, under which CRSEF contributed \$25.6 million in exchange for 100 Class B Membership Units of CS Solis. The Class B Membership Units are mandatorily redeemable by us on the three-year anniversary of the effective date of the CS Solis amended and restated LLC agreement. The Class B Membership Units accrue interest that is payable upon redemption at a rate of 10.5% which is accrued as an unpaid dividend, compounded annually, and subject to increases in the event we declare any dividends. As of April 2, 2023 and December 31, 2022, we have recorded a liability of \$26.3 and

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\$25.2 million, respectively, included in net long-term debt in CS Solis on the unaudited condensed consolidated balance sheets. For the thirteen weeks ended April 2, 2023, we have recorded accretion of the liability as interest expense of \$0.80 million, and we have recorded the amortization of issuance costs as interest expense of \$0.3 million.

### **Cash Flows for the Thirteen Weeks Ended April 2, 2023 and the Three Months Ended March 31, 2022**

The following table summarizes Complete Solaria's cash flows from operating, investing, and financing activities for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022:

| <u>(in thousands)</u>                     | <u>Thirteen<br/>Weeks Ended<br/>April 2,<br/>2023</u> | <u>Three<br/>Months Ended<br/>March 31,<br/>2022</u> |
|---|---|--|
| Net cash used in operating activities     | \$ (16,278)   | \$ (7,446)   |
| Net cash used in investing activities     | \$ (486)  | \$ (304)   |
| Net cash provided by financing activities | \$ 15,554   | \$ 14,993  |

#### ***Cash Flows from Operating Activities***

Net cash used in operating activities of \$16.3 million for the thirteen weeks ended April 2, 2023 was primarily due the net loss of \$23.5 million, and net cash outflows of \$0.4 million from changes in our operating assets and liabilities, adjusted for non-cash charges of \$7.7 million. The main drivers of net cash outflows derived from the changes in operating assets and liabilities were related to an increase in accounts receivable of \$3.2 million, an increase in prepaid expenses and other current assets of \$2.0 million, decrease in accrued expenses and other current liabilities of \$1.2 million, and decrease in deferred revenue of \$1.2 million, partially offset by decrease in inventories of \$5.3 million, and an increase in accounts payable of \$2.7 million. Non-cash charges primarily consisted of \$2.8 million change in allowance for doubtful accounts, interest expense primarily related to long-term debt in CS Solis of \$1.2 million, stock-based compensation expense of \$1.0 million, depreciation and amortization expense of \$1.0 million, change in reserve for obsolete inventory of \$0.8 million, and accretion of long-term debt in CS Solis of \$0.8 million.

Net cash used in operating activities of \$7.4 million for the three months ended March 31, 2022 was primarily due to net cash outflows of \$6.4 million from changes in operating assets and liabilities, and the net loss of \$1.2 million, adjusted for non-cash charges of \$0.2 million. The main drivers of net cash outflows derived from the changes in operating assets and liabilities were related to an increase in accounts receivable of \$3.3 million, an increase in inventory of \$2.0 million, and a decrease in accrued expenses and other current liabilities of \$1.7 million, partially offset by a decrease in prepaid expenses and other current assets of \$1.8 million. Non-cash charges primarily consisted of non-cash equity expense of \$3.2 million, partially offset by change in reserve for obsolete inventory of \$2.1 million.

#### ***Cash Flows from Investing Activities***

Net cash used in investing activities of \$0.5 million for the thirteen weeks ended April 2, 2023, was primarily due to additions to internal-use-software.

Net cash used in investing activities of \$0.3 million for the three months ended March 31, 2022, was due to additions to internal-use-software.

#### ***Cash Flows from Financing Activities***

Net cash provided by financing activities of \$15.6 million for the thirteen weeks ended April 2, 2023 was primarily due to proceeds from the issuance of notes payable, net of \$14.1 million, and proceeds from the issuance of the 2022 Convertible Notes of \$11.0 million, partially offset by repayment of notes payable of \$9.6 million.



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Net cash provided by financing activities of \$15.0 million for the three months ended March 31, 2022 was primarily due to net proceeds from issuance of long-term debt in CS Solis of \$25.0 million, partially offset by repayment of notes payable of \$9.5 million, and repayment of convertible notes payable to related parties of \$0.5 million.

### **Cash Flows for the Years Ended December 31, 2022 and 2021**

The following table summarizes Complete Solaria's cash flows from operating, investing, and financing activities for the years ended December 31, 2022 and 2021:

| (in thousands)                                      | Years Ended December 31, |             |
|---|--------------------------|-------------|
|   | 2022                     | 2021        |
| Net cash used in operating activities               | \$ (31,513)              | \$ (10,995) |
| Net cash provided by (used in) investing activities | \$ 3,335                 | \$ (1,063)  |
| Net cash provided by financing activities           | \$ 31,191                | \$ 16,895   |

### ***Cash Flows from Operating Activities***

Net cash used in operating activities of \$31.5 million for the year ended December 31, 2022 was primarily due the net loss of \$29.5 million, and net cash outflows of \$17.0 million from changes in our operating assets and liabilities, adjusted for non-cash charges of \$15.0 million. The main drivers of net cash outflows derived from the changes in operating assets and liabilities were related to an increase in accounts receivable of \$16.2 million, and an increase in inventories of \$8.2 million, and an increase in other current assets of \$1.1 million, partially offset by an increase in accounts as payable of \$5.7 million and a decrease in prepaid expenses and other current assets of \$3.3 million. Non-cash charges primarily consisted of \$5.2 million change in the fair value of warrant liability, interest expense primarily related to long-term debt in CS Solis of \$4.8 million, reserve for obsolete inventory of \$3.6 million, increase in the allowance for doubtful accounts of \$2.2 million, and depreciation and amortization expense of \$1.2 million, partially offset by non-cash income recognized upon conversion of convertible notes and SAFE agreements of \$3.2 million.

Net cash used in operating activities of \$11.0 million for the year ended December 31, 2021 was primarily due to the net loss of \$9.3 million, and net cash outflows of \$5.4 million from changes in our operating assets and liabilities, adjusted for non-cash charges of \$3.7 million. The main drivers of net cash outflows derived from the changes in operating assets and liabilities were related to an increase in accounts receivable of \$4.8 million, an increase in inventory of \$3.0 million and an increase in prepaid expenses and other current assets of \$3.0 million, partially offset by an increase in accounts payable of \$3.0 million, and an increase in accrued expenses and other current liabilities of \$2.9 million. Non-cash charges primarily consisted of non-cash interest expense of \$1.3 million, change in fair value of convertible notes of \$1.3 million, change in reserve for obsolete inventory of \$0.8 million, depreciation and amortization of \$0.5 million, change in the allowance of allowance of doubtful accounts of \$0.4 million, non-cash lease expense of \$0.3 million, and change in fair value of warrant liabilities of \$0.3 million, partially offset by \$1.8 million in forgiveness of PPP loan.

### ***Cash Flows from Investing Activities***

Net cash provided by investing activities of \$3.3 million for the year ended December 31, 2022, was primarily due to cash acquired in the acquisition of Solaria of \$4.8 million, partially offset by additions to internal-use-software of \$1.5 million.

Net cash used in investing activities of \$1.1 million for the year ended December 31, 2021, was due to additions to internal-use-software.

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### ***Cash Flows from Financing Activities***

Net cash provided by financing activities of \$31.2 million for the year ended December 31, 2022 was primarily due to net proceeds from issuance of long-term debt in CS Solis of \$25.0 million, proceeds from the issuance of the 2022 Convertible Notes of \$12.0 million, and proceeds from the issuance of notes payable of \$5.5 million. This was partially offset by the repayment of notes payable of \$9.5 million, payments for issuance costs of Series D redeemable convertible preferred shares of \$1.4 million, and repayment of convertible notes payable to related parties of \$0.5 million.

Net cash provided by financing activities of \$16.9 million for fiscal year 2021 was primarily related to net proceeds from the issuance of notes payable of \$7.2 million, the issuance of SAFE agreements of \$5.0 million, issuance of our convertible promissory notes to related parties of \$3.6 million and proceeds from the issuance of convertible promissory notes of \$1.2 million.

### **Cash Flows for the Years Ended December 31, 2021 and 2020**

The following table summarizes Complete Solaria's cash flows from operating, investing, and financing activities for the years ended December 31, 2021 and 2020:

| (in thousands)                                      | Years Ended December 31, |            |
|---|--------------------------|------------|
|   | 2021                     | 2020       |
| Net cash used in operating activities               | \$ (10,995)              | \$ (6,189) |
| Net cash provided by (used in) investing activities | (1,063)                  | (584)      |
| Net cash provided by financing activities           | 16,895                   | 6,355      |

### ***Cash Flows from Operating Activities***

Net cash used in operating activities of \$11.0 million for the year ended December 31, 2021 was primarily due to the net loss of \$9.3 million, and net cash outflows of \$5.4 million from changes in our operating assets and liabilities, adjusted for non-cash charges of \$3.7 million. The main drivers of net cash outflows derived from the changes in operating assets and liabilities were related to an increase in accounts receivable of \$4.8 million, an increase in inventory of \$3.0 million, and an increase in prepaid expenses and other current assets of \$3.0 million, partially offset by an increase in accounts payable of \$3.0 million and an increase in accrued expenses and other current liabilities of \$2.9 million. Non-cash charges primarily consisted of non-cash interest expense of \$1.3 million, change in fair value of convertible notes of \$1.3 million, change in reserve for obsolete inventory of \$0.8 million, depreciation and amortization of \$0.5 million, change in the allowance of doubtful accounts of \$0.4 million, non-cash lease expense of \$0.3 million, and change in fair value of warrant liabilities of \$0.3 million, partially offset by \$1.8 million in forgiveness of PPP loan.

Net cash used in operating activities of \$6.2 million for year ended December 31, 2020 was primarily related to our net loss of \$5.6 million, and net cash outflows of \$1.9 million provided by changes in our operating assets and liabilities, adjusted for non-cash charges of \$1.3 million. The main drivers of net cash outflows were derived from the changes in operating assets and liabilities and were related to an increase in accounts receivable of \$2.0 million, an increase in inventory of \$1.3 million, a decrease in accounts payable of \$1.1 million, an increase in prepaid expenses and other current assets of \$0.9 million, partially offset by an increase in accrued expenses and other current liabilities of \$2.4 million, and an increase in deferred revenue of \$1.5 million. Non-cash charges primarily consisted of non-cash interest of \$0.5 million, increase in the allowance for doubtful accounts of \$0.3 million, and depreciation and amortization of \$0.3 million.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities of \$1.1 million for the year ended December 31, 2021 was due to additions to internal-use software.

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Net cash used in investing activities of \$0.6 million for fiscal year 2020 was due to additions to internal-use software.

### ***Cash Flows from Financing Activities***

Net cash provided by financing activities of \$16.9 million for the year ended December 31, 2021 was primarily related to net proceeds from the issuance of notes payable of \$7.2 million, the issuance of SAFE agreements of \$5.0 million, issuance of our convertible promissory notes to related parties of \$3.6 million, and proceeds from the issuance of convertible promissory notes of \$1.2 million.

Net cash provided by financing activities of \$6.4 million for the year ended December 31, 2020 was primarily related to net proceeds from issuance of notes payable of \$4.0 million, proceeds from the issuance of convertible promissory notes to related parties of \$3.3 million, and proceeds from the issuance of convertible promissory notes of \$0.7 million, partially offset by repayment of convertible notes of \$1.5 million.

### **Off Balance Sheet Arrangements**

As of the date of this proxy statement/prospectus, Complete Solaria does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors. The term “off-balance sheet arrangement” generally means any transaction, agreement, or other contractual arrangement to which an entity unconsolidated with Complete Solaria is a party, under which it has any obligation arising under a guaranteed contract, derivative instrument, or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity, or market risk support for such assets.

Currently, Complete Solaria does not engage in off-balance sheet financing arrangements.

### **Emerging Growth Company Status**

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

Complete Solaria is an “emerging growth company” as defined in Section 2(a) of the Securities Act, and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. Following the closing of the Merger, our Post-Combination Company will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of common stock that is held by non-affiliates exceeds \$700 million as of the end of that year’s second fiscal quarter, (ii) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which we have issued more than \$1.0 billion in non-convertible debt in the prior three-year period, or (iv) December 31, 2025. Complete Solaria expects to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

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**Quantitative and Qualitative Disclosures About Market Risk**

Complete Solaria's operations expose Complete Solaria to a variety of market risks. Complete Solaria monitors and manages these financial exposures as an integral part of its overall risk management program.

***Interest Rate Risk***

We do not have significant exposure to interest rate risk that could affect the balance sheet, statement of operations, and the statement of cash flows, as we do not have any outstanding variable rate debt as of April 2, 2023.

***Concentrations of Credit Risk and Major Customers***

Our customer base consists primarily of residential homeowners. We do not require collateral on our accounts receivable. Further, our accounts receivable are with individual homeowners and we are exposed to normal industry credit risks. We continually evaluate our reserves for potential credit losses and establish reserves for such losses.

As of April 2, 2023, five customers had outstanding balances that represented 21%, 19%, 16%, 15%, and 15%, respectively, of the total accounts receivable, net balance, compared to March 31, 2022, as two customers had outstanding balances that represented 54%, and 10%, of the total accounts receivable, net balance.

For the thirteen-week period ended April 2, 2023, three customers represented approximately 32%, 17%, and 11% of net revenues, respectively, compared to March 31, 2022, as one customer represented approximately 45% of net revenues.

**Recent Developments**

Subsequent to March 31, 2023, we issued additional 2022 Convertible Notes with an aggregate purchase price of \$10.25 million.

## BUSINESS OF COMPLETE SOLARIA, INC.

### **Our Mission**

Our mission is to deliver energy-efficient solutions to homeowners and small to medium size businesses that allow them to lower their energy bills while reducing their carbon footprint. With a strong technology platform, financing solutions, and aesthetically pleasing high-performance solar modules, Complete Solaria has created a unique, end-to-end offering that delivers a best-in-class customer experience. With installation partners in 47 states in the United States and 13 countries in Europe, Complete Solaria is building an international brand for solar energy. Complete Solaria's relentless drive to expand the accessibility of solar energy is underpinned by its vision: to create a global society powered by the sun.

### **Business Overview**

In November 2022, Complete Solar, Inc. ("**Complete Solar**") and The Solaria Corporation ("**Solaria**") merged to form Complete Solaria. Complete Solaria combines two complementary businesses: Solaria, a seller of premium solar modules through a national network of installers, and Complete Solar, a residential solar sales and fulfillment company. The combination of these two companies establishes Complete Solaria as a full, renewable energy system operator with compelling customer offerings, advanced technology, financing solutions, and project fulfillment that enables Complete Solaria to sell more products across more geographies in the United States and Europe.

### **Solaria Overview**

Founded in 2000, Solaria is a provider of premium residential solar modules. Solaria was one of the early innovators of next-generation solar modules and has more than 250 issued patents and pending patent applications. Solaria's patented module layout connects solar cell strips into shingled, high density sub-strings and modules, eliminating gaps and busbars. This results in increased power output and reliability, better shade tolerance, and superb aesthetics. Solaria's business model leverages asset-light manufacturing with third-party contract manufacturers, to produce its solar modules utilizing Solaria's proprietary intellectual property. This scalable model produces Solaria's differentiated solar modules but also limits total capital expenditures, enables Solaria to quickly expand its capacity to respond to changes in demand, and benefits from the cost structure of its partners, who operate at scales greater than one gigawatt of module manufacturing capacity. While Complete Solaria has one gigawatt of module manufacturing capacity distributed across its third-party manufacturers, this manufacturing capacity is not exclusively devoted to Complete Solaria. Complete Solaria's contract manufacturers may produce products for other companies, provided that the manufacturers do not use Complete Solaria's panel specifications or intellectual property when working with other parties.

Solaria's aesthetically pleasing premium solar modules drive a strong brand and loyalty among solar installers, Solaria's customers. Solaria sells its modules through distributors to a network of 1,000+ installers, called the Pro Partner Network ("**PPN**"), who in turn contract with residential customers to "go solar" using Solaria modules. The PPN is present in 47 states in the United States and 13 countries in Europe.

### **Complete Solar Overview**

Founded in 2010, Complete Solar created a technology platform to offer clean energy products to homeowners by enabling a national network of sales partners and build partners. Complete Solar's sales partners generate solar installation contracts with homeowners on behalf of Complete Solar. To facilitate this process, Complete Solar provides the software tools, sales support, financing products, and brand identity to its sales partners, making them competitive with national providers. This turnkey solution makes it easy for anyone to sell solar.

Complete Solar fulfills its customer contracts by engaging with local construction specialists. Complete Solar manages the customer experience and completes all pre-construction activities prior to delivering build-ready projects including hardware, engineering plans, and building permits to its builder partners. Complete Solar manages and coordinates this process through its proprietary HelioTrack™ software system.

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In addition to its core business, Complete Solar began selling design, proposal, and engineering services. Powered by its HelioQuote™ software system. Complete Solar provides residential solar system designs, proposals, and CAD drawing sets to existing sales partners as well as other residential solar companies regardless of whether they participate as either sales partners or builder partners. In doing so, Complete Solar seeks to power the entire solar power industry.

### **Complete Solaria**

The combined scalable operating platform of Solaria together with Complete Solar creates a number of unique advantages. First, Solaria's PPN has the opportunity to become builder partners for Complete Solar, thereby enhancing Complete Solaria's installation capacity and geographic coverage. Second, Solaria plans to increase its offerings to the PPN by bundling software, design, and engineering services with its premium hardware products for greater revenue and increased share of customer spending. Third, Complete Solar has more reliable access to high-quality Solaria modules at lower cost. Complete Solaria will control the end-to-end customer experience from hardware design and production, to sales and installation, long term system maintenance, and future product sales.

### **Revenue Model**

Complete Solaria aligns its current products into three general categories: Solar System Sales, Solar Module Sales, and Software Enhanced Services.

- **Solar System Sales:** Complete Solaria sells solar systems to homeowners and small commercial customers through third party sales partners. Complete Solaria manages every aspect of project management for those contracts before ultimately contracting with builder partners to complete the construction of the solar systems. This residential solar platform provides homeowners with simple pricing for solar energy that provides significant savings to traditional utility energy. Homeowners are given flexibility to choose from a wide array of system features and financing options that best meet their needs. By delivering the best matched products and a best-in-class customer experience, Complete Solaria establishes valuable customer relationships that can extend beyond the initial purchase of the solar energy system and provides the company with opportunities to offer additional products and services in the future.
- **Solar Module Sales:** Complete Solaria sells high-power solar modules through distribution channels and the PPN. The company offers a 30-year power production warranty. The all-black modules are TÜVRheinland and UL certified and on the approved vendor lists of many major U.S. solar financing firms.
- **Software Enhanced Services:** The HelioQuote™ software system is provided to existing sales partners and other participants in the solar industry and powers our sales of residential solar designs, proposals, and engineering services.

Certain future revenue opportunities may also exist for Complete Solaria, particularly for products or services promoted through the Pro Partner Network. One such product of particular interest to the company is a solar financing vehicle for consumers called a power purchase agreement, also known as a "PPA." By partnering with a PPA provider such as Sunrun or Sunnova or by raising capital and administering an independent PPA program, Complete Solaria could potentially bundle its solar modules with the PPA financing that would then be sold through the Pro Partner Network to homeowners. Complete Solaria would earn a revenue and margin from the module sales as well as from the facilitation of the PPA. While the company currently offers PPAs from SunRun and other providers through its Solar System Sales revenue category, it does not currently have an agreement with any PPA providers to offer PPAs to or through the Pro Partner Network. Furthermore, the company does not have an executed agreement with any PPA investors to administer an independent PPA program.

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### ***Technology Innovation***

Since inception, Complete Solaria has continued to invest in a platform of services and tools to enable large scale operations for Sales and builder partners. The platform incorporates processes and software solutions that simplify and streamline design, proposals, and project management throughout the lifecycle of a residential solar project. The platform empowers new market entrants and smaller industry participants with its plug-and-play capabilities. The ecosystem Complete Solaria has built provides broad reach, positioning Complete Solaria for sustained and rapid growth through a capital efficient business model. The network of partners continues to expand today.

### ***Differentiation and Operating Results***

Delivering a differentiated customer experience is core to Complete Solaria's strategy. It emphasizes a customized solution, including a design specific to each customer's home and pricing configurations that typically drive both customer savings and value. Developing a trusted brand and providing a customized solar service offering resonates with customers who are accustomed to a traditional residential power market that is often overpriced and lacking in customer choice.

### ***Financing Solutions***

Complete Solaria provides financing solutions to its end customers through third-party lease providers, power purchase agreement providers and loan providers.

Customers may lease a Complete Solaria solar system. The lease provider will purchase the solar system and the property owner will rent the solar system in exchange for the electricity the system produces.

Through a power purchase agreement, a third-party developer installs, owns, and operates a solar system on a customer's property. The customer then purchases the system's electric output for a predetermined period. A power purchase agreement allows the customer to receive stable and often low-cost electricity with no upfront cost, while also enabling the owner of the system to take advantage of tax credits and receive income from the sale of electricity.

Lastly, loan providers offer Complete Solaria's end customers a loan to purchase solar systems, and then the customers will pay off the loan over a period of time.

### ***Our Strategy***

Complete Solaria's strategy focuses on growing its revenues and expanding its margins by executing on the opportunities created from the merger of Complete Solar and Solaria. These opportunities are manifest in Complete Solaria's three product categories: Solar System Sales, Solar Module Sales, and Software Enhanced Services.

### ***Solar System Sales***

Solar System Sales are full systems sold to homeowners and small to medium sized commercial businesses through Complete Solaria's Sales Partner channels and fulfilled and installed by Complete Solaria and its builder partners.

- *Increase revenue by expanding installation capacity and developing new geographic markets through Solaria pro partners*—Select Solaria pro partners will become builder partners who will install Complete Solaria systems resulting from sales generated by Complete Solaria's sales partners. By leveraging this network of skilled builders, Complete Solaria aims to increase its installation capacity in its traditional markets and expand its offering into new geographies throughout the United States. This will enable greater sales growth in existing markets and create new revenue in expansion markets.

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- *Increase revenue and margin by engaging national-scale sales partners*—Prior to the formation of Complete Solaria, Complete Solar operated in 16 states. By expanding operations nationally, Complete Solaria will be able to offer a turnkey solar solution to prospective sales partners with a national footprint. These include electric vehicle manufacturers, national home security providers, and real estate brokerages. Complete Solaria expects to create a consistent offering with a single execution process for such sales partners throughout their geographic territories. These national accounts have unique customer relationships that will facilitate meaningful sales opportunities and low cost of acquisition to both increase revenue and improve margin.

### **Solar Module Sales**

Solar modules are sold to pro partners throughout the United States, who in turn contract with residential customers to build solar systems utilizing Complete Solaria modules.

- *Increase revenue by expanding its product line in order to capture greater share of wallet from pro partners*—Solaria has built its brand by providing a premium product with superior aesthetics and greater power production than those provided by typical solar modules. As a premium product, Complete Solaria has enjoyed a premium price. However, most of its pro partners also purchase non-premium products from other manufacturers, which they offer to their non-premium segment customers. In the third quarter of 2022, Complete Solaria extended its product line by offering its PowerX™ solar panel. This is a “performance” module, or semi-premium product, that also incorporates some of the premium characteristics of its premium PowerXT™ product. By expanding its product line, Complete Solaria is addressing a wider range of customer needs and expects to capture a greater share of its existing pro partner solar module purchases.
- *Increase revenue and margin by bundling software and services with solar module sales*—Prior to merging with Solaria, Complete Solar sold service offerings, powered by the HelioQuote™ software system, to solar companies as an extension of its primary business of Solar System Sales. These software enhanced service offerings include solar sales software, proposal writing services, and design, engineering and permitting services. At the scale of most solar companies, including most pro partners, it is more effective and cost efficient to purchase these services than to perform them in-house. As a combined entity, Complete Solaria expects to bundle these services with its module sales in order to increase its solar module sales and expand its high-margin software enhanced services offerings.

### **Software and Services**

Software and services sales include access to Complete Solaria’s HelioQuote™ sales proposal and system design software; proposal writing services that support field sales agents; and design, engineering, and permitting services that improve the operational effectiveness and cost efficiency of subscale solar companies. See “*Increase revenue and margin by bundling software enhanced services with solar module sales*” above. Complete Solaria believes the PPN would benefit from Complete Solaria’s software enhanced services offerings and is the ideal customer segment for Complete Solaria to grow these high margin offerings.

In support of Complete Solaria’s strategy to increase revenue and expand margin opportunities in its three core products, Complete Solaria also considers the following activities to be key elements of its strategy:

- *Expand Partnerships with Solar Partners, Strategic Partners, and Attractive New Market Participants.* Complete Solaria’s platform of services and tools allows it to engage with a wide variety of solar industry partners, as well as new industry participants such as retailers and service providers who would like to offer solar to new and existing customers. Complete Solaria plans to continue to invest in its ability to attract, convert, grow, and retain promising partners in order to facilitate capital-efficient growth.
- *Continue to Invest in the digital platform.* Complete Solaria plans to continue to invest in and develop complementary software, services, and technologies to enhance the scalability of its platform and



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support an automated, highly efficient operational structure that delivers a world-class customer experience. Complete Solaria expects to continue to make significant investments in automating the end-to-end solar process through improved workflow management, electronic site-audit, and electronic permitting capabilities. Additionally, Complete Solaria plans to further develop consumer facing software to enhance consumers' ability to manage their solar systems and integrate other energy efficient products and services into their homes.

- *Continue to Deliver a Differentiated Customer Experience.* Complete Solaria makes the customer experience its top priority. Complete Solaria's systems enable fast project fulfillment, direct customer communication, and facilitation of third-party sales, installation, and finance partners for a seamless customer experience. These systems also enable a broad service offering with customized configurations and pricing. Further development of these systems will enable future product offerings and increasingly optimized solar and energy efficient configurations for Complete Solaria's customers.
- *Offer New Products and Services.* Complete Solaria plans to continue to innovate and expand its product and service offerings to homeowners with continued advancement of its solar modules and suite of homeowner offerings.

### **Our Products**

All of Complete Solaria's monocrystalline silicon solar panels achieve at least 20% efficiency, have aesthetically pleasing all-black appearance, require minimal dead space between panels, and resist potential-induced degradation. Complete Solaria relies on a number of contract manufacturers to produce its solar cell products.

Complete Solaria offers several different solar panels and module configurations for customers to choose from, with the PowerXT module as the flagship panel. The Pure Black™ technology has no visible circuitry and delivers more power and better shade tolerance with an industry-leading warranty.

### **Our Strengths**

The following strengths position Complete Solaria to drive the mass adoption of residential solar in a manner that maximizes the value of its growing customer base over the long term:

- *Platform of Services and Tools:* A diversified and multi-pronged customer acquisition approach. This infrastructure underpins the ability to enjoy broad customer reach with a low system-wide cost structure and positions Complete Solaria for expansion to every market where distributed solar energy generation can offer homeowners savings versus traditional utility retail power.
- *Differentiated Customer Experience:* A leading customer offering and experience through various methods: customer-friendly solar service features; tailored designs and customizable pricing for each homeowner; a highly consultative sales process; and a focus on customer savings. This differentiated customer acquisition strategy attracts a large group of high-quality customers who support strong unit margins.
- *Proven Technology:* A pioneer of high-performance shingle technology for solar modules, Complete Solaria has successfully created an aesthetically pleasing high-powered module that is poised for growth in adoption in the United States and Europe. With more than 250 patents and patents applications, Complete Solaria continues to innovate in the space, allowing for differentiation from competitors.
- *Unique access to customers through third-party sales channels:* The turn-key solar product offering, best-in-class customer service, and a national footprint supports third-party sales channels and strategic national partnerships. Complete Solaria provides solutions for sales channels that are seeking to expand their geographic reach and strengthen their relationships with their own customers.

## Technology Suite

HelioSuite is an innovative, end-to-end software platform designed to manage every aspect of a residential solar project. HelioSuite was originally designed to support its internal sales partners and build partners in assuring a seamless customer experience. In 2021, Complete Solaria commercialized the software solutions through Helio Proposal Services in order to provide proposal services for residential solar sales companies outside of Complete Solar's existing network of sales partners. Features of the Technology Suite include the following capabilities, some of which are planned for roll-out in the future:

- *HelioQuote™*: an automated solar design tool that rapidly generates optimized proposals and executable contracts. Proposal generation is enabled by software innovations that automate system design and layout while optimizing homeowner economics. The average turnaround time for a proposal is only five minutes, which we believe is much faster than our competitors.
- *HelioTrack™*: an AI-driven project management software that streamlines the installation process and coordinates interactions between Complete Solaria, homeowners, sales partners and build partners. It includes a customer relationship management tool that provides payroll, commissions tracking, and project progression to all partners. The equipment management module coordinates bill of materials, ordering process, and tracks and manages all inventory for a project. The construction module assigns projects, calculates commissions and payments, and serves as quality control. The Complete Solar Project Management tools automates task assignment, times, and tracks progress.
- *Share The Sun*: the online customer engagement platform. Customers can make referrals and share this information on social networks. In the near future, Complete Solaria intends to launch services that allow customers to view their energy generation, pay their bills, contact the customer service team, and assess their positive environmental impact.

## Customer Service and Operations

### Solar System Sales

Complete Solaria has made significant investments to create a platform of services and tools that addresses customer origination, system design and installation, and general customer support. Before a sales representative conducts a consultation, homeowners are pre-qualified based on a preliminary evaluation which considers a homeowner's credit, home ownership, electricity usage and suitability of the roof based on age, condition, shading and pitch. Once a homeowner is pre-qualified, all necessary data is collected and a proposal is generated for the homeowner. If a homeowner is interested in moving forward, a customer contract is automatically generated for electronic execution. This contract then undergoes a final review and verification of credit before it is countersigned.

Once an agreement is fully executed, a service tech performs a site audit at the home to inspect the roof and measure shading. This audit is followed by a final system design plan and an application for any required building permits. The plans are reviewed to ensure they conform to the executed contract or to process a change order if required. A second production estimate is generated at this time and if the expected energy production exceeds or falls below the original estimate by certain thresholds, the homeowner agreement is modified accordingly. In order to reduce installation costs and operational risk, there are defined design and installation quality standards designed to ensure that homeowners receive a quality product, regardless of who installs the system.

After the solar panels are installed, the customer care team follows up with the homeowner with a survey on their experience. If a system requires maintenance, Complete Solaria or a partner or dedicated service-only contractor will visit the customer's home and perform any necessary repairs or maintenance at no additional cost to the customer.

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### ***Solar Module Sales***

Complete Solaria supports the PPN with its high-touch sales and marketing team. The sales team provides training to pro partners and works with distribution vendors to fulfill orders. The marketing team generates residential solar leads and sends them to applicable pro partners who then connect directly with the end customer, generating positive demand for modules. Additionally, the marketing team structures partner incentive promotions to increase demand among the PPN. The service team answers any technical questions a pro partner may have but does not participate in conversations between the pro partner and the end customer.

Complete Solaria enters into master sales agreements with its distributors which cover the transfer of title of modules to the distributor and the commercial terms of the relationship.

Complete Solaria does not enter into sales agreements with pro partners. Complete Solaria provides the following to its pro partners: Complete Solaria pro partner seal for use on their websites, social media and proposals, homeowner brochures, benefits fliers, product data sheets, product demo samples including mini Solaria panels, Complete Solaria warranty certificates, branded gear, pro partner certificates and sales videos. Complete Solaria also promotes its pro partners on its own social media platforms and website.

### ***Software Enhanced Services***

Complete Solaria's customers are third-party Sales organizations that use the design and proposal services for their residential solar projects. Complete Solaria staffs a sales support desk six days a week to provide live customer support for sales representatives who need a design or proposal for a potential homeowner sale. These customer support teams rapidly produce proposals answer questions, and offer other forms of support for sales personnel.

### **Suppliers**

The main components of a residential solar energy system are the solar modules, inverters, and racking systems. Complete Solaria generally purchases these components for build partners from select distributors which are then shipped to build partners for use in an installation. There is a running list of approved suppliers in the event any of the sources for modules, inverters or other components became unavailable. If Complete Solaria fails to develop, maintain, and expand relationships with these or other suppliers, the ability to meet anticipated demand for solar energy systems may be adversely affected, or at higher costs or delayed. If one or more of the suppliers ceases or reduces production due to its financial condition, acquisition by a competitor or otherwise, it may be difficult to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and the ability to satisfy this demand may be adversely affected.

Complete Solaria screens all suppliers and components based on expected cost, reliability, warranty coverage, ease of installation and other factors. The declining cost of solar modules and the raw materials necessary to manufacture them has been a key driver in the prices charged for electricity and homeowner adoption of solar energy. If solar module and raw material prices do not continue to decline at the same rate as they have over the past several years, the resulting prices could slow growth and cause financial results to suffer. If Complete Solaria is required to pay higher prices for supplies, accept less favorable terms, or purchase solar modules or other system components from alternative, higher-priced sources, financial results may be adversely affected.

Complete Solaria's build partners are responsible for and source the other products related to solar energy systems, such as fasteners, wiring and electrical fittings. For Complete Solaria's own installation business, Complete Solaria procures from time to time these other products related to solar energy systems. Complete Solaria manages inventory through local warehouses and as segregated inventory at build partners.

The main components of a residential solar module are the solar cells. Complete Solaria's solar modules are generally manufactured by third-party select manufacturers. As of December 31, 2022, the primary solar module

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suppliers were Waaree Energies Ltd., Goldi Solar Pvt. Ltd., and GCL System Integration Technology Co., Ltd. If Complete Solaria fails to develop, maintain, and expand relationships with these or other suppliers, the ability to meet anticipated demand for modules may be adversely affected, or at higher costs or delayed. If one or more of the suppliers ceases or reduces production due to its financial condition, acquisition by a competitor or otherwise, it may be difficult to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and the ability to satisfy this demand may be adversely affected.

Complete Solaria screens all suppliers and components based on expected cost, reliability, warranty coverage, ease of installation and other factors. Complete Solaria typically enters into master contract arrangements with major suppliers that define the general terms and conditions of purchases, including warranties, product specifications, indemnities, delivery and other customary terms.

### **Competition**

#### ***Solar System Sales***

Complete Solaria's primary competitors are the traditional utilities that supply electricity to potential customers. Complete Solaria competes with these traditional utilities primarily based on price (cents per kilowatt hour), predictability of future prices (by providing pre-determined annual price escalations) and the ease by which homeowners can switch to electricity generated by solar energy systems. Complete Solaria competes favorably with traditional utilities based on these factors.

Complete Solaria competes for homeowner customers with other solar sales and installation companies and with solar companies with business models that are similar to Complete Solaria's. Complete Solaria's main competitors can be grouped broadly into (a) national, vertically integrated companies with established brands and proprietary consumer financing products; (b) small, local solar contractors who operate with relatively low-fixed overhead expenses but who may lack systems, tools, and sophisticated product offerings; and (c) sales aggregators who engage with third-party sales companies to generate installation contracts. Complete Solaria competes favorably with these companies, with (a) better customer experience and better Sales Partner experience than the national vertically integrated companies; (b) better pricing and broader customer offerings than smaller local solar contractors; and (c) a better build partner experience than sales aggregators.

Complete Solaria also faces competition from purely finance-driven organizations that acquire homeowners and then subcontract out the installation of solar energy systems, from installation businesses that seek financing from external parties, from large construction companies and utilities and from sophisticated electrical and roofing companies. At the same time, the open platform provides opportunities for these competitors to become partners, and the open platform offers these new market participants a cost-effective way to enter the market and compelling process, technology and supply chain services over the long term.

#### ***Solar Module Sales***

Complete Solaria faces competition from other solar module manufacturers. Complete Solaria's solar power products and systems compete with many competitors in the solar power market and face competition from resellers that have developed related offerings that compete with current product and service offerings or have entered into strategic relationships with other existing solar power system providers.

The key competitive factors in the market for solar power systems include:

- total system price;
- levelized cost of electricity evaluation;
- customer cost of energy evaluation;
- power, reliability and performance;

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- aesthetic appearance of solar modules and systems;
- strength of distribution relationships;
- availability of third-party financing and investments;
- established sales channels to customers;
- timeliness of new product introductions;
- bankability, strength, and reputation of Complete Solaria; and
- warranty protection, quality, and customer service.

Complete Solaria believes that it can compete favorably with respect to each of these elements, although it may be at a disadvantage in comparison to larger companies with broader product lines, greater technical service and support capabilities, and financial resources.

### **Research and Development**

Complete Solaria engages in research and development efforts to improve solar module efficiency through the enhancement of existing products, development of new techniques, and by reductions in manufacturing cost and complexity. The research and development group works closely with manufacturing facilities, equipment suppliers, and customers to improve solar module design and to lower solar cell, solar module and system product manufacturing and assembly costs. In addition, Complete Solaria has dedicated employees who work closely with current and potential suppliers throughout the supply chain used in the manufacture of solar modules, to develop specifications that meet standards and ensure the high quality Complete Solaria requires, while at the same time controlling costs.

### **Intellectual Property**

Complete Solaria seeks to protect its intellectual property rights by relying on federal, state and common law rights in the United States and other countries, as well as contractual restrictions. It generally enters into confidentiality and invention assignment agreements with employees and contractors, and confidentiality agreements with other third parties, in order to limit access to, and disclosure and use of, confidential information and proprietary technology. In addition to these contractual arrangements, Complete Solaria also relies on a combination of trademarks, trade dress, domain names, copyrights, trade secrets and patents to help protect the brand and other intellectual property.

As of December 31, 2022, Complete Solaria had 244 issued patents and 29 filed patent applications in the United States and foreign countries relating to a variety of aspects of its solar solutions. Issued United States patents will expire 20 years from their respective filing dates, with the earliest utility patent expiring on August 29, 2029, and the earliest design patent expiring on March 17, 2023. Complete Solaria intends to file additional patent applications as it innovates through research and development efforts.

### **Government Regulations and Incentives**

Different public policy mechanisms have been used by governments to accelerate the adoption and use of solar power. Examples of customer focused financial mechanisms include capital cost rebates, performance-based incentives, feed-in tariffs, tax credits, renewable portfolio standards, net metering, and carbon regulations. Some of these government mandates and economic incentives are scheduled to be reduced or to expire, or could be eliminated altogether. Capital cost rebates provide funds to customers based on the cost and size of a customer's solar power system. Performance-based incentives provide funding to a customer based on the energy produced by their solar power system. Feed-in tariffs pay customers for solar power system generation based on energy produced, at a rate generally guaranteed for a period of time. Tax credits reduce a customer's taxes at the

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time the taxes are due. Renewable portfolio standards mandate that a certain percentage of electricity delivered to customers come from eligible renewable energy resources. Net metering allows customers to deliver to the electric grid any excess electricity produced by their on-site solar power systems, and to be credited for that excess electricity at or near the full retail price of electricity. Carbon regulations, including cap-and-trade and carbon pricing programs, increase the cost of fossil fuels, which release climate-altering carbon dioxide and other greenhouse gas emissions during combustion.

In addition to the mechanisms described above, there are various incentives for homeowners and businesses to adopt solar power in The Inflation Reduction Act of 2022. Moreover, in Europe, the European Commission has mandated that its member states adopt integrated national climate and energy plans aimed at increasing their renewable energy targets to be achieved by 2030, which could benefit the deployment of solar. However, the US and European Union, among others, have imposed tariffs or are in the process of evaluating the imposition of tariffs on solar panels, solar cells, polysilicon, and potentially other components. These and any other tariffs or similar taxes or duties may offset the incentives described above and increase the price of the solar products of Complete Solaria.

### **Employees and Human Capital Resources**

As of December 31, 2022, Complete Solaria had over 151 employees. Complete Solaria also engages independent contractors and consultants. No employees are covered by collective bargaining agreements. There have not been any work stoppages.

Complete Solaria's human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating its existing and new employees. The principal purposes of Complete Solaria's equity incentive plans are to attract, retain and motivate personnel through the granting of equity-based compensation awards, in order to increase stockholder value and the success of Complete Solaria by motivating such individuals to perform to the best of their abilities and achieve Complete Solaria's objectives.

### **Facilities**

Complete Solaria's corporate headquarters and executive offices are located in Fremont, California. Complete Solaria also maintains an office in Lehi, Utah.

Complete Solaria leases all of the facilities and does not own any real property. Complete Solaria believes that current facilities are adequate to meet ongoing needs. If additional space is required, Complete Solaria believes that it will be able to obtain additional facilities on commercially reasonable terms.

### **Legal Proceedings**

Complete Solaria is from time to time subject to, and is presently involved in, litigation and other legal proceedings that arise in the ordinary course of business.

In January 2023, SolarPark has demanded approximately \$80.0 million during discussions between the Company and SolarPark. In February 2023, the Company submitted its statement of claim seeking approximately \$26.4 million in damages against Solar Park. In May 2023, Solar Park filed its Statement of Defence and Counterclaim alleging damages that total approximately \$160.0 million. The ultimate outcome of this arbitration is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company's consolidated financial statements as the likelihood of a loss is not probable at this time.

On March 16, 2023, SolarPark Korea Co., LTD filed a complaint against Solaria and the Company in the United States District Court for the Northern District of California. The complaint alleges a civil conspiracy

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involving misappropriation of trade secrets, defamation, tortious interference with contractual relations, inducement to breach of contract, and violation of California's Unfair Competition Law. The complaint indicates that SolarPark Korea Co., LTD has suffered in excess of \$220 million in damages. The ultimate outcome of this litigation is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. In May 2023, SolarPark filed a motion for preliminary injunction against Solaria and the Company in the United States District Court for the Northern District of California. The preliminary injunction seeks to stay manufacturing of certain products. The Company subsequently filed a motion for partial dismissal and stay. Both SolarPark's motion for preliminary injunction and the Company's motion to dismiss are scheduled to be heard by the court in June 2023. No liability has been recorded in the Company's consolidated financial statements as the likelihood of a loss is not probable at this time.

Complete Solaria is not presently a party to any other legal proceedings that in the opinion of its management, if determined adversely to Complete Solaria, would have a material adverse effect on its business, financial condition, operating results, or cash flows. Regardless of the outcome, litigation can have an adverse impact on Complete Solaria because of defense and settlement costs, diversion of management resources, and other factors.

## MANAGEMENT

Our directors and executive officers and their ages as of August 7, 2023

| <u>Name</u>                       | <u>Age</u> | <u>Position</u>                                  |
|-----------------------------------|------------|--|
| William J. Anderson               | 47         | Chief Executive Officer and Director             |
| Brian Wuebbels                    | 51         | Chief Financial Officer                          |
| Vikas Desai                       | 53         | President & General Manager, Business Units      |
| David J. Anderson                 | 45         | Chief Marketing Officer & Strategic Partnerships |
| Arnaud Lepert                     | 54         | Chief Operating Officer                          |
| Thurman J. Rodgers                | 74         | Executive Chairman                               |
| Devin Whatley <sup>(2)(3)</sup>   | 54         | Director   |
| Tidjane Thiam <sup>(1)</sup>      | 61         | Director   |
| Adam Gishen <sup>(1)(3)</sup>     | 48         | Director   |
| Ronald Pasek <sup>(1)(2)</sup>    | 62         | Director   |
| Antonio R. Alvarez <sup>(2)</sup> | 67         | Director   |

- (1) Member of the Audit Committee.  
(2) Member of the Compensation Committee.  
(3) Member of the Nominating and Corporate Governance Committee.

### *Executive Officers*

#### *William J. Anderson*

William J. Anderson has served as the Chief Executive Officer of Complete Solaria since the merger of Complete Solar and Solaria in November 2022. From 2010 to 2022, he served as the Chief Executive Officer of Complete Solar. From 2007 to 2009, Mr. Anderson served as CEO of Risk Allocation Systems, Inc., a lending platform connecting automobile dealerships and credit unions in order to offer point of sale automobile loans to car buyers. From 2009 to 2010, Mr. Anderson served as Partner at SVE Partners, a boutique consulting firm serving technology start-ups and venture capital investors. Mr. Anderson holds a B.S. in Managerial Sciences from the Massachusetts Institute of Technology and an M.B.A. from the Stanford University Graduate School of Business.

#### *Brian Wuebbels*

Brian Wuebbels has served as the Chief Financial Officer of Complete Solaria since February 2023. From 2021 to 2022, Mr. Wuebbels served as the President of Control & Elevator at the Nidec Motor Corporation where he led a global team of executives in Sales, Marketing, Engineering and Operations. From 2019 to 2021, Mr. Wuebbels served as Chief Financial Officer and Head of Operations for Motion & Control. From 2017 to 2018, Mr. Wuebbels served as Chief Financial Officer and Head of Operations for GCL, a solar power company. From 2010 to 2016, Mr. Wuebbels served as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer at SunEdison. From 2003 to 2007, Mr. Wuebbels served as a finance executive at Honeywell. From 1993 to 2003, Mr. Wuebbels served in various roles at General Electric. Mr. Wuebbels holds an M.B.A. from the University of Southern California and a Bachelor of Science in mechanical engineering from University of Illinois Urbana-Champaign.

#### *Vikas Desai*

Mr. Desai has served as the President & General Manager, Business Units of Complete Solaria since the merger of Complete Solar and Solaria in November 2022. From 2021 to 2022, Mr. Desai served as the President of Solaria. From 2018 to 2021, Mr. Desai served as Chief Executive Officer of Powerside, a power analytics provider. From 2016 to 2018, he served as the Senior Vice President and Global General Manager of Flextronics.



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From 2010 to 2016, Mr. Desai served as the CEO of EchoFirst, which was acquired by SunEdison, where he served as Senior Vice President and GM of the Residential and Light Commercial Business Unit. From 2004 to 2010, Mr. Desai served as the Senior Vice President and General Manager of SunPower Corporation's residential and light commercial business unit. Mr. Desai holds a B. Eng. in Electrical Engineering from Lalbhai Dalpatbhai College of Engineering, M.Sc. in Power Electronics Engineering from Loughborough University, and an M.B.A. from the University of California, Berkeley.

### *David J. Anderson*

David J. Anderson has served as the Chief Marketing Officer of Complete Solaria since the merger of Complete Solar and Solaria in November 2022. From 2010 to 2022, Mr. Anderson served as a Co-Founder and the Chief Marketing Officer of Complete Solar. From 2003 to 2007, Mr. Anderson owned and operated his own marketing consulting company serving businesses with a focus on residential services. Mr. Anderson holds a B.S. in Economics from the University of Utah.

### *Arnaud Lepert*

Arnaud Lepert was appointed as Chief Operating Officer of Complete Solaria in June 2023. Mr. Lepert served as the Senior Vice President of Product and Technology Development of Complete Solaria since the merger of Complete Solar and Solaria in November 2022. From 2020 to 2022, Mr. Lepert served as the Senior Vice President of Product and Technology Development of Solaria. From 2017 to 2020, Mr. Lepert was the Chief Product Officer of Energy Everywhere. From 2006 to 2016, Mr. Lepert served as General Manager of the Optically Pumped Laser Business Unit at Coherent. From 1992 to 2006, Mr. Lepert worked in the semiconductor industry where he held senior management positions at STMicroelectronics Crolles and was the General Manager of the Gate Module Business Unit at Applied Materials. Mr. Lepert holds a B.S. in Materials Science from Ecole Polytechnique, France and an M.S. in Electrical Engineering from Telecom Paris.

## **Non-Employee Directors**

### *Thurman J. Rodgers*

Thurman J. (T.J.) Rodgers has served as a member of the Complete Solaria Board since November 2022 and as Executive Chairman since June 2023. Mr. Rodgers founded Cypress Semiconductor in 1982 and served as Cypress' Chief Executive Officer from 1982 to 2016. Mr. Rodgers currently serves on the boards of other energy-related companies: including Enovix, Enphase Energy Inc. (energy and storage technologies), and FTC Solar (single-axis tracking for solar). From 2004 to 2012, he served as a member of Dartmouth's board of trustees. Mr. Rodgers was a Sloan scholar at Dartmouth, where he graduated in 1970 as the Salutatorian with a double major in Physics and Chemistry. He won the Townsend Prize and the Haseltine Chemistry-Physics Prize as the top physics and chemistry student in his class. Mr. Rodgers holds a master's degree and a Ph.D. in Electrical Engineering from Stanford University, where he attended on a Hertz fellowship.

### *Devin Whatley*

Devin Whatley has served as a member of the Complete Solaria Board since November 2022. Since 2010, Mr. Whatley has served as the Managing Partner at the Ecosystem Integrity Fund. Mr. Whatley serves as a member of the board of directors of several private companies focused on renewable energy. Mr. Whatley was a CFA Charterholder and holds a B.A. in East Asian Studies with a Business Emphasis from the University of California, Los Angeles and an M.B.A. from the Wharton School at the University of Pennsylvania.

### *Tidjane Thiam*

Mr. Thiam served as a member of the FACT Board and as Executive Chairman of FACT since inception until the Business Combination in July 2023. In 2021, Mr. Thiam was appointed Chairman of Rwanda Finance

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Limited. He also serves as a Director and Chair of the Audit Committee of Kering S.A., the French luxury group. Mr. Thiam is also a Special Envoy on Covid 19 for the African Union. From 2015 to 2020, Mr. Thiam was Chief Executive Officer of Credit Suisse Group AG. From 2014 to 2019, Mr. Thiam was a Director of 21st Century Fox and served on its Nominating and Corporate Governance Committee. Mr. Thiam previously served at Prudential plc, a global insurance company based on London, as the Group Chief Executive from 2009 to 2015, a Director from 2008 to 2015 and Group Chief Financial Officer from 2008 to 2009. Mr. Thiam holds an M.B.A. from INSEAD and graduated from École Nationale Supérieure des Mines de Paris in 1986 and from École Polytechnique in Paris in 1984.

### *Adam Gishen*

Mr. Gishen served as FACT's Chief Executive Officer from February until the Business Combination in July 2023, and served as one of FACT's initial board observers. From 2015 to 2020, Mr. Gishen served in several senior roles at Credit Suisse Group AG, including Global Head of Investor Relations, Corporate Communications and Marketing and Branding. Prior to 2015, Mr. Gishen was a partner at Ondra Partners, a financial advisory firm and previous to this worked as a Managing Director at Nomura and at Lehman Brothers in the area of equity capital markets. Mr. Gishen graduated from the University of Leeds.

### *Ronald Pasek*

Ronald Pasek has served as a member of the Complete Solaria Board since February 2023. Since 2015, Mr. Pasek has served as the chairman of the board of directors of Spectra7 Microsystems Inc., a Canadian publicly-traded consumer connectivity company. From 2016 to 2020, Mr. Pasek was Chief Financial Officer of NetApp. From 2009 until its acquisition by Intel in December 2015, Mr. Pasek served as Senior Vice President, Finance and Chief Financial Officer of Altera Corporation, a worldwide provider of programmable logic devices. Mr. Pasek was previously employed by Sun Microsystems, in a variety of roles including Vice President, Corporate Treasurer and Vice President of worldwide field finance, worldwide manufacturing and U.S. field finance. Mr. Pasek holds a B.S. degree from San Jose State University and an M.B.A. degree from Santa Clara University.

### *Antonio R. Alvarez*

Antonio R. Alvarez has served as a member of the Complete Solaria Board since November 2022. Mr. Alvarez served as the President of Complete Solaria since the merger of Complete Solar and Solaria in November 2022 until March 2023. From 2020 to 2022, Mr. Alvarez served as Solaria's Chief Executive Officer. Prior to 2020, Mr. Alvarez served in various executive roles at Altierre Corporation, Aptina Imaging, Advanced Analogic Technologies, Leadis Technology and Cypress Semiconductor. Currently, Mr. Alvarez serves on the board of directors of NexGen Power Systems and previously served as a board member of SunEdison, SunEdison Semiconductor, ChipMOS Technology, and Validity Sensors. Mr. Alvarez holds a B.S. and an M.S. in Electrical Engineering from the Georgia Institute of Technology.

## **Role of Board in Risk Oversight**

One of the key functions of the Complete Solaria Board is the informed oversight of Complete Solaria's risk management process. The Complete Solaria Board does not anticipate having a standing risk management committee, but rather anticipates administering this oversight function directly through the Complete Solaria Board as a whole, as well as through various standing committees of the Complete Solaria Board that address risks inherent in their respective areas of oversight. In particular, the Complete Solaria Board is responsible for monitoring and assessing strategic risk exposure and Complete Solaria's audit committee is responsible for considering and discussing Complete Solaria's major financial risk exposures and the steps its management will take to monitor and control such exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee monitors compliance with legal and regulatory

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requirements. Complete Solaria's compensation committee assesses and monitors whether Complete Solaria's compensation plans, policies and programs comply with applicable legal and regulatory requirements.

### **Board Committees**

Upon the Closing of the Business Combination, our Board formed an audit committee, a compensation committee, and a nominating and corporate governance committee. The Complete Solaria Board may from time to time establish other committees.

Complete Solaria's Chief Executive Officer and other executive officers will regularly report to the non-executive directors and each standing committee to ensure effective and efficient oversight of its activities and to assist in proper risk management and the ongoing evaluation of management controls.

### ***Audit Committee***

The audit committee consists of Adam Gishen, who serves as the chairperson, Ronald Pasek and Tidjane Thiam. Each member of the audit committee qualifies as an independent director under the Nasdaq corporate governance standards and the independence requirements of Rule 10A-3 under the Exchange Act. Ronald Pasek qualifies as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K and possesses the requisite financial expertise required under the applicable requirements of Nasdaq.

The responsibilities of the audit committee include, among other things:

- helping the board of directors oversee corporate accounting and financial reporting processes;
- managing the selection, engagement and qualifications of a qualified firm to serve as the independent registered public accounting firm to audit Complete Solaria's financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, Complete Solaria's interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing policies on financial risk assessment and financial risk management;
- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes Complete Solaria's internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit service to be performed by the independent registered public accounting firm.

The Complete Solaria Board adopted a written charter of the audit committee which is available on Complete Solaria's website.

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### ***Compensation Committee***

The Compensation Committee consists of Antonio R. Alvarez, who serves as the chairperson, Ronald Pasek and Devin Whatley. Each committee member a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act. Although Mr. Alvarez is not an independent director, Section 5605(d)(2)(B) of the Nasdaq listing standards nonetheless permits the appointment of a non-independent director to the compensation committee if the board of directors, under exceptional and limited circumstances, determines that the non-independent director’s membership is required by the best interests of the company and its stockholders. Based on Mr. Alvarez’s extensive experience with Complete Solaria and familiarity with the industry, the Complete Solaria Board concluded that Mr. Alvarez’s appointment to, and membership on, the compensation committee was in the best interests of Complete Solaria and its stockholders. Further, a majority of the members of the compensation committee are independent directors. Mr. Alvarez is permitted to serve on the Compensation Committee for a maximum of two years.

The responsibilities of the compensation committee are:

- reviewing and approving, or recommending that the Complete Solaria Board approve, the compensation of Complete Solaria’s executive officers and senior management;
- reviewing and recommending to the Complete Solaria Board the compensation of Complete Solaria’s directors;
- reviewing and approving, or recommending that the Complete Solaria Board approve, the terms of compensatory arrangements with Complete Solaria’s executive;
- administering Complete Solaria’s stock and equity incentive plans;
- selecting independent compensation consultants and assessing whether there are any conflicts of interest with any of the committee’s compensation advisors;
- reviewing, approving, amending and terminating, or recommending that the Complete Solaria Board approve, amend or terminate, incentive compensation and equity plans, severance agreements, change-of-control protections and any other compensatory arrangements for Complete Solaria’s executive officers and other senior management, as appropriate;
- reviewing and establishing general policies relating to compensation and benefits of Complete Solaria’s employees; and
- reviewing Complete Solaria’s overall compensation.

The Complete Solaria Board adopted a written charter for the compensation committee which is available on Complete Solaria’s website.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee consists of Adam Gishen, who serves as the chairperson, and Devin Whatley. The responsibilities of the nominating and corporate governance committee are:

- identifying, evaluating and selecting, or recommending that the Complete Solaria Board approve, nominees for election to the Complete Solaria Board;
- evaluating the performance of the Complete Solaria Board and of individual directors;
- evaluating the adequacy of Complete Solaria’s corporate governance practices and reporting;
- reviewing management succession plans; and
- developing and making recommendations to the Complete Solaria Board regarding corporate governance guidelines and matters.

### **Code of Ethical Business Conduct**

Complete Solaria has adopted a code of ethical business conduct that applies to all of its directors, officers and employees, including its principal executive officer, principal financial officer and principal accounting officer, which was by Complete Solaria at the closing and is available on Complete Solaria's website. Complete Solaria's code of business conduct is a "code of ethics," as defined in Item 406(b) of Regulation S-K. Please note that Complete Solaria's Internet website address is provided as an inactive textual reference only. Complete Solaria will make any legally required disclosures regarding amendments to, or waivers of, provisions of its code of ethics on its internet website.

### **Compensation Committee Interlocks and Insider Participation**

No member of the compensation committee was at any time during 2022, or at any other time, one of Complete Solaria's officers or employees, except Mr. Alvarez who served as Complete Solaria's president until March 2023. None of Complete Solaria's executive officers has served as a director or member of a compensation committee (or other committee serving an equivalent function) of any entity, one of whose executive officers served as a director of our board of directors or member of the compensation committee.

### **Independence of the Board of Directors**

Nasdaq rules generally require that independent directors must comprise a majority of a listed company's board of directors. Based upon information requested from and provided by each proposed director concerning his or her background, employment and affiliations, including family relationships, we have determined that Messrs. Rodgers, Whatley, Thiam, Gishen and Pasek, representing a majority of Complete Solaria's proposed directors, are "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq.

**EXECUTIVE COMPENSATION****FACT****Employment Agreements**

Prior to the closing of the Business Combination, FACT did not enter into any employment agreements with its executive officers and did not make any agreements to provide benefits upon termination of employment.

**Executive Officers and Director Compensation**

No FACT executive officers or directors received any cash compensation for services rendered to FACT. FACT paid its sponsor or an affiliate thereof up to \$10,000 per month for office space, utilities, secretarial and administrative support services provided to members of our management team and other expenses and obligations of our sponsor. Executive officers and directors, or any of their respective affiliates were reimbursed for any out-of-pocket expenses incurred in connection with activities on FACT's behalf such as identifying potential target businesses and performing due diligence on suitable business combinations.

**Complete Solaria**

Complete Solaria has opted to comply with the executive compensation disclosure rules applicable to emerging growth companies, as FACT is an emerging growth company. The scaled down disclosure rules are those applicable to "smaller reporting companies," as such term is defined in the rules promulgated under the Securities Act, which require compensation disclosure for Complete Solaria's principal executive officer and its two most highly compensated executive officers other than the principal executive officer whose total compensation for 2022 exceeded \$100,000 and who were serving as executive officers as of December 31, 2022. Complete Solaria refers to these individuals as "named executive officers." For 2022, Complete Solaria's named executive officers were:

- William J. Anderson, Complete Solaria's, Chief Executive Officer;
- Antonio R. Alvarez, Complete Solaria's former President; and
- Vikas Desai, Complete Solaria's President & General Manager, Business Units.

Complete Solaria believes its compensation program should promote the success of the company and align executive incentives with the long-term interests of its stockholders. Complete Solaria's current compensation programs reflect its startup origins in that they consist primarily of salary and stock option awards. As Complete Solaria's needs evolve, Complete Solaria intends to continue to evaluate its philosophy and compensation programs as circumstances require.

**Summary Compensation Table**

The following table shows information regarding the compensation of Complete Solaria's named executive officers for services performed in the year ended December 31, 2022.

| <u>Name and Principal Position</u>  | <u>Year</u> | <u>Salary</u> | <u>Bonus</u> | <u>Option Awards<sup>(1)</sup></u> | <u>All Other Compensation</u> | <u>Total</u> |
|---|-------------|---------------|--------------|------------------------------------|-------------------------------|--------------|
| William J. Anderson<br><i>Chief Executive Officer</i>                     | 2022        | \$ 300,000    | \$ 18,000    | \$ 103,444                         | —                             | \$ 421,444   |
| Antonio R. Alvarez<br><i>Former President<sup>(2)</sup></i>               | 2022        | \$ 331,000    | —            | —                                  | —                             | \$ 331,000   |
| Vikas Desai<br><i>President &amp; General Manager,<br/>Business Units</i> | 2022        | \$ 305,000    | —            | \$ 423,055                         | —                             | \$ 728,055   |

(1) Amounts reported in this column do not reflect the amounts actually received by Complete Solaria's named executive officers. Instead, these amounts reflect the aggregate grant-date fair value of awards granted to each

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named executive officer, computed in accordance with the FASB ASC Topic 718, *Stock-based Compensation*. See Note 14 to Complete Solar's audited financial statements and Note 13 to Solaria's audited consolidated financial statements included elsewhere in this prospectus for discussion of assumptions made in determining the grant date fair value of its equity awards. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The shares underlying these options vest in 48 equal monthly installments, subject to the named executive officer's continued service at each vesting date.

- (2) Mr. Alvarez left the company in March 2023.

### Outstanding Equity Awards at December 31, 2022

The following table presents information regarding the outstanding option awards held by each of the named executive officers as of December 31, 2022:

| Name                | Grant Date <sup>(1)</sup> | Vesting Commencement Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price \$ | Option Expiration Date |
|---------------------|---------------------------|---------------------------|---|---|--------------------------|------------------------|
| William J. Anderson | 10/18/2016                | 10/18/2016                | 579,564   | —   | 0.19                     | 10/17/2026             |
|                     | 6/12/2020                 | 6/1/2020                  | 308,563   | 61,713 <sup>(2)</sup>   | 0.83                     | 6/11/2030              |
|                     | 6/12/2020                 | 6/1/2020                  | 13,416  | 2,683 <sup>(2)</sup>  | 0.83                     | 6/11/2030              |
|                     | 9/9/2022                  | 3/1/2022                  | 24,148  | 72,445 <sup>(2)</sup>   | 1.87                     | 9/8/2032               |
| Antonio R. Alvarez  | 7/30/2020                 | 5/11/2020                 | 31,465  | 29,435 <sup>(3)</sup>   | 8.22                     | 7/29/2030              |
|                     | 7/30/2020                 | 5/11/2020                 | 151,283   | 141,524 <sup>(3)</sup>  | 8.22                     | 7/29/2030              |
| Vikas Desai         | 6/22/2018                 | 2/28/2018                 | 4,244   | —   | 10.03                    | 6/21/2028              |
|                     | 10/28/2021                | 10/11/2021                | 25,284  | 83,080 <sup>(3)</sup>   | 4.62                     | 10/27/2031             |
|                     | 10/28/2021                | 10/11/2021                | 40,477  | 132,995 <sup>(3)</sup>  | 4.62                     | 10/27/2031             |
|                     | 9/28/2022                 | 10/27/2022                | —   | 50,204 <sup>(4)</sup>   | 11.45                    | 9/27/2032              |
|                     | 9/28/2022                 | 10/27/2022                | —   | 8,746 <sup>(4)</sup>  | 11.45                    | 9/27/2032              |

- (1) All option awards were granted pursuant to the 2022 Plan, Complete Solaria's 2011 Stock Plan (the "**2011 Plan**"), Complete Solaria's 2016 Stock Plan (the "**2016 Plan**") and Complete Solaria's 2006 Stock Plan (the "**2006 Plan**"). As is described in greater detail below in the "Employee Benefit Plans" section, the 2016 Plan and 2006 Plan were assumed by Complete Solaria from Solaria in connection with the Complete Solar and Solaria Merger.
- (2) The total shares underlying the option award vest in 36 equal monthly installments, subject to the named executive officer's continued service at each vesting date.
- (3) The total shares underlying the option award vest in 60 equal monthly installments, subject to the named executive officer's continued service at each vesting date.
- (4) 20% of the total shares underlying the option award vest on the one-year anniversary of the vesting commencement date, thereafter 1/60<sup>th</sup> of the total shares underlying the option award vest in 60 equal monthly installments.

Subsequent to December 31, 2022, the named executive officers were granted the following equity awards:

In May 2023, William Anderson was granted an additional option to purchase 627,861 shares at an exercise price of \$2.50 per share. The total shares underlying the option award vest in 60 equal monthly installments, subject to Mr. Anderson's continued service at each vesting date.

In May 2023, Vikas Desai was granted an additional option to purchase 289,782 shares at an exercise price of \$2.50 per share. The total shares underlying the option award vest in 60 equal monthly installments, subject to Mr. Desai's continued service at each vesting date.

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In June 2023, William Anderson was granted 8,978 restricted stock units (“RSUs”). The RSUs will fully vest on June 9, 2024 only if the Company meets its revenue target for the second quarter of 2023, subject to Mr. Anderson’s continued service at the vesting date. These RSUs expired unvested pursuant to their terms on July 3, 2023.

In June 2023, Vikas Desai was granted 8,506 RSUs. The RSUs will fully vest on June 9, 2024 only if the Company meets its revenue target for the second quarter of 2023, subject to Mr. Desai’s continued service at the vesting date. These RSUs expired unvested pursuant to their terms on July 3, 2023.

### **Employment Arrangements with Named Executive Officers**

Each of Complete Solaria’s named executive officers is an at-will employee. Each officer is currently party to an employment agreement setting forth their terms of employment. The employment agreements with each named executive officer provides that if such officer’s employment is terminated for any reason other than cause (as defined in the employment agreement), death or disability, or if such officer resigns for good reason (as defined in the employment agreement), and provided that in either case such termination constitutes a separation from service (as defined in the employment agreement) and the separation is not on or within 12 months following a change of control, then subject to such officer executing a release agreement in Complete Solaria’s favor, and continuing to comply with all of his obligations to Complete Solaria and its affiliates, he will receive the following benefits: (a) payment of such officer’s earned but unpaid base salary; (b) payment of such officer of any unpaid bonus, with respect to the fiscal year immediately preceding the fiscal year in which such termination or such resignation occurs; (c) payment to such officer of any vested benefits to which he may be entitled under any applicable plans and programs of the Company; (d) a severance payment equal to six months of such officer’s then base salary plus a pro rata portion of such officer’s bonus with respect to the fiscal year in which such termination or such resignation occurs; (e) if such officer timely and properly elects to continue group health care coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“*COBRA*”), payment of such officer’s *COBRA* premium expenses until the earliest of (i) the six-month anniversary of the termination date; (ii) the date such officer is no longer eligible to receive *COBRA* continuation coverage; and (iii) the date on which such officer becomes eligible to receive substantially similar coverage from another employer; and (f) the applicable post-termination exercised period for any vested options will extend to the earlier of (i) the six-month anniversary of the termination date, (ii) the expiration date of the option or (iii) earlier termination upon a corporate transaction.

In addition, the employment agreements with each named executive officer provide that if such officer’s employment is terminated for any reason other than cause (as defined in the employment agreement), death or disability, or if such officer resigns for good reason (as defined in the employment agreement), and provided that in either case such termination constitutes a separation from service (as defined in the employment agreement) and the separation is on or within 12 months following a change of control, then subject to such officer executing a release agreement in Complete Solaria’s favor, and continuing to comply with all of his obligations to Complete Solaria and its affiliates, he will receive the following benefits: (a) payment of such officer’s earned but unpaid base salary; (b) payment of such officer of any unpaid bonus, with respect to the fiscal year immediately preceding the fiscal year in which such termination or such resignation occurs; (c) payment to such officer of any vested benefits to which he may be entitled under any applicable plans and programs of the Company; (d) a severance payment equal to 12 months of such officer’s then base salary plus a pro rata portion of such officer’s bonus with respect to the fiscal year in which such termination or such resignation occurs; (e) if such officer timely and properly elects to continue group health care coverage under *COBRA*, payment of such officer’s *COBRA* premium expenses until the earliest of (i) the 12-month anniversary of the termination date; (ii) the date such officer is no longer eligible to receive *COBRA* continuation coverage; and (iii) the date on which such officer becomes eligible to receive substantially similar coverage from another employer; (f) the applicable post-termination exercised period for any vested options will extend to the earlier of (i) the 12-month anniversary of the termination date, (ii) the expiration date of the option or (iii) earlier termination upon a corporate transaction; and (g) acceleration of 50% of such officer’s remaining unvested outstanding stock options subject to time-based vesting.



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### **Base Salary**

Base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team, when considered in combination with the other components of the executive compensation program. In general, Complete Solaria seeks to provide a base salary level designed to reflect each executive officer's scope of responsibility and accountability.

### **Bonuses**

Beginning January 1, 2023, each of our named executive officers was eligible for an annual bonus of 50% of such officer's annual gross salary, based on criteria determined by our board of directors, including, but not limited to, the satisfaction of minimum performance standards, and the achievement of budgetary and other objectives, set by our board of directors in its sole and absolute discretion.

### **Director Compensation**

None of Complete Solaria's directors received compensation in 2022 for services rendered to Complete Solaria with the exception of William J. Anderson, Antonio R. Alvarez, and David J. Anderson for their compensation as Chief Executive Officer, former President, and Chief Marketing Officer, respectively, of Complete Solaria. William J. Anderson and Antonio R. Alvarez are named executive officers and their compensation is given in the "Summary Compensation Table" above. As of December 31, 2022, David J. Anderson held 838,750 shares of Complete Solaria's Common Stock and an option to purchase 700,000 shares of Complete Solaria's Common Stock.

### **Executive Compensation**

Complete Solaria's compensation committee oversees the compensation policies, plans and programs and reviews and determines compensation to be paid to executive officers, directors and other senior management, as appropriate. The compensation policies followed by Complete Solaria are intended to provide for compensation that is sufficient to attract, motivate and retain executives of Complete Solaria and potential other individuals and to establish an appropriate relationship between executive compensation and the creation of stockholder value.

### **Nonqualified Deferred Compensation**

Complete Solaria's named executive officers did not participate in, or earn any benefits under, any nonqualified deferred compensation plan sponsored by Complete Solaria during 2022. Complete Solaria's board of directors may elect to provide officers and other employees with nonqualified deferred compensation benefits in the future if it determines that doing so is in the company's best interests.

### **Pension Benefits**

Complete Solaria's named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by Complete Solaria during 2022.

### **Employee Benefit Plans**

Equity-based compensation has been and will continue to be an important foundation in executive compensation packages as Complete Solaria believes it is important to maintain a strong link between executive incentives and the creation of stockholder value. Complete Solaria believes that performance and equity-based compensation can be an important component of the total executive compensation package for maximizing stockholder value while, at the same time, attracting, motivating and retaining high-quality executives. In July 2023, our board of directors adopted the 2023 Incentive Equity Plan (the "2023 Plan") and the Employee Stock Purchase Plan (the "ESPP"). The 2023 Plan and the ESPP became effective immediately upon the Closing of the Business Combination. Below is a description of the 2023 Plan, the ESPP, 2022 Plan, the 2011 Plan, the 2016 Plan and the 2006 Plan. The 2022 Plan is the successor of the Complete Solar 2021 Stock Plan, which was amended and assumed by Complete Solaria in connection with the Required Transaction. The 2011 Plan is the Complete Solar 2011 Stock Plan that was assumed by Complete Solaria in the Required Transaction.

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The 2016 Plan and the 2006 Plan are the Solaria stock plans that were assumed by Complete Solaria in the Required Transaction.

### ***Complete Solaria 2023 Incentive Equity Plan***

In July 2023, our board of directors adopted and our stockholders approved the 2023 Incentive Equity Plan (the “**2023 Plan**”). The 2023 Plan became effective immediately upon the closing.

*Eligibility.* Any individual who is an employee of Complete Solaria or any of its affiliates, or any person who provides services to Complete Solaria or its affiliates, including consultants and members of Complete Solaria’s Board, is eligible to receive awards under the 2023 Plan at the discretion of the plan administrator.

*Awards.* The 2023 Plan provides for the grant of incentive stock options (“**ISOs**”), within the meaning of Section 422 of the Code to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options (“**NSOs**”), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of awards to employees, directors and consultants, including employees and consultants of Complete Solaria’s affiliates.

*Authorized Shares.* Initially, a maximum number of 8,763,322 of shares of Complete Solaria Common Stock may be issued under the 2023 Plan. In addition, the number of shares of Complete Solaria Common Stock reserved for issuance under the 2023 Plan will automatically increase on January 1 of each year, starting on January 1, 2024 and ending on January 1, 2033, in an amount equal to the lesser of (1) 4% of the total number of shares of Complete Solaria’s Common Stock outstanding on December 31 of the preceding year, or (2) a lesser number of shares of Complete Solaria Common Stock determined by Complete Solaria’s Board prior to the date of the increase. The maximum number of shares of Complete Solaria Common Stock that may be issued on the exercise of ISOs under the 2023 Plan is three times the number of shares available for issuance upon the 2023 Plan becoming effective (or 26,289,966 shares).

The unused shares subject to stock awards granted under the 2023 Plan that expire, lapse or are terminated, exchanged for or settled in cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in Complete Solaria acquiring shares covered by the stock award at a price not greater than the price (as adjusted pursuant to the 2023 Plan) paid by the participant for such shares or not issuing any shares covered by the stock award, will, as applicable, become or again be available for stock award grants under the 2023 Plan.

*Non-Employee Director Compensation Limit.* The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid to such non-employee director, will not exceed (1) \$1,000,000 in total value or (2) if such non-employee director is first appointed or elected to Complete Solaria’s Board during such calendar year, \$1,500,000 in total value, in each case, calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes.

*Plan Administration.* Complete Solaria’s Board, or a duly authorized committee thereof, will administer the 2023 Plan and is referred to as the “plan administrator” herein. Complete Solaria’s Board may also delegate to one or more of Complete Solaria’s officers the authority to (1) designate employees (other than officers) to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under the 2023 Plan, the Complete Solaria Board has the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

*Stock Options.* ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and

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conditions of the 2023 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of a share of Complete Solaria Common Stock on the date of grant. Options granted under the 2023 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2023 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement provide otherwise or as otherwise provided by the plan administrator, if an optionholder's service relationship with Complete Solaria or any of Complete Solaria's affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. Unless the terms of an optionholder's stock option agreement provide otherwise or as otherwise provided by the plan administrator, if an optionholder's service relationship with Complete Solaria or any of Complete Solaria's affiliates ceases due to death or disability, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death, or 12 months following the date of disability. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of Complete Solaria Common Stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of Complete Solaria Common Stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO or (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options and stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the plan administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order.

*Tax Limitations on ISOs.* The aggregate fair market value, determined at the time of grant, of Complete Solaria's Common Stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of Complete Solaria's stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of Complete Solaria's total combined voting power or that of any of Complete Solaria's parent or subsidiary corporations unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (2) the term of the ISO does not exceed five years from the date of grant.

*Restricted Stock Unit Awards.* Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards will generally be granted in consideration for a participant's services, but may be granted in consideration for any form of legal consideration that may be acceptable to the plan administrator and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of shares of Complete Solaria Common Stock, a combination of cash and shares of Complete Solaria Common Stock as determined by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement or by the plan administrator, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

*Restricted Stock Awards.* Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, services to us, or any other form of legal consideration that may be acceptable to the

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plan administrator and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with Complete Solaria ends for any reason, Complete Solaria may receive any or all of the shares of Complete Solaria Common Stock held by the participant that have not vested as of the date the participant terminates service with Complete Solaria through a forfeiture condition or a repurchase right.

*Stock Appreciation Rights.* Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of Complete Solaria Common Stock on the date of grant. A stock appreciation right granted under the 2023 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. Stock appreciation rights may be settled in cash or shares of Complete Solaria Common Stock or in any other form of payment, as determined by the plan administrator and specified in the stock appreciation right agreement.

The plan administrator determines the term of stock appreciation rights granted under the 2023 Plan, up to a maximum of 10 years. Unless the terms of a participant's stock appreciation rights agreement provide otherwise or as otherwise provided by the plan administrator, if a participant's service relationship with Complete Solaria or any of its affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. Unless the terms of a participant's stock appreciation rights agreement provide otherwise or as otherwise provided by the plan administrator, if a participant's service relationship with Complete Solaria or any of its affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

*Performance Awards.* The 2023 Plan permits the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, Complete Solaria Common Stock.

*Other Stock Awards.* The plan administrator may grant other awards based in whole or in part by reference to New

Complete Solaria's Common Stock. The plan administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

*Changes to Capital Structure.* In the event there is a specified type of change in the capital structure of Complete Solaria, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares subject to the 2023 Plan, (2) the class(es) and maximum number of shares that may be issued pursuant to the exercise of incentive stock options, and (3) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

*Corporate Transactions.* The following applies to stock awards under the 2023 Plan in the event of a corporate transaction (as defined in the 2023 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with Complete Solaria or one of its affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

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In the event of a corporate transaction, any stock awards outstanding under the 2023 Plan may be assumed, or continued by any surviving or acquiring corporation (or its parent company), or new awards may be issued by such surviving or acquiring corporation (or its parent company) in substitution of such awards, and any reacquisition or repurchase rights held by Complete Solaria with respect to the stock award may be assigned to Complete Solaria's successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute such stock awards, then with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by Complete Solaria with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction). Any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by Complete Solaria with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the per share amount payable to holders of Complete Solaria Common Stock in connection with the corporate transaction, over (ii) if applicable, any per share exercise price payable by such holder.

*Plan Amendment or Termination.* Complete Solaria's Board has the authority to amend, suspend, or terminate the 2023 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require approval of Complete Solaria's stockholders. No ISOs may be granted after the tenth anniversary of the date the Board adopts the 2023 Plan. No stock awards may be granted under the 2023 Plan while it is suspended or after it is terminated.

### **Complete Solaria 2023 Employee Stock Purchase Plan**

In July 2023, our board of directors adopted and our stockholders approved the 2023 Employee Stock Purchase Plan (the "ESPP"). The ESPP became effective immediately upon the closing.

*Administration.* Complete Solaria's Board, or a duly authorized committee thereof, will administer the ESPP.

*Limitations.* Complete Solaria's employees and the employees of any of its designated affiliates, as designated by Complete Solaria's Board, will be eligible to participate in the ESPP, provided they may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by the administrator: (1) customary employment with Complete Solaria or one of its affiliates for more than 20 hours per week and five or more months per calendar year or (2) continuous employment with Complete Solaria or one of its affiliates for a minimum period of time, not to exceed two years, prior to the first date of an offering. In addition, Complete Solaria's Board may also exclude from participation in the ESPP or any offering, employees who are "highly compensated employees" (within the meaning of Section 423(b)(4)(D) of the Code) or a subset of such highly compensated employees. If this proposal is approved by the stockholders, all the employees of Complete Solaria and its related corporations will be eligible to participate in the ESPP following the Closing. An employee may not be granted rights to purchase stock under the ESPP (a) if such employee immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of all classes of Complete Solaria's capital stock or (b) to the extent that such rights would accrue at a rate that exceeds \$25,000 worth of Complete Solaria capital stock for each calendar year that the rights remain outstanding.

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The ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. The administrator may specify offerings with a duration of not more than 27 months and may specify one or more shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of Complete Solaria's Common Stock will be purchased for the employees who are participating in the offering. The administrator, in its discretion, will determine the terms of offerings under the ESPP. The administrator has the discretion to structure an offering so that if the fair market value of a share of Complete Solaria's stock on any purchase date during the offering period is less than or equal to the fair market value of a share of Complete Solaria's stock on the first day of the offering period, then that offering will terminate immediately, and the participants in such terminated offering will be automatically enrolled in a new offering that begins immediately after such purchase date.

A participant may not transfer purchase rights under the ESPP other than by will, the laws of descent and distribution, or as otherwise provided under the ESPP.

*Payroll Deductions.* The ESPP permits participants to purchase shares of Complete Solaria Common Stock through payroll deductions. Unless otherwise determined by the administrator, the purchase price of the shares will be 85% of the lower of the fair market value of Complete Solaria Common Stock on the first day of an offering or on the date of purchase. Participants may end their participation at any time during an offering and will be paid their accrued contributions that have not yet been used to purchase shares, without interest. Participation ends automatically upon termination of employment with Complete Solaria and its related corporations.

*Withdrawal.* Participants may withdraw from an offering by delivering a withdrawal form to Complete Solaria and terminating their contributions. Such withdrawal may be elected at any time prior to the end of an offering, except as otherwise provided by the Plan Administrator. Upon such withdrawal, Complete Solaria will distribute to the employee his or her accumulated but unused contributions without interest, and such employee's right to participate in that offering will terminate. However, an employee's withdrawal from an offering does not affect such employee's eligibility to participate in any other offerings under the ESPP.

*Termination of Employment.* A participant's rights under any offering under the ESPP will terminate immediately if the participant either (i) is no longer employed by Complete Solaria or any of its parent or subsidiary companies (subject to any post-employment participation period required by law) or (ii) is otherwise no longer eligible to participate. In such event, Complete Solaria will distribute to the participant his or her accumulated but unused contributions, without interest.

*Corporate Transactions.* In the event of certain specified significant corporate transactions, such as a merger or change in control, a successor corporation may assume, continue, or substitute each outstanding purchase right. If the successor corporation does not assume, continue, or substitute for the outstanding purchase rights, the offering in progress will be shortened and the participants' accumulated contributions will be used to purchase shares of Complete Solaria Common Stock within ten business days (or such other period specified by the plan administrator) prior to the corporate transaction, and the participants' purchase rights will terminate immediately thereafter.

*Amendment and Termination.* Complete Solaria's Board has the authority to amend, suspend, or terminate the ESPP, at any time and for any reason, provided certain types of amendments will require the approval of Complete Solaria's stockholders. Any benefits, privileges, entitlements and obligations under any outstanding purchase rights granted before an amendment, suspension or termination of the ESPP will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such purchase rights were granted, (ii) as necessary to facilitate compliance with any laws, listing requirements, or governmental regulations, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. The ESPP will remain in effect until terminated by Complete Solaria's Board in accordance with the terms of the ESPP.

### **Complete Solaria 2022 Stock Plan**

Complete Solaria's board of directors adopted, and Complete Solaria's stockholders approved, the 2022 Plan in October 2022 in connection with the Required Transaction. The 2022 Plan amends and restates Complete Solar's 2021 Stock Plan.

*Stock Awards.* The 2022 Plan provides for the grant of incentive stock options ("ISOs") and nonstatutory stock options to purchase shares of Complete Solaria common stock and restricted stock awards (collectively, "stock awards"). ISOs may be granted only to Complete Solaria employees and the employees of any parent corporation or subsidiary corporation. All other awards may be granted to Complete Solaria employees, non-employee directors and consultants and the employees and consultants of Complete Solaria affiliates. Complete Solaria has granted stock options and restricted stock awards under the 2022 Plan. As of December 31, 2022, 1,413,851 shares of Complete Solaria common stock were issuable pursuant to outstanding options, restricted stock awards, and other purchase rights and 918,55 shares of Complete Solaria common stock were available for future issuance under the 2022 Plan.

The 2022 Plan will terminate when the 2023 Plan becomes effective upon the consummation of the Business Combination. However, any outstanding awards granted under the 2022 Plan will remain outstanding, subject to the terms of Complete Solaria's 2022 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

If a stock award granted under the 2022 Plan expires or otherwise terminates without being exercised in full, or is settled in cash, the shares of Complete Solaria common stock not acquired pursuant to the stock award again will become available for subsequent issuance under the 2022 Plan (in the event that the 2023 Plan does not become effective as described in the preceding paragraph). In addition, the following types of shares of Complete Solaria common stock under the 2022 Plan may become available for the grant of new stock awards under the 2022 Plan: (1) shares that are forfeited to or repurchased by Complete Solaria prior to becoming fully vested; (2) shares retained to satisfy income or employment withholding taxes; (3) shares retained to pay the exercise or purchase price of a stock award; or (4) shares surrendered pursuant to an option exchange program.

*Administration.* Complete Solaria's board of directors, or a duly authorized committee thereof, has the authority to administer the 2022 Plan. Complete Solaria's board of directors may also delegate to one or more officers the authority to (1) designate employees (other than other officers or directors) to be recipients of certain stock awards, and (2) grant stock awards to such individuals within parameters specified by the Board. Subject to the terms of the 2022 Plan, the plan administrator determines the award recipients, dates of grant, the numbers and types of stock awards to be granted and the applicable fair market value and the provisions of the stock awards, including the period of their exercisability, the vesting schedule applicable to a stock award and any repurchase rights that may apply. The plan administrator has the authority to modify outstanding awards, including reducing the exercise, purchase or strike price of any outstanding stock award, canceling any outstanding stock award in exchange for new stock awards, cash or other consideration or taking any other action that is treated as a repricing under generally accepted accounting principles, with the consent of any adversely affected participant.

*Stock Options.* ISOs and NSOs are granted pursuant to stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of Complete Solaria common stock on the date of grant. Options granted under the 2022 Plan vest at the rate specified by the plan administrator.

The plan administrator determines the term of stock options granted under the 2022 Plan, up to a maximum of ten years. Unless the terms of an optionholder's stock option agreement provide otherwise, if an optionholder's service relationship with us, or any of Complete Solaria's affiliates, ceases for any reason other



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than disability, death or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. The option term may be extended in the event that the exercise of the option following such a termination of service is prohibited by applicable securities laws. If an optionholder's service relationship with Complete Solaria or any of its affiliates ceases due to disability or death, or an optionholder dies within 3 months following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following such disability or death. In the event of a termination for cause, options generally terminate immediately upon the termination of the individual for cause. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include: (1) cash; (2) check; (3) to the extent permitted under applicable laws, a promissory note; (4) cancellation of indebtedness; (5) other previously owned Complete Solaria shares; (6) a cashless exercise; (7) such other consideration and method of payment permitted under applicable laws; or (8) any combination of the foregoing methods of payment.

*Tax Limitations on Incentive Stock Options.* The aggregate fair market value, determined at the time of grant, of Complete Solaria common stock with respect to ISOs that are exercisable for the first time by an optionholder during any calendar year under all Complete Solaria stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of the total combined voting power of Complete Solaria or that of any of its affiliates unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (2) the term of the ISO does not exceed five years from the date of grant.

*Incentive Stock Option Limit.* The maximum number of shares of Complete Solaria common stock that may be issued upon the exercise of ISOs under the 2022 Plan is 6,677,960 shares plus, to the extent permitted by applicable law, any shares that again become available for issuance under the 2022 Plan.

*Restricted Stock Awards.* Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the plan administrator. The permissible consideration for restricted stock awards are the same as apply to stock options. Common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option in Complete Solaria's favor in accordance with a vesting schedule to be determined by the plan administrator. A restricted stock award may be transferred only upon such terms and conditions as set by the plan administrator. Except as otherwise provided in the applicable award agreement, restricted stock awards that have not vested may be forfeited or repurchased by Complete Solaria upon the participant's cessation of continuous service for any reason.

*Changes to Capital Structure.* In the event that there is a specified type of change in Complete Solaria's capital structure, including without limitation a stock split or recapitalization, extraordinary dividend payable in a form other than shares in an amount that has a material effect on the fair market value of the common stock, or any increase or decrease in the number of issued shares effected without receipt of consideration by Complete Solaria, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2022 Plan, and (2) the class and number of shares and price per share of stock (including any repurchase price per share) subject to outstanding stock awards.

*Corporate Transactions.* The 2022 Plan provides that in the event of certain specified significant corporate transactions, unless otherwise provided in an award agreement or other written agreement between Complete Solaria and the award holder, each outstanding award (vested or unvested) will be treated as the plan administrator determines, including (without limitation) taking one or more of the following actions with respect to each stock award, contingent upon the closing or completion of the transaction: (1) arranging for the assumption, continuation or substitution of the stock award by a successor corporation, (2) arranging for the assignment of any reacquisition or repurchase rights held by Complete Solaria in respect of Complete Solaria



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common stock issued pursuant to the stock award to a successor corporation, or (3) canceling the stock award in exchange for a cash payment, or no payment, as determined by the plan administrator (including a payment equal to the excess, if any, of the fair market value of the shares as of the closing date of such corporate transaction over any exercise or purchase price payable by the holder (which payment may be delayed to the same extent that payment of consideration to the holders of Complete Solaria common stock in connection with the transaction is delayed as a result of any escrow, holdback, earnout or similar contingencies). The plan administrator is not obligated to treat all stock awards or portions thereof in the same manner, and the plan administrator may take different actions with respect to the vested and unvested portions of a stock award.

Under the 2022 Plan, a significant corporate transaction is generally the consummation of (1) a transfer of all or substantially all of Complete Solaria's assets, (2) the consummation of a transaction, or series of related transactions, in which any person becomes the beneficial owners of more than 50% of Complete Solaria's then-outstanding capital stock, or (3) a merger, consolidation or other capital reorganization or business combination transaction of Complete Solaria with our into another corporation, entity or person .

*Transferability.* A participant generally may not transfer stock awards under the 2022 Plan other than by will, the laws of descent and distribution or as otherwise provided under the 2022 Plan.

*Amendment and Termination.* Complete Solaria's board of directors has the authority to amend, suspend or terminate the 2022 Plan, provided that, with certain exceptions, such action does not impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of Complete Solaria's stockholders. Unless terminated sooner by Complete Solaria's board of directors, the 2022 Plan will automatically terminate in October, 2032. No stock awards may be granted under the 2022 Plan while it is suspended or terminated.

### **Complete Solar 2011 Stock Plan**

Complete Solar's board of directors adopted the 2011 Plan in January 2011 and was amended from time to time by Complete Solar's board of directors and its stockholders. The 2011 Plan was terminated in November, 2021 in connection with Complete Solaria's adoption of the 2022 Plan, and no new awards may be granted under it. The 2011 Plan was assumed by Complete Solaria in connection with the Required Transaction. Outstanding awards granted under the 2011 Plan remain outstanding, subject to the terms of the 2011 Plan and award agreements, until such outstanding options are exercised or terminate or expire by their terms. As of December 31, 2022, options to purchase 3,542,418 shares of Complete Solaria's common stock were outstanding under the 2011 Plan.

*Plan Administration.* Complete Solaria's board of directors or a duly authorized committee of the board of directors administers the 2011 Plan and the awards granted under it.

*Capitalization Adjustments.* In the event that any change is made in, or other events occur with respect to, our common stock subject to the 2011 Plan or any stock award, such as certain mergers, consolidations, reorganizations, recapitalizations, dividends, stock splits, or other similar transactions, appropriate adjustments will be made to the classes, number of shares subject to, and price per share and repurchase price, if applicable, of any outstanding stock awards.

*Corporate Transactions.* In the event of a sale of all or substantially all of our assets or our merger, consolidation or other capital reorganization or business combination transaction with or into another corporation, entity or person, our 2011 Plan provides that any surviving or acquiring corporation (or parent thereof) may assume or substitute such outstanding awards and any reacquisition or repurchase rights may be assigned to such surviving or acquiring corporation (or parent thereof), or such awards may be terminated in exchange for a payment of cash, securities and/or other property equal to the excess of the fair market value of the portion of the stock subject to such awards vested and exercisable as of immediately prior to the consummation of such corporate transaction. If the surviving or acquiring corporation (or parent thereof) does

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not assume or substitute outstanding awards in the corporate transaction, or exchange such awards for a payment, then each such outstanding award shall terminate upon consummation of the corporate transaction.

*Change in Control.* In the event of a change in control (as defined in the 2011 Plan), a stock award may be subject to additional acceleration of vesting and exercisability upon or after a change in control, as may be provided in the stock award agreement or in any other written agreement between us and a participant. In the absence of such a provision, no such acceleration will occur.

*Amendment of Awards.* The plan administrator has the authority to modify outstanding stock awards under our 2011 Plan; provided that no such amendment or modification may impair the rights of any participant with respect to awards granted prior to such action without such participant's written consent.

### **Solaria 2016 Stock Plan**

Solaria's board of directors adopted, and Solaria's stockholders approved, the 2016 Plan, in May 2016 and July 2016, respectively. Complete Solaria assumed the 2016 Plan in connection with the Required Transaction. The 2016 Plan was terminated in November 2022 in connection with the Required Transaction, and no new awards may be granted under it. Outstanding awards granted under the 2016 Plan remain outstanding, subject to the terms of the 2016 Plan and award agreements, until such outstanding options are exercised or terminate or expire by their terms. As of December 31, 2022, options to purchase 34,212 shares of Complete Solaria's common stock were outstanding under the 2016 Plan.

*Plan Administration.* Complete Solaria's board of directors or a duly authorized committee administers the 2016 Plan and the awards granted under it.

*Capitalization Adjustments.* In the event that any change is made in, or other events occur with respect to, Complete Solaria's common stock subject to the 2016 Plan or any stock award, such as certain mergers, consolidations, reorganizations, recapitalizations, dividends, stock splits, or other similar transactions, appropriate adjustments will be made to the classes, number of shares subject to, and the price per share, if applicable, of any outstanding stock awards.

*Change in Control.* In the event of a Change in Control (as defined in the 2016 Plan), our 2016 Plan provides that unless otherwise provided in a written agreement between us and any participant or unless otherwise expressly provided by the board of directors at the time of grant of an award, any surviving or acquiring corporation (or parent thereof) may assume, continue or substitute such outstanding awards and any reacquisition or repurchase rights may be assigned to such surviving or acquiring corporation (or parent thereof). If the surviving or acquiring corporation (or parent thereof) does not assume, continue or substitute outstanding awards in the corporate transaction, then the board of directors may provide for the accelerated vesting (in whole or in part) of any or all awards or may cancel any award for such consideration, if any, as the board of directors may consider appropriate.

*Amendment of Awards.* The plan administrator has the authority to modify outstanding stock awards under our 2016 Plan; provided that no such amendment or modification may impair the rights of any participant with respect to awards granted prior to such action without such participant's written consent.

### **Solaria 2006 Stock Plan**

Solaria's board of directors adopted, and Solaria's stockholders approved, the 2006 Plan, in February 2006 and August 2006, respectively, and it was amended and restated from time to time by Solaria's board of directors and its stockholders. The 2006 Plan was terminated in February 2016 in connection with Solaria's adoption of the 2016 Plan, and no new awards may be granted under it. Complete Solaria assumed the outstanding awards granted pursuant to the 2006 Plan in connection with the Required Transaction. Outstanding awards granted under the 2006 Plan remain outstanding, subject to the terms of the 2006 Plan and award agreements, until such outstanding options are exercised or terminate or expire by their terms. As of December 31, 2022, options to purchase 34,212 shares of Complete Solaria's common stock were outstanding under the 2006 Plan.

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*Plan Administration.* Complete Solaria's board of directors or a duly authorized committee administers the 2006 Plan and the awards granted under it.

*Capitalization Adjustments.* In the event that any change is made in, or other events occur with respect to, our common stock subject to the 2006 Plan or any stock award, such as certain mergers, consolidations, reorganizations, recapitalizations, dividends, stock splits, or other similar transactions affecting the shares subject to the 2006 Plan, appropriate adjustments will be made to the class and number of shares subject to, and the price per share, if applicable, of any outstanding stock awards.

*Change in Control.* In the event of a change in control (as defined in the 2006 Plan), our 2006 Plan provides that any successor corporation (or parent thereof) will assume or substitute such outstanding awards and any reacquisition or repurchase rights may be assigned to such surviving or acquiring corporation (or parent thereof). If the surviving or acquiring corporation (or parent thereof) does not assume or substitute outstanding awards in the corporate transaction, then the vesting of outstanding awards held by participants will accelerate in full and any repurchase rights held by us with respect to such awards will lapse, contingent upon the effectiveness of such transaction. Notwithstanding the foregoing, to the extent that stock awards will terminate if not exercised prior to the effective time of a corporate transaction, our board may provide that such awards will be canceled for a payment equal to the excess, if any, of the value of the property the holder would have received upon exercise of such award over any exercise price payable.

In addition, with respect to awards (and, if applicable, shares of restricted stock acquired pursuant to such awards) granted to non-employee directors that are assumed or substituted for, if on or following the date of such assumption or substitution such individual's status as a director is involuntarily terminated, such individual shall fully vest in and have the right to exercise awards as to all of the shares subject thereto.

Also, with respect to awards (and, if applicable, shares of restricted stock acquired pursuant to such awards) granted to participants that are assumed or substituted for, if either (x) such participant remains continuously employed by us or our successor through the one-year anniversary of such change in control or (y) such participant's employment is involuntarily terminated without cause (as such term is defined in the 2006 Plan), or such participant's duties are material diminished, in either case at any time prior to the one-year anniversary of such change in control, such individual will vest into such awards on an accelerated basis as if such individual had provided an additional 12 months of continuous service, such individual shall fully vest in and have the right to exercise awards as to all of the shares subject thereto.

*Amendment of Awards.* The plan administrator has the authority to modify outstanding stock awards under our 2006 Plan; provided that no such amendment or modification may impair the rights of any participant with respect to awards granted prior to such action without such participant's written consent.

### **Health and Welfare Benefits**

Complete Solaria provides benefits to its named executive officers on the same basis as provided to all of its employees, including health, dental and vision insurance; life and disability insurance; and a tax-qualified Section 401(k) plan. Complete Solaria does not maintain any executive-specific benefit or perquisite programs.

### **Rule 10b5-1 Sales Plans**

Complete Solaria's directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Complete Solaria's directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information, subject to compliance with the terms of our insider trading policy.

**Emerging Growth Company Status**

Complete Solaria is an “emerging growth company,” as defined in the JOBS Act. As an emerging growth company it is exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of its chief executive officer to the median of the annual total compensation of all of its employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### FACT Related Party Transactions

#### *Private Placement Warrants*

On March 2, 2021, simultaneously with the closing of the IPO, FACT completed the private sale of an aggregate of 6,266,667 FACT Private Placement Warrants to the Sponsor at a purchase price of \$1.50 per FACT Private Placement Warrant, generating gross proceeds to FACT of \$9.4 million.

Each FACT Private Placement Warrant is exercisable for one whole share of Complete Solaria Common Stock at a price of \$11.50 per share, subject to adjustment. A portion of the proceeds from the sale of the private placement warrants to the Sponsor was added to the proceeds from the IPO held in the Trust Account. The FACT Private Placement Warrants are non-redeemable for cash and exercisable on a cashless basis so long as they are held by the Sponsor or its permitted transferees.

#### *Sponsor Support Agreement*

In connection with the execution of the Business Combination Agreement, FACT entered into a Sponsor Support Agreement with the Sponsor, the parties thereto, including the FACT Initial Shareholders (together, the “**Sponsor Signatories**”, and Complete Solaria, pursuant to which the Sponsor Signatories agreed to, among other things:

- vote in favor of the Business Combination Agreement and the transactions contemplated thereby;
- not redeem their FACT Ordinary Shares;
- from the Closing, at each of the first three annual meetings of the stockholders of Complete Solaria vote all of their shares of Complete Solaria Common Stock in favor of Mr. Thiam for election to the board of directors of Complete Solaria; and
- be bound by certain other agreements and covenants related to the Business Combination, including vesting and forfeiture restrictions with respect to certain shares held by the Sponsor.

The Sponsor Support Agreement was entered into as an inducement for FACT and Complete Solaria to enter into the Business Combination Agreement, and consideration was not provided to the Sponsor Signatories in exchange for entering into the Sponsor Support Agreement.

#### *Lock-Up Agreement*

At Closing, Complete Solaria, the Sponsor, the Sponsor Key Holders (as defined in the Lock-Up Agreement) and Complete Solaria Key Holders (as defined in the Lock-Up Agreement), entered into the Lock-Up Agreement.

The Lock-Up Agreement contains certain restrictions on transfer with respect to securities of Complete Solaria held by the Sponsor, Sponsor Key Holders and Complete Solaria Key Holders immediately following the Closing (including shares of Complete Solaria Common Stock, Complete Solaria Private Warrants and any shares of Complete Solaria Common Stock issuable upon the exercise, conversion or settlement of derivative securities and promissory notes). Such restrictions began at the Closing and end on the earlier of (x) the twelve month anniversary of the Closing and (y) the date on which the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any twenty trading days within any thirty consecutive trading day period beginning after the date that is 180 calendar days after the Closing and ending 365 calendar days following the Closing.

In connection with working capital lending arrangements between the Sponsor and third party investors, certain restrictions on transfer on the Class B Ordinary Shares (or shares into which such Class B Ordinary

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Shares convert), solely to be transferred by the Sponsor to such investors, were or shall be reduced to the three month anniversary of the Closing.

### ***Advisory Fees to China Bridge Capital***

In May 2021, FACT entered into an agreement with CBC, an affiliate of Edward Zeng, who is a member of the FACT board of directors, pursuant to which CBC agreed to provide advisory and investment banking services to FACT in connection with a potential business combination. Under amendment subsequent agreement, dated June 3, 2022, which supersedes the previous agreement among the parties, FACT agreed to pay CBC a customary advisory fee that would be negotiated at the time of the business combination. Mr. Gishen, on behalf of FACT, Mr. Zeng, in his capacity as a representative of CBC, are holding ongoing negotiations regarding the amount of the advisory fee payable to CBC under its June 2022 letter agreement with FACT. Prior the execution of the Original Business Combination Agreement, the FACT Special Committee and FACT Board approved a potential fee arrangement between FACT and CBC. The June 2022 agreement between FACT and CBC may be terminated by FACT or CBC at any time, with or without cause.

### ***Related Party Loans***

In order to finance transaction costs in connection with an intended business combination, the Sponsor or an affiliate of the Sponsor, or certain of FACT's officers and directors, may, but are not obligated to, loan FACT funds as may be required ("**Working Capital Loans**"). If FACT completes a business combination, FACT would repay the Working Capital Loans. In the event that a business combination does not close, FACT may use a portion of the working capital held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. After giving effect to the April 2022 FACT Note, June 2022 FACT Note and December 2022 FACT Note described below, up to \$1.325 million of additional Working Capital Loans may be convertible into Private Placement Warrants of the post business combination entity at a price of \$1.50 per warrant at the option of the lender. Such warrants would be identical to the Private Placement Warrants. Prior to the completion of the initial business combination, FACT does not expect to seek loans from parties other than the Sponsor or an affiliate of the Sponsor as FACT does not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in FACT's Trust Account. As of December 31, 2021 and 2020, FACT had no borrowings under the Working Capital Loans.

On April 1, 2022, FACT issued the April 2022 FACT Note. The proceeds of the April 2022 FACT Note, which may be drawn down from time to time until FACT consummates the initial business combination, were used for general working capital purposes. The April 2022 FACT Note bears no interest and is payable in full upon the earlier to occur of (i) 24 months from the closing of the IPO (or such later date as may be extended in accordance with the terms of our amended and restated memorandum and articles of association) or (ii) the closing of the business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the April 2022 FACT Note may be accelerated. Prior to FACT's first payment of all or any portion of the principal balance of the April 2022 FACT Note in cash, the Sponsor has the option to convert all, but not less than all, of the principal balance of the April 2022 FACT Note into Conversion Warrants, each warrant exercisable for one ordinary share of FACT at an exercise price of \$1.50 per share. The terms of the Conversion Warrants would be identical to the warrants issued by FACT to the Sponsor in a private placement that was consummated in connection with the IPO. The Sponsor shall be entitled to certain registration rights relating to the Conversion Warrants. The issuance of the April 2022 FACT Note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

On June 6, 2022, FACT issued the June 2022 FACT Note. The proceeds of the June 2022 FACT Note, which may be drawn down from time to time until FACT consummates the initial business combination, will be used for general working capital purposes. The June 2022 FACT Note bears no interest and is payable in full upon the earlier to occur of (i) 24 months from the closing of the IPO (or such later date as may be extended in

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accordance with the terms of our amended and restated memorandum and articles of association) or (ii) the closing of the business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the June 2022 FACT Note may be accelerated. Prior to FACT's first payment of all or any portion of the principal balance of the June 2022 FACT Note in cash, the Sponsor has the option to convert all, but not less than all, of the principal balance of the June 2022 FACT Note into Conversion Warrants, each warrant exercisable for one ordinary share of FACT at an exercise price of \$1.50 per share. The terms of the Conversion Warrants would be identical to the warrants issued by FACT to the Sponsor in a private placement that was consummated in connection with the IPO. The Sponsor shall be entitled to certain registration rights relating to the Conversion Warrants. The issuance of the June 2022 FACT Note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

On December 14, 2022, FACT issued the December 2022 FACT Note. The proceeds of the December 2022 FACT Note, which may be drawn down from time to time until FACT consummates the initial business combination, will be used for general working capital purposes. The December 2022 FACT Note bears no interest and is payable in full upon the earlier to occur of (i) 24 months from the closing of our IPO (or such later date as may be extended in accordance with the terms of our Articles of Association) or (ii) the closing of the business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the December 2022 FACT Note may be accelerated. Prior to FACT's first payment of all or any portion of the principal balance of the December 2022 FACT Note in cash, the payees thereunder have the option to convert all, but not less than all, of the principal balance of the December 2022 FACT Note into Conversion Warrants, each warrant exercisable for one ordinary share of FACT at an exercise price of \$1.50 per share. The terms of the Conversion Warrants would be identical to the warrants issued by FACT to the Sponsor in a private placement that was consummated in connection with the IPO. The payees under the December 2022 FACT Note shall be entitled to certain registration rights relating to the Conversion Warrants. The issuance of the December 2022 FACT Note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

On February 28, 2023, FACT issued the February 2023 FACT Note. The proceeds of the February 2023 FACT Note, \$1,600,000 of which was drawn down on or about the date thereof, \$400,000 of which may be drawn down, at the discretion of the Sponsor, in accordance with the schedule set forth therein if FACT wishes to extend the date by which it will consummate the initial business combination beyond June 2, 2023, and \$100,000 of which may be drawn down on an as-needed basis with the mutual consent of FACT and the Sponsor, will be used for general working capital purposes. The February 2023 FACT Note bears no interest and is payable in full upon the consummation of a business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the February 2023 FACT Note may be accelerated. The February 2023 FACT Note shall be forgiven by the Sponsor if FACT is unable to consummate a business combination within the time frame specified in its amended and restated memorandum and articles of association, except to the extent of any funds held outside of the Trust Account. The issuance of the February 2023 FACT Note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

On May 31, 2023, FACT issued the May 2023 FACT Note. The proceeds of the May 2023 FACT Note will be used for general working capital purposes. The May 2023 FACT Note bears no interest and is payable in full upon the consummation of a business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the May 2023 FACT Note may be accelerated. The May 2023 FACT Note shall be forgiven by the Sponsor if FACT is unable to consummate a business combination within the time frame specified in its amended and restated memorandum and articles of association (as amended from time to time), except to the extent of any funds held outside of the Trust Account. The issuance of the May 2023 FACT Note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

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### **Administrative Support Service**

Commencing on the date of the IPO, FACT agreed to pay the Sponsor up to \$10,000 per month for office space and administrative support services. These are paid on a monthly basis via invoices, and there was no amount due under the Administrative Services Agreement as of December 31, 2021. For the years ended December 31, 2021 and 2022, FACT paid the Sponsor \$2,114 and \$0, respectively, in expenses in connection with such services.

### **Complete Solaria Related Party Transactions**

#### **Complete Solaria 2022 Note Financing**

Beginning on October 3, 2022, Complete Solar entered into the Complete Solaria Subscription Agreements with certain investors pursuant to which such investors purchased the 2022 Convertible Notes. In addition, the Rodgers Massey Revocable Living Trust purchased a convertible note from Complete Solaria in an amount equal to approximately \$6.7 million (the “**RMRLT Rollover Note**”), in consideration for Rodgers Massey Revocable Living Trust’s former investment in Solaria, which were assumed and cancelled by Complete Solaria. The RMRLT Rollover Note and the 2022 Convertible Notes accrue interest at a rate of 5% per annum. Immediately prior to the Closing, the RMRLT Rollover Note and the 2022 Convertible Notes converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2022 Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement. In addition, the Sponsor transferred to the holders of 2022 Convertible Notes a pro rata percentage of (i) 666,667 Founder Shares and (ii) 484,380 Private Placement Warrants held by the Sponsor.

The following table summarizes the RMRLT Rollover Note and the 2022 Convertible Notes with related persons.

| <u>Name</u>  | <u>Purchase Amount</u> | <u>Number of Shares</u>  | <u>Private Placement Warrants</u> |
|--|------------------------|--------------------------|-----------------------------------|
| Rodgers Massey Revocable Living Trust <sup>(1)</sup> | \$ 6,723,179           | 1,039,988 <sup>(6)</sup> | 81,468                            |
| Rodgers Massey Revocable Living Trust <sup>(1)</sup> | \$ 4,000,000           | 616,482 <sup>(7)</sup>   | 48,470                            |
| Rodgers Massey Revocable Living Trust <sup>(1)</sup> | \$ 3,500,000           | 543,449 <sup>(8)</sup>   | 42,411                            |
| Rodgers Massey Revocable Living Trust <sup>(1)</sup> | \$ 3,500,000           | 528,490 <sup>(9)</sup>   | 42,411                            |
| Edward Zeng <sup>(2)</sup>                           | \$ 2,400,000           | 372,237 <sup>(10)</sup>  | 29,081                            |
| Tidjane Thiam <sup>(3)</sup>                         | \$ 1,000,000           | 155,270 <sup>(11)</sup>  | 12,177                            |
| NextG Tech Limited <sup>(4)</sup>                    | \$ 900,000             | 135,897 <sup>(12)</sup>  | 10,905                            |
| Adam Gishen <sup>(5)</sup>                           | \$ 100,000             | 15,526 <sup>(13)</sup>   | 1,211                             |

(1) Thurman J. “TJ” Rodgers is a member of Complete Solaria’s board of directors, and trustee of the Rodgers Massey Revocable Living Trust. The Rodgers Massey Revocable Living Trust is a 5% holder of Complete Solaria’s capital Stock.

(2) Edward Zeng was a director of FACT until the Closing of the Business Combination.

(3) Tidjane Thiam was the Executive Chairman of FACT until the Closing of the Business Combination and is a director of Complete Solaria.

(4) NextG is an affiliate of Edward Zeng, a former director of FACT.

(5) Adam Gishen was the Chief Executive Officer of FACT and is a director of Complete Solaria.

(6) Includes 927,860 shares of Complete Solaria common stock and 112,128 Founder Shares.

(7) Includes 549,771 shares of Complete Solaria common stock and 66,711 Founder Shares.

(8) Includes 485,077 shares of Complete Solaria common stock and 58,372 Founder Shares.

(9) Includes 470,118 shares of Complete Solaria common stock and 58,372 Founder Shares.



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- (10) Includes 332,211 shares of Complete Solaria common stock and 40,026 Founder Shares.
- (11) Includes 138,593 shares of Complete Solaria common stock and 16,677 Founder Shares.
- (12) Includes 120,887 shares of Complete Solaria common stock and 15,010 Founder Shares.
- (13) Includes 13,859 shares of Complete Solaria common stock and 1,667 Founder Shares.

In addition, holders of 2022 Convertible Notes are entitled to receive, on a pro rata basis, up to an additional (i) 333,333 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$12.50 per share for a period of at least 20 days out of 30 consecutive days on which the shares of Complete Solaria Common Stock are traded on a stock exchange, and (ii) 333,333 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$15.00 per share for a period of at least 20 days out of 30 consecutive days on which the shares of Complete Solaria Common Stock are traded on a stock exchange,

### ***Stockholder Support Agreement***

On October 3, 2022, FACT, Complete Solar and certain stockholders of Complete Solar, entered into the Complete Solar Stockholder Support Agreement, whereby each of the parties thereto agreed to, among other things, vote to adopt and approve, upon the effectiveness of the Registration Statement, the Business Combination and all other documents and transactions contemplated thereby. Additionally, certain stockholders of Complete Solar agreed, among other things, to effect the Complete Solar Preferred Conversion, not to transfer any of their shares of Complete Solar common stock and Complete Solar preferred stock (or enter into any arrangement with respect thereto), subject to certain customary exceptions, or enter into any voting arrangement that is inconsistent with the Complete Solar Stockholder Support Agreement.

### ***Complete Solar and Solaria Merger***

On October 3, 2022, Complete Solar and Solaria entered into a Required Transaction Merger Agreement to form Complete Solaria. Pursuant to the Required Transaction Merger Agreement, Solaria was acquired by Complete Solar Holding Corporation and Complete Solar Midco, LLC, by means of a statutory merger of Complete Solar Merger Sub, Inc., with and into Solaria, pursuant to which Solaria would survive and become a wholly-owned subsidiary of Complete Solar Midco, LLC an indirect wholly-owned Subsidiary of Complete Solar Holding Corporation.

As a result of the Required Transaction, certain stockholders of Complete Solar who were formerly holders of securities of Solaria have a right to appoint Antonio R. Alvarez, Thurman J. Rodgers and Steven J. Gomo to the Board of Directors of Complete Solaria. Thurman J. Rodgers is trustee of the Rodgers Massey Revocable Living Trust, which is a 5% holder of Complete Solaria Capital Stock. Further, Vikas Desai and Arnaud Lepert were offered employment with Complete Solaria. Equity and other compensation, termination, change in control and other arrangements for these individuals are described in the section titled “*Executive and Director Compensation.*”

As a result of the Required Transaction, the following Solaria security holders, entities affiliated with Park West Asset Management LLC; Rodgers Massey Revocable Living Trust; South Lake One, LLC; and Eastern Win Development Holdings Limited, received equity consideration such that each currently holds more than 5% of Complete Solaria’s outstanding capital stock.

As a result of the Required Transaction, the following Complete Solar stockholders, Ecosystem Integrity Fund II, L.P. and The Libra Foundation, each holds more than 5% of Complete Solaria’s outstanding capital stock.

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### **Complete Solar Preferred Stock Financings**

From March 2022 through April 2022, Complete Solar issued and sold an aggregate of 2,660,797 shares of its Series D-1 Preferred Stock for a cash purchase price of \$4.9733 per share, 62,498 shares of its Series D-2 Preferred Stock for a cash purchase price of \$1.8650 per share, and 48,256 shares of its Series D-3 Preferred Stock for a cash purchase price of \$1.5542 per share (together, the “**Complete Solar Series D Preferred Stock**”), for aggregate gross proceeds of \$13.4 million. Each share of Complete Solar’s Series D Preferred Stock was cancelled in exchange for the right to receive shares of the Complete Solaria’s Common Stock upon the Closing.

In January 2020, Complete Solar issued and sold an aggregate of 2,800,283 shares of its Series C-1 Preferred Stock for a cash purchase price of \$2.6497 per share for aggregate gross proceeds of \$7.4 million (the “**Complete Solar Series C Preferred Stock**”). Each share of Complete Solar’s Series C-1 Preferred Stock was cancelled in exchange for the right to receive shares of the Complete Solaria’s Common Stock upon the Closing.

The following table summarizes the participation in the foregoing transactions by Complete Solaria’s directors, executive officers, and holders of more than 5% of any class of Complete Solaria’s capital stock as of the date of such transactions:

### **Complete Solar Preferred Stock Transactions**

| <u>Name of Stockholder</u>                       | <u>Shares of Series C-1 Preferred Stock</u> | <u>Shares of Series D-1 Preferred Stock</u> | <u>Aggregate Purchase Price</u> |
|--|---|---|---------------------------------|
| The Libra Foundation <sup>(1)</sup>              | 1,301,791                                   | 158,448                                     | \$3,947,507                     |
| Ecosystem Integrity Fund II, L.P. <sup>(2)</sup> | 628,524                                     | 672,280                                     | \$4,675,791                     |

- (1) The Libra Foundation is a 5% holder of Complete Solaria capital stock.  
(2) Ecosystem Integrity Fund II, L.P. is a 5% holder of Complete Solaria capital stock.

### **Solaria Preferred Stock Financings**

From June 2019 through July 2020, Solaria issued and sold an aggregate of 5,367,134 shares of its Series E-1 Preferred Stock for a cash purchase price of \$9.17 per share (the “**Solaria Series E Preferred Stock**”), for aggregate gross proceeds of \$47.5 million. Shares of Solaria’s Series E Preferred Stock were exchanged for shares in Complete Solaria pursuant to the terms of the Required Transaction.

### **Solaria Preferred Stock Transactions**

| <u>Name of Stockholder</u>                           | <u>Shares of Series E-1 Preferred Stock</u> | <u>Aggregate Purchase Price</u> |
|--|---|---------------------------------|
| Rodgers Massey Revocable Living Trust <sup>(1)</sup> | 2,363,776                                   | \$20,000,000                    |

- (1) Rodgers Massey Revocable Living Trust is a 5% holder of Complete Solaria capital stock.

### **Simple Agreements For Future Equity**

Solaria previously entered into certain Simple Agreements for Future Equity (“**SAFEs**”) to raise funding. In connection with the Required Transaction, the outstanding Solaria SAFEs were assumed by and assigned to Complete Solaria and converted into Complete Solaria stock. The SAFE dated December 24, 2020 and amended February 23, 2021, by and between Solaria and Rodgers Massey Revocable Living Trust, for a purchase amount of \$2,000,000, converted to 453,981 shares of Complete Solaria stock at a price per share of \$4.405464. The SAFE dated March 3, 2022 and amended March 11, 2022, by and between Solaria and Rodgers Massey

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Revocable Living Trust, for a purchase amount of \$2,000,000, converted to 453,981 shares of Complete Solaria stock at a price per share of \$4.405464. Thurman J. “TJ” Rodgers is a member of Complete Solaria’s board of directors, and trustee of the Rodgers Massey Revocable Living Trust. The Rodgers Massey Revocable Living Trust is a 5% holder of Complete Solaria’s capital Stock. The SAFE dated March 12, 2021, by and between Solaria and entities affiliated with Park West Asset Management LLC, for a total purchase amount of \$17,500,000. Park West Investors Master Fund, Limited invested \$15,500,000, which converted into 3,518,358 shares Complete Solaria stock at a price per share of \$4.405464. Park West Partners International, Limited invested \$2,000,000, which converted into 453,981 shares of Complete Solaria stock at a price per share of \$4.405464. The entities affiliated with Park West Asset Management LLC are a 5% holder of Complete Solaria’s capital Stock.

### **Warrants**

Complete Solar issued warrants (the “**Warrants**”) to purchase shares of its capital stock to certain holders of 5% of its capital stock. The following table summarizes the participation in the foregoing transactions by Complete Solaria’s holders of more than 5% of any class of Complete Solaria’s capital stock as of the date of such transactions:

| <u>Name of Stockholder</u>                       | <u>Common Stock Warrants</u> | <u>Series C Preferred Stock Warrants</u> |
|--|------------------------------|--|
| The Libra Foundation <sup>(1)</sup>              | 358,341                      | —  |
| Ecosystem Integrity Fund II, L.P. <sup>(2)</sup> | —                            | 1,000,000                                |

(1) The Libra Foundation is a 5% holder of Complete Solaria capital stock.

(2) Ecosystem Integrity Fund II, L.P. is a 5% holder of Complete Solaria capital stock.

### **Employment Arrangements**

Complete Solaria has entered into employment agreements with certain of its executive officers. For more information regarding these agreements with Complete Solaria’s named executive officers, see the section titled “*Executive and Director Compensation—Employment Arrangements with Named Executive Officers.*”

### **Stock Option Grants to Directors and Executive Officers**

Complete Solaria has granted stock options to certain of its directors and executive officers. For more information regarding the stock options and stock awards granted to Complete Solaria’s directors and named executive officers, see the section titled “*Executive and Director Compensation.*”

### **Indemnification Agreements**

Complete Solaria entered into new indemnification agreements with the directors and officers of New Complete Solaria following the Business Combination.

Complete Solaria’s certificate of incorporation contains provisions limiting the liability of directors, and Complete Solaria’s amended and restated bylaws provide that Complete Solaria will indemnify each of its directors and officers to the fullest extent permitted under Delaware law. Complete Solaria’s amended and restated certificate of incorporation and amended and restated bylaws also provide the Complete Solaria’s Board with discretion to indemnify Complete Solaria’s employees and other agents when determined appropriate by Complete Solaria’s Board.

### **Policies and Procedures for Related Person Transactions**

The Complete Solaria Board adopted a written related person transactions policy that sets forth Complete Solaria’s policies and procedures regarding the identification, review, consideration and oversight of “related person transactions.” For purposes of the Complete Solaria policy only, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Complete Solaria or any of its subsidiaries are participants involving an amount that exceeds \$120,000,

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including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness, subject to certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act.

Under the policy, the related person in question or, in the case of transactions with a holder of more than 5% of any class Complete Solaria's voting securities, an officer with knowledge of a proposed transaction, must present information regarding the proposed related person transaction to the Complete Solaria's audit committee (or, where review by the Complete Solaria's audit committee would be inappropriate, to another independent body of the Board) for review. To identify related person transactions in advance, the Complete Solaria will rely on information supplied by Complete Solaria's executive officers, directors and certain significant stockholders. In considering a related person transaction, Complete Solaria's audit committee will take into account the relevant available facts and circumstances, which may include, but are not limited to:

- the risks, costs, and benefits to Complete Solaria;
- the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the extent of the related person's interest in the transaction;
- the purpose and terms of the transaction;
- management's recommendation with respect to the proposed related person transaction;
- the availability of other sources for comparable services or products; and
- whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction.

Complete Solaria's audit committee will approve only those transactions that it determines are fair to us and in Complete Solaria's best interests. All of the transactions described above were entered into prior to the adoption of such policy.

## PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of August 7, 2023 by:

- each person known to be the beneficial owner of more than 5% of the outstanding shares of common stock;
- each executive officer and director; and
- all executive officers and directors of Complete Solaria as a group.

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, ordinary shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13G or 13D filed with the SEC. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that all persons named in the table have sole voting and investment power with respect to all shares of our common stock beneficially owned by them. Applicable percentages are based on 45,290,553 shares of common stock outstanding as of August 7, 2023, adjusted as required by rules promulgated by the SEC.

| <u>Name and Address of Beneficial Owner<sup>(1)</sup></u>                    | <u>Number of Shares</u> | <u>Percentage of Common Stock Outstanding</u> |
|--|-------------------------|---|
| <i>5% or Greater Stockholders:</i>   |                         |   |
| Ecosystem Integrity Fund II, L.P. <sup>(2)</sup>                             | 8,399,653               | 17.6  |
| Thurman J. (T.J.) Rodgers <sup>(3)</sup>                                     | 7,082,187               | 15.4  |
| Entities affiliated with Edward Zeng <sup>(4)</sup>                          | 5,523,612               | 11.3  |
| Entities affiliated with Park West Asset Management LLC <sup>(5)</sup>       | 3,518,624               | 7.7   |
| Entities affiliated with Polar Asset Management Partners Inc. <sup>(6)</sup> | 4,113,506               | 9.1   |
| Entities Affiliated with Meteora <sup>(7)</sup>                              | 4,300,000               | 9.5   |
| <i>Executive Officers and Directors:</i>                                     |                         |   |
| William J. Anderson <sup>(8)</sup>   | 1,651,297               | 3.6   |
| Antonio R. Alvarez <sup>(9)</sup>  | 235,804                 | *   |
| Vikas Desai <sup>(10)</sup>  | 141,425                 | *   |
| Thurman J. (T.J.) Rodgers <sup>(3)</sup>                                     | 7,082,187               | 15.4  |
| Devin Whatley <sup>(2)</sup>   | 8,339,653               | 17.6  |
| Tidjane Thiam <sup>(11)</sup>  | 3,733,573               | 7.9   |
| Adam Gishen <sup>(12)</sup>  | 908,284                 | 2.0   |
| Brian Wuebbels <sup>(13)</sup>   | 44,291                  | *   |
| Arnaud Lepert <sup>(14)</sup>  | 35,282                  | *   |
| David Anderson <sup>(15)</sup>   | 901,084                 | 2.0   |
| Ronald Pasek   | —                       | —   |
| All current directors and executive officers as a group (11 persons)         | 22,152,222              | 47.3  |

\* Less than one percent.

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- (1) Unless otherwise indicated, the business address of each of the directors and executive officers of the Company is c/o Complete Solaria, Inc., 45700 Northport Loop East, Fremont, CA 94538.
- (2) Includes (i) 5,832,054 shares held by Ecosystem Integrity Fund II, L.P. of which Mr. Devin Whatley is the managing member of the general partner, (ii) 198,346 shares held by EIF CS SPV LLC and (iii) 2,369,253 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date. The business address of each of Ecosystem Integrity Fund II, L.P., EIF CS SPV LLC and Mr. Whatley is 20 Richelle Court, Lafayette, California 94549.
- (3) Includes (i) 485,562 shares held by Rodgers Capital, LLC, (ii) 8,842 shares held by Thurman Rodgers, (iii) 5,863,367 shares held by Rodgers Massey Revocable Living Trust and (iv) 724,416 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date.
- (4) Represents shares held by NextG Tech Limited, an affiliate of Edward Zeng, a director of FACT until the Closing of the Business Combination. Includes (i) 1,909,140 shares of common stock and (ii) 3,614,472 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date.
- (5) Represents shares held by Park West Asset Management LLC, Park West Investors Master Fund, Limited, Park West Partners International, Limited and Peter S. Park. Park West Asset Management LLC is the investment manager to Park West Investors Master Fund, Limited and Park West Partners International, Limited, and Peter S. Park, through one or more affiliated entities, is the controlling manager of Park West Asset Management LLC. The principal business address is c/o Park West Asset Management LLC, 1 Letterman Drive, Building C, Suite C5-900, San Francisco, CA 94129.
- (6) Represents shares held by Polar Asset Management Partners Inc., a company incorporated under the laws of Ontario, Canada and the investment advisor to Polar Multi-Strategy Master Fund, a Cayman Islands exempted company (“PMSMF”), with respect to the shares of common stock directly held by PMSMF. The address for Polar Asset Management Partners Inc. is 16 York Street, Suite 2900, Toronto, ON, Canada M5J 0E6.
- (7) Represents shares held by by Meteora Capital, LLC, a Delaware limited liability company (“Meteora”) and Mr. Vik Mittal (“Mr. Mittal”), with respect to the shares of common stock held by certain funds and managed accounts to which Meteora Capital serves as investment manager (collectively, the “Meteora Funds”). Mr. Mittal serves as the Managing Member of Meteora Capital. The address of the business office of each of the Meteora and Mr. Mittal is 840 Park Drive East, Boca Raton, FL 33444.
- (8) Includes (i) 453,386 shares of common stock, (ii) 1,056,094 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date and (iii) 141,817 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date.
- (9) Includes 235,804 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date.
- (10) Includes 141,425 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date.
- (11) Includes (i) 1,656,348 shares of common stock and (ii) 2,077,225 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date.
- (12) Includes (i) 390,796 shares of common stock and (ii) 517,488 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date.
- (13) Includes 44,291 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date.
- (14) Includes 35,282 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date.
- (15) Includes 453,386 shares of common stock (ii) 141,817 shares issuable pursuant to Complete Solaria Warrants exercisable within 60 days of the Closing Date and (ii) 305,881 shares issuable pursuant to stock options exercisable within 60 days of the Closing Date.

## SELLING SECURITYHOLDERS

The selling securityholders may offer and sell, from time to time, any or all of the shares of common stock or warrants being offered for resale by this prospectus, which consists of:

- up to 10,966,635 PIPE Shares;
- up to 8,625,000 Founder Shares;
- up to 6,266,667 shares of common stock issuable upon the exercise of the Private Warrants;
- up to 13,080,994 shares of common stock pursuant to the Registration Rights Agreement (including shares of common stock issuable upon exercise of convertible securities);
- up to 6,266,667 Private Warrants;
- up to 716,668 Working Capital Warrants;
- up to 716,668 shares of common stock issuable upon exercise of Working Capital Warrants;
- up to 6,266,572 Merger Warrants; and
- up to 6,266,572 shares of common stock issuable upon the exercise of Merger Warrants.

Certain of the selling securityholders listed below entered into agreements that restrict the transfer of the shares of our common stock that otherwise may be sold from time to time pursuant to the registration statement of which this prospectus forms part. See the section titled “*Certain Relationships and Related Party Transactions—Lock-Up Agreement*” for further discussion.

As used in this prospectus, the term “selling securityholders” includes the selling securityholders listed in the table below, together with any additional selling securityholders listed in a subsequent amendment to this prospectus, and their donees, pledgees, assignees, transferees, distributees and successors-in-interest that receive shares in any non-sale transfer after the date of this prospectus.

The following table provides, as of the date of this prospectus, information regarding the beneficial ownership of our common stock of each selling securityholder, the number of shares of common stock that may be sold by each selling securityholder under this prospectus and that each selling securityholder will beneficially own assuming all securities that may be offered pursuant to this prospectus are sold. Because each selling securityholder may dispose of all, none or some portion of their securities, no estimate can be given as to the number of securities that will be beneficially owned by a selling securityholder upon termination of this offering. For purposes of the table below, however, we have assumed that after termination of this offering none of the securities covered by this prospectus will be beneficially owned by the selling securityholders and further assumed that the selling securityholders will not acquire beneficial ownership of any additional securities during the offering. In addition, the selling securityholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, our securities in transactions exempt from the registration requirements of the Securities Act after the date on which the information in the table is presented.

Except as set forth in the footnotes below, (i) the following table does not include up to 8,625,000 shares of common stock issuable upon exercise of the Public Warrants and (ii) the address of each selling securityholder is 45700 Northport Loop East, Fremont, CA 94538.

Please see the section titled “*Plan of Distribution*” for further information regarding the stockholders’ method of distributing these shares.

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| Name  | Shares of Common Stock                      |                                   |  |                              | Warrants to Purchase Common Stock           |                                   |  |                              |
|---|---|-----------------------------------|--|------------------------------|---|-----------------------------------|--|------------------------------|
|   | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering |
| <b>PIPE Investors</b>   |   |                                   |  |                              |   |                                   |  |                              |
| Entities Affiliated with Park West Asset Management LLC <sup>(1)</sup>                                  | 2,918,519                                   | 1,600,105                         | 1,318,414                                | 2.9%                         | 600,105                                     | 600,105                           | —  | —                            |
| Bonomi 2001 Trust <sup>(2)</sup>  | 60,177                                      | 21,955                            | 38,222                                   | *                            | 11,955                                      | 11,955                            | —  | —                            |
| David Robinov   | 37,953                                      | 16,186                            | 21,767                                   | *                            | 5,325                                       | 5,325                             | —  | —                            |
| Shares Owned by Thurman John Rodgers <sup>(3)</sup>   | 7,082,187                                   | 3,019,949                         | 4,062,238                                | 9.0%                         | 724,416                                     | 724,416                           | —  | —                            |
| Shares Owned By Elias Antoun <sup>(4)</sup>   | 132,688                                     | 48,425                            | 84,263                                   | *                            | 28,425                                      | 28,425                            | —  | —                            |
| Jon D and Linda W Gruber Trust <sup>(5)</sup>   | 100,000                                     | 100,000                           | —  | *                            | —   | —                                 | —  | —                            |
| Entities Affiliated with Meteora <sup>(6)</sup>   | 4,300,000                                   | 2,238,48                          | 2,061,512                                | 4.6%                         | —   | —                                 | —  | —                            |
| Polar Multi-Strategy Master Fund <sup>(7)</sup>   | 4,113,506                                   | 3,781,753                         | 331,753                                  | *                            | 132,600                                     | —                                 | 132,600                                  | *                            |
| Entities Affiliated with Sandia <sup>(8)</sup>  | 1,350,000                                   | 1,200,000                         | 150,000                                  | *                            | —   | —                                 | —  | —                            |
| <b>Total—PIPE Investors</b>   | <b>20,095,030</b>                           | <b>12,026,861</b>                 | <b>8,068,169</b>                         | <b>17.8%</b>                 | <b>1,502,826</b>                            | <b>1,370,226</b>                  | <b>132,600</b>                           |                              |
| <b>Holders of Registration Rights Pursuant to Registration Rights Agreement</b>                         |   |                                   |  |                              |   |                                   |  |                              |
| CRSEF Solis Holdings, L.L.C. <sup>(9)</sup>   | 2,745,879                                   | 2,745,879                         | —  | *                            | —   | —                                 | —  | —                            |
| Entities Affiliated Ecosystem Integrity Fund <sup>(10)</sup>  | 8,399,653                                   | 1,886,284                         | 6,513,369                                | 14.%                         | 2,369,253                                   | 1,886,284                         | 482,969                                  | 1.1%                         |
| William J. Anderson <sup>(11)</sup>   | 595,203                                     | 141,817                           | 453,386                                  | 1.0%                         | 141,817                                     | 141,817                           | —  | —                            |
| David J. Anderson   | 405,090                                     | 126,710                           | 453,386                                  | 1.0%                         | 126,710                                     | 126,710                           | —  | —                            |
| Adam Gishen   | 908,284                                     | 539,938                           | 368,346                                  | *                            | 517,488                                     | 517,488                           | —  | —                            |
| Abhishek Bhatia   | 568,262                                     | 355,570                           | 212,692                                  | *                            | 343,100                                     | 343,100                           | —  | —                            |
| Edward Zeng <sup>(12)</sup>   | 5,523,612                                   | 3,747,098                         | 1,776,514                                | 3.9%                         | 3,614,472                                   | 39,986                            | 3,574,486                                | 7.9%                         |
| Tidjane Thiam   | 3,733,573                                   | 2,177,035                         | 1,556,538                                | 3.4%                         | 2,077,225                                   | 2,077,225                         | —  | —                            |
| Li Hua Yeh  | 35,000                                      | 35,000                            | —  | *                            | —   | —                                 | —  | —                            |
| Joseph Wagman   | 90,000                                      | 90,000                            | —  | *                            | —   | —                                 | —  | —                            |
| Brener International Group, LLC   | 150,000                                     | 150,000                           | —  | *                            | —   | —                                 | —  | *                            |
| Rustom Jokhi  | 125,000                                     | 125,000                           | —  | *                            | —   | —                                 | —  | *                            |
| Paul Hastings LLP <sup>(13)</sup>   | 440,000                                     | 440,000                           | —  | *                            | —   | —                                 | —  | *                            |
| LNQ Advisors, LLC   | 340,000                                     | 340,000                           | —  | *                            | —   | —                                 | —  | *                            |
| Benjamin Securities, Inc.   | 75,556                                      | 75,556                            | —  | *                            | —   | —                                 | —  | *                            |
| Interest Solutions, LLC   | 15,000                                      | 15,000                            | —  | *                            | —   | —                                 | —  | *                            |
| Noreen Doyle  | 25,000                                      | 25,000                            | —  | *                            | —   | —                                 | —  | —                            |
| William Janetschek  | 25,000                                      | 25,000                            | —  | *                            | —   | —                                 | —  | —                            |
| Nell Cady-Kruse   | 25,000                                      | 25,000                            | —  | *                            | —   | —                                 | —  | —                            |
| <b>Total—Holders of Registration Rights</b>   | <b>24,415,225</b>                           | <b>13,080,994</b>                 | <b>11,334,231</b>                        | <b>25.0%</b>                 | <b>9,205,172</b>                            | <b>5,147,717</b>                  | <b>4,057,455</b>                         | <b>9.0%</b>                  |
| <b>Holders of Common Stock Warrants</b>   |   |                                   |  |                              |   |                                   |  |                              |
| South Lake One, LLC   | 1,357,395                                   | 323,422                           | 1,033,973                                | 2.3%                         | 323,422                                     | 323,422                           | —  | —                            |
| The Libra Foundation <sup>(14)</sup>  | 1,345,633                                   | 320,620                           | 1,025,013                                | 2.3%                         | 493,687                                     | 320,620                           | 173,067                                  | *                            |
| Eastern Win Development Holdings Limited  | 1,295,922                                   | 308,775                           | 987,147                                  | 2.2%                         | 308,775                                     | 308,775                           | —  | —                            |
| Floodgate Fund III, L.P., on behalf of itself and as nominee for certain other individuals and entities | 641,794                                     | 152,918                           | 488,876                                  | 1.1%                         | 152,918                                     | 152,918                           | —  | —                            |
| John Bertuzzi   | 623,600                                     | 148,583                           | 475,017                                  | 1.0%                         | 148,583                                     | 148,583                           | —  | —                            |
| Aequanimitas LP   | 503,725                                     | 120,021                           | 383,704                                  | *                            | 120,021                                     | 120,021                           | —  | —                            |
| Saperstein Family Revocable Trust u/t/d 8/3/1989  | 493,965                                     | 117,695                           | 376,270                                  | *                            | 117,695                                     | 117,695                           | —  | —                            |
| Entities Affiliated with Presidio Partners 2007 LP <sup>(15)</sup>                                      | 402,408                                     | 95,880                            | 306,528                                  | *                            | 95,880                                      | 95,880                            | —  | —                            |
| Suvi Sharma   | 228,638                                     | 54,477                            | 174,161                                  | *                            | 56,624                                      | 54,477                            | 2,147                                    | *                            |
| Serious Change, LP  | 205,738                                     | 49,020                            | 156,718                                  | *                            | 49,020                                      | 49,020                            | —  | —                            |



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| Name  | Shares of Common Stock                      |                                   |  |                              | Warrants to Purchase Common Stock           |                                   |  |                              |
|---|---|-----------------------------------|--|------------------------------|---|-----------------------------------|--|------------------------------|
|   | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering |
| UNIVERSE SOLAR ENERGY HOLDINGS INC.                                 | 201,072                                     | 47,909                            | 153,163                                  | *                            | 47,909                                      | 47,909                            | —  | —                            |
| Petunia LLC   | 189,608                                     | 45,177                            | 144,431                                  | *                            | 45,177                                      | 45,177                            | —  | —                            |
| Katerra, Inc.   | 182,231                                     | 43,419                            | 138,812                                  | *                            | 43,419                                      | 43,419                            | —  | —                            |
| GCL SYSTEM INTEGRATION TECHNOLOGY PTE. LTD.                         | 156,389                                     | 37,262                            | 119,127                                  | *                            | 37,262                                      | 37,262                            | —  | —                            |
| Orama Investments, LLC  | 143,920                                     | 34,291                            | 109,629                                  | *                            | 34,291                                      | 34,291                            | —  | —                            |
| Eric Bowen & Co, LLC  | 131,504                                     | 31,333                            | 100,171                                  | *                            | 31,333                                      | 31,333                            | —  | —                            |
| William S Price III Revocable Trust                                 | 129,292                                     | 30,806                            | 98,486                                   | *                            | 30,806                                      | 30,806                            | —  | —                            |
| Dinwoodie-Meservey Family Living Trust                              | 119,137                                     | 28,386                            | 90,751                                   | *                            | 28,386                                      | 28,386                            | —  | —                            |
| Carl Jasper   | 187,057                                     | 44,569                            | 142,488                                  | *                            | 44,569                                      | 44,569                            | —  | —                            |
| IRAR Trust FBO John Colton Account # 35-38969                       | 111,537                                     | 26,575                            | 84,962                                   | *                            | 26,575                                      | 26,575                            | —  | —                            |
| Peter Vandermark Trust UA 9-15-05                                   | 102,866                                     | 24,509                            | 78,357                                   | *                            | 24,509                                      | 24,509                            | —  | —                            |
| Dustin Dunaway  | 97,626                                      | 23,261                            | 74,365                                   | *                            | 23,261                                      | 23,261                            | —  | —                            |
| Leon Saperstein   | 86,214                                      | 20,542                            | 65,672                                   | *                            | 20,542                                      | 20,542                            | —  | —                            |
| Sheridan Dose Investment Company LLC                                | 83,818                                      | 19,971                            | 63,847                                   | *                            | 19,971                                      | 19,971                            | —  | —                            |
| Jacobus Saperstein  | 80,507                                      | 19,182                            | 61,325                                   | *                            | 19,182                                      | 19,182                            | —  | —                            |
| Unmi Abkin  | 80,507                                      | 19,182                            | 61,325                                   | *                            | 19,182                                      | 19,182                            | —  | —                            |
| Five Stones Investments II, LLC                                     | 71,959                                      | 17,145                            | 54,814                                   | *                            | 17,145                                      | 17,145                            | —  | —                            |
| Michael P McCormick Rev Trust                                       | 71,959                                      | 17,145                            | 54,814                                   | *                            | 17,145                                      | 17,145                            | —  | —                            |
| Structural Capital Investments III, L.P.                            | 71,959                                      | 17,145                            | 54,814                                   | *                            | 149,349                                     | 17,145                            | 132,204                                  | *                            |
| Mary Wheeler  | 70,398                                      | 16,773                            | 53,625                                   | *                            | 16,773                                      | 16,773                            | —  | —                            |
| Entities Affiliated with Atika Capital Partners, LP <sup>(16)</sup> | 86,350                                      | 20,574                            | 65,776                                   | *                            | 20,574                                      | 20,574                            | —  | —                            |
| Genine McCormick Rev Trust  | 64,763                                      | 15,431                            | 49,332                                   | *                            | 15,431                                      | 15,431                            | —  | —                            |
| Fenice Investment Group, LLC  | 63,295                                      | 15,081                            | 48,214                                   | *                            | 15,081                                      | 15,081                            | —  | —                            |
| Jusong Wang   | 58,978                                      | 14,052                            | 44,926                                   | *                            | 14,052                                      | 14,052                            | —  | —                            |
| Crossroads Partners, LP   | 57,567                                      | 13,716                            | 43,851                                   | *                            | 13,716                                      | 13,716                            | —  | —                            |
| Entities Affiliated with Venture Lending & Leasing <sup>(17)</sup>  | 97,794                                      | 23,300                            | 74,494                                   | *                            | 23,300                                      | 23,300                            | —  | —                            |
| Alp Saul  | 42,269                                      | 10,071                            | 32,198                                   | *                            | 10,071                                      | 10,071                            | —  | —                            |
| Shanghai Sunwise Investment Center (Limited Partnership)            | 40,864                                      | 9,736                             | 31,128                                   | *                            | 9,736                                       | 9,736                             | —  | —                            |
| The Jim and Patty Rouse Charitable Foundation                       | 37,146                                      | 8,850                             | 28,296                                   | *                            | 8,850                                       | 8,850                             | —  | —                            |
| Abhay Maheshwari  | 36,447                                      | 8,684                             | 27,763                                   | *                            | 8,684                                       | 8,684                             | —  | —                            |
| Alex Derbes   | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| David Miller  | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| JDV Consulting  | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| Lynyard Investments, LP   | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| McCormick Descendants Trust   | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| SBSW Partners   | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| Stavros Ginnakopoulos   | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| Steven N. Stein 2012 Irrevocable Trust                              | 35,979                                      | 8,572                             | 27,407                                   | *                            | 8,572                                       | 8,572                             | —  | —                            |
| McOuat-Young 2011 Trust   | 35,760                                      | 8,520                             | 27,240                                   | *                            | 8,520                                       | 8,520                             | —  | —                            |
| Nidnudim Israel LTD   | 35,741                                      | 8,516                             | 27,225                                   | *                            | 8,516                                       | 8,516                             | —  | —                            |
| Malik Franklin  | 34,663                                      | 8,259                             | 26,404                                   | *                            | 8,259                                       | 8,259                             | —  | —                            |
| Osman Nalbantoglu   | 30,897                                      | 7,361                             | 23,536                                   | *                            | 7,361                                       | 7,361                             | —  | —                            |
| Albert Luu  | 12,928                                      | 3,080                             | 9,848                                    | *                            | 3,080                                       | 3,080                             | —  | —                            |

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| Name   | Shares of Common Stock                      |                                   |  |                              | Warrants to Purchase Common Stock           |                                   |  |                              |
|--|---|-----------------------------------|--|------------------------------|---|-----------------------------------|--|------------------------------|
|  | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering | Number Beneficially Owned Prior to Offering | Number Registered for Sale Hereby | Number Beneficially Owned After Offering | Percent Owned After Offering |
| Sunstarter Capital LLC   | 29,489                                      | 7,026                             | 22,463                                   | *                            | 7,026                                       | 7,026                             | —  | —                            |
| Entities Affiliated with Sigma Partners 7, LP <sup>(18)</sup>        | 31,076                                      | 7,404                             | 23,672                                   | *                            | 7,404                                       | 7,404                             | —  | —                            |
| Fortify Capital Investments, LLC                                     | 28,783                                      | 6,858                             | 21,925                                   | *                            | 6,858                                       | 6,858                             | —  | —                            |
| Harvey Felman  | 28,783                                      | 6,858                             | 21,925                                   | *                            | 6,858                                       | 6,858                             | —  | —                            |
| The Chandoha and Anderson Revocable Trust                            | 26,203                                      | 6,243                             | 19,960                                   | *                            | 6,243                                       | 6,243                             | —  | —                            |
| Hitesh Shah  | 25,185                                      | 6,000                             | 19,185                                   | *                            | 6,000                                       | 6,000                             | —  | —                            |
| Li Biao  | 25,123                                      | 5,986                             | 19,137                                   | *                            | 5,986                                       | 5,986                             | —  | —                            |
| Marc Suidan and Marie Bathiche Living Trust                          | 24,758                                      | 5,899                             | 18,859                                   | *                            | 5,899                                       | 5,899                             | —  | —                            |
| Future Dreams LP   | 23,827                                      | 5,677                             | 18,150                                   | *                            | 5,677                                       | 5,677                             | —  | —                            |
| Alan Anderson  | 85,132                                      | 20,284                            | 64,848                                   | *                            | 20,284                                      | 20,284                            | —  | —                            |
| Kireker Family Ventures, LLC   | 43,976                                      | 8,979                             | 34,997                                   | *                            | 6,478                                       | 6,478                             | —  | —                            |
| Kevin Gibson   | 82,823                                      | 19,734                            | 63,089                                   | *                            | 19,734                                      | 19,734                            | —  | —                            |
| Williams Trading LLC   | 41,589                                      | 9,909                             | 31,680                                   | *                            | 9,909                                       | 9,909                             | —  | —                            |
| H & L Wenger 2002 Family Trust Dated June 21, 2002                   | 183,244                                     | 41,646                            | 141,598                                  | *                            | 42,362                                      | 38,311                            | 4,051                                    | *                            |
| Robert Zapotosky   | 123,474                                     | 29,420                            | 94,054                                   | *                            | 31,445                                      | 29,420                            | 2,025                                    | *                            |
| Briz Trading Corporation   | 41,700                                      | 7,198                             | 34,502                                   | *                            | 3,029                                       | 3,029                             | —  | —                            |
| Executive Financing Ltd  | 41,700                                      | 7,198                             | 34,502                                   | *                            | 3,029                                       | 3,029                             | —  | —                            |
| Golden Heritage Investments Ltd                                      | 41,700                                      | 7,198                             | 34,502                                   | *                            | 3,029                                       | 3,029                             | —  | —                            |
| Philippe Steffan   | 41,700                                      | 7,198                             | 34,502                                   | *                            | 3,029                                       | 3,029                             | —  | —                            |
| Bronfman Family Investment Partnership LLLP                          | 24,465                                      | 4,318                             | 20,147                                   | *                            | 1,817                                       | 1,817                             | —  | —                            |
| Jeffrey Bronfman Revocable Living Trust                              | 24,465                                      | 4,318                             | 20,147                                   | *                            | 1,817                                       | 1,817                             | —  | —                            |
| The Rosalinde and Arthur Gilbert Foundation                          | 81,555                                      | 14,396                            | 67,159                                   | *                            | 6,058                                       | 6,058                             | —  | —                            |
| The RSZ Trust  | 16,309                                      | 2,878                             | 13,431                                   | *                            | 1,211                                       | 1,211                             | —  | —                            |
| Charles Edgar Haldeman, Jr.  | 326,229                                     | 57,590                            | 268,639                                  | *                            | 24,235                                      | 24,235                            | —  | —                            |
| HNVR Technology Investment Partners, L.P.                            | 163,113                                     | 28,794                            | 134,319                                  | *                            | 12,117                                      | 12,117                            | —  | —                            |
| HNVR II, LP  | 165,159                                     | 28,794                            | 136,365                                  | *                            | 12,117                                      | 12,117                            | —  | —                            |
| Foris Ventures, LLC  | 1,649,597                                   | 287,954                           | 1,361,643                                | 3.0%                         | 121,176                                     | 121,176                           | —  | —                            |
| Entities Affiliated with Kline Hill Partners Fund                    | 883,534                                     | 195,412                           | 688,122                                  | 1.5%                         | 170,396                                     | 170,396                           | —  | —                            |
| Kyra Robinov   | 27,953                                      | 6,158                             | 21,795                                   | *                            | 5,325                                       | 5,325                             | —  | —                            |
| Georgina Asset Management LLC  | 10,000                                      | 10,000                            | —  | —                            | —   | —                                 | —  | —                            |
| Great Point Capital, LLC   | 20,000                                      | 20,000                            | —  | —                            | —   | —                                 | —  | —                            |
| Atlas Merchant Capital SPAC Fund I LP                                | 60,000                                      | 60,000                            | —  | —                            | —   | —                                 | —  | —                            |
| Rachelle Du Rocher   | 12,500                                      | 12,500                            | —  | *                            | —   | —                                 | —  | —                            |
| Other stockholders cumulatively holding less than 1% of Common Stock | 492,329                                     | 117,286                           | 375,043                                  | *                            | 117,286                                     | 117,286                           | —  | —                            |
| <b>Total—Holders Merger Warrants</b>                                 | <b>15,510,679</b>                           | <b>3,588,722</b>                  | <b>11,921,957</b>                        | <b>26.3%</b>                 | <b>3,500,836</b>                            | <b>3,189,367</b>                  | <b>311,469</b>                           | <b>*</b>                     |
| <b>Total</b>   | <b>60,020,934</b>                           | <b>28,696,577</b>                 | <b>31,324,357</b>                        | <b>69.2%</b>                 | <b>14,208,834</b>                           | <b>9,707,310</b>                  | <b>4,501,524</b>                         | <b>9.9%</b>                  |

\* Represents less than 1%.

- (1) Consists of (i) 51,470 PIPE Shares, 270,729 shares of common stock, 68,583 shares of common stock issuable upon exercise of common stock warrants, and 68,583 common stock warrants held by Park West Partners International, Limited, and (ii) 448,530 PIPE Shares, 2,147,790 shares of common stock, 531,522 shares of common stock issuable upon exercise of common stock warrants, and 531,522 shares of common stock warrants held by Park West Investors Master Fund, Limited, Park West Asset Management LLC, and

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Peter S. Park, through one or more affiliated entities, is the controlling manager of Park West Asset Management LLC. The principal business address is c/o Park West Asset Management LLC, 1 Letterman Drive, Building C, Suite C5-900, San Francisco, CA 94129.

- (2) Consists of 5,000 PIPE Shares, 43,222 shares of common stock, 11,955 shares of common stock issuable upon exercise of warrants, and 11,955 common stock warrants held by Bonomi 2001 Trust.
- (3) Consists of (i) 1,000,000 PIPE Shares, 4,863,367 shares of common stock, 569,770 shares of common stock issuable upon exercise of warrants, and 569,770 common stock warrants held by Rodgers Massey Revocable Living Trust, (ii) 485,562 shares of common stock, 151,881 shares of common stock issuable upon exercise of warrants and 151,881 common stock warrants held by Rodgers Capital, LLC, and (iii) 8,842 shares of common stock, 2,765 shares of common stock issuable upon exercise of warrants, and 2,765 common stock warrants held by Thurman John Rodgers. Voting and investment power over the securities held by the foregoing entities resides with Thurman John Rodgers, who may be deemed to be the beneficial owner of the shares. Thurman John Rodgers is a member of the Company's Board of Directors and Chairman of the Board.
- (4) Consists of (i) 15,938 shares of common stock, 4,985 shares of common stock issuable upon exercise of warrants, and 4,985 common stock warrants held by Elias Antoun, (ii) 5,216 shares of common stock, 1,631 shares of common stock issuable upon exercise of warrants and 1,631 common stock warrants held by IRA Services Trust Company CFBO: Elias Antoun IRA292175, (iii) 69,725 shares of common stock, 21,809 shares of common stock issuable upon exercise of warrants and 21,809 warrants held by Etched Media Corporation, and (vi) 10,000 PIPE Shares held by Antoun Family Trust. Voting and investment power over the securities held by the foregoing entities resides with Elias Antoun, who may be deemed to be the beneficial owner of the shares.
- (5) Voting and investment power over the securities held by the foregoing entities resides with Jon and Linda Gruber, who may be deemed to be the beneficial owner of the shares.
- (6) Consists of (i) 445,916 PIPE Shares, and 413,784 shares of common stock held by Meteora Special Opportunity Fund i, LP, ("MSOF") (ii) 706,504 PIPE Shares, and 755,596 shares of common stock held by Meteora Capital Partners, LP ("MCP), and (iii) 1,026,068 PIPE Shares, and 952,132 shares of common stock held by Meteora Select Trading Opportunities Master, LP ("MSTO"). Meteora Capital, LLC ("Meteora") is the Manager of MSFO, MCP and MSTO and has investment and dispositive power over the shares. Vikas Mittal is the Managing Member of MSOF, MCP, and MSTO and Meteora and may be deemed to have voting and investment control with respect to the shares held by these entities. Each of the parties in this footnote disclaims any beneficial ownership of the reported shares other than to the extent of any pecuniary interest the party may have therein. The business address of these entities and Mr. Mittal is 1200 N Federal Hwy, Ste 200, Boca Raton, Florida 33432.
- (7) Represents shares held by Polar Multi-Strategy Master Fund, a Cayman Islands exempted company ("PMSMF"). PMSMF is under management by Polar Asset Management Partners Inc. ("PAMPI"). PAMPI serves as Investment Advisor to PMSMF and has control and discretion over the shares held by PMSMF. As such, PAMPI may be deemed the beneficial owner of the shares held by PMSMF. PAMPI disclaims any beneficial ownership of the reported shares other than to the extent of any pecuniary interest therein. The ultimate natural persons who have voting and dispositive power over the shares held by PMSMF are Paul Sabourin and Abdalla Ruken, Co-Chief Investment Officers of PAMPI. The business address of PMSMF is c/o Polar Asset Management Partners Inc. is 16 York Street, Suite 2900, Toronto, Ontario, M5J 0E6 Canada.
- (8) Consists of (i) 127,440 PIPE shares held by Diametric True Alpha Market Neutral Master Fund, LP (ii) 697,680 PIPE shares held by Diametric True Alpha Enhanced Market Neutral Master Fund, LP and (iii) 374,880 PIPE shares held by Pinebridge Partners Master Fund, L.P. Voting and investment power over the securities held by the foregoing entities resides with Sandia Investment Management LP ("Sandia"). Sandia Investment Management LLC is the general partner of Sandia. Tim Sichler serves as Founder & CIO of the general partner of Sandia, and in such capacity may be deemed to be the beneficial owner. Each of the parties in this footnote disclaims any beneficial ownership of the reported shares other than to the extent of any pecuniary interest the party may have therein. The business address of these entities and Mr. Sichler is 201 Washington Street, Boston, Massachusetts 02108.
- (9) CRSEF Solis Holdings, L.L.C. holds up to 2,745,879 shares of common stock issuable upon exercise of the warrants in the securities registrable under the Registration Rights Agreement directly. The managing

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member of CRSEF Solis Holdings, L.L.C., with respect to the common shares held by CRSEF Solis Holdings, L.L.C., is Carlyle CRSEF Solis Aggregator, S.C.Sp., and its general partner is CRSEF Lux GP S.à r.l. The address of these entities is One Vanderbilt Avenue, Suite 3400, New York, NY 10017.

- (10) Consists of (i) 5,832,054 shares of outstanding common stock held by Ecosystem Integrity Fund II, L.P. (“Fund II”), which is held for itself and as nominee for Ecosystem Integrity Fund II-A, L.P. (“Fund II-A”), (ii) 482,969 shares of common stock issuable pursuant to Complete Solaria Warrants held by Fund II, for itself and as nominee for Fund II-A, exercisable within 60 days of August 1, 2023 at an exercise price of \$2.08 per share, (iii) 1,824,243 shares of common stock issuable pursuant to warrants held by Fund II, for itself and as nominee for Fund II-A, exercisable within 60 days of August 1, 2023 at a current exercise price of \$11.50 per share, (iv) 198,346 shares of outstanding common stock held by EIF CS SPV, LLC (“SPV”), and (v) 62,041 shares of common stock issuable pursuant to warrants held by SPV exercisable within 60 days of August 1, 2023 at an exercise price of \$11.50 per share. EIF Partners II, LLC (“Partners II”) is the general partner of Fund II and Fund II-A and may be deemed to have beneficial ownership over the securities held by Fund II and Fund II-A. Partners II is the managing member of SPV and may be deemed to have beneficial ownership over the securities held by SPV. James Everett and Devin Whatley have investment power and voting power over the securities held by Partners II and therefore may be deemed to share beneficial ownership over such securities.
- (11) Consists of (i) 405,090 shares of common stock, 126,710 shares of common stock issuable upon exercise of warrants, and 126,710 common stock warrants held by William Anderson, and (ii) 48,296 shares of common stock, 15,107 shares of common stock issuable upon exercise of warrants and 15,107 common stock warrants held by Risk Allocations Systems, Inc. Voting and investment power over the securities held by Risk Allocations Systems, Inc. resides with William Anderson, who may be deemed to be the beneficial owner of the shares. William Anderson is a member of the Company’s Board of Directors and the Company’s Chief Executive Officer.
- (12) Consists of (i) 372,237 shares of common stock, and 29,081 common stock warrants held by Edward Zeng, and (ii) 135,897 shares of common stock, and 694,239 common stock warrants held by NextG Tech Limited. Voting and investment power over the securities held by NextG Tech Limited resides with Edward Zeng, who may be deemed to be the beneficial owner of the shares.
- (13) Voting and investment power over the securities is held by Chris Davis, Chief Operations Officer of Paul Hastings LLP, and Brian Sakala, Managing Director, Head of Finance, Paul Hastings LLP, who may be deemed to be the beneficial owners of the shares. The address of the foregoing entity is MetLife Building, 200 Park Ave, New York, NY 10166.
- (14) Each of Lori D. Mills, Vice President; James Schwaba, Secretary; Amy Freidinger, Treasurer (collectively, “Officers”) of The Libra Foundation (“Libra”) has voting power and dispositive power over the securities held by Libra. The Officers have been granted authority by the Libra Board of Directors to vote, direct the voting of, dispose of, or direct the disposition of, any securities held by Libra. The Officers disclaim any beneficial ownership interest in the securities held by Libra. Inclusion of the Officers in this questionnaire is not an admission that they are beneficial owners of the securities for the purposes of Section 16 of the Securities and Exchange Act of 1934, as amended (“The Act”), or for any other purposes.
- (15) Consists of (i) 298,866 shares of common stock, and 93,484 common stock warrants held by Presidio Partners 2007 LP, and (ii) 7,662 shares of common stock, and 2,396 common stock warrants held by Presidio Partners 2007 (Parallel) LP.
- (16) Consists of (i) 50,429 shares of common stock, and 15,774 common stock warrants held by Atika Capital Partners, LP, and (ii) 15,347 shares of common stock, and 4,800 common stock warrants held by Atika Offshore Master Fund, Ltd.
- (17) Consists of (i) 37,247 shares of common stock, and 11,650 common stock warrants held by Venture Lending & Leasing V, LLC, and (ii) 37,247 shares of common stock, and 11,650 common stock warrants held by Venture Lending & Leasing VI, LLC.
- (18) Consists of (i) 22,059 shares of common stock, and 6,900 common stock warrants held by Sigma Partners 7, LP, (ii) 1,351 shares of common stock, and 422 common stock warrants held by Sigma Associates 7, LP, and (iii) 626 shares of common stock, and 82 common stock warrants held by Sigma Investors 7, LP.

## DESCRIPTION OF CAPITAL STOCK

The following summary of certain provisions of Complete Solaria's securities does not purport to be complete and is subject to the Certificate of Incorporation, the Bylaws and the provisions of the DGCL.

### **Authorized and Outstanding Stock**

The Certificate of Incorporation authorizes the issuance of 1,010,000,000 shares, consisting of 1,000,000,000 shares of Complete Solaria Common Stock, \$0.0001 par value per share, and 10,000,000 shares of Complete Solaria Preferred Stock, \$0.0001 par value. As of the Closing Date, there were 43,779,577 shares of Common Stock issued and outstanding and no preferred shares of outstanding.

### **Common Stock**

#### ***Voting Power***

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of Complete Solaria Common Stock possess all voting power for the election of Complete Solaria's directors and all other matters requiring stockholder action. Holders of Complete Solaria Common Stock are entitled to one vote per share on matters to be voted on by stockholders.

#### ***Dividends***

Holders of Complete Solaria Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by Complete Solaria's Board in its discretion out of funds legally available therefor. In no event will any stock dividends or stock splits or combinations of stock be declared or made on Complete Solaria Common Stock unless the shares of Complete Solaria Common Stock at the time outstanding are treated equally and identically.

#### ***Liquidation, Dissolution and Winding Up***

In the event of Complete Solaria's voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, the holders of Complete Solaria Common Stock will be entitled to receive an equal amount per share of all of Complete Solaria's assets of whatever kind available for distribution to stockholders, after the rights of the holders of Complete Solaria Preferred Stock have been satisfied.

#### ***Preemptive or Other Rights***

The holders of Complete Solaria Common Stock have no preemptive rights or other subscription rights and there are no sinking fund or redemption provisions applicable to Complete Solaria Common Stock.

#### ***Election of Directors***

Complete Solaria's Board has one class of directors and each director generally serves for a term of one year. Unless required by applicable law at the time of election, there is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

### **Preferred Stock**

Complete Solaria's Board has authority to issue shares of Complete Solaria Preferred Stock in one or more series, to fix for each such series such voting powers, designations, preferences, qualifications, limitations or

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restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences for the issue of such series all to the fullest extent permitted by the DGCL. The issuance of Complete Solaria Preferred Stock could have the effect of decreasing the trading price of the Complete Solaria Common Stock, restricting dividends on Complete Solaria's capital stock, diluting the voting power of Complete Solaria Common Stock, impairing the liquidation rights of Complete Solaria's capital stock, or delaying or preventing a change in control of Complete Solaria.

### **Warrants**

Each whole Public Warrant entitles the registered holder to purchase one share of Complete Solaria Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below. The warrants will become exercisable on the later of 30 days after the Closing and will expire five years after the Closing at 5:00 p.m., Eastern Time or earlier upon redemption or liquidation. However, no Public Warrants will be exercisable for cash unless Complete Solaria has an effective and current registration statement covering the shares of Complete Solaria Common Stock issuable upon exercise of the Public Warrants and a current prospectus relating to such shares of Complete Solaria Common Stock. Notwithstanding the foregoing, if a registration statement covering the shares of Complete Solaria Common Stock issuable upon exercise of the Public Warrants is not effective within 60 days from the Closing, warrant holders may, until such time as there is an effective registration statement and during any period when it shall have failed to maintain an effective registration statement, exercise Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act.

Pursuant to the warrant agreement, no fractional warrants will be issued upon separation of the units and only whole warrants will trade. Upon the Closing, Complete Solaria separated the units into shares of Complete Solaria Common Stock and Public Warrants, and the Units stopped trading and were delisted from the NYSE.

The Private Placement Warrants are identical to the Public Warrants underlying the Units except that (i) each Private Placement Warrant is exercisable for one share of Complete Solaria Common Stock at an exercise price of \$11.50 per share, and (ii) such Private Placement Warrants will be exercisable for cash (even if a registration statement covering the shares of Solaria Common Stock issuable upon exercise of such warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by us, in each case so long as they are still held by the initial purchasers or their affiliates.

Once the warrants become exercisable, Complete Solaria may redeem the outstanding warrants (except as described herein with respect to the Private Placement Warrants):

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption, provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive the number of shares determined by reference to the table set forth below based on the redemption date and the "fair market value" of Complete Solaria Common Stock;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like); and
- if the Reference Value is less than \$18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like and as described above adjacent to the caption "Exercise Price"), the private placement warrants must also concurrently be called for redemption on the same terms as the outstanding public warrants, as described above.

The right to exercise will be forfeited unless the Public Warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a Public Warrant will have no further rights except to receive the redemption price for such holder's warrant upon surrender of such warrant.

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We have established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her or its warrant prior to the scheduled redemption date. Any such exercise would not be done on a “cashless” basis and would require the exercising warrant holder to pay the exercise price for each warrant being exercised. However, the price of the Complete Solaria Common Stock may fall below the \$18.00 redemption trigger price (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like and as described below) as well as the \$11.50 (for whole shares) warrant exercise price after the redemption notice is issued.

The numbers in the table below represent the number of shares of Complete Solaria Common Stock that a warrant holder will receive upon such cashless exercise in connection with a redemption by us pursuant to this redemption feature, based on the “fair market value” of shares of Complete Solaria Common Stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined for these purposes based on volume-weighted average price of shares of Complete Solaria Common Stock during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. We will provide our warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a warrant or the exercise price of the warrant is adjusted as set forth below. If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the warrant after such adjustment and the denominator of which is the price of the warrant immediately prior to such adjustment. In such an event, the number of shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted.

| Redemption Date (period to expiration of warrants) | Fair Market Value of Common Stock |         |         |         |         |         |         |         |          |
|--|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|
|  | ≤\$10.00                          | \$11.00 | \$12.00 | \$13.00 | \$14.00 | \$15.00 | \$16.00 | \$17.00 | ≥\$18.00 |
| 60 months  | 0.261                             | 0.281   | 0.297   | 0.311   | 0.324   | 0.337   | 0.348   | 0.358   | 0.361    |
| 57 months  | 0.257                             | 0.277   | 0.294   | 0.310   | 0.324   | 0.337   | 0.348   | 0.358   | 0.361    |
| 54 months  | 0.252                             | 0.272   | 0.291   | 0.307   | 0.322   | 0.335   | 0.347   | 0.357   | 0.361    |
| 51 months  | 0.246                             | 0.268   | 0.287   | 0.304   | 0.320   | 0.333   | 0.346   | 0.357   | 0.361    |
| 48 months  | 0.241                             | 0.263   | 0.283   | 0.301   | 0.317   | 0.332   | 0.344   | 0.356   | 0.361    |
| 45 months  | 0.235                             | 0.258   | 0.279   | 0.298   | 0.315   | 0.330   | 0.343   | 0.356   | 0.361    |
| 42 months  | 0.228                             | 0.252   | 0.274   | 0.294   | 0.312   | 0.328   | 0.342   | 0.355   | 0.361    |
| 39 months  | 0.221                             | 0.246   | 0.269   | 0.290   | 0.309   | 0.325   | 0.340   | 0.354   | 0.361    |
| 36 months  | 0.213                             | 0.239   | 0.263   | 0.285   | 0.305   | 0.323   | 0.339   | 0.353   | 0.361    |
| 33 months  | 0.205                             | 0.232   | 0.257   | 0.280   | 0.301   | 0.320   | 0.337   | 0.352   | 0.361    |
| 30 months  | 0.196                             | 0.224   | 0.250   | 0.274   | 0.297   | 0.316   | 0.335   | 0.351   | 0.361    |
| 27 months  | 0.185                             | 0.214   | 0.242   | 0.268   | 0.291   | 0.313   | 0.332   | 0.350   | 0.361    |
| 24 months  | 0.173                             | 0.204   | 0.233   | 0.260   | 0.285   | 0.308   | 0.329   | 0.348   | 0.361    |
| 21 months  | 0.161                             | 0.193   | 0.223   | 0.252   | 0.279   | 0.304   | 0.326   | 0.347   | 0.361    |
| 18 months  | 0.146                             | 0.179   | 0.211   | 0.242   | 0.271   | 0.298   | 0.322   | 0.345   | 0.361    |
| 15 months  | 0.130                             | 0.164   | 0.197   | 0.230   | 0.262   | 0.291   | 0.317   | 0.342   | 0.361    |
| 12 months  | 0.111                             | 0.146   | 0.181   | 0.216   | 0.250   | 0.282   | 0.312   | 0.339   | 0.361    |
| 9 months   | 0.090                             | 0.125   | 0.162   | 0.199   | 0.237   | 0.272   | 0.305   | 0.336   | 0.361    |
| 6 months   | 0.065                             | 0.099   | 0.137   | 0.178   | 0.219   | 0.259   | 0.296   | 0.331   | 0.361    |
| 3 months   | 0.034                             | 0.065   | 0.104   | 0.150   | 0.197   | 0.243   | 0.286   | 0.326   | 0.361    |
| 0 months   | —                                 | —       | 0.042   | 0.115   | 0.179   | 0.233   | 0.281   | 0.323   | 0.361    |

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A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the Complete Solaria shares outstanding immediately after giving effect to such exercise.

### ***Registration Rights***

At the Closing, Complete Solaria, the Sponsor, certain equityholders of Complete Solaria and certain of their respective affiliates, as applicable, and the other parties thereto, entered into the A&R Registration Rights Agreement, pursuant to which Complete Solaria granted customary registration rights to the other parties thereto, including to register for resale, pursuant to Rule 415 under the Securities Act, certain securities of Complete Solaria held by the other parties thereto.

Pursuant to the A&R Registration Rights Agreement, the parties agreed that, within 15 business days following the Closing, Complete Solaria will file with the SEC a registration statement registering the resale of such Registrable Securities (as defined therein) and use commercially reasonable efforts to have such registration statement declared effective by the SEC as soon as reasonably practicable after the filing thereof. The parties to the A&R Registration Rights Agreement have been granted certain demand underwritten offering registration rights and piggyback registration rights.

### **Anti-Takeover Provisions**

#### ***Certificate of Incorporation and Bylaws***

Among other things, the Governing Documents:

- authorize the Complete Solaria Board to issue up to 10,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change of control;
- provide that the authorized number of directors may be changed only by resolution of the Complete Solaria Board;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;
- provide that Special Meetings of Complete Solaria's stockholders may be called by the chairperson of the New Complete Solaria Board, the chief executive officer or by the Complete Solaria Board pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least 66 2/3% of all of the then-outstanding capital stock entitled to vote generally in the election of directors. The combination of these provisions will make it more difficult for the existing stockholders to replace the Complete Solaria Board as well as for another party to obtain control of Complete Solaria by replacing the Complete Solaria Board. Because the Complete Solaria Board has the power to retain and discharge its officers, these provisions could



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also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for the Complete Solaria Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of the Complete Solaria Board and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce Complete Solaria's vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for Complete Solaria's shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of Complete Solaria Common Stock.

### ***Delaware Anti-Takeover Law***

Complete Solaria opted out of Section 203 of the DGCL. However, the Certificate of Incorporation contains similar provisions providing that Complete Solaria may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to the date of the transaction, the Complete Solaria Board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of Complete Solaria's voting stock outstanding upon consummation of the transaction, excluding for purposes of determining the number of shares outstanding (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the consummation of the transaction, the business combination is approved by the Complete Solaria Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with its affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 20% or more of Complete Solaria's outstanding voting stock. These provisions may encourage companies interested in acquiring Complete Solaria to negotiate in advance with the Complete Solaria Board because the stockholder approval requirement would be avoided if the board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in the Complete Solaria Board and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

### ***Choice of Forum***

The Certificate of Incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on Complete Solaria's behalf;

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- any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of Complete Solaria’s directors, officers, or other employees to Complete Solaria or its stockholders;
- any action or proceeding asserting a claim against Complete Solaria or any of Complete Solaria’s directors, officers or other employees arising out of or pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws;
- any action or proceeding to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws (including any right, obligation, or remedy thereunder);
- any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any action or proceeding asserting a claim against Complete Solaria or any of Complete Solaria’s directors, officers, or other employees that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants.

This choice of forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. The Certificate of Incorporation further provides that, unless Complete Solaria consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such claims. As noted above, the Certificate of Incorporation provides that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. Due to the concurrent jurisdiction for federal and state courts created by Section 22 of the Securities Act over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce the exclusive form provision. Additionally, the Certificate of Incorporation provides that any person or entity holding, owning or otherwise acquiring any interest in any of Complete Solaria’s securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

### **Transfer Agent**

Continental Stock Transfer & Trust Company is the transfer agent for Complete Solaria Common Stock and the warrant agent for Complete Solaria Warrants.

### **Listing of Common Stock and Warrants**

Our common stock and Public Warrants are listed on Nasdaq under the symbols “CSLR” and CSLRW,” respectively

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material U.S. federal income tax considerations generally applicable to the ownership and disposition of our common stock and the exercise, disposition and lapse of our Warrants. The common stock and the Warrants are referred to collectively herein as our securities. All prospective holders of our securities should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the ownership and disposition of our securities.

This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating to the ownership and disposition of our securities. This summary is based upon current provisions of the Code, existing U.S. Treasury Regulations promulgated thereunder, published administrative pronouncements and rulings of the U.S. Internal Revenue Service (the “IRS”), and judicial decisions, all as in effect as of the date of this prospectus. These authorities are subject to change and differing interpretation, possibly with retroactive effect. Any change or differing interpretation could alter the tax consequences to holders described in this discussion. There can be no assurance that a court or the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax consequences to a holder of the ownership or disposition of our securities.

We assume in this discussion that a holder holds our securities as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of that holder’s individual circumstances, nor does it address the special tax accounting rules under Section 451(b) of the Code, any alternative minimum, Medicare contribution, estate or gift tax consequences, or any aspects of U.S. state, local or non-U.S. taxes or any non-income U.S. tax laws. This discussion also does not address consequences relevant to holders subject to special tax rules, such as holders that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below), corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, governmental organizations, banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities, commodities or currencies, regulated investment companies or real estate investment trusts, persons that have a “functional currency” other than the U.S. dollar, tax-qualified retirement plans, holders who hold or receive our securities pursuant to the exercise of employee stock options or otherwise as compensation, holders holding our securities as part of a hedge, straddle or other risk reduction strategy, conversion transaction or other integrated investment, holders deemed to sell our securities under the constructive sale provisions of the Code, passive foreign investment companies, controlled foreign corporations, S corporations, and certain former U.S. citizens or long-term residents.

In addition, this discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that hold our securities through such partnerships. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds our securities, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Such partners and partnerships should consult their tax advisors regarding the tax consequences of the ownership and disposition of our securities.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of our securities (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;

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- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (a) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (b) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

For purposes of this discussion, a "non-U.S. Holder" is a beneficial owner of our securities that is neither a U.S. Holder nor a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

### **Tax Considerations Applicable to U.S. Holders**

#### ***Taxation of Distributions***

If we pay distributions or make constructive distributions (other than certain distributions of our stock or rights to acquire our stock) to U.S. Holders of shares of our common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid or deemed paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder's adjusted tax basis in our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of the common stock and will be treated as described under "— *Tax Considerations Applicable to U.S. Holders — Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Common Stock*" below.

Dividends we pay to a U.S. Holder that is a taxable corporation generally will qualify for the dividends received deduction if the requisite holding period is satisfied. Provided certain holding period requirements are met, dividends we pay to a non-corporate U.S. Holder generally will constitute "qualified dividends" that under current law will be subject to tax at long-term capital gains rates. If the holding period requirements are not satisfied, a corporation may not be able to qualify for the dividends received deduction and would have taxable income equal to the entire dividend amount, and non-corporate holders may be subject to tax on such dividend at ordinary income tax rates instead of the preferential rates that apply to qualified dividend income.

#### ***Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Common Stock***

A U.S. Holder generally will recognize gain or loss on the sale, taxable exchange or other taxable disposition of our common stock. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder's holding period for the common stock disposed of exceeds one year at the time of disposition. The amount of gain or loss recognized generally will be equal to the difference between (1) the sum of the amount of cash and the fair market value of any property received in such disposition and (2) the U.S. Holder's adjusted tax basis in its common stock disposed of. A U.S. Holder's adjusted tax basis in its common stock generally will equal the U.S. Holder's acquisition cost for such common stock (or, in the case of common stock received upon exercise of a Warrant, the U.S. Holder's initial basis for such common stock, as discussed below), less any prior distributions treated as a return of capital. Long-term capital gains recognized by non-corporate U.S. Holders generally are eligible under current law for reduced rates of tax. If the U.S. Holder's holding period for the common stock disposed of is one year or less at the time of disposition, any gain on a taxable disposition of our common stock would be subject to short-term capital gain treatment and would be taxed at ordinary income tax rates. The deductibility of capital losses is subject to limitations.

#### ***Exercise of a Warrant***

Except as discussed below with respect to the cashless exercise of a Warrant, a U.S. Holder generally will not recognize taxable gain or loss upon the exercise of a Warrant for cash. The U.S. Holder's initial tax basis in

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the shares of our common stock received upon exercise of the Warrant generally will be an amount equal to the sum of the U.S. Holder's acquisition cost of the Warrant and the exercise price of such Warrant. It is unclear whether a U.S. Holder's holding period for the common stock received upon exercise of the Warrant would commence on the date of exercise of the Warrant or the day following the date of exercise of the Warrant; however, in either case the holding period will not include the period during which the U.S. Holder held the Warrants.

In certain circumstances, the Warrants may be exercised on a cashless basis. The U.S. federal income tax treatment of an exercise of a warrant on a cashless basis is not clear, and could differ from the consequences described above. It is possible that a cashless exercise could be a taxable event, a non-realization event, or a tax-free recapitalization. U.S. holders are urged to consult their tax advisors as to the consequences of an exercise of a Warrant on a cashless basis, including with respect to their holding period and tax basis in the common stock received upon exercise of the Warrant.

### ***Sale, Exchange, Redemption or Expiration of a Warrant***

Upon a sale, exchange (other than by exercise), redemption, or expiration of a Warrant, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between (1) the amount realized upon such disposition and (2) the U.S. Holder's adjusted tax basis in the Warrant. A U.S. Holder's adjusted tax basis in its Warrants generally will equal the U.S. Holder's acquisition cost of the Warrant, increased by the amount of any constructive distributions included in income by such U.S. Holder (as described below under "*Tax Considerations Applicable to U.S. Holders — Possible Constructive Distributions*"). Such gain or loss generally will be treated as long-term capital gain or loss if the Warrant is held by the U.S. Holder for more than one year at the time of such disposition or expiration.

If a Warrant expires unexercised, a U.S. Holder generally will recognize a capital loss equal to such holder's adjusted tax basis in the Warrant. Any such loss generally will be a capital loss and will be long-term capital loss if the Warrant is held for more than one year. The deductibility of capital losses is subject to certain limitations.

### ***Possible Constructive Distributions***

The terms of each Warrant provide for an adjustment to the number of shares of common stock for which the Warrant may be exercised or to the exercise price of the Warrant in certain events, as discussed in the section of this prospectus captioned "*Description of Capital Stock — Warrants.*" An adjustment which has the effect of preventing dilution generally should not be a taxable event. Nevertheless, a U.S. Holder of Warrants would be treated as receiving a constructive distribution from us if, for example, the adjustment increases the holder's proportionate interest in our assets or earnings and profits (e.g., through an increase in the number of shares of common stock that would be obtained upon exercise or an adjustment to the exercise price of the Warrant) as a result of a distribution of cash to the holders of shares of our common stock that is taxable to such holders as a distribution. Such constructive distribution would be subject to tax as described above under "*Tax Considerations Applicable to U.S. Holders — Taxation of Distributions*" in the same manner as if such U.S. Holder received a cash distribution from us on common stock equal to the fair market value of such increased interest.

### ***Information Reporting and Backup Withholding***

In general, information reporting requirements may apply to distributions paid to a U.S. Holder and to the proceeds of the sale or other disposition of our shares of our securities, unless the U.S. Holder is an exempt recipient. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number (or furnishes an incorrect taxpayer identification number) or a certification of exempt status or has been notified by the IRS that such U.S. Holder is subject to backup withholding (and such notification has not been withdrawn). Backup withholding is not an additional tax. Any amounts withheld under

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the backup withholding rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided the required information is timely furnished to the IRS. Taxpayers should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

### **Tax Considerations Applicable to Non-U.S. Holders**

#### ***Taxation of Distributions***

In general, any distributions (including constructive distributions) we make to a non-U.S. Holder of shares on our common stock, to the extent paid or deemed paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles), will constitute dividends for U.S. federal income tax purposes and, provided such dividends are not effectively connected with the non-U.S. Holder's conduct of a trade or business within the United States, we will be required to withhold tax from the gross amount of the dividend at a rate of 30%, unless such non-U.S. Holder is eligible for a reduced rate of withholding tax under an applicable income tax treaty and provides proper certification of its eligibility for such reduced rate (usually on an IRS Form W-8BEN or W-8BEN-E, as applicable). In the case of any constructive dividend (as described below under "*— Tax Considerations Applicable to Non-U.S. Holders — Possible Constructive Distributions*"), it is possible that this tax would be withheld from any amount owed to a non-U.S. Holder by the applicable withholding agent, including cash distributions on other property or sale proceeds from Warrants or other property subsequently paid or credited to such holder. Any distribution not constituting a dividend will be treated first as reducing (but not below zero) the non-U.S. Holder's adjusted tax basis in its shares of our common stock and, to the extent such distribution exceeds the non-U.S. Holder's adjusted tax basis, as gain realized from the sale or other disposition of the common stock, which will be treated as described under "*—Tax Considerations Applicable to Non-U.S. Holders — Gain on Sale, Exchange or Other Taxable Disposition of Common Stock and Warrants*" below. In addition, if we determine that we are likely to be classified as a "United States real property holding corporation" (see the section entitled "*—Tax Considerations Applicable to Non-U.S. Holders — Gain on Sale, Exchange or Other Taxable Disposition of Common Stock and Warrants*" below), we will withhold 15% of any distribution that exceeds our current and accumulated earnings and profits.

Dividends we pay to a non-U.S. Holder that are effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (or, if a tax treaty applies, are attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder) generally will not be subject to U.S. withholding tax, provided such non-U.S. Holder complies with certain certification and disclosure requirements (generally by providing an IRS Form W-8ECI). Instead, such dividends generally will be subject to U.S. federal income tax, net of certain deductions, at the same individual or corporate rates applicable to U.S. Holders. If the non-U.S. Holder is a corporation, dividends that are effectively connected income may also be subject to a "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

#### ***Exercise of a Warrant***

The U.S. federal income tax treatment of a non-U.S. Holder's exercise of a Warrant generally will correspond to the U.S. federal income tax treatment of the exercise of a Warrant by a U.S. Holder, as described under "*— Tax Considerations Applicable to U.S. Holders — Exercise of a Warrant*" above, although to the extent a cashless exercise results in a taxable exchange, the tax consequences to the non-U.S. Holder would be the same as those described below in "*— Tax Considerations Applicable to Non-U.S. Holders — Gain on Sale, Exchange or Other Taxable Disposition of Common Stock and Warrants.*"

***Gain on Sale, Exchange or Other Taxable Disposition of Common Stock and Warrants***

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax in respect of gain recognized on a sale, taxable exchange or other taxable disposition of our common stock or Warrants or an expiration or redemption of our Warrants, unless:

- the gain is effectively connected with the conduct of a trade or business by the non-U.S. Holder within the United States (and, if an applicable tax treaty so requires, is attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder);
- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- we are or have been a “United States real property holding corporation” for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. Holder held our common stock or Warrants and, in the case where shares of our common stock are regularly traded on an established securities market, (i) the non-U.S. Holder has owned, actually or constructively, more than 5% of our common stock at any time within the relevant period or (ii) provided that our Warrants are regularly traded on an established securities market, the non-U.S. Holder has owned, actually or constructively, more than 5% of our Warrants at any time within the within the relevant period. It is unclear how a non-U.S. Holder’s ownership of Warrants will affect the determination of whether the non-U.S. Holder owns more than 5% of our common stock. In addition, special rules may apply in the case of a disposition of warrants if our common stock is considered to be regularly traded, but our Warrants are not considered to be regularly traded. There can be no assurance that our common stock or Warrants will or will not be treated as regularly traded on an established securities market for this purpose.

Gain described in the first bullet point above will be subject to tax at generally applicable U.S. federal income tax rates as if the non-U.S. Holder were a U.S. resident. Any gains described in the first bullet point above of a non-U.S. Holder that is a foreign corporation may also be subject to an additional “branch profits tax” at a 30% rate (or lower applicable treaty rate). Gain described in the second bullet point above generally will be subject to a flat 30% U.S. federal income tax. Non-U.S. Holders are urged to consult their tax advisors regarding possible eligibility for benefits under income tax treaties.

If the third bullet point above applies to a non-U.S. Holder and applicable exceptions are not available, gain recognized by such holder on the sale, exchange or other disposition of our common stock or Warrants, as applicable, will be subject to tax at generally applicable U.S. federal income tax rates. In addition, a buyer of our common stock or Warrants may be required to withhold U.S. income tax at a rate of 15% of the amount realized upon such disposition. We will be classified as a United States real property holding corporation if the fair market value of our “United States real property interests” equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held for use in a trade or business, as determined for U.S. federal income tax purposes. We do not believe we currently are or will become a United States real property holding corporation; however, there can be no assurance in this regard. Non-U.S. Holders are urged to consult their tax advisors regarding the application of these rules.

***Possible Constructive Distributions***

The terms of each Warrant provide for an adjustment to the number of shares of common stock for which the Warrant may be exercised or to the exercise price of the Warrant in certain events, as discussed in the section of this prospectus captioned “*Description of Capital Stock — Warrants.*” An adjustment that has the effect of preventing dilution generally should not be a taxable event. Nevertheless, a non-U.S. Holder of Warrants would be treated as receiving a constructive distribution from us if, for example, the adjustment increases the holder’s proportionate interest in our assets or earnings and profits (e.g., through an increase in the number of shares of

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common stock that would be obtained upon exercise or an adjustment to the exercise price of the Warrant) as a result of a distribution of cash to the holders of shares of our common stock that is taxable to such holders as a distribution. A non-U.S. Holder would be subject to U.S. federal income tax withholding as described above under “*Tax Considerations Applicable to Non-U.S. Holders — Taxation of Distributions*” under that section in the same manner as if such non-U.S. Holder received a cash distribution from us on common stock equal to the fair market value of such increased interest.

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the Code (commonly referred to as the “Foreign Account Tax Compliance Act” or “**FATCA**”) and Treasury Regulations and administrative guidance promulgated thereunder impose a U.S. federal withholding tax of 30% on certain payments paid to a foreign financial institution (as specifically defined by applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

FATCA withholding currently applies to payments of dividends. The U.S. Treasury Department has released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our securities. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our securities.

### ***Information Reporting and Backup Withholding.***

Information returns will be filed with the IRS in connection with payments of distributions and the proceeds from a sale or other disposition of our securities. A non-U.S. Holder may have to comply with certification procedures to establish that it is not a United States person in order to avoid information reporting and backup withholding requirements. The certification procedures required to claim a reduced rate of withholding under a treaty generally will satisfy the certification requirements necessary to avoid the backup withholding as well. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a non-U.S. Holder will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.



## PLAN OF DISTRIBUTION

We are registering the issuance by us of up to 21,874,907 shares of common stock consisting of (i) up to 6,266,667 shares of common stock that are issuable upon the exercise of Private Warrants, (ii) up to 8,625,000 shares of common stock that are issuable upon the exercise of Public Warrants, (iii) up to 716,668 shares of common stock that are issuable upon the exercise of Working Capital Warrants, and (vi) up to 6,266,572 shares of common stock that are issuable upon the exercise of Merger Warrants.

We are registering the resale by the selling securityholders named in this prospectus, or their permitted transferees, of (i) up to an aggregate of 45,922,536 shares of common stock, consisting of: (a) up to 10,966,635 PIPE Shares, (b) up to 8,625,000 Founder Shares, (c) up to 6,266,667 shares of common stock issuable upon the exercise of the Private Warrants, (d) up to 13,080,994 shares of common stock pursuant to the Registration Rights Agreement (including shares issuable upon exercise of convertible securities), (e) up to 716,668 shares of common stock issuable upon the exercise of Working Capital Warrants, and (f) up to 6,266,572 shares of common stock issuable upon the exercise of Merger Warrants and (ii) up to 13,249,907 Warrants, consisting of (a) up to 6,266,667 Private Warrants, (b) up to 716,668 Working Capital Warrants and (c) up to 6,266,572 Merger Warrants.

We are required to pay all fees and expenses incident to the registration of the securities to be offered and sold pursuant to this prospectus. The selling securityholders will bear all commissions and discounts, if any, attributable to their sale of securities.

We will not receive any of the proceeds from the sale of the securities by the selling securityholders. We will receive proceeds from Warrants exercised in the event that such Warrants are exercised for cash. The aggregate proceeds to the selling securityholders will be the purchase price of the securities less any discounts and commissions borne by the selling securityholders.

The shares of common stock beneficially owned by the selling securityholders covered by this prospectus may be offered and sold from time to time by the selling securityholders. The term “selling securityholders” includes donees, pledgees, transferees or other successors in interest selling securities received after the date of this prospectus from a selling securityholder as a gift, pledge, partnership distribution or other transfer. The selling securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. Such sales may be made on one or more exchanges or in the over-the-counter market or otherwise, at prices and under terms then prevailing or at prices related to the then current market price or in negotiated transactions. The selling securityholders may sell their securities by one or more of, or a combination of, the following methods:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- block trades in which the broker-dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- an over-the-counter distribution in accordance with the rules of Nasdaq;
- through trading plans entered into by a selling securityholder pursuant to Rule 10b5-1 under the Exchange Act, that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- short sales;
- distribution to employees, members, limited partners or stockholders of the selling securityholders; through the writing or settlement of options or other hedging transaction, whether through an options exchange or otherwise;

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- by pledge to secured debts and other obligations;
- delayed delivery arrangements;
- to or through underwriters or broker-dealers;
- in “at the market” offerings, as defined in Rule 415 under the Securities Act, at negotiated prices, at prices prevailing at the time of sale or at prices related to such prevailing market prices, including sales made directly on a national securities exchange or sales made through a market maker other than on an exchange or other similar offerings through sales agents;
- in privately negotiated transactions;
- in options transactions;
- through a combination of any of the above methods of sale; or
- any other method permitted pursuant to applicable law.

In addition, any securities that qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus.

In addition, a selling securityholder that is an entity may elect to make a *pro rata* in-kind distribution of securities to its members, partners or stockholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus with a plan of distribution. Such members, partners or stockholders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement. To the extent a distributee is an affiliate of ours (or to the extent otherwise required by law), we may, at our option, file a prospectus supplement in order to permit the distributees to use the prospectus to resell the securities acquired in the distribution.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. In connection with distributions of the securities or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of the securities in the course of hedging the positions they assume with selling securityholders. The selling securityholders may also sell the securities short and redeliver the securities to close out such short positions. The selling securityholders may also enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). The selling securityholders may also pledge securities to a broker-dealer or other financial institution, and, upon a default, such broker-dealer or other financial institution, may effect sales of the pledged securities pursuant to this prospectus (as supplemented or amended to reflect such transaction).

In effecting sales, broker-dealers or agents engaged by the selling securityholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling securityholders in amounts to be negotiated immediately prior to the sale.

In offering the securities covered by this prospectus, the selling securityholders and any broker-dealers who execute sales for the selling securityholders may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. Any profits realized by the selling securityholders and the compensation of any broker-dealer may be deemed to be underwriting discounts and commissions.

In order to comply with the securities laws of certain states, if applicable, the securities must be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

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We have advised the selling securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of securities in the market and to the activities of the selling securityholders and their affiliates. In addition, we will make copies of this prospectus available to the selling securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the securities against certain liabilities, including liabilities arising under the Securities Act.

At the time a particular offer of securities is made, if required, a prospectus supplement will be distributed that will set forth the number of securities being offered and the terms of the offering, including the name of any underwriter, dealer or agent, the purchase price paid by any underwriter, any discount, commission and other item constituting compensation, any discount, commission or concession allowed or reallocated or paid to any dealer, and the proposed selling price to the public.

A holder of Warrants may exercise its Warrants in accordance with the Warrant Agreement on or before the expiration date set forth therein by surrendering, at the office of the Warrant Agent, Continental Stock Transfer & Trust Company, the certificate evidencing such Warrant, with the form of election to purchase set forth thereon, properly completed and duly executed, accompanied by full payment of the exercise price and any and all applicable taxes due in connection with the exercise of the Warrant, subject to any applicable provisions relating to cashless exercises in accordance with the Warrant Agreement.

We have agreed to indemnify the selling securityholders against certain liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the Warrants or shares offered by this prospectus.

## **LEGAL MATTERS**

The validity of the securities offered hereby will be passed upon for us by Cooley LLP, Palo Alto, California.

## **EXPERTS**

The consolidated financial statements of Freedom Acquisition I Corp. as of December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022, appearing in this prospectus have been audited by Marcum LLP, an independent registered accounting firm, as stated in their report thereon and included in this prospectus (which report expresses an unqualified opinion and contains an explanatory paragraph as to Freedom Acquisition I Corp.'s ability to continue as a going concern), in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Complete Solaria, Inc. as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report. Such financial statements are included in reliance upon the report of such firm given their authority experts in accounting and auditing.

The consolidated financial statements of The Solaria Corporation as of December 31, 2021 and 2020, and for each of the two years in the period ended December 31, 2021, included in this Prospectus, have been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report. Such financial statements are included in reliance upon the report of such firm given their authority experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the securities being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to Complete Solaria and the securities offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference. You can read our SEC filings, including the registration statement, over the internet at the SEC's website at [www.sec.gov](http://www.sec.gov).

We are subject to the information reporting requirements of the Exchange Act, and we file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for review at the SEC's website at [www.sec.gov](http://www.sec.gov). We also maintain a website at <https://www.completesolaria.com/>, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below shall have the same meaning as terms defined and included elsewhere in the Form 8-K dated July 18, 2023 and, if not defined in the Form 8-K dated July 18, 2023, the definitive proxy statement/prospectus filed with the Securities and Exchange Commission (the “SEC”) on June 30, 2023, as supplemented by the supplement to the proxy statement/prospectus filed with the SEC on July 10, 2023 (the “**Proxy Statement**”).

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed combined financial information presents the pro forma effects of the Business Combination, inclusive of the Mergers and the Domestication of FACT, as described below. The Business Combination and related transactions, as further described elsewhere in the unaudited pro forma financial information, were completed on or around July 18, 2023. The unaudited pro forma condensed combined financial information also includes the impact of the following transactions:

- The acquisition of The Solaria Corporation (“**Solaria**”) by Complete Solar Holding Corporation (n/k/a Complete Solaria, Inc.) (“**Legacy Complete Solaria**”) on November 4, 2022 (the “**Required Transaction**”).
  - As further described in Note 1 to “*Unaudited Pro Forma Condensed Combined Financial Information*” herein, the Required Transaction was deemed to be a material transaction that is separate from the Business Combination. The unaudited pro forma combined statement of operations for the year ended December 31, 2022, combines the historical statements of operations of Legacy Complete Solaria and Solaria as if the Required Transaction had occurred on January 1, 2022, the beginning of the earliest period presented. The historical statement of operations of Legacy Complete Solaria for the thirteen weeks ended April 2, 2023 includes the operations of Solaria, and no adjustments are required to reflect the impact of the Required Transaction. The Required Transaction is reflected in the historical balance sheet of Legacy Complete Solaria as of April 2, 2023.
- The issuance of the 2022 Convertible Notes.
  - As further described in “*Description of the Business Combination*” below, subsequent to the signing of the Business Combination Agreement, Legacy Complete Solaria has raised additional financing through the issuance of the 2022 Convertible Notes. The issuance of \$23.0 million of 2022 Convertible Notes is reflected in the historical balance sheet of Legacy Complete Solaria as of April 2, 2023. The issuance of an additional \$10.3 million of 2022 Convertible Notes in May and June 2023 is recorded in the pro forma adjustments (“**Transaction Accounting Adjustments**”) to the unaudited pro forma combined balance sheet as described in Note 3 below.
- Forward Purchase Agreements
  - On July 13, 2023, FACT and Legacy Complete Solaria, Inc. entered into separate agreements (each a “**Forward Purchase Agreement**”, and together, the “**Forward Purchase Agreements**”) with each of (i) Meteora Special Opportunity Fund I, LP (“**MSOF**”), Meteora Capital Partners, LP (“**MCP**”) and Meteora Select Trading Opportunities Master, LP (“**MSTO**”) (with MSOF, MCP, and MSTO collectively as “**Meteora**”); (ii) Polar Multi-Strategy Master Fund (“**Polar**”), and (iii) Diametric True Alpha Market Neutral Master Fund, LP, Diametric True Alpha Enhanced Market Neutral Master Fund, LP, and Pinebridge Partners Master Fund, LP (collectively, “**Sandia**”, and each of Meteora, Polar, and Sandia, individually, a “**Seller**”, and together, the “**Sellers**”) for OTC Equity Prepaid Forward Transactions. For purposes of the Forward Purchase Agreements, FACT is referred to as the “Counterparty” prior to the Business Combination, while Complete Solaria is referred to as the “Counterparty” after the consummation of the Business

Combination. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Forward Purchase Agreements. Any reference herein to the “Forward Purchase Agreement” are to be treated as a reference to each Seller’s separate agreement and should be construed accordingly and any action taken by a Seller should be construed as an action under its own respective agreement.

Pursuant to the terms of the Forward Purchase Agreements, the Sellers intended, but were not obligated, to purchase up to a number of shares of FACT Class A Ordinary Shares in the aggregate amount equal to up to 6,720,000, concurrently with the Closing pursuant to each Seller’s respective FPA Funding Amount PIPE Subscription Agreement (as defined below), less, in the case of Meteora and Sandia, the number of FACT Class A Ordinary Shares purchased by each Seller separately from third parties through a broker in the open market (“**Recycled Shares**”). No Seller was required to purchase an amount of FACT Class A Ordinary Shares such that following such purchase, that Seller’s ownership would exceed 9.9% of the total FACT Class A Ordinary Shares outstanding immediately after giving effect to such purchase, unless such Seller, at its sole discretion, waived such 9.9% ownership limitation. The Number of Shares subject to a Forward Purchase Agreement was subject to reduction following a termination of the Forward Purchase Agreements with respect to such shares as described under “Optional Early Termination” in the respective Forward Purchase Agreements. Meteora and Sandia intended to purchase FACT Class A Ordinary Shares pursuant to their respective FPA Funding Amount PIPE Subscription Agreement and from third parties (other than Counterparty) through a broker in the open market (other than through Counterparty), and Polar intended to purchase FACT Class A Ordinary Shares solely through its FPA Funding Amount PIPE Subscription Agreement.

Each Forward Purchase Agreement provided that a Seller be paid directly an aggregate cash amount (the “**Prepayment Amount**”) equal to the product of (i) the Number of Shares as set forth in each Pricing Date Notice and (ii) the redemption price per share as defined in Article 49.5 of FACT’s Amended and Restated Article of Association, as amended (the “**Initial Price**”).

The Counterparty paid to each Seller separately the Prepayment Amount required under the respective Forward Purchase Agreement directly from the Counterparty’s Trust Account maintained by Continental Stock Transfer and Trust Company holding the net proceeds of the sale of the units in the Counterparty’s initial public offering and the sale of private placement warrants (the “**Trust Account**”) no later than the earlier of (a) one business day after the Closing Date and (b) the date any assets from the Trust Account are disbursed in connection with the Business Combination, except that to the extent the Prepayment Amount payable to a Seller is to be paid from the purchase of Additional Shares by such Seller pursuant to the terms of its FPA Funding Amount PIPE Subscription Agreement, such amount was netted against such proceeds, with such Seller reducing the purchase price for the Additional Shares by the Prepayment Amount. For the avoidance of doubt, any Additional Shares purchased by a Seller are included in the Number of Shares for its respective Forward Purchase Agreement for all purposes, including for determining the Prepayment Amount.

Following the Closing, the reset price (the “**Reset Price**”) is initially the Initial Price and is subject to a \$5.00 floor (the “**Reset Floor Price**”). The Reset Price will be subject to reset on a monthly basis (each a “**Reset Date**”) with the first such Reset Date occurring 180 days after the Closing Date to be the lowest of (a) the then-current Reset Price, (b) the Initial Price and (c) the 30-day VWAP Price of the Shares immediately preceding such Reset Date; provided, however, that the Reset Price may be reduced immediately to any lower price at which the Counterparty sells, issues or grants any FACT Class A Ordinary Shares or securities convertible or exchangeable into FACT Class A Ordinary Shares (other than, among other things, grants or issuances under the Counterparty’s equity compensation plans, any securities issued in connection with the Business Combination or any securities issued in connection with the PIPE Subscription Agreements (as defined below)), subject to certain exceptions, in which case the Reset Price Floor would be eliminated.

From time to time and on any date following the Business Combination (any such date, an “**OET Date**”), any Seller may, in its absolute discretion, terminate its Forward Purchase Agreement in whole or in part by providing written notice to the Counterparty (the “**OET Notice**”), no later than the next Payment Date following the OET Date (which shall specify the quantity by which the Number of Shares shall be reduced (such quantity, the “**Terminated Shares**”). The effect of an OET Notice shall be to reduce the Number of Shares by the number of Terminated Shares specified in such OET Notice with effect as of the related OET Date. As of each OET Date, the Counterparty shall be entitled to an amount from the Seller, and the Seller shall pay to the Counterparty an amount, equal to the product of (x) the number of Terminated Shares and (y) the Reset Price in respect of such OET Date. The payment date may be changed within a quarter at the mutual agreement of the parties.

The valuation date will be the earliest to occur of (a) the second anniversary of the Closing Date, (b) the date specified by a Seller in a written notice to be delivered to the Counterparty at a Seller’s discretion (which Valuation Date shall not be earlier than the day such notice is effective) after the occurrence of any of (w) a VWAP Trigger Event (x) a Delisting Event, (y) a Registration Failure or (z) unless otherwise specified therein, upon any Additional Termination Event and (c) 90 days after delivery by the Counterparty of a written notice in the event that for any 20 trading days during a 30 consecutive trading day-period that occurs at least six months after the Closing Date, the VWAP Price is less than the then applicable Reset Price, provided that a Registration Statement was effective and available for the entire measurement period and remains continuously effective and available during the entire 90 day notice period (the “**Valuation Date**”).

On the Cash Settlement Payment Date, which is the tenth business day following the last day of the valuation period commencing on the Valuation Date, a Seller shall pay the Counterparty a cash amount equal to (1) (A) the Number of Shares as of the Valuation Date less the number of Unregistered Shares, multiplied by (B) the volume-weighted daily VWAP Price over the Valuation Period less (2) if the Settlement Amount Adjustment is less than the cash amount to be paid, the Settlement Amount Adjustment. The Settlement Amount Adjustment is equal to (1) the Number of Shares as of the Valuation Date multiplied by (2) \$2.00 per share, and the Settlement Amount Adjustment will be automatically netted from the Settlement Amount. If the Settlement Amount Adjustment exceeds the Settlement Amount, the Counterparty will pay the Seller in FACT Class A Ordinary Shares or, at the Counterparty’s election, in cash.

Each Seller has agreed to waive any redemption rights under FACT’s Amended and Restated Articles of Association, as amended, with respect to any FACT Class A Ordinary Shares purchased through the FPA Funding Amount PIPE Subscription Agreement and (in the case of the Sellers other than Polar) any Recycled Shares in connection with the Business Combination, that would require redemption by FACT of the Shares. Such reduced the number of FACT Class A Ordinary Shares redeemed in connection with the Business Combination, and such reduction could alter the perception of the potential strength of the Business Combination. Each Forward Purchase Agreement has been structured, and all activity in connection with such agreement has been undertaken, to comply with the requirements of all tender offer regulations applicable to the Business Combination, including Rule 14e-5 under the Securities Exchange Act of 1934, as amended.

- FPA Funding Amount PIPE Subscription Agreements
  - On or around the Closing Date, FACT entered into separate subscription agreements (the “**FPA Funding Amount PIPE Subscription Agreements**”) with each of Meteora, Polar, and Sandia (collectively, the “**FPA Funding PIPE Investors**”). Pursuant to the FPA Funding PIPE Subscription Agreements, the FPA Funding PIPE Investors agreed to subscribe for and purchase, and FACT agreed to issue and sell to the FPA Funding PIPE Investors, on the Closing Date, an aggregate of 6,300,000 shares of FACT Class A Ordinary Shares, less, in the case of Meteora,



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an aggregate of 1,161,512 Recycled Shares in connection with the Forward Purchase Agreements. Subsequent to the Closing Date, Complete Solaria entered into an additional FPA Funding PIPE Subscription Agreement with Meteora, to subscribe for and purchase, and Complete Solaria agreed to issue and sell an aggregate of 420,000 shares of Complete Solaria Common Stock.

- New Money PIPE Subscription Agreements
  - On or around the Closing Date, pursuant to the New Money PIPE Subscription Agreements, the New Money PIPE Investors agreed to subscribe for and purchase, and Complete Solaria agreed to issue and sell to the New Money PIPE Investors, on the Closing Date, an aggregate of 120,000 shares of Complete Solaria Common Stock for a purchase price of \$5.00 per share, for aggregate gross proceeds of \$0.6 million. Pursuant to its New Money PIPE Subscription Agreement, Complete Solaria issued an additional 60,000 shares of Complete Solaria Common Stock in consideration of certain services provided by it in the structuring of its Forward Purchase Agreement and the transactions described therein.
- PIPE Financing (Private Placement)
  - On or around the Closing Date, certain investors (the “**PIPE Investors**”) purchased from the Company an aggregate of 1,570,000 shares of Complete Solaria Common Stock (the “**PIPE Shares**”) for a purchase price of \$10.00 per share, for aggregate gross proceeds of \$15.7 million (the “**PIPE Financing**”), including \$3.5 million that was funded prior to the Closing Date, pursuant to subscription agreements (the “**Subscription Agreements**”).

FACT is a blank check company incorporated as a Cayman Islands exempted company in December 2020. FACT was formed for the purpose of effecting a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. On March 2, 2021, FACT consummated its initial public offering (the “**IPO**”) generating gross proceeds of \$345.0 million. Simultaneously with the closing of the IPO, FACT consummated the sale of 6,266,667 Private Placement Warrants at a purchase price of \$1.50 per warrant in a private placement to FACT’s sponsor, Freedom Acquisition I LLC, a Delaware limited liability company (the “**Sponsor**”), generating gross proceeds of \$9.4 million. Following the Extension Amendment Redemptions on March 2, 2023, 11,243,496 Class A Ordinary Shares remained outstanding. As of the Closing Date, holders of 7,784,739 shares of Class A Ordinary Shares had validly elected to redeem their Class A Ordinary Shares for a full pro rata portion of the trust account holding the proceeds from FACT’s initial public offering, or approximately \$10.56 per share and \$82.2 million in the aggregate.

Complete Solar, Inc., a Delaware corporation (“**Complete Solar**”), was incorporated in the State of Delaware in 2010 and provides solar services such as sales enablement, project management, partner coordination and customer communication. Legacy Complete Solaria is the result of the business combination of Complete Solar and The Solaria Corporation, which was consummated on November 4, 2022.

Solaria, a Delaware corporation, is a solar technology brand that sells performance solar panels to its customers. Following the consummation of its business combination with Complete Solar on November 4, 2022, The Solaria Corporation is now a wholly-owned subsidiary of Legacy Complete Solaria.

With respect to the Required Transaction, Legacy Complete Solaria determined that Complete Solar was the primary beneficiary of Solaria, and, as such, the merger was accounted for as a business combination in accordance with ASC 805. Complete Legacy Solaria recorded the fair value of assets acquired and liabilities assumed from Solaria. Following the Required Transaction, Complete Solar changed its name to “Complete Solaria, Inc.”

## Description of the Business Combination

**The Domestication** – As part of the Business Combination, FACT affected a deregistration under the Cayman Islands Companies Act and a domestication under Section 388 of the DGCL (the “**Domestication**”). Upon the effectiveness of the Domestication, FACT changed its name to Complete Solaria, Inc. (“**New Complete Solaria**”).

In connection with the Domestication, (i) each issued and outstanding FACT Class A Ordinary Share and each issued and outstanding FACT Class B Ordinary Share converted into one share of Complete Solaria Common Stock. Additionally, each issued and outstanding whole warrant to purchase one FACT Class A Ordinary Share at an exercise price of \$11.50 per share converted, on a one-for-one basis, to purchase one share of Complete Solaria Common Stock at an exercise price of \$11.50 per share.

**The Mergers** – On July 18, 2023 (the “Closing Date”) and following the approval at an extraordinary general meeting of the shareholders of FACT held on July 11, 2023, as contemplated by the Business Combination Agreement, the parties consummated the closing of the transactions contemplated by the Business Combination Agreement (collectively, the “**Business Combination**”), whereby (i) First Merger Sub merged with and into Legacy Complete Solaria, with Legacy Complete Solaria surviving as a wholly-owned subsidiary of the Company (the “**First Merger**”), (ii) immediately thereafter and as part of the same overall transaction, Legacy Complete Solaria merged with and into Second Merger Sub, with Second Merger Sub surviving as a wholly-owned subsidiary of the Company (the “**Second Merger**”), and Second Merger Sub changed its name to “CS, LLC”, and (iii) immediately after the consummation of the Second Merger and as part of the same overall transaction, Solaria merged with and into a newly formed Delaware limited liability company and wholly-owned subsidiary of the Company and changed its name to “SolarCA LLC” (“**Third Merger Sub**”), with Third Merger Sub surviving as a wholly-owned subsidiary of the Company (the “**Additional Merger**”, and together with the First Merger and the Second Merger, the “**Mergers**”).

As a condition to the closing of the Business Combination, Complete Solar was required to consummate a merger with Solaria. On October 3, 2022, Complete Solar entered into the Required Transaction Merger Agreement, pursuant to which, and on the terms and subject to the conditions of which, Complete Solar would acquire all of the outstanding shares of capital stock of Solaria. The merger between Complete Solar and Solaria was consummated on November 4, 2022. As a result, Solaria became a wholly-owned subsidiary of Complete Solar, forming Legacy Complete Solaria.

The equity exchange and financing related matters associated with the Business Combination are summarized as follows:

- i. In connection with the transactions contemplated by the Required Transaction Merger Agreement and Business Combination Agreement, Legacy Complete Solaria has raised the 2022 Convertible Notes in November 2022, December 2022, February 2023, May 2023 and June 2023 with additional investors, with an aggregate purchase price of \$33.3 million. Additionally, as part of the Required Transaction, Legacy Complete Solaria assumed a note from an existing investor for \$6.7 million, which was modified as of the close of the Required Transaction to contain the same terms as the other 2022 Convertible Notes. At the Closing, the principle and accrued interest (“**Conversion Amount**”) of the 2022 Convertible Notes converted into a number of shares of Complete Solaria Common Stock equal to the Conversion Amount divided by 0.75 divided by the price per share of Common Stock of Complete Solaria (“**Convertible Note Conversion Shares**”).
- ii. At the Closing, each share of Legacy Complete Solaria Capital Stock, inclusive of the 2022 Convertible Note Conversion Shares, issued and outstanding immediately prior to the Closing were cancelled and exchanged into an aggregate of 33,805,245 shares of Complete Solaria Common Stock (at a deemed value of \$10.00 per share) equal to the Aggregate Merger Consideration. Additionally, each holder of Legacy Complete Solaria Capital Stock received Complete Solaria Warrants equal to a portion of the Aggregate Warrant Consideration, calculated on a pro rata basis based on the percentage interest of issued and

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outstanding shares of Legacy Complete Solaria Capital Stock held by the holder of such share of Legacy Complete Solaria Capital Stock.

- iii. At the Closing, all Legacy Complete Solaria Options and Legacy Complete Solaria Warrants outstanding as of immediately prior to such time were converted into options of Complete Solaria (“**Complete Solaria Options**”) and Complete Solaria Warrants, respectively. Each such Complete Solaria Option and Complete Solaria Warrant relates to a number of whole shares of Complete Solaria Common Stock (rounded down to the nearest whole share) equal to (i) the number of shares of Legacy Complete Solaria Common Stock subject to the applicable Legacy Complete Solaria Option or Legacy Complete Solaria Warrant multiplied by (ii) the Merger Consideration Per Fully Diluted Share. The exercise price for each Complete Solaria Option and Complete Solaria Warrant equals (i) the exercise price per share of the applicable Complete Solaria Option or Complete Solaria Warrant divided by (ii) the Merger Consideration Per Fully Diluted Share (rounded up to the nearest full cent).
- iv. At the Closing, the Sponsor transferred to the convertible note investors a pro rata percentage of (i) 666,651 shares of Complete Solaria Common Stock in exchange for payment by such investor to FACT of \$0.0001 per share and (ii) 484,364 FACT Private Placement Warrants held by the Sponsor. In addition, convertible note investors are entitled to receive, on a pro rata basis, up to an additional (i) 333,333 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$12.50 per share for a period of at least 20 days out of 30 consecutive days on which the shares of Complete Solaria Common Stock are traded on a stock exchange, and (ii) 333,333 shares of Complete Solaria Common Stock, at a purchase price of \$0.0001 per share, if within the first 12 months following the Closing Date, the volume weighted average price of Complete Solaria Common Stock equals or exceeds \$15.00 per share for a period of at least 20 days out of 30 consecutive days on which the shares of Complete Solaria Common Stock are traded on a stock exchange. The transfer of Complete Solaria Common Stock and Private Placement Warrants from the Sponsor to the Legacy Complete Solaria convertible noteholders is an exchange between investors, which does not result in a pro forma adjustment.
- v. On or around the Closing, Complete Solaria entered into New Money PIPE Subscription Agreements with certain investors to subscribe for and purchase 120,000 FACT Class A Ordinary Shares for a purchase price of \$5.00 and aggregate proceeds of \$0.6 million. Additionally, Complete Solaria issued an additional 60,000 shares of Complete Solaria Common Stock in consideration for certain services provided in the structuring of the Forward Purchase Agreements.
- vi. On or around the Closing Date, Complete Solaria entered into Subscription Agreements with certain PIPE Investors who purchased 1,570,000 shares of Complete Solaria Common Stock for aggregate proceeds of \$15.7 million, including \$3.5 million that was funded prior to the Closing Date.
- vii. On or around the Closing Date, the Sponsor transferred 4,333,333 FACT Class B Ordinary Shares to certain third parties pursuant to working capital lending arrangements, non-redemption agreements, PIPE Investments and the settlement of FACT’s accrued expenses associated with the Business Combination. Additionally, Complete Solaria issued and transferred 193,976 shares of Complete Solaria Common Stock to the Sponsor and 330,000 shares of Complete Solaria Common Stock to New Money PIPE Investors.

### **Accounting for the Business Combination**

This unaudited pro forma condensed combined financial information should be read together with the historical financial statements and related notes of FACT, Legacy Complete Solaria and Solaria and other financial information included the Proxy Statement.

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Legacy Complete Solaria has been determined to be the accounting acquirer of FACT and Solaria based on the following facts and circumstances:

- Legacy Complete Solaria's existing shareholders are expected to have the greatest voting interest in the combined entity. Excluding warrant and option holders, Legacy Complete Solaria's existing shareholders have an approximately 57.8% voting interest. On a fully diluted basis, Legacy Complete Solaria's existing shareholders have approximately 56.4% ownership.

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- Legacy Complete Solaria’s existing shareholders have the ability to control decisions regarding election and removal of the majority of the combined entity’s executive board of directors.
- Legacy Complete Solaria’s senior management is the senior management of the combined entity.
- The combined company name is Complete Solaria, Inc., i.e. the combined entity assumed Legacy Complete Solaria’s name.

The weighting of evidence as described above is indicative that Legacy Complete Solaria is the accounting acquirer of FACT. Accordingly, the merger between Legacy Complete Solaria and FACT has been accounted for as a reverse recapitalization, with FACT being treated as the “acquired” company for financial reporting purposes. For accounting purposes, the reverse recapitalization is the equivalent of Legacy Complete Solaria issuing stock for the net assets of FACT, accompanied by a recapitalization. As a result of the Business Combination being an in-substance capital transaction, Legacy Complete Solaria’s qualifying transaction costs are treated as an equivalent to equity issuance costs, reflected as a reduction in additional paid-in capital, rather than as an expense, in the unaudited pro forma condensed combined financial information. The net assets of FACT have been stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the reverse recapitalization are those of Legacy Complete Solaria.

Outstanding vested and unvested share-based awards of Legacy Complete Solaria (including options and RSUs) were converted into the right to receive upon vesting or exercise such awards for common shares of Complete Solaria Common Stock after applying the Merger Consideration Per Fully Diluted Share. Because no terms of such share-based awards are modified upon consummation of the Business Combination, no accounting impact for such outstanding awards was recognized.

Public and private warrants of FACT were not modified as a result of the Business Combination and continue to be liabilities in the New Complete Solaria’s financial statements. The shares of New Complete Solaria Common Stock issuable upon the achievement of trading targets are expected to be classified in equity of New Complete Solaria pursuant to guidance in ASC 815-40.

With respect to the Required Transaction, Complete Solaria determined that it was the primary beneficiary of Solaria, and, as such, such merger has been accounted for as a business combination in accordance with ASC 805. Complete Solaria has recorded the fair value of assets acquired and liabilities assumed from Solaria.

### **Basis of Pro Forma Presentation**

The adjustments in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information of Complete Solaria upon consummation of the Business Combination and other events contemplated by the Business Combination. Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial information are described in the accompanying notes.

The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and is not necessarily indicative of the operating results and financial position that would have been achieved had the Business Combination occurred on the dates indicated. The Business Combination proceeds remaining after the payment for the redemption of public shares, and payment of transaction costs related to the Merger are expected to be used for other general corporate purposes. Further, the unaudited pro forma condensed combined financial information does not purport to project the future operating results or financial position of New Complete Solaria following the completion of the Business Combination. The unaudited pro forma adjustments represent management’s estimates based on information available as of the date of this unaudited pro forma condensed combined financial information and are subject to change as additional information becomes available and analyses are performed. Other than certain ordinary course of business sale and purchase transactions between Complete Solar and Solaria, FACT, Complete Solar, and Solaria have not had any historical relationship prior to the transactions.

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The following table presents the pro forma New Complete Solaria common stock issued and outstanding immediately after the Business Combination, which does not give effect to the potential exercise of any warrants:

|   | <u>Number of Shares</u>  | <u>Percentage of<br/>Outstanding Shares</u> |
|---|--------------------------|---|
| FACT Public Stockholders <sup>(4)</sup>                 | 3,458,757                | 7.6%  |
| Founder Shares <sup>(1), (2), (3), (4)</sup>            | 8,152,325                | 18.0%                                       |
| Complete Solaria shareholders                           | 20,034,257               | 44.3%                                       |
| Complete Solaria convertible noteholders <sup>(3)</sup> | 6,126,726                | 13.5%                                       |
| PIPE Investors  | 7,518,488                | 16.6%                                       |
| <b>Total</b>  | <u><u>45,290,553</u></u> | 100.0%                                      |

- (1) The above table includes 122,500 FACT Class B Ordinary Shares transferred to FACT directors, employees and consultants.
- (2) The table excludes the transfer of 4,333,333 shares of FACT Class B Ordinary Shares from the Sponsor to certain third parties pursuant to working capital lending arrangements, non-redemption agreements and PIPE Investments and the settlement of FACT's accrued expenses associated with the Business Combination.
- (3) The above table includes the transfer of 666,651 shares of New Complete Solaria Common Stock from the Sponsor to Complete Solaria convertible noteholders and excludes up to 666,666 shares of New Complete Solaria Common Stock issuable by the New Complete Solaria to convertible noteholders based on the trading price of New Complete Solaria Common Stock. The issuance of New Complete Solaria Common Stock to the Complete Solaria convertible noteholders would further increase the ownership percentages of Complete Solaria convertible noteholders and would dilute the ownership of all stockholders.
- (4) The above table excludes the transfer of shares of a number FACT Class A Ordinary Shares held by Sponsor as of the Closing equal the difference of (i) 3,300,000 minus (ii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to holders of 2022 Convertible Notes minus (iii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to certain counterparties in consideration for loans and other amounts paid to finance the working capital loans due to the Sponsor and extension fees as consideration for such holders agreeing to enter into non-redemption agreements and/or such FACT PIPE Investment investors agreeing to make FACT PIPE Investment, as applicable.

Of the 666,666 shares of Complete Solaria Common Stock issuable by Complete Solaria to convertible noteholders based on the trading price of Complete Solaria Common Stock, 333,333 shares will vest if, from Closing of the Business Combination until the 12 month anniversary thereof, the average price of Complete Solaria Common Stock exceeds \$12.50 for any 20 trading days within any 30 trading day period and 333,333 will vest if, from the Closing of the Business Combination until the 12 month anniversary thereof, the average price of Complete Solaria Common Stock exceeds \$15.00 for any 20 trading days within any 30 trading day period. The issuance of such shares would dilute the value of all shares of Complete Solaria Common Stock outstanding at that time. Assuming the current capitalization structure, the 666,666 shares that would become vested upon meeting the price threshold would represent approximately 1.5% of total shares outstanding.

The management of New Complete Solaria has concluded that the contingently issuable shares are equity-classified instruments, which do not have an impact on the unaudited pro forma condensed combined statement of operations for the periods ended December 31, 2022 and March 31, 2023.

If the actual facts are different than these assumptions, the ownership percentage retained by the FACT's public stockholders in the post-combination company will be different from the above-stated ownership percentage.

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**
**As of March 31, 2023**
**(in thousands)**

|   | Freedom<br>Acquisition<br>Corp<br>(Historical) | Complete<br>Solaria | Pro Forma<br>Adjustments<br>(Actual<br>Redemptions) |          | Pro Forma<br>Combined<br>(Actual<br>Redemption) |
|---|--|---------------------|---|----------|---|
| <b>ASSETS</b>   |  |                     |   |          |   |
| <b>Current Assets:</b>                                  |  |                     |   |          |   |
| Cash and cash equivalents                               | \$ 48  | \$ 3,349            | \$ 32,163   | <b>A</b> | \$ 35,560                                       |
| Accounts receivable, net                                | —  | 28,139              | —   |          | 28,139  |
| Inventory   | —  | 6,955               | —   |          | 6,955   |
| Prepaid expenses and other current assets               | —  | 12,035              | —   |          | 12,035  |
| <b>Total current assets</b>                             | <u>48</u>                                      | <u>50,478</u>       | <u>32,163</u>                                       |          | <u>82,689</u>                                   |
| Cash held in Trust Account                              | 116,572  | —                   | (116,572)   | <b>B</b> | —   |
| Restricted cash   | —  | 3,758               | —   |          | 3,758   |
| Property and equipment, net                             | —  | 3,706               | —   |          | 3,706   |
| Operating lease right-of-use assets                     | —  | 1,934               | —   |          | 1,934   |
| Intangible assets                                       | —  | 41,859              | —   |          | 41,859  |
| Other noncurrent assets                                 | —  | 2,177               | (1,979)   | <b>K</b> | 198   |
| Acquisition related intangible assets                   | —  | —                   | —   |          | —   |
| Goodwill  | —  | 119,422             | —   |          | 119,422   |
| <b>Total Assets</b>                                     | <u>\$ 116,620</u>                              | <u>\$ 223,334</u>   | <u>\$ (86,388)</u>                                  |          | <u>\$ 253,566</u>                               |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>   |  |                     |   |          |   |
| <b>Current liabilities:</b>                             |  |                     |   |          |   |
| Accounts payable  | \$ 5,832                                       | \$ 17,183           | \$ (6,997)  | <b>L</b> | \$ 16,018                                       |
| Accrued expenses and other current liabilities          | —  | 18,643              | —   |          | 18,643  |
| Promissory Note - Related Party                         | 1,600  | —                   | (1,600)   | <b>M</b> | —   |
| Convertible Promissory Note – Related Party             | 1,174  | —                   | (1,174)   | <b>N</b> | —   |
| Notes payable, net                                      | —  | 25,496              | —   |          | 25,496  |
| Deferred Revenue  | —  | 4,257               | —   |          | 4,257   |
| <b>Total current liabilities</b>                        | <u>8,606</u>                                   | <u>65,579</u>       | <u>(9,771)</u>                                      |          | <u>64,414</u>                                   |
| Warranty provision, noncurrent                          | —  | 3,338               | —   |          | 3,338   |
| Warrant liabilities                                     | 3,747  | 13,943              | (12,868)  | <b>D</b> | 4,822   |
| Deferred underwriters' discount payable                 | 3,019  | —                   | —   |          | 3,019   |
| Operating lease liabilities, long-term                  | —  | 1,076               | —   |          | 1,076   |
| Long-term convertible notes, net                        | —  | 14,560              | (14,560)  | <b>C</b> | —   |
| Long-term convertible notes, net due to related parties | —  | 15,703              | (15,703)  | <b>C</b> | —   |
| Long-term debt in CS Solis                              | —  | 26,290              | —   |          | 26,290  |
| <b>Total liabilities</b>                                | <u>\$ 15,372</u>                               | <u>\$ 140,489</u>   | <u>\$ (52,902)</u>                                  |          | <u>\$ 102,959</u>                               |

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|   |                  |                   |                    |          |                   |
|---|------------------|-------------------|--------------------|----------|-------------------|
| Redeemable convertible preferred stock                      | —                | 155,630           | (155,630)          | <b>E</b> | —                 |
| Common shares subject to possible redemption                | 116,572          | —                 | (116,572)          | <b>F</b> | —                 |
| Freedom Acquisition Corp Class A Ordinary Shares            | —                | —                 | —                  |          | —                 |
| Freedom Acquisition Corp Class B Ordinary Shares            | 1                | —                 | (1)                | <b>G</b> | —                 |
| Solaria, Inc. Common stock                                  | —                | —                 | —                  |          | —                 |
| Complete Solaria, Inc. Common Stock                         | —                | —                 | 5                  | <b>H</b> | 5                 |
| Complete Solar Holding Corp common stock                    | —                | —                 | —                  |          | —                 |
| Additional paid-in capital                                  | 2,053            | 36,074            | 221,334            | <b>I</b> | 259,461           |
| Accumulated other comprehensive income (loss)               | —                | 28                | —                  |          | 28                |
| Retained earnings (accumulated deficit)                     | (17,378)         | (108,887)         | 17,378             | <b>J</b> | (108,887)         |
| <b>Total stockholders' equity (deficit)</b>                 | <u>(15,324)</u>  | <u>(72,785)</u>   | <u>238,716</u>     |          | <u>150,607</u>    |
| <b>Total liabilities and stockholders' equity (deficit)</b> | <u>\$116,620</u> | <u>\$ 223,334</u> | <u>\$ (86,388)</u> |          | <u>\$ 253,566</u> |



## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the three months ended March 31, 2023

(in thousands, except per share amounts)

|   | Legacy Complete Solaria<br>(Historical) | Freedom<br>Acquisition<br>Corp<br>(Historical) | Transaction<br>Accounting<br>Adjustments |    | Pro Forma<br>Combined |
|---|---|--|--|----|-----------------------|
| Product revenue, net  | \$ 18,721                               | \$ —   | \$ —                                     |    | \$ 18,721             |
| Service revenue, net  | 16,677                                  | —  | —  |    | 16,677                |
| Cost of product revenue   | 19,489                                  | —  | —  |    | 19,489                |
| Cost of service revenue   | 13,818                                  | —  | —  |    | 13,818                |
| Gross Profit  | 2,091                                   | —  | —  |    | 2,091                 |
| Operating Expenses  |   |  |  |    |                       |
| Sales commissions   | 5,677                                   | —  | —  |    | 5,677                 |
| Operating costs   | —                                       | 1,620  | —  |    | 1,620                 |
| Sales and marketing   | 3,549                                   | —  | —  |    | 3,549                 |
| General and administrative  | 13,098                                  | —  | —  |    | 13,098                |
| Total operating expenses  | 22,324                                  | 1,620  | —  |    | 23,944                |
| Loss from operations  | (20,233)                                | (1,620)  | —  |    | (21,853)              |
| Interest income on marketable securities held in Trust<br>Account | —                                       | 2,817  | (2,817)                                  | DD | —                     |
| Change in fair value of warrant liabilities                       | —                                       | (769)  | —  |    | (769)                 |
| Change in fair value of convertible note                          | —                                       | (258)  | 258                                      | GG | —                     |
| Interest expense  | (3,611)                                 | —  | 319                                      | FF | (3,292)               |
| Interest income   | 8                                       | —  | —  |    | 8                     |
| Other income (expense), net                                       | 317                                     | —  | (209)                                    | EE | 108                   |
| Loss before income taxes  | (23,519)                                | 170  | (2,449)                                  |    | (25,798)              |
| Income tax provision, net   | (5)                                     | —  | —  |    | (5)                   |
| Net income (loss)   | \$ (23,514)                             | \$ 170   | \$ (2,449)                               |    | \$ (25,793)           |

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**
**For the year ended December 31, 2022**
**(in thousands, except per share amounts)**

|  | Legacy Complete Solaria Combined | Solaria Corp (Historical adjustments) | Solaria PPA Transaction Accounting Adjustments |           | Legacy Complete Solaria Combined (Historical) | Freedom Acquisition Corp (Historical) | Pro Forma Accounting Adjustments | Pro Forma Combined |
|--|----------------------------------|---------------------------------------|--|-----------|---|---------------------------------------|----------------------------------|--------------------|
| Product revenue, net   | \$ 13,325                        | \$ 33,975                             | \$ —   |           | \$ 47,300                                     | \$ —                                  | \$ —                             | \$ 47,300          |
| Service revenue, net   | 66,475                           | —                                     | —  |           | 66,475  | —                                     | —                                | 66,475             |
| Cost of product revenue  | 12,847                           | 35,415                                | —  |           | 48,262  | —                                     | —                                | 48,262             |
| Cost of service revenue  | 46,647                           | —                                     | 1,141  | <b>AA</b> | 47,788  | —                                     | —                                | 47,788             |
| Gross Profit   | 20,306                           | (1,440)                               | (1,141)  |           | 17,725  | —                                     | —                                | 17,725             |
| Operating Expenses   |                                  |                                       |  |           |   |                                       |                                  |                    |
| Sales commissions  | 21,195                           | —                                     | —  |           | 21,195  | —                                     | —                                | 21,195             |
| Operating costs  | —                                | —                                     | —  |           | —   | 4,407                                 | —                                | 4,407              |
| Sales and marketing  | 7,471                            | 5,229                                 | 1,640  | <b>BB</b> | 14,340  | —                                     | —                                | 14,340             |
| General and administrative                                     | 14,251                           | 10,912                                | 1,249  | <b>CC</b> | 26,412  | —                                     | —                                | 26,412             |
| Total operating expenses                                       | 42,917                           | 16,141                                | 2,889  |           | 61,947  | 4,407                                 | —                                | 66,354             |
| <b>Loss from operations</b>                                    | <b>(22,611)</b>                  | <b>(17,581)</b>                       | <b>(4,030)</b>                                 |           | <b>(44,222)</b>                               | <b>(4,407)</b>                        | <b>—</b>                         | <b>(48,629)</b>    |
| Foreign currency exchange gain (loss)                          | —                                | —                                     | —  |           | —   | (18)                                  | —                                | (18)               |
| Interest income on marketable securities held in Trust Account | —                                | —                                     | —  |           | —   | 4,822                                 | (4,822)                          | <b>DD</b> —        |
| Change in fair value of warrant liabilities                    | —                                | —                                     | —  |           | —   | 5,510                                 | —                                | 5,510              |
| Change in fair value of convertible note                       | —                                | —                                     | —  |           | —   | (196)                                 | 196                              | <b>GG</b> —        |
| Interest expense   | (4,986)                          | (3,235)                               | —  |           | (8,221)                                       | —                                     | 221                              | <b>FF</b> (8,000)  |
| Interest income  | 5                                | 13                                    | —  |           | 18  | —                                     | —                                | 18                 |
| Forgiveness of debt  | —                                | —                                     | —  |           | —   | 272                                   | —                                | 272                |
| Other income (expense), net                                    | (1,858)                          | (14,438)                              | —  |           | (16,296)                                      | —                                     | 5,211                            | <b>EE</b> (11,085) |
| Loss before income taxes                                       | (29,450)                         | (35,241)                              | (4,030)  |           | (68,721)                                      | 5,983                                 | 806                              | (61,932)           |
| Income tax provision, net                                      | 27                               | 3                                     | —  |           | 30  | —                                     | —                                | 30                 |
| <b>Net income (loss)</b>                                       | <b>\$(29,477)</b>                | <b>\$(35,244)</b>                     | <b>\$(4,030)</b>                               |           | <b>\$(68,751)</b>                             | <b>\$ 5,983</b>                       | <b>\$ 806</b>                    | <b>\$(61,962)</b>  |

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

### Note 1 — Basis of Presentation

The merger between Legacy Complete Solaria and FACT will be accounted for as a reverse recapitalization, with FACT being treated as the “acquired” company for financial reporting purposes. For accounting purposes, the reverse recapitalization will be the equivalent of Legacy Complete Solaria issuing stock for the net assets of FACT, accompanied by a recapitalization. The net assets of FACT will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the reverse recapitalization will be those of Legacy Complete Solaria.

The unaudited pro forma condensed combined statement of operations of Complete Solaria for the three months ended March 31, 2023 and for the year ended December 31, 2022, gives pro forma effect to the Business Combination and Required Transaction as if each had been consummated on January 1, 2022.

The Required Transaction was accounted for as a business combination, as Complete Solar was concluded to be the accounting acquirer of Solaria on the basis that Solaria was a Variable Interest Entity (“VIE”) and that Complete Solar was the primary beneficiary of the VIE. Solaria was determined to be a VIE in accordance with Subtopic 810-10 based on the following characteristics at the time of acquisition:

- Solaria was a legal entity;
- Solaria did not have sufficient equity to finance its operations without additional subordinated financing, absent the acquisition by Complete Solar, and;
- Solaria’s equity holders had a controlling financial interest.

Complete Solar, as the legal acquirer of Solaria, was determined to be the primary beneficiary of the VIE as it has the power to direct the activities that most significantly impact Solaria’s economic performance and the right to receive benefits and obligation to absorb losses of Solaria, that could be potentially significant. As specified by ASC Subtopic 810-10, the initial consolidation of a VIE that is a business by a reporting entity is a business combination and the acquisition method of accounting is applied.

The unaudited pro forma combined balance sheet of Complete Solaria as of March 31, 2023, gives pro forma effect to the Business Combination as if it had been consummated on March 31, 2023. The Required Transaction is reflected in the historical balance sheet of Complete Solaria as of April 2, 2023. The unaudited pro forma condensed combined statements of operations of Complete Solaria for the year ended December 31, 2022, and for the three months ended March 31, 2023, presents pro forma effect to the transactions as if it had been completed on January 1, 2022.

The unaudited pro forma combined balance sheet as of March 31, 2023, and unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2023, have been prepared using, and should be read in conjunction with, the following:

- unaudited condensed financial statements of FACT as of and for three months ended March 31, 2023, and the related notes, included in the Proxy Statement;
- unaudited condensed consolidated financial statements of Complete Solaria as of and for thirteen weeks ended April 2, 2023, and the related notes, included in the Proxy Statement;

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022 has been prepared using, and should be read in conjunction with, the following:

- audited statements of operations of FACT for the fiscal year ended December 31, 2022 included in the Proxy Statement; and
- audited statements of operations of Legacy Complete Solaria for the fiscal year ended December 31, 2022 included in the Proxy Statement.

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Additionally, in giving pro forma effect to the Required Transaction as if it had been consummated on January 1, 2022, the unaudited pro forma condensed combined statement of operations was prepared using the unaudited statement of operations of Solaria for the period from January 1, 2022 through the close of the Required Transaction.

Effective January 1, 2023, Legacy Complete Solaria changed its fiscal quarters to four thirteen-week periods within a standard calendar year. Each annual reporting period begins on January 1 and ends on December 31. The unaudited pro forma condensed combined statement of operations of Complete Solaria for the three months ended March 31, 2023 includes the Legacy Complete Solaria unaudited condensed consolidated statement of operations for the thirteen weeks ended April 2, 2023, and the unaudited pro forma condensed consolidated balance sheet of Complete Solaria as of March 31, 2023 includes the unaudited condensed consolidated balance sheet of Legacy Complete Solaria as of April 2, 2023. As the difference between the fiscal quarter end dates of Legacy Complete Solaria and FACT is two days, and there were no intervening events or transactions materially impacting the unaudited pro forma statement of operations or the unaudited pro forma balance sheet, no additional adjustments are made to align the reporting dates. March 31, 2023 is the reporting date of all pro forma adjustments in Note 3.

Management has made significant estimates and assumptions in its determination of the pro forma Transaction Accounting Adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X. The pro forma adjustments reflecting the consummation of the Business Combination and the Required Transaction are based on certain currently available information and certain assumptions and methodologies that FACT believes are reasonable under the circumstances. The unaudited pro forma Transaction Accounting Adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the Transaction Accounting Adjustments and it is possible such differences may be material. Complete Solaria believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination and the Required Transaction based on information available to management at the time and that the pro forma Transaction Accounting Adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination and the Required Transaction.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of Complete Solaria. They should be read in conjunction with the historical financial statements and notes thereto of FACT and Legacy Complete Solaria.

### **Note 2 — Accounting Policies**

Upon completion of the Business Combination, management will perform a comprehensive review of FACT's and Legacy Complete Solaria's accounting policies. As a result of the review, management may identify differences between the accounting policies of the companies which, when conformed, could have a material impact on the combined financial statements. Based on its initial analysis, management has not identified any material differences in accounting policies that would have a material impact on the unaudited pro forma condensed combined financial information.

**Note 3 — Adjustments to Unaudited Pro Forma Condensed Combined Financial Information**

Article 11 of Regulation S-X allows for the presentation of reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur (“**Management’s Adjustments**”). Complete Solaria has elected not to present Management’s Adjustments and will only be presenting Transaction Accounting Adjustments in the following unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Transactions and has been prepared for informational purposes only.

The pro forma condensed combined provision for income taxes does not necessarily reflect the amounts that would have resulted had Complete Solaria filed consolidated income tax returns during the periods presented.

The unaudited pro forma basic and diluted net loss per share amounts presented in the unaudited pro forma condensed combined statement of operations are based upon the number of shares of Complete Solaria outstanding, assuming the Business Combination occurred on January 1, 2022.

**Adjustments to Unaudited Pro Forma Combined Balance Sheet**

The pro forma Transaction Accounting Adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

(A) Represents pro forma Transaction Accounting Adjustments to cash to reflect the following (in thousands):

|  |                  |
|--|------------------|
| Investment held in Trust Account                     | \$ 116,572(1)    |
| Proceeds from the issuance of 2022 Convertible Notes | 10,250(2)        |
| Payment of transaction related fees                  | (7,809)(3)       |
| Proceeds from PIPE financings                        | 16,300(4)        |
| Payment made to redeeming FACT public stockholders   | (103,150)(5)     |
|  | <u>\$ 32,163</u> |

- (1) Reflects the reclassification of cash equivalents held in the Trust Account inclusive of accrued interest to reflect the remaining cash equivalents prior to pro forma Transaction Accounting Adjustments.
- (2) Reflects the issuance of the 2022 Convertible Notes to investors subsequent to the balance sheet date. The 2022 Convertible Notes converted into shares of Legacy Complete Solaria Common Stock prior to the close of the Business Combination. The 2022 Convertible Notes accrue interest at 5% and are expected to be accounted for as debt in accordance with ASC 470. The 2022 Convertible Notes contain multiple embedded features, none of which are expected to be accounted for as embedded derivative liabilities in accordance with ASC 815.
- (3) Reflects the payment of \$7.8 million of transaction costs incurred by Legacy Complete Solaria and FACT in connection with the Business Combination. The transaction costs include:
  - The payment for expenses incurred by Legacy Complete Solaria in conjunction with the business combination are reflected as corresponding adjustment of \$1.6 million to accounts payable for amounts which had been incurred prior to and unpaid as of March 31, 2023.
  - The payment of \$0.8 million, representing estimated expenses to be incurred by Legacy Complete Solaria subsequent to March 31, 2023, and is reflected as an adjustment to additional paid-in capital.
  - The payment of \$2.9 million, representing estimated expenses to be incurred by FACT subsequent to March 31, 2023, is as an expense of the pre-combination entity and reflected as an adjustment to accumulated deficit.

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- The payment for expenses incurred by FACT in conjunction with the Business Combination is reflected as a corresponding adjustment of \$2.5 million to accounts payable for amounts which had been incurred prior to and unpaid as of March 31, 2023.
- (4) Reflects aggregate gross proceeds of \$0.6 million from the issuance and sale of 120,000 shares of Complete Solaria Common Stock at \$5.00 per share pursuant to the New Money PIPE Subscription Agreements and \$15.7 million, including \$3.5 million that was funded prior to the Closing Date, from the issuance and sale of 1,570,000 shares of Complete Solaria Common Stock at \$10.00 per share pursuant to the PIPE Financing (Private Placement). The unaudited pro forma condensed combined balance sheet reflects the reclassification with a corresponding increase of \$16.3 million to additional paid-in-capital, as noted in Note I below and an increase of less than \$0.1 million to New Complete Solaria Common Stock, as noted in Note H below.
- (5) Reflects the payment made to redeeming FACT public stockholders in connection with the Special Meeting held on July 11, 2023. The amount of redemptions assumed is 9,763,938 shares of FACT Class A Ordinary Shares redeemed for \$103.1 million allocated to Complete Solaria Common Stock and additional paid-in capital, using a par value of \$0.0001 per share at a redemption price of \$10.56 per share, or a full pro rata portion of the trust account holding the proceeds from Freedom's initial public offering as described in Note I and J.
- (B) Reflects Transaction Accounting Adjustments to the cash held in the Trust Account of \$116.6 million that becomes available following the Business Combination, assuming no redemptions.
- (C) Represents pro forma Transaction Accounting Adjustments to convertible notes to reflect the following (in thousands):

|  |                          |
|--|--------------------------|
| Reflects the conversion of principal and accrued interest related to the 2022 Convertible Notes, which converted into Legacy Complete Solaria Common Stock immediately prior to the Closing                        | \$(14,560)               |
| Reflects the conversion of principal and accrued interest related to the 2022 Convertible Notes due to related parties, which converted into Legacy Complete Solaria Common Stock immediately prior to the Closing | (15,703)                 |
| <b>Total</b>   | <b><u>\$(30,263)</u></b> |

The 2022 Convertible Notes converted into 6,126,726 shares of Complete Solaria Common Stock and are recorded as additional paid in capital as described in Note I.

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- (D) Reflects pro forma Transaction Accounting Adjustments to warrant liabilities to reflect the following (in thousands):

|   |                          |
|---|--------------------------|
| Reflects the exchange of Legacy Complete Solaria Preferred Stock warrants into Complete Solaria Warrants, pursuant to terms of the Business Combination. Legacy Complete Solaria Preferred Stock warrants were previously contingently puttable or redeemable, resulting in Legacy Complete Solaria classifying such warrants as liabilities in its historical financial statements. Complete Solaria has concluded that the Complete Solaria Warrants exchanged for Complete Solaria Preferred Stock warrants are equity-classified warrants and the adjustment reflects reclassification of the warrants from liability to additional paid-in capital, as noted in Note I below | \$(13,943)               |
| Reflects the conversion of FACT promissory note into 716,667 shares of private placement warrants upon the Business Combination   | <u>1,075</u>             |
| <b>Total</b>  | <b><u>\$(12,868)</u></b> |

- (E) Represents the issuance of 16,571,239 shares of Complete Solaria Common Stock at par value of \$0.0001 per share upon the Business Combination in exchange for 34,311,133 outstanding shares of Legacy Complete Solaria Preferred Stock.

The unaudited pro forma condensed combined balance sheet reflects the conversion with a corresponding increase of \$155.6 million to additional paid-in capital, as noted in Note I below.

- (F) Reflects the reclassification of \$116.6 million related to FACT Class A Ordinary Shares, subject to possible redemption, from mezzanine equity to permanent equity, assuming no redemption. The unaudited pro forma condensed combined balance sheet reflects the reclassification with a corresponding increase of \$116.6 million to additional paid-in-capital, as noted in Note I below and an increase of less than \$0.1 million to New Complete Solaria Common Stock, as noted in Note H below
- (G) Reflects the reclassification of FACT Class B Ordinary Shares to Complete Solaria Common Stock. In conjunction with the Domestication, (i) each then issued and outstanding FACT Class A Ordinary Share will convert automatically, on a one-for-one basis, into a share of Complete Solaria Common Stock, (ii) each then issued and outstanding FACT Class B Ordinary Share will convert automatically, on a one-for-one basis, into a share of Complete Solaria Common Stock, and (iii) each then issued and outstanding warrant of FACT will convert automatically into a warrant to acquire one share of Complete Solaria Common Stock.

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(H) Represents pro forma Transaction Accounting Adjustments to Complete Solaria Common Stock balance to reflect the following (in thousands):

|   |             |
|---|-------------|
| Recapitalization of Legacy Complete Solaria Preferred Stock and Legacy Complete Solaria Common Stock to Complete Solaria Common Stock | \$ 3        |
| Reclassification of FACT Class A Ordinary Shares subject to redemption, assuming no redemption, to permanent equity                   | 1           |
| Conversion of FACT Class B Ordinary Share to Complete Solaria Common Stock in connection with the Business Combination                | 1           |
| Conversion of 2022 Convertible Notes to Complete Solaria Common Stock in connection with the Business Combination                     | 1           |
| Redemption of FACT Class A Ordinary Shares  | <u>(1)</u>  |
| Total   | <u>\$ 5</u> |

(I) Represents pro forma Transaction Accounting Adjustments to the additional paid-in capital balance to reflect the following (in thousands):

|  |                   |
|--|-------------------|
| Conversion of Legacy Complete Solaria Preferred Stock to Complete Solaria Common Stock                                   | \$ 155,627        |
| Reclassification of FACT Class A Ordinary Shares subject to redemption, assuming no redemptions, to permanent equity     | 116,571           |
| Reduction in additional paid-in capital for SPAC related expenses  | (2,730)           |
| Elimination of FACT's historical accumulated deficit   | (17,241)          |
| 2022 Convertible Notes <sup>(1)</sup>  | 40,512            |
| Reclassification of Legacy Complete Solaria liability classified warrants to Complete Solaria equity classified warrants | 13,943            |
| Redemption of FACT Class A Ordinary Shares in connection with the Special Meeting held on July 11, 2023                  | (103,148)         |
| Conversion of FACT convertible promissory note at closing pursuant to working capital lending arrangements               | 1,500             |
| PIPE financing   | <u>16,300</u>     |
| Total  | <u>\$ 221,334</u> |

(1) Includes \$10.3 million from the issuance of the 2022 Convertible Notes to investors subsequent to the balance sheet date, as described in Note A above.



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- (J) Represents pro forma Transaction Accounting Adjustments to retained earnings (accumulated deficit) balance to reflect the following (in thousands):

|   |                  |
|---|------------------|
| Reclassification of FACT's historical accumulated deficit to additional paid-in capital in connection with the consummation of the Business Combination   | \$ 17,241        |
| Estimated transaction costs of FACT to be incurred subsequent to March 31, 2023   | (2,938)          |
| Reflects the gain upon extinguishment of transaction costs incurred by FACT as of March 31, 2023  | 3,376            |
| Reflects the repayment of the Sponsor working capital loans of \$1.3 million, which had a fair value of \$1.2 million as of March 31, 2023. The difference between the fair value and the repayment amount is recorded within accumulated deficit | (151)            |
| Reflects the transaction costs of FACT incurred subsequent to March 31, 2023, financed through FACT promissory notes  | (150)            |
| Total   | <u>\$ 17,378</u> |

- (K) Represents the reclass of deferred offering costs from prepaid expenses and other current assets to additional paid-in capital.

- (L) Represents pro forma Transaction Accounting Adjustments to Accounts Payable balance to reflect the following (in thousands):

|  |                  |
|--|------------------|
| Represents the Transaction Accounting Adjustments to accounts payable for \$4.1 million of transaction costs paid at the Closing. Amounts include \$1.6 million and \$2.5 million recorded as of March 31, 2023 by Complete Solaria and FACT, respectively, as described in Note A above | \$(4,121)        |
| Reflects the extinguishment of transaction costs incurred by FACT as of March 31, 2023 as described in Note J above  | (3,376)          |
| Reflect the reclassification of FACT promissory notes to Accounts Payable in connection with the consummation of the Business Combination  | 500              |
| Total  | <u>\$(6,997)</u> |

- (M) Represents the settlement of FACT Promissory Note — Related Party at Closing.

- (N) Represents the settlement of FACT Convertible Promissory Note — Related Party at Closing.

### Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022, and the three months ended March 31, 2023 are as follows:

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(AA) Represents pro forma adjustments to cost of sales to reflect the following (in thousands):

|  |                        |
|--|------------------------|
| Reflects the intangible assets amortization expense resulting from the fair value adjustments recognized for intangible assets of developed technology acquired in the Required Transaction for the year ended December 31, 2022 | \$ 1,058               |
| Represents change in stock-based compensation expense, related to stock options replaced by Complete Solaria to Solaria employees, that are recognized ratably over the post-combination period                                  | 83                     |
| <b>Total</b>   | <b><u>\$ 1,141</u></b> |

(BB) Represents pro forma adjustments to sales and marketing expenses to reflect the following (in thousands):

|   |                       |
|---|-----------------------|
| Reflects the intangible assets amortization expense resulting from the fair value adjustments recognized for intangible assets of customer relationships and trademarks acquired in the Required Transaction for the year ended December 31, 2022 | \$1,411               |
| Represents change in stock-based compensation expense, related to stock options replaced by Legacy Complete Solaria to Solaria employees, that are recognized ratably over the post-combination period  | 229                   |
| <b>Total</b>  | <b><u>\$1,640</u></b> |

(CC) Represents changes in stock-based compensation expense, related to stock options replaced by Legacy Complete Solaria to Solaria employees, that are recognized ratably over the post-combination period. The pro forma Transaction Accounting Adjustments are \$1.2 million for the year ended December 31, 2022.

(DD) Reflects the elimination of historical investment income earned on FACT's Trust Account. The pro forma Transaction Accounting Adjustments are \$(2.8) million and \$(4.8) million for the three months ended March 31, 2023, and the year ended December 31, 2022, respectively.

(EE) Reflects the elimination of change in fair value of Legacy Complete Solaria's Preferred Stock warrant liability. The pro forma Transaction Accounting Adjustments are \$(0.2) million and \$5.2 million for the three months ended March 31, 2023, and the year ended December 31, 2022, respectively.

(FF) Reflects interest expense of \$0.3 million and \$0.2 million associated with the 2022 Convertible Notes, which was assumed in the Required Transaction and converted into Complete Solaria Common Stock upon the Close of the Business Combination.

(GG) Reflects change in fair value on FACT promissory note. The pro forma adjustments are \$0.3 million and \$0.2 million for the three months ended March 31, 2023, and the year ended December 31, 2022, respectively.

### Note 4 – In-process Accounting Analysis

The transactions discussed below are presented in the Company's unaudited pro forma condensed combined financial information, however the Company's accounting analysis on such transactions is incomplete as of the date of this filing. The Company discussed the implications of certain items where the accounting is incomplete.

### Forward Purchase Agreements

On July 13, 2023, FACT and Legacy Complete Solaria, Inc. entered into separate agreements (each a "Forward Purchase Agreement", and together, the "Forward Purchase Agreements") with each of (i) Meteora Special Opportunity Fund I, LP ("MSOF"), Meteora Capital Partners, LP ("MCP") and Meteora Select Trading Opportunities Master, LP ("MSTO") (with MSOF, MCP, and MSTO collectively as "Meteora"); (ii) Polar Multi-Strategy Master Fund ("Polar"), and (iii) Sandia Investment Management L.P. ("Sandia", and each of Meteora, Polar, and Investor, individually, a "Seller", and together, the "Sellers") for OTC Equity Prepaid Forward

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Transactions. Pursuant to the terms of the Forward Purchase Agreements, the Sellers intended, but were not obligated, to purchase up to a number of shares of FACT Class A Ordinary Shares in the aggregate amount equal to up to 6,300,000, concurrently with the Closing pursuant to each Seller's respective FPA Funding Amount PIPE Subscription Agreement, less, in the case of Meteora and Sandia, the number of FACT Class A Ordinary Shares purchased by each Seller separately from third parties through a broker in the open market ("Recycled Shares").

As of the date of this filing, Complete Solaria has not concluded on the accounting analysis for and has not yet determined an estimate of initial fair value of the Forward Purchase Agreements. Complete Solaria expects that an evaluation will be required to consider, but not necessarily limited to, the guidance in ASC 480 — *Distinguishing Liabilities from Equity* and ASC 815 — *Derivatives and Hedging*.

The results of this accounting analysis may have material implications on Complete Solaria's financial statements including the subsequent fair value of the Forward Purchase Agreements and ongoing remeasurement effects which will impact Complete Solaria's earnings. If, based on Complete Solaria's analysis, the Forward Purchase Agreements meet the criteria to be classified as equity, the fair value of the Forward Purchase Agreements will be recognized as a component of equity. If, however, the Forward Purchase Agreements do not meet the criteria to be recognized as a component of equity, the Forward Purchase Agreements will be recognized as an asset or liability at fair value upon issuance, and remeasured each reporting period, with changes in fair value recorded as a component of income.

### **Long-Term Debt with CS Solis**

On July 17 and July 18, and in connection with obtaining consent for the Business Combination, Legacy Complete Solaria, FACT and CSREF Solis Holdings, LLC ("Carlyle") entered into an amended and rested consent to the Business Combination Agreement and an amended and restated warrant agreement, which modify the terms of the mandatorily redeemable investment made by Carlyle in Legacy Complete Solaria.

The Carlyle investment of \$25.6 million was mandatorily redeemable on the three-year anniversary of the effective date of the CS Solis amended and restated LLC agreement (February 14, 2025) and accrued interest at a rate of 10.5%, which was structured as a dividend payable based on 25% of the investment amount measured quarterly, compounded annually, and subject to increases in the event Legacy Complete Solaria declared any dividend. In connection with the investment, Legacy Complete Solaria issued a warrant to purchase up to 5,978,960 shares of its common stock at a price of \$0.01 per share, of which, 4,132,513 shares were immediately exercisable and, were outstanding as of the date of modification. At Closing, the Legacy Complete Solaria warrants were exchanged for 1,995,879 warrants to purchase shares of Complete Solaria Common Stock. Legacy Complete Solaria accounted for the mandatorily redeemable investment from Carlyle in accordance with ASC 480 — *Distinguishing Liabilities from Equity* and recorded the investment as a liability, which was accreted to its redemption value under the effective interest method.

Among other changes to the investment agreement, the modification accelerates the redemption date of the investment, which was previously February 14, 2025 and is March 31, 2024 subsequent to the modification. Additionally, as part of the amendment, the parties entered into an amended and restated warrant agreement. As part of the warrant agreement, Complete Solaria will issue Carlyle a warrant to purchase up to 2,745,879 shares of Complete Solaria Common Stock at a price per share of \$0.01, which is inclusive of the outstanding warrant to purchase 1,995,879 shares at the time of modification. The warrant, which expires on July 18, 2030, provides Carlyle with the right to purchase shares of Complete Solaria Common Stock based on (a) the greater of (i) 1,995,879 shares and (ii) the number of shares equal to 2.795% of the Complete Solaria's issued and outstanding shares of common stock, on a fully-diluted basis; plus (b) on and after the date that is ten (10) days after the date of the agreement, an additional 350,000 shares; plus (c) on and after the date that is thirty (30) days after the date of the agreement, if the original investment amount has not been repaid, an additional 150,000 shares; plus (d) on and after the date that is ninety (90) days after the date of the agreement, if the original investment amount has not been repaid, an additional 250,000 shares, in each case, of Complete Solaria Common Stock at a price of \$0.01 per share.

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As of the date of this filing, Complete Solaria has not concluded on the accounting analysis for the modification of the Carlyle investment agreement. Due to the acceleration of the maturity date and issuance of additional warrants, Complete Solaria will analyze the transaction to assess the modification of a mandatorily redeemable financial instrument in accordance with the modification and extinguishment guidance included in ASC 470, *Debt*, and Complete Solaria will assess the classification and measurement of the warrants issued in connection with the modification ASC 480 — *Distinguishing Liabilities from Equity*, ASC 815 — *Derivatives and Hedging*, and ASC 718 — *Compensation-Stock Compensation*.

The results of this accounting analysis may have material implications on Complete Solaria's financial statements.

Complete Solaria intends to conclude on the accounting analysis and disclose the accounting impacts of the above transactions on the consolidated financial statements of the post-combination entity.

### **Note 5 — Net Loss Per Share**

Represents the net loss per share calculated using the historical weighted average shares outstanding and the issuance of additional shares in connection with the Business Combination, and other related events, assuming such additional shares were outstanding since January 1, 2022. As the Business Combination and other related are being reflected as if they had occurred as of January 1, 2022, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes the shares issued in connection with the Business Combination, other related events have been outstanding for the entire periods presented.

| (in thousands, except for share and per share data)                                   | For the year ended<br>December 31, 2022 | For the Three Months<br>ended March 31, 2023 |
|---|---|--|
| Pro forma loss attributable to common stockholders – Complete Solaria                 | \$ (61,962)                             | \$ (25,793)                                  |
| Complete Solaria common stock Weighted average shares outstanding – basic and diluted | 47,483,649                              | 47,483,649                                   |
| Net loss per share – basic and diluted  | \$ (1.30)                               | \$ (0.54)                                    |

The following summarizes the number of shares of Complete Solaria Common Stock outstanding used for pro forma presentation purposes for the year ended December 31, 2022, and for the three months ended March 31, 2023:

| <b><u>Weighted average shares outstanding—basic and diluted</u></b> |                   |
|---|-------------------|
| Public Shareholders   | 3,458,757         |
| Founder Shares  | 8,152,325         |
| PIPE Investors  | 7,518,488         |
| Legacy Complete Solaria Shareholders                                | 26,160,983        |
| Legacy Complete Solaria – equity classified penny warrants          | 2,193,096         |
| Pro forma weighted average shares outstanding—basic and diluted     | <u>47,483,649</u> |

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- (1) Excludes approximately 7,624,716 shares of Complete Solaria Common Stock which remain reserved for options and restricted stock units outstanding. At the Closing, Legacy Complete Solaria options and restricted stock units will be converted into Complete Solaria options and restricted stock units, upon substantially the same terms and conditions as in effect with respect to the corresponding Complete Solaria option and restricted stock units.
- (2) Excludes approximately 1,188,630 shares of Complete Solaria Common Stock which remain reserve for non-penny warrants outstanding. At the Closing, Legacy Complete Solaria warrants converted into Complete Solaria Warrants, upon substantially the same terms and conditions as in effect with respect to the corresponding Legacy Complete Solaria warrants.
- (3) Includes 7,518,488 shares related to PIPE investors, which, prior to the Closing, will convert into Legacy Complete Solaria Common Stock, and will convert into Complete Solaria Common Stock upon the Closing.
- (4) The table excludes the transfer of 4,333,333 shares of FACT Class B Ordinary Shares from the Sponsor to certain third parties pursuant to working capital lending arrangements, non-redemption agreements, PIPE Investments, and the settlement of accrued expenses related to the Business Combination.
- (5) Excludes the transfer of shares of a number FACT Class A Ordinary Shares held by Sponsor as of the Closing equal the difference of (i) 3,300,000 minus (ii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to holders of 2022 Convertible Notes minus (iii) the number of shares, if any, of FACT Class A Ordinary Shares transferred by Sponsor to certain counterparties in consideration for loans and other amounts paid to finance the working capital loans due to the Sponsor and extension fees as consideration for such holders agreeing to enter into non-redemption agreements and/or such FACT PIPE Investment investors agreeing to make FACT PIPE Investment, as applicable.
- (6) Does not reflect the transfer of 666,651 shares of Complete Solaria Common Stock from the Sponsor to Legacy Complete Solaria convertible noteholders upon Closing.

The following potential outstanding securities were excluded from the computation of pro forma net loss per share, basic and diluted, because their effect would have been anti-dilutive or issuance of such shares is contingent upon the satisfaction of certain conditions which are not satisfied as of the period end for pro forma presentation purposes.

| <u>Share Type</u>   | <u>Shares</u> |
|---|---------------|
| Public Warrants   | 8,625,000     |
| Private Placement Warrants  | 6,266,667     |
| Private Placement Warrants in Connection with Promissory Notes held by the Sponsor and its affiliates | 716,667       |
| Aggregate Warrant Consideration   | 6,266,572     |
| Shares issuable upon achievement of trading price targets   | 666,666       |
| Options (unvested and vested)   | 7,624,716     |
| Warrants (non-penny warrants)   | 1,188,630     |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Complete Solaria, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Complete Solaria, Inc. (formerly Complete Solar, Inc.) and subsidiaries (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders’ deficit, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1(b) to the financial statements, the Company has been incurring net losses, accumulated deficit, and cash outflows from operations that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1(b). The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP  
San Francisco, California  
April 7, 2023

We have served as the Company’s auditor since 2022.



**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
*(in thousands except number of shares)*

|  | <u>As of December 31,</u> |                  |
|--|---------------------------|------------------|
|  | <u>2022</u>               | <u>2021</u>      |
| <b>Assets</b>  |                           |                  |
| Current assets:  |                           |                  |
| Cash and cash equivalents  | \$ 4,409                  | \$ 5,276         |
| Accounts receivable, net   | 27,717                    | 9,037            |
| Inventories  | 13,059                    | 4,409            |
| Prepaid expenses and other current assets  | 10,071                    | 4,955            |
| Total current assets   | <u>55,256</u>             | <u>23,677</u>    |
| Long-term deposits   | —                         | 70               |
| Restricted cash  | 3,907                     | —                |
| Property and equipment, net  | 3,476                     | 1,758            |
| Operating lease right-of-use assets  | 2,182                     | 826              |
| Intangible assets, net   | 42,610                    | 72               |
| Goodwill   | 119,422                   | —                |
| Other noncurrent assets  | 1,330                     | —                |
| Total assets   | <u>\$ 228,183</u>         | <u>\$ 26,403</u> |
| <b>Liabilities, redeemable convertible preferred stock and stockholders' deficit</b>   |                           |                  |
| Current liabilities  |                           |                  |
| Accounts payable   | \$ 14,474                 | \$ 5,190         |
| Accrued expenses and other current liabilities   | 19,830                    | 9,347            |
| SAFE agreements  | —                         | 6,397            |
| Convertible notes, net   | —                         | 1,890            |
| Convertible notes, net due to related parties  | —                         | 6,820            |
| Notes payable, net   | 20,403                    | 9,507            |
| Deferred revenue   | 5,407                     | 3,852            |
| Total current liabilities  | <u>60,114</u>             | <u>43,003</u>    |
| Warranty provision, noncurrent   | 3,214                     | 1,681            |
| Redeemable convertible preferred stock warrant liability   | 14,152                    | 1,129            |
| Derivative liability   | —                         | 1,481            |
| Long-term debt with CS Solis   | 25,204                    | —                |
| Convertible notes, net, noncurrent   | 3,434                     | —                |
| Convertible notes, net due to related parties, noncurrent  | 15,510                    | —                |
| Operating lease liabilities, net of current portion  | 1,274                     | 499              |
| Total liabilities  | <u>122,902</u>            | <u>47,793</u>    |
| Commitments and contingencies (Note 15)  |                           |                  |
| Redeemable convertible preferred stock:  |                           |                  |
| Redeemable convertible preferred stock, \$0.0001 par value. Authorized 36,698,015, and 20,528,975 shares as of December 31, 2022 and 2021, respectively; issued and outstanding 34,311,133 and 16,564,370 shares as of December 31, 2022 and 2021, respectively; liquidation preference of \$158,007 and \$31,910 as of December 31, 2022 and 2021, respectively | 155,630                   | 31,401           |
| Total redeemable convertible preferred stock   | <u>155,630</u>            | <u>31,401</u>    |
| Stockholders' deficit:   |                           |                  |
| Common stock, \$0.0001 par value. Authorized 60,000,000 and 28,051,328 shares as of December 31, 2022 and 2021, respectively; issued and outstanding 6,959,618 and 3,739,572 shares as of December 31, 2022 and 2021, respectively   | —                         | —                |
| Additional paid-in capital   | 34,997                    | 3,105            |
| Accumulated other comprehensive income   | 27                        | —                |
| Accumulated deficit  | (85,373)                  | (55,896)         |
| Total stockholders' deficit  | <u>(50,349)</u>           | <u>(52,791)</u>  |
| Total liabilities, mezzanine equity and stockholders' deficit  | <u>\$ 228,183</u>         | <u>\$ 26,403</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations and Comprehensive Loss**  
*(in thousands except number of shares)*

|   | For the Years Ended |            |            |
|---|---------------------|------------|------------|
|   | December 31,        |            |            |
|   | 2022                | 2021       | 2020       |
| Product revenues  | \$ 13,325           | \$ —       | \$ —       |
| Service revenues  | 66,475              | 68,816     | 29,378     |
| Total revenues  | 79,800              | 68,816     | 29,378     |
| Cost of product revenues  | 12,847              | —          | —          |
| Cost of service revenues  | 46,647              | 40,123     | 17,097     |
| Total cost of revenues  | 59,494              | 40,123     | 17,097     |
| Gross profit  | 20,306              | 28,693     | 12,281     |
| Operating expenses:   |                     |            |            |
| Sales commissions   | 21,195              | 25,061     | 10,410     |
| Sales and marketing   | 7,471               | 5,179      | 3,185      |
| General and administrative  | 14,251              | 5,780      | 3,801      |
| Operating expenses  | 42,917              | 36,020     | 17,396     |
| Loss from operations  | (22,611)            | (7,327)    | (5,115)    |
| Interest expense <sup>1</sup>   | (4,986)             | (1,712)    | (523)      |
| Interest income   | 5                   | —          | —          |
| Other income (expense), net <sup>2</sup>  | (1,858)             | (240)      | (41)       |
| Loss before income taxes  | (29,450)            | (9,279)    | (5,679)    |
| Income tax provision  | (27)                | (3)        | (3)        |
| Net loss  | \$ (29,477)         | \$ (9,282) | \$ (5,682) |
| Comprehensive income (loss):  |                     |            |            |
| Foreign currency translation adjustment   | 27                  | —          | —          |
| Comprehensive loss (net of tax)   | \$ (29,450)         | \$ (9,282) | \$ (5,682) |
| Net loss attributable per share attributable to common stockholders, basic and diluted                            | \$ (3.73)           | \$ (2.26)  | \$ (2.96)  |
| Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted | 7,907,929           | 4,104,927  | 1,921,106  |

1. Includes interest expense to related parties of \$0.3 million, \$0.7 million and \$0.2 million during the years ended December 31, 2022, 2021 and 2020, respectively.
2. Other income (expense), net includes other income from related parties of \$1.4 million, zero and zero during the years ended December 31, 2022, 2021 and 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit**  
*(in thousands except number of shares)*

|   | Redeemable Convertible Preferred Stock |                  | Common Stock     |             | Additional Paid-in-Capital | Accumulated Deficit | Accumulated OCI | Total Stockholders' Deficit |
|---|--|------------------|------------------|-------------|----------------------------|---------------------|-----------------|-----------------------------|
|   | Shares                                 | Amount           | Shares           | Amount      |                            |                     |                 |                             |
| <b>Balance at January 1, 2020</b>   | 13,090,720                             | \$ 22,788        | 1,103,289        | \$ —        | \$ 180                     | \$ (40,932)         | \$ —            | \$ (40,752)                 |
| Issuances of Series C-1 redeemable convertible preferred Stock upon conversion of 2017-A convertible note and 2019 SAFE                 | 2,800,283                              | 7,419            | —                | —           | —                          | —                   | —               | —                           |
| Issuance of Series C redeemable convertible preferred stock upon conversion of convertible notes  | 2,322,150                              | 3,661            | —                | —           | —                          | —                   | —               | —                           |
| Conversion of redeemable convertible preferred stock to common stock  | (1,648,783)                            | (2,330)          | 1,648,783        | —           | 2,330                      | —                   | —               | 2,330                       |
| Issuance of common stock warrant  | —                                      | (137)            | —                | —           | 137                        | —                   | —               | 137                         |
| Exercise of common stock options  | —                                      | —                | 942,500          | —           | 84                         | —                   | —               | 84                          |
| Stock-based compensation  | —                                      | —                | —                | —           | 109                        | —                   | —               | 109                         |
| Net loss  | —                                      | —                | —                | —           | —                          | (5,682)             | —               | (5,682)                     |
| <b>Balance as of December 31, 2020</b>  | <b>16,564,370</b>                      | <b>\$ 31,401</b> | <b>3,694,572</b> | <b>\$ —</b> | <b>\$ 2,840</b>            | <b>\$ (46,614)</b>  | <b>\$ —</b>     | <b>\$ (43,774)</b>          |
| Issuance of common stock upon asset acquisition of assembled workforce  | —                                      | —                | 30,000           | —           | 17                         | —                   | —               | 17                          |
| Issuance of common stock warrant  | —                                      | —                | —                | —           | 42                         | —                   | —               | 42                          |
| Exercise of common stock options  | —                                      | —                | 15,000           | —           | 6                          | —                   | —               | 6                           |
| Stock-based compensation  | —                                      | —                | —                | —           | 200                        | —                   | —               | 200                         |
| Net loss  | —                                      | —                | —                | —           | —                          | (9,282)             | —               | (9,282)                     |
| <b>Balance as of December 31, 2021</b>  | <b>16,564,370</b>                      | <b>\$ 31,401</b> | <b>3,739,572</b> | <b>\$ —</b> | <b>\$ 3,105</b>            | <b>\$ (55,896)</b>  | <b>\$ —</b>     | <b>\$ (52,791)</b>          |
| Issuance of Series D-1, D-2, and D-3 redeemable convertible preferred stock upon conversion of convertible notes and SAFEs <sup>1</sup> | 2,771,551                              | 11,558           | —                | —           | —                          | —                   | —               | —                           |
| Issuance of Series D-4, D-5, D-6 and D-7 redeemable convertible preferred stock upon acquisition <sup>2</sup>                           | 6,803,550                              | 52,201           | —                | —           | —                          | —                   | —               | —                           |
| Issuance of Series D-8 redeemable convertible preferred stock upon conversion of SAFE <sup>3</sup>                                      | 8,171,662                              | 60,470           | —                | —           | —                          | —                   | —               | —                           |
| Issuance of common stock in connection with business combination  | —                                      | —                | 2,884,550        | —           | 27,295                     | —                   | —               | 27,295                      |
| Issuance of common stock warrants   | —                                      | —                | —                | —           | 3,589                      | —                   | —               | 3,589                       |
| Exercise of common stock options  | —                                      | —                | 335,496          | —           | 105                        | —                   | —               | 105                         |
| Stock-based compensation  | —                                      | —                | —                | —           | 903                        | —                   | —               | 903                         |
| Net loss  | —                                      | —                | —                | —           | —                          | (29,477)            | —               | (29,477)                    |
| Foreign currency translation adjustment   | —                                      | —                | —                | —           | —                          | —                   | 27              | 27                          |
| <b>Balance as of December 31, 2022</b>  | <b>34,311,133</b>                      | <b>\$155,630</b> | <b>6,959,618</b> | <b>\$ —</b> | <b>\$ 34,997</b>           | <b>\$ (85,373)</b>  | <b>\$ 27</b>    | <b>\$ (50,349)</b>          |

- (1) Includes 1,315,287 shares of Series D-1 redeemable convertible preferred stock with a carrying value of \$6.3 million, issued to related parties.
- (2) Includes 2,007,556 shares of Series D-4 redeemable convertible preferred stock with a carrying value of \$14.3 million, 127,472 shares of Series D-5 redeemable convertible preferred stock with a carrying value of \$1.0 million, and 3,105,837 shares of Series D-7 redeemable convertible preferred stock with a carrying value of \$24.9 million, respectively, issued to related parties.
- (3) Includes 4,426,320 shares of Series D-8 redeemable convertible preferred stock with a carrying value of \$32.8 million issued to related parties.

The accompanying notes are an integral part of these consolidated financial statements.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
*(in thousands except number of shares)*

|   | For the Years Ended<br>December 31, |                 |                |
|---|-------------------------------------|-----------------|----------------|
|   | 2022                                | 2021            | 2020           |
| <b>Cash flows from operating activities</b>   |                                     |                 |                |
| Net loss  | \$(29,477)                          | \$ (9,282)      | \$(5,682)      |
| Adjustments to reconcile net loss to net cash used in operating activities:                   |                                     |                 |                |
| Non-cash interest expense <sup>(1)</sup>  | 4,810                               | 1,330           | 462            |
| Gain on extinguishment of convertible notes and SAFEs <sup>(2)</sup>                          | (3,235)                             | —               | —              |
| Stock-based compensation expense  | 903                                 | 200             | 109            |
| Provision for doubtful accounts   | 2,243                               | 364             | 337            |
| Change in reserve for excess and obsolete inventory   | 3,631                               | 798             | 100            |
| Depreciation and amortization   | 1,188                               | 463             | 298            |
| Change in fair value of warrant liability   | 5,211                               | 330             | (24)           |
| Change in fair value of derivative liability  | —                                   | 336             | 50             |
| Change in fair value of convertible notes   | —                                   | 1,306           | 15             |
| Forgiveness of Paycheck Protection Plan loans   | —                                   | (1,754)         | —              |
| Non-cash lease expense  | 468                                 | 334             | —              |
| Non-cash inventory changes  | (217)                               | —               | —              |
| Changes in operating assets and liabilities:  |                                     |                 |                |
| Accounts receivable, net  | (16,150)                            | (4,789)         | (2,044)        |
| Inventories   | (8,247)                             | (3,047)         | (1,315)        |
| Prepaid expenses and other current assets   | 3,288                               | (3,038)         | (930)          |
| Long-term deposits  | (15)                                | 19              | (29)           |
| Other noncurrent assets   | (1,132)                             | —               | —              |
| Accounts payable  | 5,695                               | 3,009           | (1,062)        |
| Accrued expenses and other current liabilities  | (1,328)                             | 2,946           | 2,472          |
| Operating lease right-of-use assets and lease liabilities                                     | (662)                               | (409)           | —              |
| Warranty provision, noncurrent  | 32                                  | 526             | (484)          |
| Deferred revenue  | 1,481                               | (637)           | 1,521          |
| Deferred rent   | —                                   | —               | 17             |
| Net cash used in operating activities   | <u>(31,513)</u>                     | <u>(10,995)</u> | <u>(6,189)</u> |
| <b>Cash flows from investing activities</b>   |                                     |                 |                |
| Purchase of property and equipment  | —                                   | (9)             | (61)           |
| Capitalization of internal-use software costs   | (1,513)                             | (1,054)         | (523)          |
| Payments for acquisition of business, net of cash acquired                                    | 4,848                               | —               | —              |
| Net cash provided by (used in) investing activities   | <u>3,335</u>                        | <u>(1,063)</u>  | <u>(584)</u>   |
| <b>Cash flows from financing activities</b>   |                                     |                 |                |
| Proceeds from exercise of common stock options  | 128                                 | 6               | 84             |
| Proceeds from issuance of convertible notes, net, noncurrent                                  | 3,400                               | 1,150           | 510            |
| Proceeds from issuance of convertible notes to related parties, net, noncurrent               | 8,600                               | 3,600           | 3,274          |
| Proceeds from issuance of SAFE agreements   | —                                   | 5,000           | —              |
| Proceeds from issuance of notes payable, net  | 5,501                               | 7,239           | 3,987          |
| Payments for issuance costs of Series D-1, D-2 and D-3 redeemable convertible preferred stock | (1,431)                             | —               | —              |
| Proceeds from issuance of long-term debt with CS Solis, net of issuance costs                 | 25,000                              | —               | —              |
| Principal repayment of notes payable  | (9,507)                             | —               | —              |
| Principal repayment of convertible notes  | —                                   | (100)           | (1,500)        |
| Repayment of convertible notes to related parties   | (500)                               | —               | —              |
| Net cash provided by financing activities   | <u>31,191</u>                       | <u>16,895</u>   | <u>6,355</u>   |
| Effect of exchange rate changes   | 27                                  | —               | —              |
| Net increase (decrease) in cash, cash equivalents and restricted cash                         | 3,040                               | 4,837           | (418)          |
| Cash, cash equivalents and restricted cash at beginning of period                             | 5,276                               | 439             | 857            |
| Cash, cash equivalents and restricted cash at end of period                                   | <u>\$ 8,316</u>                     | <u>\$ 5,276</u> | <u>\$ 439</u>  |

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|  | For the Years Ended |       |       |
|--|---------------------|-------|-------|
|  | December 31,        |       |       |
|  | 2022                | 2021  | 2020  |
| <b>Supplemental disclosures of cash flow information:</b>  |                     |       |       |
| Cash paid during the year for income taxes   | 6                   | —     | —     |
| Cash paid during the year for interest   | 162                 | 365   | 150   |
| <b>Supplemental schedule of noncash investing and financing activities:</b>  |                     |       |       |
| Issuance of common stock warrants  | 3,589               | 42    | 137   |
| Issuance of Series C redeemable convertible preferred stock upon conversion of convertible debt  | —                   | —     | 1,330 |
| Issuance of Series C-1 redeemable convertible preferred stock upon conversion of convertible debt  | —                   | —     | 7,420 |
| Fair value of debt derivative liabilities related to issuance of convertible notes   | —                   | 1,754 | —     |
| Common stock issued in asset purchase  | —                   | 17    | —     |
| Notes payable issued in asset purchase   | —                   | 120   | —     |
| Operating lease right-of-use assets obtained in exchange for new operating lease liabilities   | 245                 | 1,157 | —     |
| Issuance of Series D-1, D-2 and D-3 redeemable convertible preferred stock upon conversion of convertible debt, net of issuance costs of \$1,431 | 11,558              | —     | —     |
| Acquisition of business through issuance of common stock and stock options   | 27,295              | —     | —     |
| Acquisition of business through issuance of Series D redeemable convertible preferred stock  | 52,201              | —     | —     |
| Acquisition of business through issuance of Series D redeemable convertible preferred stock warrants   | 7,812               | —     | —     |
| Issuance of Series D redeemable convertible preferred stock upon conversion of SAFE  | 60,470              | —     | —     |

1. Non-cash interest expense to related parties of \$0.3 million, \$0.7 million and \$0.2 million during the years ended December 31, 2022, 2021 and 2020, respectively.
2. Gain on extinguishment of convertible notes and SAFEs includes other income from related parties of \$1.4 million, zero and zero during the years ended December 31, 2022, 2021 and 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.



**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Notes to Financial Statements**

**(1) Organization**

**(a) Description of Business**

Complete Solaria, Inc. (the “Company” or “Complete Solaria”) is a residential solar installer and seller of solar modules, which was formed through Complete Solar Holding Corporation’s acquisition of The Solaria Corporation (“Solaria”).

Complete Solar, Inc. (“Complete Solar”) was incorporated in Delaware on February 22, 2010, and is headquartered in San Ramon, California. Through February 2022, the Company operated as a single legal entity as Complete Solar, Inc. In February 2022, the Company implemented a holding company reorganization (the “Reorganization”) in which the Company created and incorporated Complete Solar Holding Corporation (“Complete Solar Holdings”). As a result of the Reorganization, Complete Solar Holdings became the successor entity to Complete Solar, Inc. The capitalization structure was not changed because of the Reorganization as all shares of Complete Solar, Inc common stock and preferred stock were exchanged on a one for one basis with shares of Complete Solar Holdings common stock and preferred stock. The Reorganization was accounted for as a change in reporting entity for entities under common control. The historical assets and liabilities of Complete Solar, Inc. are transferred to Complete Solar Holdings at their carrying value, and there is no change to net income, other comprehensive income, or any related per share amounts reported in the consolidated financial statements requiring retrospective application.

In November 2022, Complete Solar Holdings acquired Solaria (as described in Note 3 – Business Combination) and changed its name to Complete Solaria. Complete Solaria combines two complementary businesses: Solaria, a seller of premium solar modules through a national network of installers, and Complete Solar, a residential solar sales and fulfillment company. The combination of these two companies establishes Complete Solaria as a full renewable energy system operator with compelling customer offerings, advanced technology and project fulfillment that enables Complete Solaria to sell more products across more geographies in the United States and Europe.

**(b) Liquidity and Going Concern**

Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company incurred net losses of \$29.5 million, \$9.2 million and \$5.6 million during the years ended December 31, 2022, 2021 and 2020, respectively, and had an accumulated deficit of \$85.4 million as of December 31, 2022. The Company had cash and cash equivalents of \$4.4 million as of December 31, 2022. Historically, the Company’s activities have been financed through private placements of equity securities and debt. The Company expects to incur significant operating expenses as it continues to grow its business. The Company believes that its operating losses and negative operating cash flows will continue into the foreseeable future. The Company’s history of recurring losses, negative operating cash flows since inception and the need to raise additional funding to meet its obligations and finance its operations raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern requires that the Company obtains sufficient funding to meet its obligations and finance its operations. In the event the Company does not complete its merger with Freedom Acquisition I Corp., the Company plans to continue to fund its operations and capital funding needs through a combination of private equity offerings, debt financings and other sources. If the Company is not able to secure adequate additional funding when needed, the Company will need to reevaluate its operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs or cease operations entirely. These actions could materially impact the Company’s business, results of operations and future prospects. While the Company has been able to raise multiple rounds of financing, there can be no assurance that in the event the Company requires additional financing, such financing will be available on terms that are favorable, or at all. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending would have a material adverse effect on the Company’s ability to achieve its intended business objectives.

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Therefore, there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. They do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

### **(c) Basis of Presentation**

The financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

### **(d) Merger with Freedom**

In October 2022, Freedom Acquisition I Corp. ("Freedom") entered into the Business Combination Agreement, with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of Freedom ("First Merger Sub"), Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of Freedom ("Second Merger Sub"), Complete Solar Holding Corporation, a Delaware corporation and Solaria, a Delaware corporation.

At the closing of the transactions contemplated by the Business Combination Agreement (the "Closing"), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended (the "DGCL"), each of the legal entities of Complete Solar and Solaria will merge with merger subsidiaries, with Complete Solar and Solaria being the surviving entities of such transactions and wholly owned subsidiaries of Freedom.

Further at the Closing, all outstanding shares of capital stock of Complete Solaria and all options and warrants to acquire shares of capital stock of Complete Solaria will convert into the right to receive shares of common stock, par value \$0.0001 per share, of Freedom (after domestication, as defined in the Business Combination Agreement) ("Freedom Common Stock") or comparable equity awards that are settled or are exercisable for shares of Freedom Common Stock. Freedom will be renamed Complete Solaria, Inc. at the Closing.

## **(2) Summary of Significant Accounting Policies**

### **(a) Use of Estimates**

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, as well as related disclosure of contingent assets and liabilities. Significant estimates and assumptions made by management include, but are not limited to, the determination of:

- The allocation of the transaction price to identified performance obligations;
- Fair value of redeemable convertible preferred stock warrant liabilities;
- The fair value of assets acquired and liabilities assumed for business combination;
- The reserve methodology for inventory obsolescence;
- The reserve methodology for product warranty;

To the extent that there are material differences between these estimates and actual results, the Company's financial condition or operating results will be affected. The Company bases its estimates on past experience



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and other assumptions that the Company believes are reasonable under the circumstances, and the Company evaluates these estimates on an ongoing basis. The Company has assessed the impact and are not aware of any specific events or circumstances that required an update to the Company's estimates and assumptions or materially affected the carrying value of the Company's assets or liabilities as of the date of issuance of this report. These estimates may change as new events occur and additional information is obtained.

### **(b) Supply Chain Constraints and Risk; COVID-19**

The Company relies on a very small number of suppliers of solar energy systems and other equipment. If any of Company's suppliers was unable or unwilling to provide the Company with contracted quantities in a timely manner at prices, quality levels and volumes acceptable to the Company, the Company would have very limited alternatives for supply, and the Company may not be able to find suitable replacements for the Company's customers, or at all. Such an event could materially adversely affect the Company's business, prospects, financial condition and results of operations.

The ongoing COVID-19 pandemic has resulted and may continue to result in widespread adverse effects on the global and U.S. economies. Ongoing government and business responses to COVID-19, along with COVID-19 variants and the resurgence of related disruptions, could have a continued material adverse impact on economic and market conditions and trigger a period of continued global and U.S. economic slowdown.

In addition, the global supply chain and the Company's industry have experienced significant disruptions in recent periods. The Company have seen supply chain challenges and logistics constraints increase, including shortages of panels, inverters, batteries and associated component parts for inverters and solar energy systems available for purchase. In certain cases, this has caused delays in critical equipment and inventory, longer lead times, and has resulted in cost volatility. These shortages and delays can be attributed in part to the COVID-19 pandemic and resulting government action, broader macroeconomic conditions, and have been exacerbated by the ongoing conflict in Russia and Ukraine. While the Company believes that a majority of the Company's suppliers have secured sufficient supply to permit them to continue delivery and installations through the end of 2023, if these shortages and delays persist into 2024, they could adversely affect the timing of when battery energy storage systems can be delivered and installed, and when (or if) the Company can begin to generate revenue from those systems. In addition, the Company has experienced and is experiencing varying levels of volatility in costs of equipment and labor resulting in part from disruptions caused by general global economic conditions, including inflationary pressures and the COVID-19 pandemic.

The Company cannot predict the full effects these events will have on the Company's business, cash flows, liquidity, financial condition and results of operations at this time due to numerous uncertainties. In the event the Company is unable to mitigate the impact of delays or price volatility in solar energy systems, raw materials, and freight, it could materially adversely affect the Company's business, prospects, financial condition and results of operations. For additional information on risk factors that could impact the Company's results, please refer to "Risk Factors" located elsewhere in this proxy statement/prospectus.

### **(c) Segment Information**

The Company conducts its business in one operating segment that provides custom solar solutions through a standardized platform to its residential solar providers and companies to facilitate the sale and installation of solar energy systems under a single product group. The Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM"). The CODM allocates resources and makes operating decisions based on financial information presented on a consolidated basis. The profitability of the Company's product group is not a determining factor in allocating resources and the CODM does not evaluate profitability below the level of the consolidated company. All the Company's long-lived assets are maintained in the United States of America. Disaggregated revenue by primary geographical market for the Company's single segment is included in the discussion of revenue recognition within this Note 2, below.

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### (d) *Concentration of Risks*

#### *Concentration of credit risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company's cash and cash equivalents are on deposit with major financial institutions. Such deposits may be in excess of insured limits. The Company believes that the financial institutions that hold the Company's cash are financially sound, and accordingly, minimum credit risk exists with respect to these balances. The Company has not experienced any losses due to institutional failure or bankruptcy. The Company performs credit evaluations of its customers and generally does not require collateral for sales on credit. The Company reviews accounts receivable balances to determine if any receivables will potentially be uncollectible and includes any amounts that are determined to be uncollectible in the allowance for doubtful accounts. As of December 31, 2022, three single customers had outstanding balances that represented 27%, 18%, and 14%, respectively, of the total accounts receivable balance, compared to December 31, 2021, as a single customer had an outstanding balance that represented 50%, of the total accounts receivable balance.

#### *Concentration of customers*

The Company defines major customers as those customers who generate revenues that exceed 10% of the Company's annual net revenues. For the year ended December 31, 2022, two customers represented approximately 39% and 12% of net revenues, respectively, compared to December 31, 2021 and 2020, as one customer represented approximately 63% and 81% of revenues, respectively.

#### *Concentration of suppliers*

For the year ended December 31, 2022, two suppliers represented 43% of the Company's inventory purchases. For the year ended December 31, 2021, four supplier represented 87% of the Company's inventory purchases. For the year ended December 31, 2020, two suppliers represented 89% of the Company's inventory purchases.

### (e) *Cash and Cash Equivalents*

The Company considers all highly liquid securities that mature within three months or less from the original date of purchase to be cash equivalents. The Company maintains the majority of its cash balances with commercial banks in interest bearing accounts. Cash and cash equivalents include cash held in checking and savings accounts and money market accounts consisting of highly liquid securities with original maturity dates of three months or less from the original date of purchase.

#### *Restricted Cash*

The Company classifies all cash for which usage is limited by contractual provisions as restricted cash. Restricted cash balance as of December 31, 2022 and 2021, was \$3.9 million, and zero, respectively. The restricted cash consists of deposits in money market accounts, which is used as cash collateral backing letters of credit related to customs duty authorities' requirements. The Company has presented these balances under restricted cash, as a long term asset, in the consolidated balance sheets.

Total cash, cash equivalents and restricted cash is presented in the table below (in thousands):

|  | <u>As of December 31,</u> |                |
|--|---------------------------|----------------|
|  | <u>2022</u>               | <u>2021</u>    |
| Cash and cash equivalents                        | \$4,409                   | \$5,276        |
| Restricted cash                                  | 3,907                     | —              |
| Total cash, cash equivalents and restricted cash | <u>\$8,316</u>            | <u>\$5,276</u> |

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### (f) *Accounts Receivable, Net*

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and customer payment patterns. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of accounts receivable previously written off are recorded when received.

The following table summarizes the allowance for doubtful accounts as of December 31, 2022, 2021, and 2020 (in thousands):

|   | As of December 31,      |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2022                    | 2021                    | 2020                    |
| <b>Balance at beginning of period</b>                 | <u>\$(2,569)</u>        | <u>\$(2,288)</u>        | <u>\$(1,965)</u>        |
| Provision charged to earnings                         | (2,243)                 | (364)                   | (337)                   |
| Amounts written off, recoveries and other adjustments | —                       | 83                      | 14                      |
| <b>Balance at end of period</b>                       | <u><u>\$(4,812)</u></u> | <u><u>\$(2,569)</u></u> | <u><u>\$(2,288)</u></u> |

The Company does not have any off-balance sheet credit exposure related to its customers.

### (g) *Inventories*

Inventories consists of solar panels and the components of solar energy systems which the Company classifies as finished goods. Costs are computed under the average cost method. The Company identifies inventory which is considered obsolete or in excess of anticipated demand based on a consideration of marketability and product life cycle stage, component cost trends, demand forecasts, historical revenues, and assumptions about future demand and market conditions to state inventory at the lower of cost or net realizable value.

### (h) *Revenue Recognition*

Revenue is recognized when a customer obtains control of promised products and services and the Company has satisfied its performance obligations. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for the products and services. To achieve this core principle, the Company applies the following five steps:

- Step 1. Identification of the contract(s) with a customer;
- Step 2. Identification of the performance obligations in the contracts(s);
- Step 3. Determination of the transaction price;
- Step 4. Allocation of the transaction price to the performance obligations;
- Step 5. Recognition of the revenue when, or as, the Company satisfies a performance obligation.

#### *Service Revenues – Solar Energy System Installations*

The Company generates revenue primarily from the design and installation of a solar energy system and performing post-installation services. The Company's contracts with customers include three primary contract types:

- *Cash agreements* – The Company contracts directly with homeowners who purchase the solar energy system and related services from the Company. Customers are invoiced on a billing schedule, where the majority of the transaction price is due upon installation with an additional payment due when the system passes inspection by the authority having jurisdiction.

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- *Financing partner agreements* – In its financing partner agreements, the Company contracts directly with homeowners for the purchase of the solar energy system and related services. The Company refers the homeowner to a financing partner to finance the system, and the homeowner makes payments directly to the financing partner. The Company receives consideration from the financing partner on a billing schedule where the majority of the transaction price is due upon installation with an additional payment due when the system passes inspection by the authority having jurisdiction.
- *Power purchase agreements* – The Company contracts directly with a distribution partner to perform the solar energy system installation, and the homeowner will finance the system through a power purchase agreement, which is signed with the Company's distribution partner. The Company considers the distribution partner to be its customer, as the Company does not contract directly with the homeowner. The Company receives consideration from the distribution partner on a billing schedule where the majority of the transaction price is due upon installation with an additional payment due when the system passes inspection by the authority having jurisdiction.

In each of the Company's customer contract types, the Company's revenue consists of two performance obligations, which include the performance of the installation of the solar energy system and post-installation services.

Installation includes the design of a solar energy system, the delivery of the components of the solar energy system (i.e., photovoltaic system, inverter, battery storage, etc.), installation services and services facilitating the connection of the solar energy system to the power grid. The Company accounts for these services as inputs to a combined output, resulting in a single service-based performance obligation. The Company recognizes revenue upon the completion of installation services, which occurs upon the transfer of control of the solar energy system and title of the related hardware components to the homeowner or distribution partner.

Post-installation services consist primarily of administrative services and customer support, which the Company performs between the completion of installation and the date of inspection of the solar energy system by the authority having jurisdiction. The Company recognizes revenue at a point in time, which is when the inspection occurs.

As the Company's contracts with customers contain multiple performance obligations, the transaction price is allocated to each performance obligation based on its standalone selling price. The Company generally determines the standalone selling price based on the estimated costs incurred in the delivery of each performance obligation, relative to the total costs to be incurred under the contract.

The Company records deferred revenue for amounts invoiced that are not subject to refund upon termination. In certain contracts with customers, the Company arranges for a third-party financing partner to provide financing to the customer. The Company collects upfront from the financing partner and the customer will provide installment payments to the financing partner. The Company records revenue in the amount received from the financing partner, net of any financing fees charged to the homeowner, which the Company considers to be a customer incentive. None of the Company's contracts contain a significant financing component.

The Company guarantees to customers certain specified minimum solar energy production output of the solar energy system for 10-years after the installation. The Company monitors the solar energy systems to determine whether these specified minimum outputs are being achieved. The Company will issue payments to customers if the output falls below contractually stated thresholds over the performance guarantee period. Revenue is recognized to the extent it is probable that a significant reversal of such revenue will not occur.

### *Service Revenues – Software Enhanced Services*

The Company generates revenue from software enhanced services through the provision of design and proposal services. The Company's customers for design services are solar installers who leverage the Company's expertise and software platforms to obtain structural letters, computer aided designs and

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electrical reviews. The Company charges the customer a per design fixed fee for each type of service that is performed, and the Company recognizes revenue in the period the services are performed. The customer contracts contain the customer right to terminate the contract each month and are therefore enforceable only for the contracted services purchased each month. Revenue is recognized for design services in the month the services are performed.

The Company's customers for proposal services for solar sales organizations who contract with the Company to develop proposals for their potential residential solar customers. The Company generates proposals for the customer using the HelioQuote platform. Customers may purchase a fixed number of proposals for a given month or may contract on a pay as you go basis, and the performance obligation is defined by the number of proposals purchased by the customer each month. The customer contracts contain the customer right to terminate the contract each month and are therefore enforceable only for the services purchased each month. Revenue is recognized for proposal services in the month the services are performed.

### *Product Revenues – Solar Panel Sales*

For sales of its solar panels, the Company contracts with customers under non-cancellable arrangements. While customers, including distributors, may cancel master purchase agreements for convenience at any time, customers may not cancel or modify purchase orders placed under the terms of such master purchase agreements within 4 weeks from the scheduled delivery date. Each purchase order is therefore a contract with the customer. Purchase orders do not commit the customer to purchase any further volumes over time.

The Company's contracts with customers consist of a single performance obligation. The Company does not offer extended warranty for customers to purchase, nor does the Company sell any services related to the panels. Further, while customers do have the option to purchase additional quantities of any given products, such options do not grant material rights to the customer as all such options are priced similarly to the upfront transaction and the pricing of each purchase order is highly variable.

The transaction price is determined based on the total consideration specified in the contract, including variable consideration. Variable consideration consists of a variety of incentives, such as volume-based rebates and price protection. The Company uses the expected-value method to estimate variable consideration, which results in a reduction of the transaction price. The liabilities for estimated variable consideration are recorded within accrued expenses and other current liabilities on the consolidated balance sheets.

The Company recognizes revenue from sales of products as control is transferred to the customer, generally upon delivery to the customer's premises as customers do not have rights of return and the Company does not have significant obligations post shipment.

### *Warranties*

The Company typically provides a 10-year warranty on its solar energy system installations, which provides assurance over the workmanship in performing the installation, including roof leaks caused by the Company's performance. For solar panel sales, the Company provides a 30-year warranty that the products will be free from defects in material and workmanship.

When the revenues are recognized for the solar energy systems installations services, the Company accrues liabilities for the estimated future costs of meeting its warranty obligations. The Company makes and revises these estimates based primarily on the volume of new sales that contain warranties, historical experience with and projections of warranty claims, and estimated solar energy system and panel replacement costs. The Company records a provision for estimated warranty expenses in cost of service revenues and cost of product revenues within the accompanying consolidated statements of operations and comprehensive loss.

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### **Shipping and handling costs and certain taxes**

Revenues are recognized net of taxes collected from customers and remitted to governmental authorities. Shipping and handling costs associated with outbound freight are accounted for as a fulfillment cost and are included in both revenues and cost of revenues in the accompanying consolidated statements of operations and comprehensive loss.

### **Deferred revenue**

The Company typically invoices its customers upon completion of set milestones, generally upon installation of the solar energy system with the remaining balance invoiced upon passing final building inspection. Standard payment terms to customers range from 30 to 60 days. When the Company receives consideration, or when such consideration is unconditionally due, from a customer prior to delivering goods or services to the customer under the terms of a customer agreement, the Company records deferred revenue. As installation projects are typically completed within 12-months, the Company's deferred revenue is reflected in current liabilities in the accompanying consolidated balance sheets. The amount of revenue recognized during the years ended December 31, 2022 and 2021 that was included in deferred revenue at the beginning of each period was \$3.9 million and \$4.5 million, respectively.

### **Disaggregation of revenue**

Refer to the table below for the Company's revenue recognized by product and service type (in thousands):

|                                   | Years Ended December 31, |                 |                 |
|-----------------------------------|--------------------------|-----------------|-----------------|
|                                   | 2022                     | 2021            | 2020            |
| Solar energy system installations | \$62,896                 | \$66,958        | \$29,378        |
| Solar panel sales                 | 13,325                   | —               | —               |
| Software enhanced services        | 3,579                    | 1,858           | —               |
| Total revenue                     | <u>\$79,800</u>          | <u>\$68,816</u> | <u>\$29,378</u> |

Refer to the table below for the Company's revenue recognized by geography (in thousands):

|               | Year-ended December 31, |                 |                 |
|---------------|-------------------------|-----------------|-----------------|
|               | 2022                    | 2021            | 2020            |
| United States | \$78,283                | \$68,816        | \$29,378        |
| Other         | 1,517                   | —               | —               |
| Total revenue | <u>\$79,800</u>         | <u>\$68,816</u> | <u>\$29,378</u> |

### **Remaining performance obligations**

The Company has elected the practical expedient not to disclose remaining performance obligations for contracts that are less than one year in length. As of December 31, 2022, the Company has deferred \$1.3 million associated with a long-term service contract, which will be recognized evenly through 2028.

### **Incremental costs of obtaining customer contracts**

Incremental costs of obtaining customer contracts consist of sales commissions, which are costs paid to third-party vendors who source residential customer contracts for the sale of solar energy systems by the Company. The Company defers sales commissions and recognizes expense in accordance with the timing of the related revenue recognition. Amortization of deferred commissions is recorded as sales commissions in the accompanying consolidated statements of operations and comprehensive loss. As of December 31, 2022 and December 31, 2021, deferred commissions were \$2.8 million and \$4.8 million, respectively, which included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

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### **(i) Property and Equipment, Net**

Property and equipment are stated at cost less accumulated depreciation and amortization. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the current period. Repair and maintenance costs are expensed as incurred. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives of the assets:

|                         | <u>Useful Lives</u> |
|-------------------------|---------------------|
| Manufacturing equipment | 1-3 years           |
| Developed software      | 5 years             |
| Furniture & equipment   | 3-5 years           |
| Leasehold improvements  | 3-5 years           |

### **(j) Internal-Use Software**

The Company capitalizes costs to develop its internal-use software when preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be utilized as intended. These costs include personnel and related employee benefits and expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining software. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. Costs incurred for enhancements that are expected to provide additional material functionality are capitalized and amortized over the estimated useful life of the related upgrade. During the years ended December 31, 2022, 2021 and 2020, the Company capitalized \$1.5 million, \$1.1 million and \$0.5 million, respectively, of internal-use software development costs. The remaining unamortized balance as of December 31, 2022 and December 31, 2021 of \$2.7 million and \$1.7 million, respectively, is included in property and equipment, net within the accompanying consolidated balance sheets.

### **(k) Cost of Revenues**

Cost of revenues includes actual cost of material, labor and related overhead incurred for revenue-producing units, and includes associated warranty costs, freight and delivery costs, depreciation, and amortization of internally developed software.

### **(l) Advertising and Promotional Expenses**

Advertising and promotional costs are expensed as incurred and included in sales and marketing expense in the accompanying consolidated statements of operations and comprehensive loss. Advertising costs were not material for the years ended December 31, 2022, 2021 and 2020..

### **(m) Income Taxes**

Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at

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the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in income tax provision.

### **(n) Foreign Currency**

The Company's reporting currency is the US dollar. The functional currency for each of the Company's foreign subsidiaries is the local currency, as it is the monetary unit of account of the principal economic environments in which the Company's foreign subsidiaries operate. Assets and liabilities of the foreign subsidiaries are translated at the current exchange rate as of the end of the period, and revenue and expenses are translated at the average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into US dollar financial statements is accounted for as a foreign currency cumulative translation adjustment and is reported as a component of accumulated other comprehensive loss. Foreign currency transaction gains and losses resulting from transactions denominated in a currency other than the functional currency are recognized in Other Income (expense), net in the consolidated statements of operations and comprehensive loss.

### **(o) Comprehensive Loss**

Comprehensive loss consists of two components, net loss and other comprehensive income (loss), net. The Company's other comprehensive loss consists of foreign currency translation adjustments that result from the consolidation of its foreign entities and is reported net of tax effects.

### **(p) Impairment of Long-Lived Assets**

Long-lived assets, such as property and equipment, ROU assets, and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, and quoted market values, as considered necessary.

There were no impairment charges for the years ended December 31, 2022, 2021 and 2020.

### **(q) Business Combinations**

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer relationships, acquired technology, trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statements of operations and comprehensive loss.

### **(r) Goodwill and Intangibles Assets, Net**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not



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amortized but is subject to a periodic assessment for impairment at least annually, or whenever events and circumstances indicate an impairment may exist. The Company's assessments may include qualitative factors such as current or expected industry and market conditions, our overall financial performance, share price trends, market capitalization and other company-specific events. The Company performs its annual impairment review of goodwill at year-end, and when triggering event occurs between annual impairment tests. For the year ended December 31, 2022, no impairment has been recorded.

To estimate the fair value of the reporting units, the Company generally uses a combination of the market approach and the income approach. Under the market approach, it estimates fair value by comparing the business to similar businesses, or guideline companies whose securities are actively traded in public markets. Under the income approach, it uses a discounted cash flow ("DCF") model in which cash flows anticipated over future periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate that is commensurate with the risk inherent within the reporting unit. Other estimates inherent in both the market and income approaches include long-term growth rates, projected revenues, and earnings and cash flow forecasts for the reporting units. Goodwill testing requires a complex series of assumptions and judgments by management in projecting future operating results, selecting guideline companies for comparisons and assessing risks. The use of alternative assumptions and estimates could affect the fair values and change the impairment determinations.

Intangible assets are recorded at the cost, less accumulated amortization. Amortization is recorded using the straight-line method. All intangible assets that have been determined to have definite lives are amortized over their estimated useful life as indicated below:

|                        | <u>Estimated Useful Life</u> |
|------------------------|------------------------------|
| Assembled workforce    | 2 years                      |
| Trademarks             | 10 years                     |
| Customer relationships | 22 years                     |
| Developed technology   | 10 years                     |

### **(s) Deferred Transaction Costs**

Deferred transaction costs, which consist of direct incremental legal, consulting and accounting fees related to the merger with Freedom, are capitalized until they are recorded against proceeds upon the consummation of the transaction. As of December 31, 2022, the Company has recorded \$1.1 million of deferred transaction costs in other noncurrent assets on the consolidated balance sheets.

### **(t) Redeemable Convertible Preferred Stock Warrants**

The Company has issued redeemable convertible preferred stock warrants exercisable into shares of the Company's redeemable convertible preferred stock. The Company classifies warrants to purchase shares of convertible preferred stock that are redeemable or include an antidilution feature as liabilities. Such redeemable convertible preferred stock warrants are measured and recognized at fair value, and subject to remeasurement at each balance sheet date. At the end of each reporting period, changes in fair value during the period are recognized as a component of other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss. The Company will continue to adjust the redeemable convertible preferred stock warrant liability for changes in the fair value until the earlier of the exercise or expiration of such warrants or the completion of a liquidation event, including completion of an initial public offering ("IPO"), at which time all such redeemable convertible preferred stock warrants will be converted into warrants to purchase shares of common stock, and the liability will be reclassified to additional paid-in capital. See "Note 8 – Fair Value Measurements" for details on the valuation methodology.

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### **(u) Stock-Based Compensation**

The Company recognizes stock-based compensation expense over the requisite service period on a straight-line basis for all stock-based payments that are expected to vest to employees, non-employees and directors, including grants of employee stock options and other stock-based awards. Equity-classified awards issued to employees, non-employees such as consultants and non-employee directors are measured at the grant-date fair value of the award. Forfeitures are recognized as they occur. For accounting purposes, the Company estimates grant-date fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of the Company's common stock and expected dividend yield. The Company determines these inputs as follows:

*Expected Term*—Expected term represents the period that the Company's stock-based awards are expected to be outstanding and is determined using the simplified method.

*Expected Volatility*—Expected volatility is estimated by studying the volatility of comparable public companies for similar terms.

*Expected Dividend*—The Black-Scholes valuation model calls for a single expected dividend yield as an input. The Company has never paid dividends and has no plans to pay dividends.

*Risk-free Interest Rate*—The Company derives the risk-free interest rate assumption from the U.S. Treasury's rates for the U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the awards being valued.

*Forfeitures*—The Company recognizes forfeitures as they occur.

### **(v) Fair Value Measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued expenses, convertible notes, SAFE agreements, notes payable, common stock warrants and redeemable convertible preferred stock warrants. The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses, convertible notes and notes payable approximate their fair value because of their short-term nature (classified as level 1). The Company measures and discloses the fair value of SAFE agreements, common stock warrants and redeemable convertible preferred stock warrants under the provisions of ASC Topic 820—Fair Value Measurement (classified as level 3).

### **(w) Net Loss Per Share**

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company considers all series of its redeemable

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convertible preferred stock to be participating securities. Net loss is attributed to common stockholders and participating securities based on their participation rights. Net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of the redeemable convertible preferred stock do not have a contractual obligation to share in any losses.

Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of redeemable convertible preferred stock, stock options, and convertible notes. As the Company has reported losses for all periods presented, all potentially dilutive securities including redeemable convertible preferred stock, stock options, common stock warrants, redeemable convertible preferred stock warrants and convertible notes, are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

### **(x) *Convertible Debt Embedded Derivative Liabilities***

The Company evaluates the embedded conversion feature within its convertible debt instruments under ASC 815-15 and ASC 815-40 to determine if the conversion feature meets the definition of a liability and, if so, whether to bifurcate the conversion feature and account for it as a separate derivative liability. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations and comprehensive loss. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the consolidated balance sheets as current or non-current based on whether net-cash settlement of the derivative instrument could be required within twelve months after the balance sheet date. The derivative is subject to re-measurement at the end of each reporting period, with changes in fair value recognized as a component of other income (expense), net, in the consolidated statements of operations and comprehensive loss. The Company's embedded derivative liabilities were extinguished in the first quarter of 2022.

### **(y) *Leases***

Effective January 1, 2021, the Company early adopted Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), as amended ("ASC 842"). The Company determines if a contract is a lease or contains a lease at the inception of the contract and reassesses that conclusion if the contract is modified. The Company's lease agreements generally contain lease and non-lease components. Payments under lease arrangements are primarily fixed. The Company combines lease and non-lease components and accounts for them together as a single lease component. All leases are assessed for classification as an operating lease or a finance lease. Operating lease right-of-use ("ROU") assets are presented separately on the Company's consolidated balance sheets. Operating lease liabilities are separated into a current portion and non-current portion and are presented separately on the Company's consolidated balance sheets. The Company does not have finance lease ROU assets or liabilities.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. The Company does not obtain and control its right to use the identified asset until the lease commencement date.

The Company's lease liabilities are recognized at the later of January 1, 2021 and applicable lease commencement date based on the present value of the lease payments required to be paid over the lease term. Because the rate implicit in the lease is not readily determinable, the Company generally uses its incremental borrowing rate to discount the lease payments to present value. The estimated incremental

borrowing rate is derived from information available at the lease commencement date. The Company's lease terms include periods under options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We generally use the base, non-cancelable, lease term when determining the lease assets and liabilities. The Company also records a corresponding right-of-use asset at the later of January 1, 2021 and applicable lease commencement date, which is calculated based on the amount of the lease liability, adjusted for any advance lease payments made, lease incentives received, and initial direct costs incurred. Right-of-use assets are subject to evaluation for impairment or disposal on a basis consistent with other long-lived assets.

The Company has elected, for all classes of underlying assets, not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. Lease cost for short-term leases is recognized on a straight-line basis over the lease term.

Before the adoption of ASU 2016-02 on January 1, 2021, the Company categorizes leases at their inception as either operating or capital leases, with the Company's current lease portfolio only consisting of operating leases for office spaces. In certain lease agreements, it may receive rent holidays and other incentives. For operating leases, the Company recognizes lease costs on a straight-line basis once control of the space is achieved, without regard to deferred payment terms such as rent holidays that defer the commencement date of required payments. Additionally, incentives received are treated as a reduction of costs over the term of the agreement.

**(z) Recently Adopted Accounting Pronouncements**

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for public entities for interim and annual periods beginning after December 15, 2020, with early adoption permitted. ASU 2019-12 will be effective for private entities for annual periods beginning after December 15, 2021, and interim periods beginning after December 15, 2020, with early adoption permitted. The Company adopted ASU 2019-12 under the private company transition guidance beginning January 1, 2022, and the adoption did not have an impact on the Company's consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)*. This guidance clarifies certain aspects of the current guidance to promote consistency among reporting of an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for all entities, including adoption in an interim period. The Company adopted ASU 2021-04 under the private company transition guidance beginning January 1, 2022, the adoption did not have an impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. ASU 2020-06 is effective for public and private companies' fiscal years beginning after December 15, 2021, and December 15, 2023, respectively, and interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The

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Company adopted ASU 2020-06 under the private company transition guidance on January 1, 2022, and the adoption did not have an impact on the Company's consolidated financial statements.

### **(aa) Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, *Financial instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequent related ASUs, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for public and private companies' fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, and December 15, 2022, respectively. The Company expects to adopt ASU 2016-13 under the private company transition guidance beginning January 1, 2023 and is currently evaluating the impact on the Company's consolidated financial statements.

### **(3) Business Combination**

#### *Solaria Acquisition*

On November 4, 2022, Complete Solar Holdings acquired Solaria for aggregate consideration paid of \$89.1 million, comprising of \$0.1 million in cash, 2,884,550 shares of common stock with an aggregate fair value of \$17.3 million, 6,803,549 shares of preferred stock with an aggregate fair value of \$52.2 million, 78,962 common stock warrants for an aggregate value of \$0.2 million, 1,376,414 preferred stock warrants for an aggregate fair value of \$7.8 million, 5,382,599 stock options with an aggregate fair value of \$10.0 million attributable to services provided prior to the acquisition date, and the payment of seller incurred transaction expenses of \$1.5 million. In addition, the Company assumed \$14.1 million of unvested Solaria stock options, which will be recorded as stock-based expense over the remaining service period. Solaria designs, develops, manufactures, and generates revenue from the sale of silicon photovoltaic solar panels and licensing of its technology to third parties. The Company believes that the acquisition of Solaria will establish the Company as a full system operator, with a compelling customer offering with best-in-class technology, financing, and project fulfilment, that will enable the Company to sell more product across more geographies in the United States and Europe. This transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations*.

Acquisition costs of \$1.3 million were expensed by the Company and are included in general and administrative expenses within the consolidated statements of operations and comprehensive loss for the year ended December 31, 2022.

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The fair value of assets acquired and liabilities assumed was based upon a preliminary valuation and the Company's estimates and assumptions are subject to change within the measurement period. The following table summarized the provisional fair value of identifiable assets acquired and liabilities assumed (in thousands):

|   |           |
|---|-----------|
| Cash, cash equivalents and restricted cash          | \$ 5,402  |
| Accounts receivable                                 | 4,822     |
| Inventories   | 5,354     |
| Prepaid expenses and other current assets           | 8,569     |
| Property and equipment                              | 830       |
| Operating lease right-of-use asset                  | 1,619     |
| Intangible assets                                   | 43,100    |
| Other non-current assets                            | 112       |
| Total identifiable assets acquired                  | 69,808    |
| Accounts payable                                    | 4,210     |
| Accrued expenses and other current liabilities      | 11,845    |
| Notes payable                                       | 20,823    |
| Deferred revenue                                    | 73        |
| Operating lease liabilities, net of current portion | 1,132     |
| Warranty provision, noncurrent                      | 1,566     |
| SAFE agreements                                     | 60,470    |
| Total identifiable liabilities assumed              | 100,119   |
| Net identifiable liabilities assumed                | 30,311    |
| Goodwill  | 119,422   |
| Total aggregate consideration paid                  | \$ 89,111 |

Goodwill represents the excess of the preliminary estimated consideration transferred over the fair value of the net tangible and intangible assets acquired and has been allocated to the Company's single reporting unit. Goodwill is primarily attributable to expected post-acquisition synergies from assembled workforce and also from integrating Solaria's products and solutions into the Company's own businesses to provide access to more features and resources and offers incremental revenue opportunities. Goodwill of \$119.4 million is deductible over 15 years for U.S. income tax purposes.

Intangible assets acquired are as follows (in thousands):

|                        |           |
|------------------------|-----------|
| Trademarks             | \$ 5,700  |
| Developed technology   | 12,700    |
| Customer relationships | 24,700    |
| Total intangible asset | \$ 43,100 |

The income approach, using the relief from royalty method, was used to value trademarks and developed technology. Significant assumptions included in the valuation of trademarks and developed technology include projected revenues, the selected royalty rate and the economic life of the underlying asset.

The income approach, using the multi-period excess earning method, was used to value customer relationships. Significant assumptions included in the valuation of customer relationships include projected revenues, customer attrition and expense growth over the forecasted period.

As a result of the Solaria acquisition, the Company recognized \$45.9 million of deferred tax assets. Due to the uncertainty surrounding the Company's ability to realize such deferred income tax assets, a full valuation allowance has been established. Refer to Note 16 – Income Taxes for additional details.

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The Company's consolidated statements of operations and comprehensive loss include Solaria's revenues of \$13.3 million and pretax loss of \$4.0 million for the period from the acquisition date of November 4, 2022 to December 31, 2022.

### Unaudited Pro Forma Information

The following unaudited pro forma financial information gives effect to the acquisition of Solaria as if it were consummated on January 1, 2021 including pro forma adjustments relating to the valuation and allocation of the aggregate consideration paid, amortization of intangible assets, incremental stock-based compensation and direct transaction costs. The historical financial statements have been adjusted in the unaudited combined financial information to give effect to events that are directly attributable to the business combination and are factually supportable. This data is presented for informational purposes only and is not intended to represent or be indicative of the results of operations that would have been reported had the acquisition occurred on January 1, 2021. Actual results may differ from the unaudited combined pro forma information presented below (in thousands):

|          | <u>As of December 31,</u> |             |
|----------|---------------------------|-------------|
|          | <u>2022</u>               | <u>2021</u> |
| Revenues | \$113,775                 | \$128,650   |
| Net loss | \$(64,872)                | \$(60,442)  |

#### **(4) Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consists of the following (in thousands):

|   | <u>As of December 31,</u> |                |
|---|---------------------------|----------------|
|   | <u>2022</u>               | <u>2021</u>    |
| Inventory deposits . . . . .                          | \$ 6,255                  | \$ —           |
| Prepaid sales commissions . . . . .                   | 2,838                     | 4,771          |
| Other . . . . .                                       | 978                       | 184            |
| Total prepaid expenses and other current assets . . . | <u>\$10,071</u>           | <u>\$4,955</u> |

#### **(5) Property and Equipment, Net**

Property and equipment, net consists of the following (in thousands):

|  | <u>As of December 31,</u> |                 |
|--|---------------------------|-----------------|
|  | <u>2022</u>               | <u>2021</u>     |
| Developed software                             | \$ 5,054                  | \$ 3,540        |
| Manufacturing equipment.                       | 102                       | 70              |
| Furniture & equipment                          | 90                        | —               |
| Leasehold improvements                         | 708                       | —               |
| Total property and equipment                   | 5,954                     | 3,610           |
| Less accumulated depreciation and amortization | (2,478)                   | (1,852)         |
| Total property and equipment, net              | <u>\$ 3,476</u>           | <u>\$ 1,758</u> |

Depreciation and amortization expense totaled \$0.6 million, \$0.5 million and \$0.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

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**(6) Goodwill and Intangible Assets, Net**

The Company did not have any goodwill balances prior to December 31, 2021. The goodwill balance changes in fiscal 2022 were as follows (in thousands):

|                              |                   |
|------------------------------|-------------------|
| Balance at December 31, 2021 | \$ —              |
| Additions from acquisition   | 119,422           |
| Balance at December 31, 2022 | <u>\$ 119,422</u> |

There were no impairments of goodwill recognized during the year ended December 31, 2022. See Note 3 for additional information regarding the Company's acquisitions including recognition of goodwill.

Intangible assets consisted of the following (in thousands, except years data):

|                         | As of December 31, 2022                 |                       |                          | As of December 31, 2021 |                       |                          |              |
|-------------------------|---|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|--------------|
|                         | Weighted-Average Remaining Life (Years) | Gross Carrying Amount | Accumulated Amortization | Net Amount              | Gross Carrying Amount | Accumulated Amortization | Net Amount   |
| Assembled workforce     | 0.1                                     | \$ 137                | \$ (133)                 | \$ 4                    | \$ 137                | \$ (65)                  | \$ 72        |
| Trademarks              | 9.8                                     | 5,700                 | (95)                     | 5,605                   | —                     | —                        | —            |
| Customer relationship   | 21.8                                    | 24,700                | (187)                    | 24,513                  | —                     | —                        | —            |
| Developed technology    | 9.8                                     | 12,700                | (212)                    | 12,488                  | —                     | —                        | —            |
| Total intangible assets |   | <u>\$ 43,237</u>      | <u>\$ (627)</u>          | <u>\$ 42,610</u>        | <u>\$ 137</u>         | <u>\$ (65)</u>           | <u>\$ 72</u> |

Amortization expense related to intangible assets for the years ended December 31, 2022, 2021, and 2020 were as follows (in thousands):

|                            | As of December 31, |              |             |
|----------------------------|--------------------|--------------|-------------|
|                            | 2022               | 2021         | 2020        |
| Assemble workforce         | \$ 68              | \$ 65        | \$ —        |
| Trademarks                 | 95                 | —            | —           |
| Customer relationship      | 187                | —            | —           |
| Developed technology       | 212                | —            | —           |
| Total amortization expense | <u>\$ 562</u>      | <u>\$ 65</u> | <u>\$ —</u> |

For the year ended December 31, 2022, amortization expense related to intangible assets of \$0.3 million, \$0.2 million, and \$0.1 million was recorded in sales and marketing expense, cost of revenue, and general and administrative expense, respectively, on the accompanying consolidated statements of operations and comprehensive loss. For the year ended December 31, 2021, amortization expense related to intangible assets of \$0.1 million was recorded to general and administrative expense on the accompanying consolidated statements of operations and comprehensive loss. For the year ended December 31, 2020, amortization expense related to intangible assets was zero.

The expected future amortization expense of intangible assets as of December 31, 2022 is presented below (in thousands):

|                     |                  |
|---------------------|------------------|
| 2023                | \$ 2,967         |
| 2024                | 2,963            |
| 2025                | 2,963            |
| 2026                | 2,963            |
| 2027 and thereafter | 30,754           |
| Total               | <u>\$ 42,610</u> |



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### Assembled workforce

On January 21, 2021, the Company entered into an agreement to purchase the business assets of Current Insight, an engineering firm that develops designs for residential solar installations in a cost-effective manner for its customers. Consideration for the asset acquisition amounted to an aggregate purchase price of \$0.2 million, comprised of a promissory note for \$0.1 million and 30,000 shares of the Company's common stock with an aggregate fair value of less than \$0.1 million. The transaction was accounted for as an asset purchase in accordance with ASC 805, *Business Combinations*.

The Company concluded that tangible and other assets acquired in the transaction did not have material value and, as such, ascribed no consideration to them. The total purchase price was allocated exclusively to the acquired assembled workforce, which is amortized on a straight-line basis over an estimated useful life of two years.

### (7) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

|   | December 31,     |                 |
|---|------------------|-----------------|
|   | 2022             | 2021            |
| Accrued compensation and benefits                                     | \$ 3,940         | \$ 3,498        |
| Accrued term loan and revolving loan amendment and final payment fees | 2,400            | —               |
| Uninvoiced contract costs   | 1,914            | 2,180           |
| Accrued legal settlements   | 1,853            | —               |
| Accrued taxes   | 1,245            | —               |
| Accrued rebates and credits   | 1,076            | —               |
| Inventory received but not invoiced                                   | 972              | —               |
| Operating lease liabilities, current                                  | 958              | 390             |
| Customer deposits   | 930              | 1,375           |
| Warranty provision, current   | 767              | 600             |
| Other accrued liabilities   | 3,775            | 1,304           |
| Total accrued expenses and other current liabilities                  | <u>\$ 19,830</u> | <u>\$ 9,347</u> |

### (8) Fair Value Measurements

The following table sets forth the Company's financial assets and liabilities that were measured at fair value, on a recurring basis (in thousands):

The following table presents a reconciliation of the Company's financial liabilities measured at fair value as of December 31, 2022 using significant unobservable inputs (Level 3), and the change in fair value recorded in other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss (in thousands):

|                                      | Warrant    | Convertible<br>Debt<br>Embedded<br>Derivatives | SAFEs        |
|--------------------------------------|------------|--|--------------|
| Balance as of December 31, 2020      | \$ 799     | \$ 579   | \$ 91        |
| Issuance of 2021-A Convertible Notes | —          | 566  | —            |
| Issuance of 2021-Rogers SAFE         | —          | —  | 5,000        |
| Change in fair value                 | <u>330</u> | <u>336</u>                                     | <u>1,306</u> |

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|  | <u>Warrant</u>   | <u>Convertible<br/>Debt<br/>Embedded<br/>Derivatives</u> | <u>SAFEs</u> |
|--|------------------|--|--------------|
| <b>Balance as of December 31, 2021</b>                             | \$ 1,129         | \$ 1,481   | \$ 6,397     |
| Conversion of debt into preferred shares                           | —                | (1,481)  | —            |
| Conversion of SAFEs into preferred shares                          | —                | —  | (6,397)      |
| Assumption of SAFEs in Solaria acquisition                         | —                | —  | 60,470       |
| Conversion of SAFEs from Solaria acquisition into preferred shares | —                | —  | (60,470)     |
| Issuance of Series D Warrants Tranche A                            | 6,527            | —  | —            |
| Issuance of Series D Warrants Tranche B                            | 1,285            | —  | —            |
| Change in fair value   | 5,211            | —  | —            |
| <b>Balance as of December 31, 2022</b>                             | <u>\$ 14,152</u> | <u>\$ —</u>  | <u>\$ —</u>  |

The fair value of accounts receivable, accounts payable, and accrued expenses approximated their carrying values as of December 31, 2022 and December 31, 2021, due to their short-term nature. As of December 31, 2022, all of the Company's outstanding debit is carried at an amortized cost basis.

There were no transfers between Level 1, Level 2 or Level 3 fair value hierarchy categories of financial instruments for the years ended December 31, 2022 and December 31, 2021.

|  | <u>As of December 31, 2022</u> |                |                  |                  |
|--|--------------------------------|----------------|------------------|------------------|
|  | <u>Level 1</u>                 | <u>Level 2</u> | <u>Level 3</u>   | <u>Total</u>     |
| <b>Financial Liabilities</b>                             |                                |                |                  |                  |
| Redeemable convertible preferred stock warrant liability | \$ —                           | \$ —           | \$ 14,152        | \$ 14,152        |
| <b>Total</b>   | <u>\$ —</u>                    | <u>\$ —</u>    | <u>\$ 14,152</u> | <u>\$ 14,152</u> |

|  | <u>As of December 31, 2021</u> |                |                 |                 |
|--|--------------------------------|----------------|-----------------|-----------------|
|  | <u>Level 1</u>                 | <u>Level 2</u> | <u>Level 3</u>  | <u>Total</u>    |
| <b>Financial Liabilities</b>                             |                                |                |                 |                 |
| Redeemable convertible preferred stock warrant liability | \$ —                           | \$ —           | \$ 1,129        | \$ 1,129        |
| Convertible debt embedded derivatives                    | —                              | —              | 1,481           | 1,481           |
| SAFE agreements  | —                              | —              | 6,397           | 6,397           |
| <b>Total</b>   | <u>\$ —</u>                    | <u>\$ —</u>    | <u>\$ 9,007</u> | <u>\$ 9,007</u> |

*Redeemable Convertible Preferred Stock Warrant Liability*

The Company historically issued redeemable convertible warrants to a bank to purchase shares of Series B preferred stock in February 2016 and issued redeemable convertible warrants to an investor to purchase shares of Series C preferred stock. Refer to Note 12 – Redeemable Convertible Preferred Stock in July 2016. The Company issued Series D preferred stock warrants in conjunction with the merger agreement with Solaria. Refer to Note 3- Business Combination. The exercise prices for the two tranches of Series D preferred stock warrants are based on a future round of stock price, with an assumption of \$2.50 and \$5.00 upon consummation of a deSPAC acquisition and \$2.04 and \$4.09 upon remaining private, respectively. As the warrants have a contingent exercise price, the Company valued the warrants based on a Black Scholes option pricing model, using a probability weighted estimate of the warrant valuations, given a deSPAC exist

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scenario and a stay private scenario, weighted at 70% and 30%, respectively. The following assumptions were used to calculate the fair value of the redeemable convertible preferred stock warrant liability:

### Series B Redeemable Convertible Preferred Stock Warrant -

|                         | December 31, |           |
|-------------------------|--------------|-----------|
|                         | 2022         | 2021      |
| Expected term           | 3.1 years    | 4.1 years |
| Expected volatility     | 72.5%        | 73.0%     |
| Risk-free interest rate | 4.2%         | 1.1%      |
| Expected dividend yield | 0.0%         | 0.0%      |

### Series C Redeemable Convertible Preferred Stock Warrant -

|                         | December 31, |           |
|-------------------------|--------------|-----------|
|                         | 2022         | 2021      |
| Expected term           | 3.6 years    | 4.6 years |
| Expected volatility     | 72.5%        | 73.0%     |
| Risk-free interest rate | 4.0%         | 1.2%      |
| Expected dividend yield | 0.0%         | 0.0%      |

### Series D Redeemable Convertible Preferred Stock Warrant -

|                         | December 31, |      |
|-------------------------|--------------|------|
|                         | 2022         | 2021 |
| Expected term           | 1.5 years    | —    |
| Expected volatility     | 78.5%        | —    |
| Risk-free interest rate | 4.7%         | —    |
| Expected dividend yield | 0.0%         | —    |

The redeemable convertible preferred stock warrant liabilities were measured at fair value at the issuance date and as of each subsequent fiscal year end with changes in the fair value recorded within other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss.

The table below reconciles the change in value of the redeemable convertible preferred stock warrant liability from each warrant to the total redeemable convertible preferred stock warrant liability recorded within the accompanying consolidated balance sheets (amounts in thousands):

|   | Series B<br>Warrants | Series C<br>Warrants | Series D<br>Tranche A<br>Warrants | Series D<br>Tranche B<br>Warrants | Total            |
|---|----------------------|----------------------|-----------------------------------|-----------------------------------|------------------|
| <b>Balance as of December 31, 2020</b>                                  | \$ 5                 | \$ 794               | \$ —                              | \$ —                              | \$ 799           |
| Change in fair value  | 3                    | 327                  | —                                 | —                                 | 330              |
| <b>Balance as of December 31, 2021</b>                                  | 8                    | 1,121                | —                                 | —                                 | 1,129            |
| Change in fair value  | 42                   | 5,169                | —                                 | —                                 | 5,211            |
| Issuance of warrants in connection with acquisition of Solaria (Note 3) | —                    | —                    | 6,527                             | 1,285                             | 7,812            |
| <b>Balance as of December 31, 2022</b>                                  | <u>\$ 50</u>         | <u>\$ 6,290</u>      | <u>\$ 6,527</u>                   | <u>\$ 1,285</u>                   | <u>\$ 14,152</u> |

### Convertible Debt Embedded Derivatives

#### 2019-A Notes

The Company recorded a convertible debt embedded derivative liability associated with the issuance of the 2019-A Convertible Notes. The derivative liability is recorded within derivative liability on the

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accompanying consolidated balance sheets. See Note 13 – Borrowing Arrangements. The fair value of the convertible debt embedded derivative liability was computed as the difference between the estimated value of the convertible debt with and without features that allow the holders to convert the notes at a discount upon the Company’s subsequent equity financing (“Next Equity Financing”). The 2019-A Convertible Notes also contain a feature to convert the notes at a price of \$75.0 million divided by the fully diluted capitalization table (“2019-A Valuation Cap Conversion”), which is not bifurcated as an embedded derivative.

The fair value of the convertible notes with the embedded derivative is estimated based on a probability- weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity. The significant assumptions included in the fair value of the 2019-A Convertible Notes with the embedded derivative liability include the time until a Next Equity Financing, the probabilities of the notes settling under each scenario, and a discount rate that reconciles the amount paid for the debt at issuance date, adjusted to reflect market changes subsequent to issuance. The fair value of the convertible notes without the embedded derivative liability is estimated based on the same methodology other than the settlement value upon a Next Equity Financing being set as the principal plus accrued interest, excluding the value of the conversion at a discount to the Next Equity Financing.

The embedded derivative liabilities in the convertible notes were measured at fair value at the issuance date and as of each subsequent fiscal year end with changes in the fair value recorded within other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss.

The fair value of the 2019-A Convertible Notes was approximately \$0.1 million as of December 31, 2021. The 2019-A Convertible notes and related derivative liability were extinguished in FY22 as part of the Series D redeemable convertible preferred stock issuance.

### *2020-A Convertible Notes*

The Company recorded a convertible debt embedded derivative liability associated with the issuance of the 2020-A Convertible Notes. The derivative liability is recorded within derivative liability on the accompanying consolidated balance sheets. See Note 13 – Borrowing Arrangements. The fair value of the convertible debt embedded derivative liability was computed as the difference between the estimated value of the convertible debt with and without features that allow the holders to convert the notes at a discount upon the Company’s subsequent equity financing (“Next Equity Financing”).

The fair value of the convertible notes with the embedded derivative is estimated based on a probability- weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity. The significant assumptions included in the fair value of the 2020-A Convertible Notes with the embedded derivative liability include the time until a Next Equity Financing, the probabilities of the notes settling under each scenario, and a discount rate that reconciles the amount paid for the debt at issuance date, adjusted to reflect market changes subsequent to issuance. The fair value of the convertible notes without the embedded derivative liability is estimated based on the same methodology other than the settlement value upon a Next Equity Financing being set as the principal plus accrued interest, excluding the value of the conversion at a discount to the Next Equity Financing.

The embedded derivative liabilities in the convertible notes were measured at fair value at the issuance date and as of each subsequent fiscal year end with changes in the fair value recorded within other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss.

The fair value of the 2020-A Convertible Notes was approximately \$4.6 million as of December 31, 2021. The 2020-A Convertible notes and related derivative liability were extinguished as part of the Series D redeemable convertible preferred stock issuance.

### *2021-A Convertible Notes*

The Company recorded a convertible debt embedded derivative liability associated with the issuance of the 2021-A Convertible Notes. The embedded derivative liability is recorded within derivative liability on the

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accompanying consolidated balance sheets. See Note 13 – Borrowing Arrangements. The fair value of the convertible debt embedded derivative liability was computed as the difference between the estimated value of the convertible debt with and without features that allow the holders to convert the notes at a discount upon the Company’s subsequent equity financing (“Next Equity Financing”). Certain of the notes from the 2021-A Convertible Notes also contain a feature to convert the notes at a price of \$200.0 million divided by the fully diluted capitalization table (“2021-A Valuation Cap Conversion”), which is not bifurcated as an embedded derivative.

The fair value of the convertible notes with the embedded derivative is estimated based on a probability- weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity. The significant assumptions included in the fair value of the 2021-A Convertible Notes with the embedded derivative liability include the time until a Next Equity Financing, the probabilities of the notes settling under each scenario, and a discount rate that reconciles the amount paid for the debt at issuance date, adjusted to reflect market changes subsequent to issuance. The fair value of the convertible notes without the embedded derivative liability is estimated based on the same methodology other than the settlement value upon a Next Equity Financing being set as the principal plus accrued interest, excluding the value of the conversion at a discount to the Next Equity Financing.

The embedded derivative liabilities in the convertible notes were measured at fair value at the issuance date and as of each subsequent fiscal year end with changes in the fair value recorded within other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss.

The fair value of the 2021-A Convertible Notes was approximately \$4.8 million as of December 31, 2021, respectively. The 2021-A Convertible notes and related derivative liability were extinguished as part of the Series D redeemable convertible preferred stock issuance.

The table below reconciles the embedded derivative liability from each of the series of convertible notes to the total derivative liability recorded on the accompanying consolidated balance sheets (amounts in thousands)

|                                       | 2019-A<br>Convertible<br>Notes | 2020-A<br>Convertible<br>Notes | 2021-A<br>Convertible<br>Notes | Totals      |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------|
| Balance as of December 31, 2020       | \$ 18                          | \$ 561                         | \$ —                           | \$ 579      |
| Issuance of 2021-A Convertible Notes  | —                              | —                              | 566                            | 566         |
| Change in fair value                  | 17                             | 234                            | 85                             | 366         |
| Balance as of December 31, 2021       | 35                             | 795                            | 651                            | 1,481       |
| Extinguishment upon Series D issuance | (35)                           | (795)                          | (651)                          | (1,481)     |
| Balance as of December 31, 2022       | <u>\$ —</u>                    | <u>\$ —</u>                    | <u>\$ —</u>                    | <u>\$ —</u> |

### Simple Agreement for Future Equity (“SAFE”)

#### 2019 SAFE

In July 2019, the Company entered into a SAFE agreement (“2019 SAFE”) with an investor. At the issuance date, the Company received \$0.1 million in cash. The SAFE is classified as a liability in the scope of Accounting Standards Codification Topic 480 (“ASC 480”), *Distinguishing Liabilities from Equity*, as the SAFE is redeemable upon events that are outside the control of the issuer. The 2019 SAFE converts to equity at the lower of \$50.0 million divided by the fully diluted capitalization table (“2019 SAFE Valuation Cap Conversion”) and a 20% discount from the share price paid by other investors upon the Next Equity Financing. The SAFE also contains features that allow for cash settlement at the \$0.1 million purchase price in the event of a liquidation or dissolution event.

The fair value of the 2019 SAFE was determined based on the probability-weighted expected return method (“PWERM”), which assigns value to the multiple settlement scenarios based on the probability of

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occurrence. The significant assumptions included in the fair value of the 2019 SAFE include the probability of conversion under a next equity financing (estimated between 60% at issuance and 80% as of December 31, 2022) and the realizable value upon a Next Equity Financing. The realizable value upon the Next Equity Financing was determined based on the following inputs that were included in a Black-Scholes model, which contains the following inputs:

|  | December 31, |           |
|--|--------------|-----------|
|  | 2022         | 2021      |
| Expected fair value of preferred stock | N/A          | \$ 4.84   |
| Expected term                          | N/A          | 0.2 years |
| Volatility                             | N/A          | 76.4%     |
| Risk-free interest rate                | N/A          | 0.1%      |

The 2019 SAFE was measured at fair value at the issuance date and as of each subsequent fiscal year end with changes in the fair value recorded within other income (expense), net in the consolidated statements of operations and comprehensive loss.

In March 2022, as part of the Company's Series D preferred stock financing, the 2019 SAFE converted into shares of Series D-3 preferred stock. As part of the extinguishment of the 2019 SAFE, the Company recorded a gain of less than \$0.1 million in other income (expense), net in the consolidated statements of operations and comprehensive loss.

### *2021 SAFE*

In December 2021, the Company entered into a SAFE agreement ("2021 SAFE") with an investor. At the issuance date, the Company received \$5.0 million in cash. The SAFE is classified as a liability in the scope of Accounting Standards Codification Topic 480 ("ASC 480"), *Distinguishing Liabilities from Equity*, as the SAFE is redeemable upon events that are outside the control of the issuer. The 2021 SAFE converts to equity at the lower of \$175.0 million divided by the fully diluted capitalization table ("2021 SAFE Valuation Cap Conversion") and a 20% discount from the share price paid by other investors upon the Next Equity Financing. At the time of negotiating the SAFE, the Company was in advanced negotiations to raise its next equity financing. As such, the Company recorded the fair value of the 2021 SAFE based on the value to be received upon a conversion at a 20% discount from the Next Equity Financing. As a result, the Company recorded \$1.3 million to other income (expense), net for the increase in the fair value of the 2021 SAFE over its issuance price.

In March 2022, as part of the Company's Series D preferred stock financing, the 2021 SAFE converted into shares of Series D-1 preferred stock. As part of the extinguishment of the 2021 SAFE, the Company recorded a gain of \$1.4 million in other income (expense), net in the consolidated statements of operations and comprehensive loss.

### *2022 SAFE*

In connection with the Solaria acquisition, Complete Solar Holdings entered into the SAFE Amendment, Assignment and Assumption Agreement whereby Complete Solar Holdings assumed the rights and interests in and obligations under the SAFE from Solaria immediately at the effective time of the acquisition of Solaria. In accordance with the terms and conditions of the Merger Agreement, the SAFE was required to be converted into redeemable convertible preferred stock of the Company within 10 business days of the close of the acquisition. Immediately subsequent to acquisition close, the SAFE converted into 8,171,662 shares of series D-8 redeemable convertible preferred stock.

## **(9) Employee Benefit Plan**

The Company sponsors a 401(k) defined contribution and profit-sharing plan ("401(k) Plan") for its eligible employees. This 401(k) Plan provides for tax-deferred salary deductions for all eligible employees.

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Employee contributions are voluntary. Employees may contribute the maximum amount allowed by law, as limited by the annual maximum amount as determined by the Internal Revenue Service. The Company may match employee contributions in amounts to be determined at the Company's sole discretion. The Company made no contributions to the 401(k) Plan for the years ended December 31, 2022, 2021 and 2020.

### (10) Other Income (Expense), Net

Other income (expense), net consists of the following (in thousands):

|  | Years Ended December 31, |                 |                |
|--|--------------------------|-----------------|----------------|
|  | 2022                     | 2021            | 2020           |
| Change in fair value of SAFE agreements  | \$ —                     | \$ (1,306)      | \$ (15)        |
| Change in fair value of derivative liabilities                                 | —                        | (336)           | (50)           |
| Change in fair value of warrant liabilities                                    | (5,211)                  | (330)           | 24             |
| Gain on extinguishment of convertible notes and SAFE agreements <sup>(1)</sup> | 3,235                    | —               | —              |
| Forgiveness of Paycheck Protection Plan loan                                   | —                        | 1,754           | —              |
| Other, net   | 118                      | (22)            | —              |
| Total other income (expense), net  | <u>\$ (1,858)</u>        | <u>\$ (240)</u> | <u>\$ (41)</u> |

<sup>(1)</sup> Includes \$1.4 million of other income recognized upon the conversion of related party convertible notes and SAFEs

### (11) Common Stock

The Company has authorized the issuance of 60,000,000 and 28,051,328 shares of common stock as of December 31, 2022 and December 31, 2021, respectively.

The Company has reserved shares of common stock for issuance related to the following redeemable convertible preferred stock, stock options, common stock warrants, redeemable convertible preferred stock warrants, and future grants:

|   | As of December 31, |                   |
|---|--------------------|-------------------|
|   | 2022               | 2021              |
| Series A redeemable convertible preferred stock   | 15,278             | 15,278            |
| Series A-2 redeemable convertible preferred stock | 6,667              | 6,667             |
| Series B redeemable convertible preferred stock   | 1,024,617          | 1,024,617         |
| Series C redeemable convertible preferred stock   | 12,717,525         | 12,717,525        |
| Series C-1 redeemable convertible preferred stock | 2,800,283          | 2,800,283         |
| Series D-1 redeemable convertible preferred stock | 2,660,797          | —                 |
| Series D-2 redeemable convertible preferred stock | 62,498             | —                 |
| Series D-3 redeemable convertible preferred stock | 48,256             | —                 |
| Series D-4 redeemable convertible preferred stock | 2,139,030          | —                 |
| Series D-5 redeemable convertible preferred stock | 479,370            | —                 |
| Series D-6 redeemable convertible preferred stock | 921,250            | —                 |
| Series D-7 redeemable convertible preferred stock | 3,263,900          | —                 |
| Series D-8 redeemable convertible preferred stock | 8,171,662          | —                 |
| Common stock warrants                             | 4,630,168          | 418,692           |
| Redeemable convertible preferred stock warrants   | 2,386,879          | 1,010,465         |
| Stock options, issued and outstanding             | 10,291,367         | 4,421,528         |
| Stock options, authorized for future issuance     | 765,904            | 293,279           |
| SAFE agreement                                    | —                  | 707,302           |
| Convertible notes                                 | —                  | 3,356,953         |
| Total shares reserved                             | <u>52,385,451</u>  | <u>26,772,589</u> |

### Common Stock Warrants

In January 2020, the Company issued a warrant to purchase 358,341 shares of common stock in conjunction with the Series C-1 preferred stock financing. The warrant is immediately exercisable at an exercise price of \$0.01 per share and has an expiration date of January 2030. The warrant remains outstanding as of December 31, 2022. At issuance, the relative fair value of the warrant was determined to be \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

In May and August 2021, the Company issued warrants to purchase 5,122 and 5,229 shares of common stock, respectively, in conjunction with the Fifth and Sixth Amendments to the Loan and Security Agreement with Silicon Valley Bank. The warrants are immediately exercisable at exercise prices of \$0.38 and \$0.62 per share, respectively, and have expiration dates in 2033. The warrants remain outstanding as of December 31, 2022. At issuance, the relative fair value of the warrants were determined to be less than \$0.1 million in aggregate using the Black-Scholes model, which was recorded within additional paid-in-capital on the accompanying consolidated balance sheets. The warrants are not remeasured in future periods as they meet the conditions for equity classification.

In October 2021, the Company issued a warrant to purchase 50,000 shares of common stock in conjunction with the issuance of a short-term promissory note. The warrant is immediately exercisable at an exercise price of \$0.01 per share and has an expiration date of October 2031. The warrant remains outstanding as of December 31, 2022. At issuance, the relative fair value of the warrant was determined to be less than \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

In February 2022, as part of a debt financing from CRSEF Solis Holdings, LLC (“Carlyle”) (refer to Note 13 – Borrowing Arrangements), the Company issued a warrant to purchase 5,978,960 shares of common stock in conjunction with the redeemable investment in CS Solis. The warrant contains two tranches, the first of which is immediately exercisable for 4,132,514 shares. The second tranche, which was determined to be a separate unit of account, was exercisable upon a subsequent investment from Carlyle in CS Solis. No subsequent investment was made and investment period expired on December 31, 2022 and the second tranche of warrants expired prior to becoming exercisable. The vested warrant has an exercise price of \$0.01 per share and has an expiration date of February 2029. The warrant remains outstanding as of December 31, 2022. At issuance, the relative fair value of the warrant was determined to be \$3.4 million using the Black-Scholes model, which was recorded within additional paid-in capital and as a discount on the long-term debt in CS Solis on the consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

In November 2022, the Company issued a warrant to a third-party service provider to purchase 78,962 shares of common stock in conjunction with the merger agreement with Solaria. The warrant is immediately exercisable at an exercise price of \$8.00 per share and has an expiration date of April 2024. The warrant remains outstanding as of December 31, 2022. At issuance, the relative fair value of the warrant was determined to be \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

The following assumptions were used to calculate the fair value of the common stock warrants issued:

|                         | Years Ended December 31, |                   |
|-------------------------|--------------------------|-------------------|
|                         | 2022                     | 2021              |
| Expected term           | 1.5 - 7.0 years          | 10.0 - 12.0 years |
| Expected volatility     | 73.0 - 78.5%             | 73.0%             |
| Risk-free interest rate | 1.9 - 4.7%               | 1.3% - 1.7%       |
| Expected dividends      | 0.0%                     | 0.0%              |



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**(12) Redeemable Convertible Preferred Stock**

As of December 31, 2022 and December 31, 2021, the Company's redeemable convertible preferred stock consisted of the following (in thousands, except share data):

|   | <b>As of December 31, 2022</b> |                                      |                                       |   |
|---|--------------------------------|--------------------------------------|---------------------------------------|---|
| Shares designated as:                             | <u>Authorized shares</u>       | <u>Shares issued and outstanding</u> | <u>Proceed, net of issuance costs</u> | <u>Aggregate liquidation preference</u> |
| Series A redeemable convertible preferred stock   | 15,278                         | 15,278                               | \$ 30                                 | \$ 26                                   |
| Series A-2 redeemable convertible preferred stock | 6,667                          | 6,667                                | 4                                     | 10                                      |
| Series B redeemable convertible preferred stock   | 1,035,082                      | 1,024,617                            | 4,347                                 | 4,406                                   |
| Series C redeemable convertible preferred stock   | 13,717,525                     | 12,717,525                           | 19,737                                | 20,048                                  |
| Series C-1 redeemable convertible preferred stock | 2,800,283                      | 2,800,283                            | 7,283                                 | 7,420                                   |
| Series D-1 redeemable convertible preferred stock | 2,660,797                      | 2,660,797                            | 11,342                                | 13,233                                  |
| Series D-2 redeemable convertible preferred stock | 62,498                         | 62,498                               | 127                                   | 117                                     |
| Series D-3 redeemable convertible preferred stock | 48,256                         | 48,256                               | 88                                    | 75                                      |
| Series D-4 redeemable convertible preferred stock | 2,139,030                      | 2,139,030                            | 15,102                                | 15,102                                  |
| Series D-5 redeemable convertible preferred stock | 479,370                        | 479,370                              | 3,576                                 | 3,576                                   |
| Series D-6 redeemable convertible preferred stock | 921,250                        | 921,250                              | 7,315                                 | 7,315                                   |
| Series D-7 redeemable convertible preferred stock | 4,640,314                      | 3,263,900                            | 26,209                                | 26,209                                  |
| Series D-8 redeemable convertible preferred stock | 8,171,665                      | 8,171,662                            | 60,470                                | 60,470                                  |
|   | <u>36,698,015</u>              | <u>34,311,133</u>                    | <u>\$ 155,630</u>                     | <u>\$ 158,007</u>                       |

|   | <b>As of December 31, 2021</b> |                                      |                                       |   |
|---|--------------------------------|--------------------------------------|---------------------------------------|---|
| Shares designated as:                             | <u>Authorized shares</u>       | <u>Shares issued and outstanding</u> | <u>Proceed, net of issuance costs</u> | <u>Aggregate liquidation preference</u> |
| Series A redeemable convertible preferred stock   | 258,796                        | 15,278                               | \$ 30                                 | \$ 26                                   |
| Series A-1 redeemable convertible preferred stock | 833,935                        | —                                    | —                                     | —                                       |
| Series A-2 redeemable convertible preferred stock | 340,001                        | 6,667                                | 4                                     | 10                                      |
| Series B redeemable convertible preferred stock   | 1,173,256                      | 1,024,617                            | 4,347                                 | 4,406                                   |
| Series C redeemable convertible preferred stock   | 14,000,000                     | 12,717,525                           | 19,737                                | 20,048                                  |
| Series C-1 redeemable convertible preferred stock | 3,922,987                      | 2,800,283                            | 7,283                                 | 7,420                                   |
|   | <u>20,528,975</u>              | <u>16,564,370</u>                    | <u>\$ 31,401</u>                      | <u>\$ 31,910</u>                        |

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A complete description of the rights, preferences, privileges and restrictions of the redeemable convertible preferred stock are in the amended and restated articles of incorporation. Significant rights and preferences of the outstanding redeemable convertible preferred stock are as follows:

*Conversion* – All of the redeemable convertible preferred stock instruments are convertible at the option of the holder at any time, or immediately upon (1) upon the date of the written consent/agreement of the preferred stockholders, (2) upon the closing of the sale of shares of common stock to the public in a firm- commitment underwritten public offering resulting in at least \$50.0 million of gross proceeds, or (3) upon the effectiveness of a registration statement under the Securities Act that registers shares of capital stock of the Company on a national securities exchange. Given that the conversion price is currently fixed, the Company would issue a fixed number of shares of common stock to settle the redeemable convertible preferred stock, unless a down round of common stock is issued, in which case the conversion price would be adjusted to maintain the value of preferred stock converted to common stock. The conversion price for each outstanding share of Series A, Series A-1, Series A-2, Series B, Series C, Series C-1, Series D-1, Series D-2, Series D-3, Series D-4, Series D-5, Series D-6, Series D-7, and Series D-8 redeemable convertible preferred stock is \$1.6875, \$0.900633, \$1.50, \$4.30, \$1.5764, \$2.6497, \$4.9733, \$1.8650, \$1.5542, \$7.0600, \$7.4600, \$7.9400, \$8.0300, and \$7.4000 respectively.

*Redemption* – The redeemable convertible preferred stock does not contain any mandatory redemption features, however, they may be redeemed upon an event that is not solely within the control of the Company. As such, the redeemable convertible preferred stock is classified as temporary equity (mezzanine equity) in the accompanying consolidated financial statements.

*Dividends* – Holders of the Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock are entitled to receive noncumulative cash dividends prior to and in preference to any declaration or payment of any dividends on Series A, Series A-2, Series B, Series C, Series C-1 redeemable convertible preferred stock or common stock of the Company at the rate of \$0.3979 per share per annum on each outstanding share of Series D-1 redeemable convertible preferred stock, \$0.1492 per share per annum on each outstanding share of Series D-2 redeemable convertible preferred stock, and \$0.1243 per share per annum on each outstanding share of Series D-3 redeemable convertible preferred stock, when and if declared by the Board of Directors. The holders of Series C and Series C-1 redeemable convertible preferred stock are entitled to receive non-cumulative cash dividends prior to and in preference to any declaration or payment of any dividends on Series A, Series A-2, Series B redeemable convertible preferred stock or common stock of the Company at the rate of \$0.1261 per share per annum on each outstanding share of Series C redeemable convertible preferred stock, and \$0.2120 per share per annum on each outstanding share of Series C-1 redeemable convertible preferred stock, when and if declared by the Board of Directors. The holders of Series A, Series A-2, and Series B redeemable convertible preferred stock are entitled to receive non-cumulative dividends in the amount of \$0.135, \$0.12, and \$0.344 per share, respectively, per annum, as adjusted for stock splits, combinations, recapitalizations or the like, on a pari passu basis and prior and in preference to any declaration or payment of any dividends declared on common stock of the Company, when and if declared by the Board of Directors. After payment of such dividends, any additional dividends will be distributed to holders of preferred stock and common stock pro rata based on number of common stock held by each holder, assuming conversion of all preferred stock into common stock. To date, no dividends have been declared.

*Liquidation Preference* – Upon a liquidation event, holders of Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, Series B, Series C, Series C-1 redeemable convertible preferred stock, and common stock, an amount equal to \$4.9733 for each outstanding share of Series D-1 redeemable convertible preferred stock, \$1.8650 for each outstanding share of Series D-2 redeemable convertible preferred stock, and \$1.5542 for each outstanding share of Series D-3 redeemable convertible preferred stock, plus any declared but unpaid dividends. After the payment of the Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock liquidation preference, holders of Series C-1 redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, Series B, and Series C redeemable

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convertible preferred stock, and common stock, an amount equal to \$2.6497 for each outstanding share of Series C-1 redeemable convertible preferred stock, plus any declared but unpaid dividends. After the payment of the Series C-1 redeemable convertible preferred stock liquidation preference, holders of Series C redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, and Series B redeemable convertible preferred stock, and common stock, an amount equal to \$1.5764 for each outstanding share of Series C redeemable convertible preferred stock, plus any declared but unpaid dividends. Upon the completion of the distribution to the holders of Series C redeemable convertible preferred stock, holders of Series A, Series A-2, and Series B redeemable convertible preferred stock are entitled to receive, on a pari passu basis and prior and in preference to the holders of common stock, an amount equal to \$1.6875, \$1.50, and \$4.30 per share, respectively, plus any declared but unpaid dividends. If the assets legally available are insufficient to satisfy the entire liquidation preference of all classes of preferred stock, the funds will be distributed ratably to the holders of preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive. Any remaining assets of the Company will be distributed ratably among the holders of common stock.

*Voting* – Each share of redeemable convertible preferred stock is entitled to one vote for each share of common stock into which such share of redeemable convertible preferred stock is convertible.

### ***Preferred Stock Warrants***

In February 2016, the Company issued a warrant to purchase 10,465 shares of Series B preferred stock (the “Series B warrant”) in connection with the 2016 Credit Facility. The Series B warrant is immediately exercisable at an exercise price of \$4.30 per share and has an expiration date of February 2026. The fair value of the Series B warrant, as determined in accordance with the methodology described in Note 8 – Fair Value Measurements, was less than \$0.1 million as of December 31, 2022 and December 31, 2021, respectively. The relative fair value of the Series B warrant at issuance was recorded into debt issuance costs and other non-current liabilities on the accompanying consolidated balance sheets, and changes in fair value have been recorded in other income (expense), net on the accompanying consolidated statements of operations and comprehensive loss for the years ended December 31, 2022, 2021 and 2020.

In July 2016, the Company issued a warrant to purchase 307,500 shares of Series C preferred stock (the “Series C warrant”) in connection with the Series C financing. The Series C warrant agreement also provided for an additional number of Series C shares calculated on a monthly basis commencing on June

2016 based on the principal balance outstanding of the notes payable outstanding. The maximum number of shares exercisable under the Series C warrant agreement is 1,000,000 shares of Series C preferred stock. The Series C warrant was immediately exercisable at an exercise price of \$1.00 per share and has an expiration date of July 2026. The fair value of the Series C warrant, as determined in accordance with the methodology described in Note 8 – Fair Value Measurements, was \$6.3 million and \$1.1 million as of December 31, 2022 and December 31, 2021, respectively. The relative fair value of the Series C warrant at issuance as recorded as Series C preferred stock issuance costs and other non-current liabilities on the accompanying consolidated balance sheets, and changes in fair value have been recorded in other income (expense), net on the accompanying consolidated statements of operations and comprehensive loss for the years ended December 31, 2022, 2021 and 2020.

In November 2022, the company issued warrants to purchase 1,376,414 shares of Series D-7 preferred stock (the “Series D-7 warrants”) in conjunction with the merger agreement with Solaria. The warrant contains two tranches. The first tranche of 1,090,865 shares of Series D-7 preferred stock is exercisable at an exercise price of \$2.50 per share upon consummation of a deSPAC transaction, or at an exercise price of \$2.04 per share upon remaining private and has an expiration date of April 2024. The second tranche of 285,549 shares of Series D-7 preferred stock is exercisable at an exercise price of \$5.00 per share upon consummation of a deSPAC transaction, or at an exercise price of \$4.09 per share upon remaining private and has an expiration date of April 2024. The warrants remain outstanding as of December 31, 2022. The fair value of the Series D-7

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warrants, as determined in accordance with the methodology described in Note 8 – Fair Value Measurements, was \$7.8 million as of December 31, 2022. All of the Series B, Series C, and Series D preferred stock warrants remained outstanding as of December 31, 2022 and December 31, 2021.

### (13) Borrowing Arrangements

#### *Convertible notes, net and convertible notes, net due to related parties*

As of December 31, 2022 and December 31, 2021, the Company's convertible notes consisted of the following (in thousands):

|  | As of December 31, |                |
|--|--------------------|----------------|
|  | 2022               | 2021           |
| Convertible notes, net   |                    |                |
| 2019-A Convertible Notes   | \$ —               | \$ 115         |
| 2020-A Convertible Notes   | —                  | 630            |
| 2021-A Convertible Notes   | —                  | 1,145          |
| Convertible notes, net   | —                  | 1,890          |
| Convertible notes, net due to related parties                      |                    |                |
| 2020-A Convertible Notes   | —                  | 3,260          |
| 2021-A Convertible Notes   | —                  | 3,050          |
| Convertible Promissory Notes with Ecosystem Integrity Fund II, LP. | —                  | 510            |
| Convertible notes, net due to related parties                      | —                  | 6,820          |
| Convertible notes, net, noncurrent                                 |                    |                |
| 2022 Convertible Notes   | 3,434              | —              |
| Convertible notes, net, noncurrent                                 | 3,434              | —              |
| Convertible notes, net due to related parties, noncurrent          |                    |                |
| 2022 Convertible Notes   | 15,510             | —              |
| Convertible notes, net due to related parties, noncurrent          | 15,510             | —              |
| Total convertible notes  | <u>\$18,944</u>    | <u>\$8,710</u> |

#### *Convertible Promissory Notes with Ecosystem Integrity Fund II, LP.*

On April 30, 2021, the Company issued a short-term Subordinated Convertible Promissory Note to Ecosystem Integrity Fund II, LP (“EIF”) for a total principal of \$0.5 million plus accrued interest of 3.0% per annum due on June 30, 2021. The Note included a conversion feature which allows the holder to convert any portion of the note plus any unpaid accrued interest (“Conversion Amount”) into shares of Series C-1 Preferred Stock on the maturity date of June 30, 2021 or thereafter. As of December 31, 2021 the principal and accrued interest remained outstanding and the holder did not elect to convert the note into Series C-1 Preferred shares. The principal and accrued interest of \$0.5 million was repaid in February 2022.

#### *2019-A Convertible Notes*

In 2019, the Company issued a series of convertible notes (“2019-A Convertible Notes”) for \$0.1 million in proceeds, with immaterial debt issuance costs, and which were due and payable on demand by the holders after August 2020. The notes carried simple interest of 6.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the

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occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enabled the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of less than \$0.1 million as a discount on the convertible notes face amount. The debt discount was amortized to interest expense at a weighted-average effective interest rate of 17.6% through the maturity dates of the notes.

The fair value of the share-settled redemption feature was determined in accordance with the methodology described in Note 8 – Fair Value Measurements, and the changes in fair value were recognized as a component of other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss. The Company recorded zero, less than \$0.1 million, and less than \$0.1 million in expense during the years ended December 31, 2022, 2021 and 2020, respectively, related to the change in the fair value of the convertible notes embedded derivative liability. The convertible notes were carried within the accompanying consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company’s Series D Preferred Stock issuance, the 2019-A Convertible Notes converted into 62,500 shares of Series D-2 redeemable convertible preferred stock. The Company recognized a loss on the conversion of less than \$0.1 million in other income (expense), net on the consolidated statements of operations and comprehensive loss.

The net carrying amount of the convertible notes was as follows (in thousands):

|   | As of December 31, |               |
|---|--------------------|---------------|
|   | 2022               | 2021          |
| Principal   | \$ 100             | \$ 100        |
| Unamortized debt discount                                       | —                  | —             |
| PIK interest added to principal balance                         | 16                 | 15            |
| Conversion to Series D-2 redeemable convertible preferred stock | (116)              | —             |
| Net carrying amount   | <u>\$ —</u>        | <u>\$ 115</u> |

Interest expense related to the convertible notes was as follows (in thousands):

|                                 | As of December 31, |              |             |
|---------------------------------|--------------------|--------------|-------------|
|                                 | 2022               | 2021         | 2020        |
| Amortization of debt discount   | \$ —               | \$ —         | \$ 4        |
| PIK interest                    | 1                  | 12           | 3           |
| Total non-cash interest expense | <u>\$ 1</u>        | <u>\$ 12</u> | <u>\$ 7</u> |

### *2020-A Convertible Notes*

In 2020, the Company issued a series of convertible notes (“2020-A Convertible Notes”) for \$3.8 million in proceeds, with immaterial debt issuance costs, and which are due and payable on demand by the holders after April 2021. The notes carried simple interest of 2.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enables the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of \$0.5 million as a discount on the convertible notes face amount. The debt discount was amortized to interest expense at a weighted-average effective interest rate of 25.6% through the maturity dates of the notes.

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The fair value of the share-settled redemption feature was determined in accordance with the methodology described in Note 8 – Fair Value Measurements, and the changes in fair value were recognized as a component of other income (expense), net in the accompanying consolidated statements of operations and comprehensive loss. The Company recorded zero, less than \$0.1 million, and less than \$0.1 million in expense during the years ended December 31, 2022, 2021 and 2020 respectively, related to the change in the fair value of the convertible notes embedded derivative liability. The convertible notes were carried within the accompanying consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company’s Series D Preferred Stock issuance, the 2020-A Convertible Notes converted into 785,799 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of \$0.9 million in other income (expense), net on the consolidated statements of operations and comprehensive loss.

The net carrying amount of the convertible notes was as follows (in thousands):

|   | As of December 31, |                |
|---|--------------------|----------------|
|   | 2022               | 2021           |
| Principal   | \$ 3,784           | \$3,784        |
| Unamortized debt discount                                       | —                  | —              |
| PIK interest added to principal balance                         | 122                | 106            |
| Conversion to Series D-1 redeemable convertible preferred stock | (3,906)            | —              |
| Net carrying amount   | <u>\$ —</u>        | <u>\$3,890</u> |

Interest expense related to the convertible notes was as follows (in thousands):

|   | As of December 31, |              |              |
|---|--------------------|--------------|--------------|
|   | 2022               | 2021         | 2020         |
| Amortization of debt discount . . . . .   | \$—                | \$281        | \$235        |
| PIK interest . . . . .                    | 16                 | 74           | 32           |
| Total non-cash interest expense . . . . . | <u>\$ 16</u>       | <u>\$355</u> | <u>\$267</u> |

### *2021-A Convertible Notes*

In 2020, the Company issued a series of convertible notes (“2021-A Convertible Notes”) for \$4.3 million in proceeds, with immaterial debt issuance costs, and which are due and payable on demand by the holders after February 2022. The holders are existing investors and are not expected to demand cash settlement, as the Company expects to raise additional preferred financing under which the notes will convert into preferred shares. The notes carry simple interest of 2.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enables the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of \$0.6 million as a discount on the convertible notes face amount. The debt discount is amortized to interest expense at a weighted-average effective interest rate of 18.1% through the maturity dates of the notes.

The fair value of the share-settled redemption feature was determined in accordance with the methodology described in Note 8 – Fair Value Measurements, and the changes in fair value were recognized as a component of other income (expense), net in the consolidated statements of operations and comprehensive loss. The Company recorded zero and \$0.2 million and in expense during the year ended December 31, 2022 and December 31, 2021, respectively, related to the change in the fair value of the convertible notes

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embedded derivative liability. The convertible notes were carried on the consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company's Series D Preferred Stock issuance, the 2021-A Convertible Notes converted into 869,640 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of \$0.8 million in other income (expense), net on the consolidated statements of operations and comprehensive loss.

The net carrying amount of the convertible notes was as follows (in thousands):

|   | As of December 31, |                |
|---|--------------------|----------------|
|   | 2022               | 2021           |
| Principal   | \$ 4,250           | \$4,250        |
| Unamortized debt discount                                       | —                  | (112)          |
| PIK interest added to principal balance                         | 74                 | 57             |
| Conversion to Series D-1 redeemable convertible preferred stock | (4,324)            | —              |
| Net carrying amount   | <u>\$ —</u>        | <u>\$4,195</u> |

Interest expense related to the convertible notes was as follows (in thousands):

|   | As of December 31, |              |            |
|---|--------------------|--------------|------------|
|   | 2022               | 2021         | 2020       |
| Amortization of debt discount . . . . .   | \$112              | \$454        | \$—        |
| PIK interest . . . . .                    | 17                 | 57           | —          |
| Total non-cash interest expense . . . . . | <u>\$129</u>       | <u>\$511</u> | <u>\$—</u> |

As part of the 2021-A Convertible Notes financing, the Company entered into an additional convertible note with an existing investor for \$0.5 million. The note carries PIK interest of 3.0% and is due and payable on demand at any time after June 30, 2021. The note contains an embedded conversion feature, which allows the holder to convert the note into a fixed number of shares of Series C-1 preferred stock at any time after

June 30, 2021. The Company concluded the conversion feature is not required to be bifurcated as an embedded derivative liability, and the note is carried at its principal plus accrued PIK interest.

The net carrying amount of the 2021-A convertible note without an embedded derivative liability was as follows (in thousands):

|   | As of December 31, |               |
|---|--------------------|---------------|
|   | 2022               | 2021          |
| Principal                                   | \$ 500             | \$ 500        |
| Unamortized debt discount                   | —                  | —             |
| PIK interest added to principal balance     | 10                 | 10            |
| Repayment of principal and accrued interest | (510)              | —             |
| Net carrying amount                         | <u>\$ —</u>        | <u>\$ 510</u> |

Interest expense related to the note was as follows (in thousands):

|                                 | As of December 31, |              |            |
|---------------------------------|--------------------|--------------|------------|
|                                 | 2022               | 2021         | 2020       |
| Amortization of debt discount   | \$—                | \$—          | \$—        |
| PIK interest                    | —                  | 10           | —          |
| Total non-cash interest expense | <u>\$—</u>         | <u>\$ 10</u> | <u>\$—</u> |

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### *2022 Convertible Notes*

In connection with the Business Combination Agreement, the Company has raised a series of convertible notes (“2022 Convertible Notes”) in November 2022, December 2022, and February 2023 with additional investors, with an aggregate purchase price of \$12.0 million. Additionally, as part of the acquisition of Solaria, the Company assumed a note from an existing investor for its fair value of \$6.7 million. The note contains the same terms as the other 2022 Convertible Notes. The Company did not incur significant issuance costs associated with the 2022 Convertible Notes. The 2022 Convertible Notes will convert to common shares of Complete Solaria, Inc. at the close of the deSPAC transaction. The 2022 Convertible Notes accrue interest at a rate of 5% per annum. Immediately prior to the closing of the expected deSPAC transaction, the 2022 Convertible Notes will be converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2022 Convertible Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement. As of December 31, 2022, the 2022 Convertible Notes have accrued \$0.2 million. The carrying values of \$15.5 million and \$3.4 million are recorded within convertible notes, net due to related parties and convertible notes, net on the consolidated balance sheets, respectively, as of December 31, 2022. As of December 31, 2022, the total estimated fair value of the Company’s 2022 Convertible Notes was \$19.8 million, which was estimated based on Level 3 inputs.

### **SAFE Agreements**

#### *2019 SAFE*

In September 2019, the Company issued the 2019 SAFE for \$0.1 million in proceeds, with immaterial debt issuance costs. No interest was accrued on the 2019 SAFE. The 2019 SAFE contained conversion features that allowed the holder to convert the 2019 SAFE into shares of preferred stock upon the next equity financing, subject to a valuation cap. The 2019 SAFE was reported at fair value in accordance with the methodology described in Note 8 – Fair Value Measurements. The fair value of the 2019 SAFE was \$0.2 million as of December 31, 2021 which is recorded in SAFE Agreements in the accompanying consolidated balance sheets. In March 2022, the Company converted the 2019 SAFE into 48,258 shares of Series D-3 redeemable convertible preferred stock. The Company recognized a gain on the conversion of the 2019 SAFE of less than \$0.1 million in other income (expense), net on the consolidated statements of operations and comprehensive loss.

#### *2021 SAFE*

In December 2021, the Company issued the 2021 SAFE for \$5.0 million in proceeds, with immaterial debt issuance costs. No interest is accrued on the 2021 SAFE. The 2021 SAFE contained conversion features that allowed the holder to convert the 2021 SAFE into shares of preferred stock upon the next equity financing, subject to a valuation cap. The 2021 SAFE was reported at fair value in accordance with the methodology described in Note 8 – Fair Value Measurements. The fair value of the 2021 SAFE was \$6.3 million as of December 31, 2021 which is recorded in SAFE Agreements in the accompanying consolidated balance sheets. In March 2022, the Company converted the 2021 SAFE into 1,005,366 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of the 2021 SAFE of \$1.4 million in other income (expense), net on the consolidated statements of operations and comprehensive loss.

#### *Solaria SAFE*

As part of the acquisition of Solaria (refer to Note 3 – Business Combination) the Company acquired the Solaria SAFEs. The number of shares to be issued upon conversion of the SAFE notes contained various features to convert or redeem the Solaria SAFEs in the event of an equity financing, public offering, change of control or a dissolution event.



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The Company historically elected to account for all of the SAFE notes at estimated fair value pursuant to the fair value option and recorded the change in estimated fair value as other income (expense), net in the consolidated statements of operations and comprehensive loss until the notes are converted or settled. The SAFE notes were amended through the SAFE Assumption Amendment, Assignment and Assumption Agreement on November 4, 2022, as part of the merger with Complete Solar, whereby all the SAFE notes were assumed by Complete Solar. As part of the purchase price accounting discussed in Note 3, the estimated fair value of the SAFE notes was determined to be \$60.5 million. Post consummation of the merger the SAFE notes were converted to 8,171,662 shares of Series D-8 preferred stock as discussed in Note 3.

### **Notes Payable**

#### *Loan and Security Agreement*

In January 2020, the Company entered into a Loan and Security Agreement (the “Loan Agreement”) with Silicon Valley Bank (“SVB”). The Loan Agreement, as amended, provided for a line of credit up to \$7.0 million and has a maturity date of February 2022. Advances under the line of credit bore interest at the greater of 5.25% or the prime rate (as published in the Wall Street Journal) plus 3.5% per annum. All borrowings under the line of credit were to be secured by substantially all of the Company’s assets. As of December 31, 2021, the Company had outstanding borrowings under the line of credit of \$7.0 million.

During 2021, the Company entered into several amendments to the Loan Agreement, and in May and August 2021 in connection with the Fifth and Sixth Amendments, the Company issued warrants to purchase 5,122 shares and 5,229 shares of common stock at exercise prices of \$0.38 per share and \$0.62 per share, respectively. The fair value of the warrants were recorded as deferred issuance costs and amortized to interest expense. As of December 31, 2022 and December 31, 2021, there were no unamortized debt issuance costs.

Under the Loan Agreement, the Company was subject to certain reporting covenants, such as a requirement for the Company’s monthly unaudited financial statements and Compliance Certificate, as well as a financial covenant to maintain a minimum liquidity ratio of 1.75 to 1.00. In 2021, the Loan Agreement was amended to add a new financial covenant, requiring the Company to obtain new equity of at least \$15.0 million by a specified date, which the Company did not meet; however, the default was later waived by SVB. The Company was in compliance with all reporting and financial covenants as of December 31, 2021.

In February 2022, as part of the transaction to raise long-term debt in CS Solis, the Company repaid the principal and accrued interest of the Loan Agreement of \$6.7 million, which terminated the agreement with SVB.

#### *2021 Promissory Notes*

In July 2021, the Company issued a short-term promissory note for \$0.5 million in proceeds, with immaterial debt issuance costs. The promissory note carried simple interest of 2.0% and were due and payable after February 2022. As of December 31, 2021, the carrying value of the promissory note was \$0.5 million and was recorded in Notes Payable in the accompanying consolidated balance sheets. In February 2022, the Company repaid the 2021 Promissory Note, and no amounts remain outstanding as of December 31, 2022.

In October 2021, the Company issued a short-term promissory note for \$2.0 million in proceeds, with immaterial debt issuance costs. The promissory note contained a financing fee of \$0.3 million, which was due and payable along with the principal amount in January 2022. In connection with the promissory note, the Company issued a warrant to purchase 50,000 shares of common stock at an exercise price of \$0.01 per share. The fair value of the warrant was recorded as a debt discount and amortized to interest expense. As of December 31, 2021, the carrying value of the promissory note was \$2.0 million, which was recorded in

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Notes Payable in the accompanying consolidated balance sheets, and the remaining unamortized debt discount was nil. The principal and accrued interest of the note payable was repaid in January 2022, and no amounts remain outstanding as of December 31, 2022.

### *Paycheck Protection Program Loan*

In April 2020 and April 2021, the Company received loans in principal amounts of \$0.9 million and \$0.9 million, respectively, under the Paycheck Protection Program (the “PPP Loans”), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (the “SBA”). The PPP Loans were evidenced by promissory notes and bore interest at 1% with no payments for the first 6 months. The PPP Loans were subject to partial or full forgiveness if the Company used all proceeds for eligible purposes, maintained certain employment levels and maintained certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. In June and October 2021, the principal and accrued interest on the PPP Loans were forgiven.

### *Current Insight Promissory Note*

In January 2021, the Company issued a promissory note for principal of \$0.1 million in connection with the purchase of Current Insight, with immaterial debt issuance costs. The promissory note bears interest at 0.14% per annum and has equal monthly installments due and payable through the maturity date of January 2022. As of December 31, 2021, the carrying value of the promissory note was less than \$0.1 million. The principal and accrued interest was repaid in January 2022 and no amounts remain outstanding as of December 31, 2022.

The following table summarizes the Company’s outstanding notes payable (in thousands):

|   | <u>As of December 31,</u> |                 |
|---|---------------------------|-----------------|
|   | <u>2022</u>               | <u>2021</u>     |
| Loan and Security Agreement                         | \$ —                      | \$ 6,987        |
| 2021 Promissory Notes                               | —                         | 2,500           |
| Current Insight Promissory Note                     | —                         | 20              |
|   | —                         | 9,507           |
| Less: Unamortized debt issuance costs and discounts | —                         | —               |
|   | <u>\$ —</u>               | <u>\$ 9,507</u> |

### *2018 Bridge Notes*

In December 2018, Solaria Corporation issued senior subordinated convertible secured notes (“2018 Notes”) totaling approximately \$3.4 million in exchange for cash. The notes bear interest at the rate of 8% per annum and the investors are entitled to receive twice of the face value of the notes at maturity. The 2018 Notes are secured by substantially all of the assets of Solaria Corporation. In 2021, the 2018 Notes were amended extending the maturity date to December 13, 2022. In connection with the 2021 amendment, Solaria had issued warrants to purchase shares of Series E-1 redeemable convertible preferred stock of Solaria. The warrants were exercisable immediately in whole or in part at and expire on December 13, 2031. As part of the merger with Complete Solar, all the outstanding warrants issued to the lenders were assumed by the parent company, Complete Solaria as discussed in Note 3.

As part of the purchase price accounting discussed in Note 3, the estimated fair value of the 2018 Notes was determined to be \$9.1 million.

In December 2022, the Company entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2022 to December 13, 2023. In connection with the amendment, the notes will continue to bear interest at 8% per annum and are entitled to an increased repayment premium from 110% to 120% of the principal and accrued interest at the time of repayment.

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The Company concluded that the modification was a troubled debt restructuring as the Company was experiencing financial difficulty and the amended terms resulted in a concession to the Company. As the future undiscounted cash payments under the modified terms exceeded the carrying amount of the Solaria 2018 Notes on the date of modification, the modification was accounted for prospectively. The incremental repayment premium is being amortized to interest expense using the effective interest rate method. As of December 31, 2022, the carrying value of the 2018 Notes was \$9.8 million. Interest expense recognized from the date of the acquisition through December 31, 2022 was \$0.7 million. As of December 31, 2022, the total estimated fair value of the Company's 2018 Bridge Notes was \$9.1 million, which was estimated based on Level 3 inputs.

### *SCI Term Loan and Revolver Loan*

In October 2020, Solaria entered into a loan agreement ("Loan Agreement") with Structural Capital Investments III, LP ("SCI").

The Loan Agreement with SCI comprises of two facilities, a term loan (the "Term Loan") and a revolving loan (the "Revolving Loan") (together "Original Agreement") for \$5.0 million each with a maturity date of October 31, 2023. Both the Term Loan and the Revolving Loan were fully drawn upon closing. The Term Loan was repaid prior to the acquisition of Solaria by Complete Solar and was not included in the business combination.

The Revolving Loan also has a term of thirty-six months, principal repayments at the end of the term and an annual interest rate of 7.75% or Prime rate plus 4.5%, whichever is higher. The Loan Agreement required the Company to meet certain financial covenants relating to maintenance of specified restricted cash balance, achieving specified revenue target and maintaining specified contribution margin ("Financial covenants") over the term of each of the Revolving Loan. The Revolving Loan is collateralized substantially by all assets and property of the Company.

In the years ended December 31, 2022 and December 31, 2021, Solaria entered into several Amended and Restated Loan and Security Agreements as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original Agreement. As a result of these amendment changes were made to the financial covenants and Solaria recorded a total of \$1.9 million amendment fees in Other Liabilities and was included in the acquired liabilities for purchase price accounting.

Solaria had historically issued warrants to purchase shares of Series E-1 redeemable convertible preferred stock of Solaria ("SCI Series E-1 warrants"). The warrants were fully exercisable in whole or in part at any time during the term of the Original agreement. As part of the merger with Complete Solar, all the outstanding SCI Series E-1 warrants were assumed by the parent company, Complete Solaria as discussed in Note 3.

The Revolving loan outstanding on the date of merger was fair valued at \$5.0 million for the purpose of purchase price accounting discussed in Note 3. The revolving loan principal balance at December 31, 2022 amounted to \$5.0 million and is due on October 2023. Interest expense recognized from the date of merger to December 31, 2022 amounted to \$0.1 million. The Company was in compliance with all the covenants as of December 31, 2022. As of December 31, 2022, the fair value of the Revolving Loan approximates its carrying value.

### *Secured Credit Facility*

In December 2022, the Company entered into a secured credit facility agreement with Kline Hill Partners IV SPV LLC and Kline Hill Partners Opportunity IV SPV LLC. The secured credit facility agreement matures in April 2023, which allows the Company to borrow up to 70% of the net amount of its eligible vendor purchase orders with a maximum amount of \$10.0 million at any point in time. The purchase orders are backed by relevant customer sales orders which serves as a collateral. The amounts drawn under the secured credit facility may be reborrowed provided that the aggregate borrowing does not exceed \$20.0 million. The

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repayment under the secured credit facility is the borrowed amount multiplied by 1.15x if repaid within 75 days and borrowed amount multiplied by 1.175x if repaid after 75 days. The Company may prepay any borrowed amount without premium or penalty.

In December 2022, the Company borrowed an amount of \$5.5 million against the secured credit facility. In February 2023, the Company made a repayment of \$6.3 million which included aggregate financing cost amounting to \$0.8 million. At December 31, 2022, the outstanding net Debt amounted to \$5.6 million, including accrued financing cost of \$0.1 million. As of December 31, 2022, the fair value of the Secured Credit Facility approximates its carrying value.

### **Long-term debt in CS Solis**

As described above, as part of the reorganization in February 2022 of the Company, the Company received an investment from CRSEF. The investment was made pursuant to a subscription agreement, under which Carlyle contributed \$25.6 million in exchange for 100 Class B Membership Units of CS Solis and the Company contributed the net assets of Complete Solar, Inc. in exchange for 100 Class A Membership. The Class B Membership Units are mandatorily redeemable by the Company on the three-year anniversary of the effective date of the CS Solis amended and restated LLC agreement (February 14, 2025). The Class B Membership Units accrue interest that is payable upon redemption at a rate of 10.5% (which is structured as a dividend payable based on 25% of the investment amount measured quarterly), compounded annually, and subject to increases in the event the Company declares any dividends. In connection with the investment, the Company issued a warrant to purchase 5,978,960 shares of the Company's common stock at a price of \$0.01 per share, of which, 4,132,513 shares are immediately exercisable. The Company has accounted for the mandatorily redeemable investment from Carlyle in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and has recorded the investment as a liability, which is accreted to its redemption value under the effective interest method. The Company has recorded the warrants as a discount to the liability. Refer to Note 11 – Common Stock, for further discussion of the warrants issued in connection with the Class B Membership Units. As of December 31, 2022, the Company has recorded a liability of \$25.2 million included in long-term debt in CS Solis on the consolidated balance sheets. For the year ended December 31, 2022, the Company has recorded accretion of the liability as interest expense of \$2.4 million, and the Company has recorded the amortization of issuance costs as interest expense of \$1.2 million. As of December 31, 2022, the total estimated fair value of the Company's 2018 long-term debt in CS Solis was \$24.0 million, which was estimated based on Level 3 inputs.

## **(14) Stock-Based Compensation**

In 2011, the Company's Board of Directors and stockholders approved the adoption of the 2011 Stock Plan (the "2011 Plan"). The 2011 Plan provides for the granting of incentive stock options, nonstatutory stock options, and restricted stock to employees, non-employee directors, and consultants of the Company. Options may be granted at a price per share not less than 100% of the fair market value at date of grant. If an incentive stock option is granted to a 10% stockholder, then the purchase or exercise price per share shall not be less than 110% of the fair market value per share of common stock on the grant date. Options granted under the 2011 Plan continue to vest until the last day of employment and generally vest over four years and expire 10 years from the date of grant. A total of 5,374,616 shares of common stock was reserved for the 2011 Plan, as amended, as of December 31, 2022 and December 31, 2021.

In 2021, the Company's Board of Directors and stockholders approved the adoption of the 2021 Stock Plan (the "2021 Plan"). The 2021 Plan provides for the granting of incentive stock options, nonstatutory stock options, and restricted stock to employees, non-employee directors, and consultants of the Company. Options may be granted at a price per share not less than 100% of the fair market value at date of grant. If an incentive stock option is granted to a 10% stockholder, then the purchase or exercise price per share shall not be less than 110% of the fair market value per share of common stock on the grant date. Options granted under the 2021 Plan continue to vest until the last day of employment and generally vest over four years and

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expire 10 years from the date of grant. A total of 500,000 shares of common stock was initially reserved for the 2021 Plan. Any shares of common stock that would have otherwise been returned to the Company's 2011 Plan as a result of forfeiture, expiration, cancellation, termination or net issuances of awards thereunder shall be returned to the share reserve under the 2021 Plan.

In 2022, the Company's Board of Directors and stockholders approved the adoption of the 2022 Stock Plan (the "2022 Plan"). The 2022 Plan provides for the granting of incentive stock options, nonstatutory stock options, and restricted stock to employees, non-employee directors, and consultants of the Company. Options may be granted at a price per share not less than 100% of the fair market value at date of grant. If an incentive stock option is granted to a 10% stockholder, then the purchase or exercise price per share shall not be less than 110% of the fair market value per share of common stock on the grant date. Options granted under the 2022 Plan continue to vest until the last day of employment and generally vest over four years and expire 10 years from the date of grant. A total of 6,677,960 shares of common stock was initially reserved for the 2022 Plan. Any shares of common stock that would have otherwise been returned to the Company's 2011 Plan and 2021 Plan as a result of forfeiture, expiration, cancellation, termination or net issuances of awards thereunder shall be returned to the share reserve under the 2022 Plan. The 2011 Plan, 2021 Plan, and 2022 Plan are collectively referred to as the "Plans" in the notes to the financial statements, unless otherwise noted.

A summary of stock option activity for the years ended December 31, 2022 and December 31, 2021 under the Plans is as follows:

|   | Options outstanding |   |  | Aggregate intrinsic value<br>(in thousands) |
|---|---------------------|---|--|---|
|   | Number of shares    | Weighted average exercise price per share | Weighted average contractual term (in years) |   |
| Outstanding—January 1, 2021                   | 4,076,010           | \$ 0.28                                   | 7.87   | \$ 1,044                                    |
| Options granted                               | 439,851             | 0.43                                      |  |   |
| Options exercised                             | (15,000)            | 0.40                                      |  |   |
| Options canceled                              | (79,333)            | 0.30                                      |  |   |
| Outstanding—December 31, 2021                 | 4,421,528           | \$ 0.30                                   | 6.99   | \$ 2,263                                    |
| Options granted                               | 6,394,531           | 3.60                                      |  |   |
| Options exercised                             | (335,496)           | 0.23                                      |  |   |
| Options canceled                              | (189,196)           | 0.40                                      |  |   |
| Outstanding—December 31, 2022                 | 10,291,367          | \$ 2.35                                   | 6.99   | \$ 34,180                                   |
| Vested and expected to vest—December 31, 2022 | 10,291,367          | \$ 2.35                                   | 6.99   | \$ 34,180                                   |
| Vested and exercisable—December 31, 2022      | 5,786,854           | \$ 2.10                                   | 6.29   | \$ 22,204                                   |

The weighted-average grant-date fair value of options granted for the years ended December 31, 2022 and December 31, 2021, was \$3.86 per share and \$0.35 per share, respectively. The total fair value of options vested for the years ended December 31, 2022 and December 31, 2021, was \$10.5 million and \$0.2 million, respectively. The aggregate intrinsic value of options exercised for the years ended December 31, 2022 and December 31, 2021, was \$0.2 million and less than \$0.1 million, respectively.

### Determination of Fair Value

The Company estimates grant-date fair value of stock options using the Black-Scholes-Merton option-pricing model. The determination of the fair value of each stock award using this option-pricing model is affected by the Company's assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards. Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award.

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The following assumptions were used to calculate the fair value of stock-based compensation:

|                         | Years Ended December 31, |                 |
|-------------------------|--------------------------|-----------------|
|                         | 2022                     | 2021            |
| Expected term           | 1.0 – 7.5 years          | 5.0 – 6.1 years |
| Expected volatility     | 60.0% – 78.5%            | 52.6% – 56.7%   |
| Risk-free interest rate | 3.4% – 4.8%              | 0.8% – 1.3%     |
| Expected dividends      | 0.0%                     | 0.0%            |

*Expected term* — The Company has opted to use the “simplified method” for estimating the expected term of options, whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the option (generally 10 years).

*Expected volatility* — Due to the Company’s limited operating history and a lack of company specific historical and implied volatility data, the Company has based its estimate of expected volatility on the historical volatility of a group of peer companies that are publicly traded. The historical volatility data was computed using the daily closing prices for the selected companies’ shares during the equivalent period of the calculated expected term of the stock-based awards.

*Risk-free interest rate* — The risk-free rate assumption is based on U.S. Treasury instruments with maturities similar to the expected term of the Company’s stock options.

*Expected dividends* — The Company has not issued any dividends in its history and does not expect to issue dividends over the life of the options and therefore has estimated the dividend yield to be zero.

*Fair value of common stock* — The fair value of the shares of common stock underlying the stock-based awards has historically been determined by the Board of Directors, with input from management. Because there has been no public market for the Company’s common stock, the Board of Directors has determined the fair value of the common stock on the grant-date of the stock-based award by considering a number of objective and subjective factors. Such factors include a valuation of the Company’s common stock performed by an unrelated third-party specialist, valuations of comparable companies, sales of the Company’s redeemable convertible preferred stock to unrelated third-parties, operating and financial performance, the lack of liquidity of the Company’s capital stock, as well as general and industry-specific economic outlooks. For financial reporting purposes, the Company considers the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation or a straight-line interpolation between the two valuation dates. The determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date.

### **Stock-based compensation expense**

The following table summarizes stock-based compensation expense and its allocation within the accompanying consolidated statements of operations and comprehensive loss (in thousands):

|  | Years Ended December 31, |        |        |
|--|--------------------------|--------|--------|
|  | 2022                     | 2021   | 2020   |
| Cost of revenues                       | \$ 22                    | \$ 19  | \$ 8   |
| Sales and marketing                    | 232                      | 68     | 37     |
| General and administrative             | 649                      | 113    | 64     |
| Total stock-based compensation expense | \$ 903                   | \$ 200 | \$ 109 |

As of December 31, 2022 there was a total of \$14.1 million of unrecognized stock-based compensation costs related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.2 years.

**(15) Commitments and Contingencies****Operating Leases**

The Company leases its facilities under non-cancelable operating lease agreements. The Company's leases have remaining terms of 0.3 years to 3.8 years. Options to renew or extend leases beyond their initial term have been excluded from measurement of the ROU assets and lease liabilities as exercise is not reasonably certain. Operating leases are reflected on the consolidated balance sheets within operating lease ROU assets and the related current and non-current operating lease liabilities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from lease agreement. Operating lease ROU assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the terms. Variable lease costs such as common area maintenance, property taxes and insurance are expensed as incurred. Variable lease cost was \$0.2 million for the year ended December 31, 2022 and immaterial for the year ended December 31, 2021. Total operating lease expense for the years ended December 31, 2022 and December 31, 2021 was \$0.7 million and \$0.4 million, respectively.

The Company made \$1.0 million and \$0.4 million of cash payments related to operating leases during the years ended December 31, 2022 and December 31, 2021, respectively. New operating lease right-of-use assets obtained in exchange for operating lease liabilities were \$1.9 million and \$1.2 million during the years ended December 31, 2022 and December 31, 2021, respectively, including the impact of adopting ASC 842. On the date of adoption, January 1, 2021, the Company recognized right-of-use assets of approximately \$1.1 million and lease liabilities of approximately \$1.2 million, of which \$0.4 million was included in accrued and other current liabilities and \$0.8 million was included in operating lease liabilities, net of current portion on the consolidated balance sheets.

The weighted average remaining lease term and the discount rate for the Company's operating leases are as follows:

|  | December 31, 2022 |
|--|-------------------|
| Remaining average remaining lease term (years) | 3.24              |
| Weighted average discount rate                 | 14.47%            |

Future minimum lease payments under non-cancelable operating leases, and future payments under the Lease Termination Agreement, as of December 31, 2022 are as follows (in thousands):

|  |                |
|--|----------------|
| 2023   | \$1,048        |
| 2024   | 743            |
| 2025   | 592            |
| 2026   | 477            |
| 2027 and thereafter                          | —              |
| Total undiscounted liabilities               | <u>2,860</u>   |
| Less imputed interest                        | <u>(628)</u>   |
| Present value of operation lease liabilities | <u>\$2,232</u> |

**Accounting under ASC 840**

Prior to the adoption of ASC 842, rent expense on operating leases was recognized on a straight-line basis over the term of the lease. In addition, certain of the Company's operating lease agreements for facilities also include rent escalations or rent abatements during the initial lease term. The Company recorded the rent escalations as deferred rent, net of current portion on the accompanying balance sheets. The Company recognized the deferred rent liability on a straight-line basis into rent expense over the lease term

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commencing on the date the Company took possession of the leased space. Rent expense was \$0.3 million for the year ended December 31, 2020.

### **Warranty Provision**

The Company accrues warranty costs when revenue is recognized for solar energy systems sales and panel sales, based on the estimated future costs of meeting its warranty obligations. Warranty costs primarily consist of replacement materials and equipment and labor costs for service personnel.

Activity by period relating to the Company's warranty provision was as follows:

|  | Years Ended December 31, |         |         |
|--|--------------------------|---------|---------|
|  | 2022                     | 2021    | 2020    |
| Warranty provision, beginning of period      | \$ 2,281                 | \$1,652 | \$1,816 |
| Warranty liability from business combination | 1,943                    |         |         |
| Accruals for new warranties issued           | 1,492                    | 1,516   | 607     |
| Settlements                                  | (1,735)                  | (887)   | (771)   |
| Warranty provision, end of period            | \$ 3,981                 | \$2,281 | \$1,652 |
| Warranty provision, current                  | \$ 767                   | \$ 600  | \$ 497  |
| Warranty provision, noncurrent               | \$ 3,214                 | \$1,681 | \$1,155 |

### **Indemnification Agreements**

From time to time, in its normal course of business, the Company may indemnify other parties, with which it enters into contractual relationships, including customers, lessors, and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from breach of representation, covenant or third-party infringement claims. It may not be possible to determine the maximum potential amount of liability under such indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, there have been no such indemnification claims. In the opinion of management, any liabilities resulting from these agreements will not have a material adverse effect on the business, financial position, results of operations, or cash flows.

### **Legal Matters**

The Company is a party to various legal proceedings and claims which arise in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the reasonably possible loss. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Legal costs are expensed as incurred. Although claims are inherently unpredictable, the Company is not aware of any matters that have a material adverse effect on the business, financial position, results of operations, or cash flows. The Company has recorded \$1.9 million and \$0.2 million as a loss contingency in accrued expenses and other current liabilities on the consolidated balance sheets as of December 31, 2022 and December 31, 2021, respectively, primarily associated with the pending settlement of the following legal matters.

### **Katerra Litigation**

On July 22, 2022, Katerra, Inc. filed a complaint for breach of contract and turnover of property under Section 542(b) of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. The complaint seeks damages for the amounts due under the Settlement Agreement and for attorney's fees. The Company filed an answer to the complaint on September 6, 2022. No discovery has occurred.



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### **Vendor Settlement**

On January 10, 2023, a vendor entered into an agreement with the Company to settle past due performance related payments related to various tools. As part of the agreement, the Company agreed to pay \$0.9 million in three equal installments. The Company paid the first installment on January 12, 2023 and will pay the second and third installments on March 31, 2023 and June 30, 2023, respectively.

### **SolarPark Litigation**

In January 2023, SolarPark Korea Co., LTD (“**SolarPark**”) demanded approximately \$80.0 million during discussions between the Company and SolarPark. In February 2023, the Company submitted its statement of claim seeking approximately \$26.4 million in damages against SolarPark. The ultimate outcome of this arbitration is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company’s consolidated financial statements as the likelihood of a loss is not probable at this time.

On March 16, 2023, SolarPark filed a complaint against Solaria and the Company in the United States District Court for the Northern District of California. The complaint alleges a civil conspiracy involving misappropriation of trade secrets, defamation, tortious interference with contractual relations, inducement to breach of contract, and violation of California’s Unfair Competition Law. The complaint indicates that SolarPark has suffered in excess of \$220 million in damages. The ultimate outcome of this litigation is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company’s consolidated financial statements as the likelihood of a loss is not probable at this time.

### **Letters of Credit**

The Company had \$3.5 million of outstanding letters of credit related to normal business transactions as of December 31, 2022. These agreements require the Company to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder. As discussed in Note 1, the cash collateral in these restricted cash accounts was \$3.7 million as of December 31, 2022. The Company did not have any outstanding letters of credit as of December 31, 2021.

## **(16) Income Taxes**

The provision for income taxes consisted of the following (in thousands):

|                 | Years Ended December 31, |             |             |
|-----------------|--------------------------|-------------|-------------|
|                 | 2022                     | 2021        | 2020        |
| Current:        |                          |             |             |
| Federal         | \$ —                     | \$ —        | \$ —        |
| State           | 27                       | 3           | 3           |
| Foreign         | —                        | —           | —           |
| Total current   | <u>\$ 27</u>             | <u>\$ 3</u> | <u>\$ 3</u> |
| Deferred:       |                          |             |             |
| Federal         | \$ —                     | \$ —        | \$ —        |
| State           | —                        | —           | —           |
| Foreign         | —                        | —           | —           |
| Total deferred  | <u>—</u>                 | <u>—</u>    | <u>—</u>    |
| Total provision | <u>\$ 27</u>             | <u>\$ 3</u> | <u>\$ 3</u> |

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The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows (in thousands):

|   | Years Ended December 31, |             |             |
|---|--------------------------|-------------|-------------|
|   | 2022                     | 2021        | 2020        |
| Statutory federal income tax                    | \$ (6,184)               | \$ (1,918)  | \$ (1,454)  |
| State income taxes, net of federal tax benefits | (1,207)                  | (353)       | (336)       |
| Stock compensation                              | 64                       | 42          | 22          |
| Non-deductible interest expense                 | 78                       | 689         | 257         |
| Mark to market adjustments                      | 397                      | —           | —           |
| Nondeductible Expenses                          | 279                      | 2           | 4           |
| PPP Loan  | —                        | (368)       | —           |
| Foreign earnings taxed at different rates       | 157                      | —           | —           |
| Other   | (8)                      | —           | —           |
| Valuation allowance                             | 6,451                    | 1,910       | 1,510       |
| Tax Provision                                   | <u>\$ 27</u>             | <u>\$ 4</u> | <u>\$ 3</u> |

Significant components of our deferred tax assets and liabilities are as follows (in thousands):

|                                      | Years Ended December 31, |               |
|--------------------------------------|--------------------------|---------------|
|                                      | 2022                     | 2021          |
| NOL carryforwards                    | \$ 60,710                | \$ 7,931      |
| Credits                              | 195                      | —             |
| Bad debt reserve                     | 1,382                    | 946           |
| Inventory reserve                    | 2,724                    | 680           |
| Warranty reserve                     | 651                      | 631           |
| Revenue warranty                     | 155                      | 111           |
| Interest expense carryover           | 3,445                    | 170           |
| Accrued compensation                 | 678                      | 687           |
| Deferred revenue                     | 195                      | 639           |
| ASC 842 leases                       | 12                       | 17            |
| Assembled workforce                  | —                        | 15            |
| Fixed assets                         | 328                      | —             |
| Capitalized research and development | 509                      | —             |
| Other                                | 2,837                    | 28            |
| Total                                | 73,821                   | 11,855        |
| Valuation allowance                  | (63,737)                 | (11,348)      |
| Net deferred tax assets              | <u>\$ 10,084</u>         | <u>\$ 507</u> |
| <b>Deferred Tax Liabilities</b>      |                          |               |
| Accounting method change             | (18)                     | (38)          |
| Capitalized software                 | (234)                    | (468)         |
| Fixed assets                         | —                        | (1)           |
| Intangibles                          | (9,084)                  | —             |
| Convertible debt                     | (748)                    | —             |
| Refundable and deferred income taxes | <u>\$ —</u>              | <u>\$ —</u>   |

The Company has established a valuation allowance to offset the gross deferred tax assets as of December 31, 2022 and December 31, 2021, due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance balance was \$63.7 million and \$11.3 million for the years ended December 31, 2022 and December 31, 2021, respectively.

In assessing the realizability of deferred income tax assets, the Company considered whether it is more likely than not that some portion or all of its deferred income tax assets will be realized. The ultimate

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realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty surrounding the Company's ability to realize such deferred income tax assets, a full valuation allowance has been established. The valuation allowance increased by \$52.4 million during the year ended December 31, 2022, and \$1.9 million during the year ended December 31, 2021. During 2022 the valuation allowance increased \$45.9 million due to acquired deferred tax assets.

As of December 31, 2022 and 2021, the Company had federal net operating loss carryforwards of approximately \$237.7 million and \$28.0 million and state net operating loss carryforwards of approximately \$157.1 million and \$30.2 million, respectively. Federal net operating losses that will expire between the years 2030 and 2037 total \$114.6 million.

As of December 31, 2022 and 2021, the Company had state research and development credit carryforwards of approximately \$1.6 million and zero, respectively. The credits do not expire.

The utilization of the Company's net operating loss and R&D credit carryforwards may be subject to limitation due to the "change in ownership provisions" under Section 382 of the Internal Revenue Code and similar foreign provisions. Such limitations may result in the expiration of these carryforwards before their utilization. The Company's acquired net operating loss carryforwards have been reduced based on the estimated amount which will be lost due to these limitations.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company's tax years remain open for examination by all tax authorities since inception. The Company is not currently under examination in any tax jurisdictions.

As of December 31, 2022 and 2021, the Company had unrecognized tax benefits of \$1.3 million and zero, respectively. The reversal of the uncertain tax benefits would not affect the Company's effective tax rate to the extent that it continues to maintain a full valuation allowance against its deferred tax assets.

The Company applies the provisions set forth in FASB ASC Topic 740, Income Taxes, to account for the uncertainty in income taxes. In the preparation of income tax returns in federal and state jurisdictions, the Company asserts certain tax positions based on its understanding and interpretation of income tax laws.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

|   | <u>Years Ended December 31,</u> |             |
|---|---------------------------------|-------------|
|   | <u>2022</u>                     | <u>2021</u> |
| Unrecognized tax benefits as of beginning of year | \$ —                            | \$ —        |
| Increases related to prior year tax positions     | 1,335                           | —           |
| Increases related to current year tax positions   | —                               | —           |
| Decreases related to prior year tax positions     | —                               | —           |
| Unrecognized tax benefits as of end of year       | —                               | —           |
|   | <u>\$ 1,335</u>                 | <u>\$ —</u> |

The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the statements of operations and comprehensive loss. Accrued interest and penalties are included as part of income tax payable in the consolidated balance sheets. No accrued interest or penalties have been recorded for year ended December 31, 2022 or December 31, 2021.

The Company has not provided U.S. income or foreign withholding taxes on the undistributed earnings of its foreign subsidiary as of December 31, 2022 and December 31, 2021 because it intends to permanently reinvest such earnings outside of the United States. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will be immaterial, due to the participation exemption put in place under the 2017 Tax Cuts and Jobs Act.

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On March 18, 2020, the Families First Coronavirus Response Act (FFCR Act) and, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) were each enacted in response to the COVID-19 pandemic. The FFCR Act and the CARES Act contain numerous income tax provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company analyzed the provisions of the Act and determined there was no significant impact to its 2022 or 2021 tax provision.

On June 29, 2020, the California Governor signed Assembly Bill 85 (“A.B. 85”) which includes several tax measures, provides for a three-year suspension of the use of net operating losses for medium and large businesses and a three-year cap on the use of business incentive tax credits to offset no more than \$5 million of tax per year. Generally, A.B. 85 suspends the use of net operating losses for taxable years 2020, 2021, and 2022 for taxpayers with taxable income of \$1 million or more. The Company analyzed the provisions of the A.B. 85 and determined there was no significant impact to its 2022 or 2021 tax provision.

On December 27, 2020, the “Consolidated Appropriations Act, 2021” (the “CAA”) was signed into law. The CAA includes provisions meant to clarify and modify certain items put forth in CARES Act, while providing aid to businesses affected by the pandemic. The CAA allows deductions for expenses paid for by Paycheck Protection Program (“PPP”) and Economic Injury Disaster Loan (“EIDL”). The Program, clarifies forgiveness of EIDL advances, and other business provisions. The Company analyzed the provisions of the CAA and determined there was no significant impact to its 2022 and 2021 tax provision.

### (17) Basic and Diluted Net Loss Per Share

The Company uses the two-class method to calculate net loss per share. No dividends were declared or paid for the years ended December 31, 2022 and December 31, 2021. Undistributed earnings for each period are allocated to participating securities, including the redeemable convertible preferred stock, based on the contractual participation rights of the security to share in the current earnings as if all current period earnings had been distributed. As there is no contractual obligation for the redeemable convertible preferred stock to share in losses, the Company’s basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average shares of common stock outstanding during periods with undistributed losses.

The following table sets forth the computation of the Company’s basic and diluted net loss per share attributable to common stockholders for the years ended December 31, 2022, 2021 and 2020 (in thousands, except share and per share amounts):

|  | Years Ended December 31, |            |            |
|--|--------------------------|------------|------------|
|  | 2022                     | 2021       | 2020       |
| <b>Numerator:</b>  |                          |            |            |
| Net loss attributable to common stockholder, basic and diluted           | \$ (29,477)              | \$ (9,282) | \$ (5,682) |
| <b>Denominator:</b>  |                          |            |            |
| Weighted average common shares outstanding, basic and diluted            | 7,907,929                | 4,104,927  | 1,921,106  |
| Net loss per share attributable to common stockholder, basic and diluted | \$ (3.73)                | \$ (2.26)  | \$ (2.96)  |

Basic and diluted net loss per share attributable to common stockholders is the same for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 because the inclusion of potential shares of common stock would have been anti-dilutive for the periods presented.

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The following table presents the potential common shares outstanding that were excluded from the computation of diluted net loss per share of common stock as of the periods presented because including them would have been antidilutive:

|  | As of December 31, |            |            |
|--|--------------------|------------|------------|
|  | 2022               | 2021       | 2020       |
| Convertible preferred stock                                      | 34,311,133         | 16,564,370 | 16,564,370 |
| Stock options issued and outstanding                             | 10,291,367         | 4,421,528  | 4,076,010  |
| Convertible notes  | 3,959,860          | 3,351,317  | 1,682,364  |
| Preferred stock warrants   | 2,386,879          | 1,010,465  | 1,010,465  |
| SAFE agreements  | —                  | 804,988    | 40,503     |
| Common stock warrants  | 89,313             | 10,351     | —          |
| Potential common shares excluded from diluted net loss per share | 51,038,552         | 26,163,019 | 23,373,712 |

### (18) Related Party Transactions

#### *Related Party Convertible Promissory Notes*

In 2020, the Company issued convertible promissory notes (“2020 Convertible Notes”) of approximately \$3.8 million to various investors, out of which \$3.3 million was issued to nine related parties. The related party debt is presented as convertible notes, net in the accompanying consolidated balance sheets, adjusted for deferred interest, allocated debt financing costs and derivative liability recorded as debt discount. The principal amount of the outstanding balance accrued interest at 2.0% per annum.

In 2021, the Company issued convertible promissory notes (“2021 Convertible Notes”) of approximately \$4.8 million to various investors, out of which \$3.6 million was issued to four related parties. The related party debt is presented as convertible notes, net in the accompanying consolidated balance sheets, adjusted for deferred interest, and allocated debt financing costs. The principal amount of the outstanding balance accrued interest at 2.0% per annum.

In March 2022, as part of the Company’s Series D redeemable convertible preferred stock issuance, the Company converted all of the outstanding convertible note series. As part of the conversion, the Company recognized a gain on the extinguishment of related party convertible notes of \$1.4 million, which was recorded in other income (expense), net on the consolidated statements of operations and comprehensive loss.

In October through December 2022, the Company issued convertible promissory notes (“2022 Convertible Notes”) of approximately \$12.0 million to various investors, out of which \$8.6 million was issued to four related parties. Additionally, the Company acquired a related party convertible note, on the same terms as the 2022 Convertible Notes as part of the acquisition of Solaria with a fair value of \$6.7 million at the time of the acquisition. The related party debt is presented as convertible notes, net due to related parties, noncurrent in the accompanying consolidated balance sheets. The principal amount of the outstanding balance on the 2022 Convertible Notes accrues at 5.0%, compounded annually. For the year-ended December 31, 2022, the Company has recognized \$0.2 million in interest expense related to the related party 2022 Convertible Notes.

There were no other material related party transactions during the years ended December 31, 2022, 2021 or 2020.

### (19) Subsequent Events

In preparing the financial statements as of and for the year ended December 31, 2022, the Company evaluated subsequent events for recognition and measurement purposes through April 7, 2023, which is the

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date the financial statements were available to be issued. The Company noted no subsequent events through April 7, 2023 that would materially impact the financial statements, except for the following:

In connection with the Business Combination Agreement, the Company has raised a series of convertible notes (“2023 Convertible Notes”) in January 2023 and February 2023 with additional investors, with an aggregate purchase price of \$11.0 million. The 2023 Convertible Notes will convert to common shares of Complete Solaria, Inc. at the Closing. The 2022 Notes accrue interest at a rate of 5% per annum. Immediately prior to the Closing, the 2023 Convertible Notes will be converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2023 Convertible Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement.

On March 10, 2023, the Federal Deposit Insurance Corporation (“FDIC”) announced the closure of Silicon Valley Bank (“SVB”). On March 13, 2023, pursuant to a joint statement released by the U.S. Department of the Treasury, the U.S. Federal Reserve, and the FDIC, the U.S. government reassured that all depositors will be fully protected. As of the date the accompanying consolidated financial statements were issued, the Company has transferred substantially all of its cash out of SVB to other financial institutions. The Company does not currently anticipate any disruption to its ongoing operations.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Balance Sheets**  
*(in thousands except share and per share data)*

|   | April 2,<br>2023  | December 31,<br>2022 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 3,349          | \$ 4,409             |
| Accounts receivable, net of allowance for doubtful accounts of \$8,192 and \$5,396 as of April 2, 2023 and December 31, 2022, respectively  | 28,139            | 27,717               |
| Inventories   | 6,955             | 13,059               |
| Prepaid expenses and other current assets   | 12,035            | 10,071               |
| Total current assets  | <u>50,478</u>     | <u>55,256</u>        |
| Restricted cash   | 3,758             | 3,907                |
| Property and equipment, net   | 3,706             | 3,476                |
| Operating lease right-of-use assets   | 1,934             | 2,182                |
| Intangible assets, net  | 41,859            | 42,610               |
| Goodwill  | 119,422           | 119,422              |
| Other noncurrent assets   | 2,177             | 1,330                |
| Total assets  | <u>\$ 223,334</u> | <u>\$ 228,183</u>    |
| <b>Liabilities, mezzanine equity and stockholders' deficit</b>  |                   |                      |
| Current liabilities   |                   |                      |
| Accounts payable  | \$ 17,183         | \$ 14,474            |
| Accrued expenses and other current liabilities  | 18,643            | 19,830               |
| Notes payable, net  | 25,496            | 20,403               |
| Deferred revenue  | 4,257             | 5,407                |
| Total current liabilities   | <u>65,579</u>     | <u>60,114</u>        |
| Warranty provision, noncurrent  | 3,338             | 3,214                |
| Redeemable convertible preferred stock warrant liability  | 13,943            | 14,152               |
| Long-term debt with CS Solis  | 26,290            | 25,204               |
| Convertible notes, net, noncurrent  | 14,560            | 3,434                |
| Convertible notes due related parties, noncurrent   | 15,703            | 15,510               |
| Operating lease liabilities, net of current portion   | 1,076             | 1,274                |
| Total liabilities   | <u>140,489</u>    | <u>122,902</u>       |
| Commitments and contingencies (Note 14)   |                   |                      |
| Redeemable convertible preferred stock:   |                   |                      |
| Redeemable convertible preferred stock, \$0.0001 par value. Authorized 36,698,015 shares as of April 2, 2023 and December 31, 2022, respectively; issued and outstanding 34,311,133 shares as of April 2, 2023 and December 31, 2022, respectively; liquidation preference of \$158,007 as of April 2, 2023 and December 31, 2022, respectively | 155,630           | 155,630              |
| Total redeemable convertible preferred stock  | <u>155,630</u>    | <u>155,630</u>       |
| Stockholders' deficit:  |                   |                      |
| Common stock, \$0.0001 par value. Authorized 60,000,000 shares as of April 2, 2023 and December 31, 2022, respectively; issued and outstanding 7,097,070 and 6,959,618 shares as of April 2, 2023 and December 31, 2022, respectively   | —                 | —                    |
| Additional paid-in capital  | 36,074            | 34,997               |
| Accumulated other comprehensive income  | 28                | 27                   |
| Accumulated deficit   | <u>(108,887)</u>  | <u>(85,373)</u>      |
| Total stockholders' deficit   | <u>(72,785)</u>   | <u>(50,349)</u>      |
| Total liabilities, mezzanine equity and stockholders' deficit   | <u>\$ 223,334</u> | <u>\$ 228,183</u>    |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss**  
*(in thousands except share and per share data)*

|   | <b>Thirteen<br/>Weeks<br/>Ended</b> | <b>Three<br/>Months<br/>Ended</b> |
|---|-------------------------------------|-----------------------------------|
|   | <b>April 2,<br/>2023</b>            | <b>March 31,<br/>2022</b>         |
| Product revenues  | \$ 18,721                           | \$ —                              |
| Service revenues  | 16,677                              | 20,302                            |
| Total revenues  | 35,398                              | 20,302                            |
| Cost of product revenues  | 19,489                              | —                                 |
| Cost of service revenues  | 13,818                              | 13,410                            |
| Total cost of revenues  | 33,307                              | 13,410                            |
| Gross profit  | 2,091                               | 6,892                             |
| Operating expenses:   |                                     |                                   |
| Sales commissions   | 5,677                               | 7,114                             |
| Sales and marketing   | 3,549                               | 1,470                             |
| General and administrative  | 13,098                              | 2,012                             |
| Operating expenses  | 22,324                              | 10,596                            |
| Loss from operations  | (20,233)                            | (3,704)                           |
| Interest expense <sup>1</sup>   | (3,611)                             | (706)                             |
| Interest income   | 8                                   | —                                 |
| Other income (expense), net <sup>2</sup>  | 317                                 | 3,205                             |
| Loss before income taxes  | (23,519)                            | (1,205)                           |
| Income tax benefit (provision)  | 5                                   | (1)                               |
| Net loss  | \$ (23,514)                         | \$ (1,206)                        |
| Comprehensive income (loss):  |                                     |                                   |
| Foreign currency translation adjustment   | \$ 1                                | \$ —                              |
| Comprehensive loss (net of tax)   | \$ (23,513)                         | \$ (1,206)                        |
| Net loss attributable per share attributable to common stockholders, basic and diluted                            | \$ (2.72)                           | \$ (0.19)                         |
| Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted | 8,656,515                           | 6,260,086                         |

1. Includes interest expense to related parties of \$0.2 million and \$0.1 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.
2. Other income (expense), net includes other income from related parties of zero and \$1.4 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit**  
*(in thousands except number of shares)*

|   | Redeemable Convertible Preferred Stock |                  | Common Stock     |             | Additional Paid-in-Capital | Accumulated Deficit | Accumulated Other Comprehensive Income/(Loss) | Total Stockholders' Deficit |
|---|--|------------------|------------------|-------------|----------------------------|---------------------|---|-----------------------------|
|   | Shares                                 | Amount           | Shares           | Amount      |                            |                     |   |                             |
| <b>Balance as of January 1, 2022</b>  | 16,564,370                             | \$ 31,401        | 3,739,572        | \$ —        | \$ 3,105                   | \$ (55,896)         | \$ —  | \$ (52,791)                 |
| Issuance of Series D-1, D-2, and D-3 redeemable convertible preferred stock upon conversion of convertible notes and SAFEs <sup>(1)</sup> | 2,771,551                              | 11,558           | —                | —           | —                          | —                   | —   | —                           |
| Issuance of common stock warrants   | —                                      | —                | —                | —           | 3,447                      | —                   | —   | 3,447                       |
| Stock-based compensation  | —                                      | —                | —                | —           | 48                         | —                   | —   | 48                          |
| Net loss  | —                                      | —                | —                | —           | —                          | (1,206)             | —   | (1,206)                     |
| <b>Balance as of March 31, 2022</b>   | <u>19,335,921</u>                      | <u>\$ 42,959</u> | <u>3,739,572</u> | <u>\$ —</u> | <u>\$ 6,600</u>            | <u>\$ (57,102)</u>  | <u>\$ —</u>                                   | <u>\$ (50,502)</u>          |
| <b>Balance as of January 1, 2023</b>  | 34,311,133                             | \$155,630        | 6,959,618        | \$ —        | \$ 34,997                  | \$ (85,373)         | \$ 27   | \$ (50,349)                 |
| Exercise of common stock options  | —                                      | —                | 137,452          | —           | 55                         | —                   | —   | 55                          |
| Stock-based compensation  | —                                      | —                | —                | —           | 1,022                      | —                   | —   | 1,022                       |
| Foreign currency translation  | —                                      | —                | —                | —           | —                          | —                   | 1   | 1                           |
| Net loss  | —                                      | —                | —                | —           | —                          | (23,514)            | —   | (23,514)                    |
| <b>Balance as of April 2, 2023</b>  | <u>34,311,133</u>                      | <u>\$155,630</u> | <u>7,097,070</u> | <u>\$ —</u> | <u>\$ 36,074</u>           | <u>\$ (108,887)</u> | <u>\$ 28</u>                                  | <u>\$ (72,785)</u>          |

(1) Includes 1,315,287 shares of Series D-1 redeemable convertible preferred stock with a carrying value of \$6.3 million, issued to related parties.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**COMPLETE SOLARIA, INC. AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
*(in thousands except number of shares)*

|  | <b>Thirteen<br/>Weeks Ended<br/>April 2, 2023</b> | <b>Three<br/>Months Ended<br/>March 31, 2022</b> |
|--|---|--|
| <b>Cash flows from operating activities</b>  |   |  |
| Net loss   | \$ (23,514)                                       | \$ (1,206)                                       |
| Adjustments to reconcile net loss to net cash used in operating activities:  |   |  |
| Non-cash interest expense <sup>(1)</sup>   | 1,248   | 303  |
| Gain on extinguishment of convertible notes and SAFEs <sup>(2)</sup>   | —   | (3,235)  |
| Stock-based compensation expense   | 1,022   | 48   |
| Provision for doubtful accounts  | 2,795   | 306  |
| Change in reserve for excess and obsolete inventory  | 791   | 2,092  |
| Depreciation and amortization  | 1,008   | 143  |
| Change in fair value of redeemable convertible preferred stock warrant liability   | (209)   | 116  |
| Accretion of long-term debt in CS Solis  | 752   | 336  |
| Non-cash lease expense   | 248   | 90   |
| Changes in operating assets and liabilities:   |   |  |
| Accounts receivable, net   | (3,218)   | (3,271)  |
| Inventories  | 5,313   | (2,031)  |
| Prepaid expenses and other current assets  | (1,964)   | 1,772  |
| Accounts payable   | 2,709   | (619)  |
| Accrued expenses and other current liabilities   | (1,149)   | (1,734)  |
| Other noncurrent assets  | (848)   | 20   |
| Operating lease right-of-use assets and lease liabilities  | (212)   | (106)  |
| Warranty provision, noncurrent   | 100   | (53)   |
| Deferred revenue   | (1,150)   | (417)  |
| Net cash used in operating activities  | <u>(16,278)</u>                                   | <u>(7,446)</u>                                   |
| <b>Cash flows from investing activities</b>  |   |  |
| Purchase of property and equipment   | (30)  | —  |
| Proceeds from sale of property and equipment   | 1   | —  |
| Capitalization of internal-use software costs  | (457)   | (304)  |
| Net cash used in investing activities  | <u>(486)</u>                                      | <u>(304)</u>                                     |
| <b>Cash flows from financing activities</b>  |   |  |
| Proceeds from exercise of common stock options   | 55  | —  |
| Proceeds from issuance of convertible notes, net of issuance cost  | 11,000  | —  |
| Proceeds from issuance of notes payable, net   | 14,102  | —  |
| Proceeds from issuance of long-term debt with CS Solis, net of issuance cost   | —   | 25,000   |
| Principal repayment of notes payable   | (9,603)   | (9,507)  |
| Repayment of convertible notes to related parties  | —   | (500)  |
| Net cash provided by financing activities  | <u>15,554</u>                                     | <u>14,993</u>                                    |
| Effect of exchange rate changes  | 1   | —  |
| Net increase (decrease) in cash, cash equivalents, and restricted cash   | (1,209)   | 7,243  |
| Cash, cash equivalents, and restricted cash at beginning of period   | 8,316   | 5,276  |
| Cash, cash equivalents, and restricted cash at end of period   | <u>\$ 7,107</u>                                   | <u>\$ 12,519</u>                                 |
| <b>Supplemental disclosures of cash flow information:</b>  |   |  |
| Cash paid during the year for interest   | <u>1,608</u>                                      | <u>52</u>  |
| <b>Supplemental schedule of noncash investing and financing activities:</b>  |   |  |
| Issuance of common stock warrants  | —   | 3,447  |
| Issuance of Series D-1, D-2 and D-3 redeemable convertible preferred stock upon conversion of convertible debt, net of issuance costs of \$1,431 | —   | 11,558   |

- (1) Non-cash interest expense to related parties of \$0.2 million and \$0.1 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.
- (2) Gain on extinguishment of convertible notes and SAFEs includes other income from related parties of zero and \$1.4 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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### **(1) Organization**

#### **(a) Description of Business**

Complete Solaria, Inc. (the “Company” or “Complete Solaria”) is a residential solar installer and seller of solar modules, which was formed through Complete Solar Holding Corporation’s acquisition of The Solaria Corporation (“Solaria”).

Complete Solar, Inc. (“Complete Solar”) was incorporated in Delaware on February 22, 2010, and is headquartered in San Ramon, California. Through February 2022, the Company operated as a single legal entity as Complete Solar, Inc. In February 2022, the Company implemented a holding company reorganization (the “Reorganization”) in which the Company created and incorporated Complete Solar Holding Company (“Complete Solar Holdings”). As a result of the Reorganization, Complete Solar Holdings became the successor entity to Complete Solar, Inc. The capitalization structure was not changed because of the Reorganization as all shares of Complete Solar, Inc common stock and preferred stock were exchanged on a one for one basis with shares of Complete Solar Holdings common stock and preferred stock. The Reorganization was accounted for as a change in reporting entity for entities under common control. The historical assets and liabilities of Complete Solar, Inc. are transferred to Complete Solar Holdings at their carrying value, and there is no change to net income, other comprehensive income, or any related per share amounts reported in the unaudited condensed consolidated financial statements requiring retrospective application.

In November 2022, Complete Solar Holdings acquired Solaria (as described in Note 3—Business Combination) and changed its name to Complete Solaria. Complete Solaria combines two complementary businesses: Solaria, a seller of premium solar modules through a national network of installers, and Complete Solar, a residential solar sales and fulfillment company. Management believes that the combination of these two companies establishes Complete Solaria as a full renewable energy system operator with compelling customer offerings, advanced technology and project fulfillment that enables Complete Solaria to sell more products across more geographies in the United States and Europe.

#### **(b) Liquidity and Going Concern**

Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company incurred net losses of \$23.5 million and \$1.2 million during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively, and had an accumulated deficit of \$108.9 million as of April 2, 2023. The Company had cash and cash equivalents of \$3.3 million as of April 2, 2023. Historically, the Company’s activities have been financed through private placements of equity securities and debt. The Company expects to incur significant operating expenses as it continues to grow its business. The Company believes that its operating losses and negative operating cash flows will continue into the foreseeable future. The Company’s history of recurring losses, negative operating cash flows since inception and the need to raise additional funding to meet its obligations and finance its operations raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern requires that the Company obtains sufficient funding to meet its obligations and finance its operations. In the event the Company does not complete its merger with Freedom Acquisition I Corp., the Company plans to continue to fund its operations and capital funding needs through a combination of private equity offerings, debt financings and other sources. If the Company is not able to secure adequate additional funding when needed, the Company will need to reevaluate its operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs or cease operations entirely. These actions could materially impact the Company’s business, results of operations and future prospects. While the Company has been able to raise multiple rounds of financing, there can be no assurance that in the event the Company requires additional financing, such financing will be available on terms that are favorable, or at all. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending would have a material adverse effect on the Company’s ability to achieve its intended business objectives.

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Therefore, there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. They do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

### **(c) Basis of Presentation of Unaudited Interim Condensed Consolidated Financial Statements**

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions for interim reporting as prescribed by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions are eliminated upon consolidation.

Effective January 1, 2023, the Company changed its fiscal quarters to four thirteen week periods within a standard calendar year. Each annual reporting period begins on January 1 and ends on December 31. Since the fiscal quarter change was made after the end of fiscal 2022, the Company will continue to report prior year financial information based on its prior year fiscal calendar. The Company's financial results for the thirteen weeks ended April 2, 2023 are compared to its results for the three months ended March 31, 2022. The comparison of these two quarters is primarily affected by the difference of two days between the first quarter of fiscal 2023 and first quarter of 2022, which the Company notes is immaterial.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to make the financial statements not misleading have been included. The information included in this report should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2022, as filed with the Securities and Exchange Commission ("SEC") on Form S-4. The condensed consolidated balance sheet as of December 31, 2022, included herein was derived from the audited financial statements as of that date.

Interim financial results are not necessarily indicative of the results that may be expected for any future period.

### **(d) Merger with Freedom**

In October 2022, Freedom Acquisition I Corp. ("Freedom") entered into a business combination agreement, as amended on December 26, 2022 and January 17, 2023 ("Business Combination Agreement") and as amended and restated on May 26, 2023 ("Business Combination Agreement"), with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of Freedom ("First Merger Sub"), Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of Freedom ("Second Merger Sub"), Complete Solar Holding Corporation, a Delaware corporation and Solaria, a Delaware corporation.

At the closing of the transactions contemplated by the Business Combination Agreement (the "Closing"), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended (the "DGCL"), each of the legal entities of Complete Solar and Solaria will merge with merger subsidiaries, with Complete Solar and Solaria being the surviving entities of such transactions and wholly owned subsidiaries of Freedom.

Further at the Closing, all outstanding shares of capital stock of Complete Solaria and all options and warrants to acquire shares of capital stock of Complete Solaria will convert into the right to receive shares of common stock, par value \$0.0001 per share, of Freedom (after domestication, as defined in the Business

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Combination Agreement) (“Freedom Common Stock”) or comparable equity awards that are settled or are exercisable for shares of Freedom Common Stock. Freedom will be renamed Complete Solaria, Inc. at the Closing.

### **(2) Summary of Significant Accounting Policies**

#### **(a) Use of Estimates**

The preparation of the Company’s financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, as well as related disclosure of contingent assets and liabilities. Significant estimates and assumptions made by management include, but are not limited to, the determination of:

- The allocation of the transaction price to identified performance obligations;
- Fair value of redeemable convertible preferred stock warrant liabilities;
- The fair value of assets acquired and liabilities assumed for business combination;
- The reserve methodology for inventory obsolescence;
- The reserve methodology for product warranty;

To the extent that there are material differences between these estimates and actual results, the Company’s financial condition or operating results will be affected.

#### **(b) Supply Chain Constraints and Risk; COVID-19**

The Company relies on a very small number of suppliers of solar energy systems and other equipment. If any of Company’s suppliers was unable or unwilling to provide the Company with contracted quantities in a timely manner at prices, quality levels and volumes acceptable to the Company, the Company would have very limited alternatives for supply, and the Company may not be able find suitable replacements for the Company’s customers, or at all. Such an event could materially adversely affect the Company’s business, prospects, financial condition and results of operations.

The ongoing COVID-19 pandemic has resulted and may continue to result in widespread adverse effects on the global and U.S. economies. Ongoing government and business responses to COVID-19, along with COVID-19 variants and the resurgence of related disruptions, could have a continued material adverse impact on economic and market conditions and trigger a period of continued global and U.S. economic slowdown.

In addition, the global supply chain and the Company’s industry have experienced significant disruptions in recent periods. The Company has seen supply chain challenges and logistics constraints increase, including shortages of panels, inverters, batteries and associated component parts for inverters and solar energy systems available for purchase. In certain cases, this has caused delays in critical equipment and inventory, longer lead times, and has resulted in cost volatility. These shortages and delays can be attributed in part to the COVID-19 pandemic and resulting government action, broader macroeconomic conditions, and have been exacerbated by the ongoing conflict in Russia and Ukraine. While the Company believes that a majority of the Company’s suppliers have secured sufficient supply to permit them to continue delivery and installations through the end of 2023, if these shortages and delays persist into 2024, they could adversely affect the timing of when battery energy storage systems can be delivered and installed, and when (or if) the Company can begin to generate revenue from those systems. In addition, the Company has experienced and is experiencing varying levels of volatility in costs of equipment and labor resulting in part from disruptions caused by general global economic conditions, including inflationary pressures and the COVID-19 pandemic.

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The Company cannot predict the full effects these events will have on the Company's business, cash flows, liquidity, financial condition and results of operations at this time due to numerous uncertainties. In the event the Company is unable to mitigate the impact of delays or price volatility in solar energy systems, raw materials, and freight, it could materially adversely affect the Company's business, prospects, financial condition and results of operations. For additional information on risk factors that could impact the Company's results, please refer to "Risk Factors" located elsewhere in this proxy statement/prospectus.

### (c) **Segment Information**

The Company conducts its business in one operating segment that provides custom solar solutions through a standardized platform to its residential solar providers and companies to facilitate the sale and installation of solar energy systems under a single product group. The Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM"). The CODM allocates resources and makes operating decisions based on financial information presented on a consolidated basis. The profitability of the Company's product group is not a determining factor in allocating resources and the CODM does not evaluate profitability below the level of the consolidated company. All the Company's long-lived assets are maintained in the United States of America.

### (d) **Restricted Cash**

The Company classifies all cash for which usage is limited by contractual provisions as restricted cash. Restricted cash balance as of April 2, 2023 and December 31, 2022, was \$3.8 million and \$3.9 million, respectively. The restricted cash consists of deposits in money market accounts, which is used as cash collateral backing letters of credit related to customs duty authorities' requirements. The Company has presented these balances under restricted cash, as a long term asset, in the unaudited condensed consolidated balance sheets. The Company reconciles cash, cash equivalents, and restricted cash reported in the unaudited condensed consolidated balance sheets that aggregate to the beginning and ending balances shown in the unaudited condensed consolidated statements of cash flows as follows (in thousands):

|   | As of<br>April 2,<br>2023 | As of<br>December 31,<br>2022 |
|---|---------------------------|-------------------------------|
| Cash and cash equivalents                         | \$3,349                   | \$ 4,409                      |
| Restricted cash                                   | 3,758                     | 3,907                         |
| Total cash, cash equivalents, and restricted cash | <u>\$7,107</u>            | <u>\$ 8,316</u>               |

### (e) **Revenue Recognition**

#### **Disaggregation of revenue**

Refer to the table below for the Company's revenue recognized by product and service type (in thousands):

|                                   | Thirteen Weeks<br>Ended<br>April 2, 2023 | Three Months<br>Ended<br>March 31, 2022 |
|-----------------------------------|--|---|
| Solar energy system installations | \$ 15,843                                | \$ 19,728                               |
| Solar panel sales                 | 18,721                                   | —                                       |
| Software enhanced services        | 834                                      | 574                                     |
| Total revenue                     | <u>\$ 35,398</u>                         | <u>\$ 20,302</u>                        |

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Refer to the table below for the Company's revenue recognized by geography based on the location of the customer (in thousands):

|                      | <b>Thirteen Weeks<br/>Ended</b> | <b>Three Months<br/>Ended</b> |
|----------------------|---------------------------------|-------------------------------|
|                      | <b>April 2, 2023</b>            | <b>March 31, 2022</b>         |
| United States        | \$ 32,874                       | \$ 20,302                     |
| Other                | 2,524                           | —                             |
| <b>Total revenue</b> | <b>\$ 35,398</b>                | <b>\$ 20,302</b>              |

### ***Remaining performance obligations***

The Company has elected the practical expedient not to disclose remaining performance obligations for contracts that are less than one year in length. As of April 2, 2023, the Company has deferred \$1.3 million associated with a long-term service contract.

### ***Incremental costs of obtaining customer contracts***

Incremental costs of obtaining customer contracts consist of sales commissions, which are costs paid to third-party vendors who source residential customer contracts for the sale of solar energy systems by the Company. The Company defers sales commissions and recognizes expense in accordance with the timing of the related revenue recognition. Amortization of deferred commissions is recorded as sales commissions in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. As of April 2, 2023 and December 31, 2022, deferred commissions were \$4.4 million and \$2.8 million, respectively, which were included in prepaid expenses and other current assets in the accompanying unaudited condensed consolidated balance sheets.

### ***Deferred revenue***

The Company typically invoices its customers upon completion of set milestones, generally upon installation of the solar energy system with the remaining balance invoiced upon passing final building inspection. Standard payment terms to customers range from 30 to 60 days. When the Company receives consideration, or when such consideration is unconditionally due, from a customer prior to delivering goods or services to the customer under the terms of a customer agreement, the Company records deferred revenue. As installation projects are typically completed within 12-months, the Company's deferred revenue is reflected in current liabilities in the accompanying unaudited condensed consolidated balance sheets. The amount of revenue recognized during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022 that was included in deferred revenue at the beginning of each period was \$5.4 million and \$3.9 million, respectively.

## **(f) Fair Value Measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

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- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued expenses, convertible notes, notes payable, common stock warrants and redeemable convertible preferred stock warrants. The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses, convertible notes and notes payable approximate their fair value because of their short-term nature (classified as level 1).

### **(g) Net Loss Per Share**

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company considers all series of its redeemable convertible preferred stock to be participating securities. Net loss is attributed to common stockholders and participating securities based on their participation rights. Net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of the redeemable convertible preferred stock do not have a contractual obligation to share in any losses.

Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of redeemable convertible preferred stock, stock options, and convertible notes. As the Company has reported losses for all periods presented, all potentially dilutive securities including redeemable convertible preferred stock, stock options, common stock warrants, redeemable convertible preferred stock warrants and convertible notes, are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

### **(h) Recently Adopted Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, *Financial instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequent related ASUs, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for public and private companies' fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, and December 15, 2022, respectively. The Company adopted ASU 2016-13 under the private company transition guidance beginning January 1, 2023. The adoption did not have a material impact on the Company's unaudited condensed consolidated financial statements.

### **(3) Business Combination**

#### *Solaria Acquisition*

On November 4, 2022, the Complete Solar Holdings acquired Solaria for aggregate consideration paid of \$89.1 million, comprising of \$0.1 million in cash, 2,844,550 shares of common stock with an aggregate fair value of \$17.3 million, 6,803,549 shares of preferred stock with an aggregate fair value of \$52.2 million, 78,962 common stock warrants for an aggregate value of \$0.2 million, 1,376,414 preferred stock warrants for an aggregate fair value of \$7.8 million, 5,382,599 stock options with an aggregate fair value of \$10.0 million attributable to services provided prior to the acquisition date, and the payment of seller



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incurred transaction expenses of \$1.5 million. In addition, the Company assumed \$14.1 million of unvested Solaria stock options, which will be recorded as stock-based expense over the remaining service period. Solaria designs, develops, manufactures, and generates revenue from the sale of silicon photovoltaic solar panels and licensing of its technology to third parties. The Company believes that the acquisition of Solaria will establish the Company as a full system operator, with a compelling customer offering with best-in-class technology, financing, and project fulfillment, that will enable the Company to sell more product across more geographies in the United States and Europe. This transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations*.

The fair value of assets acquired and liabilities assumed was based upon a preliminary valuation and the Company's estimates and assumptions are subject to change within the measurement period. The following table summarized the provisional fair value of identifiable assets acquired and liabilities assumed (in thousands):

|   |                  |
|---|------------------|
| Cash, cash equivalents and restricted cash          | \$ 5,402         |
| Accounts receivable                                 | 4,822            |
| Inventories   | 5,354            |
| Prepaid expenses and other current assets           | 8,569            |
| Property and equipment                              | 830              |
| Operating lease right-of-use assets                 | 1,619            |
| Intangible assets                                   | 43,100           |
| Other non-current assets                            | 112              |
| Total identifiable assets acquired                  | <u>69,808</u>    |
| Accounts payable                                    | 4,210            |
| Accrued expenses and other current liabilities      | 11,845           |
| Notes payable                                       | 20,823           |
| Deferred revenue                                    | 73               |
| Operating lease liabilities, net of current portion | 1,132            |
| Warranty provision, noncurrent                      | 1,566            |
| SAFE agreements                                     | 60,470           |
| Total identifiable liabilities assumed              | <u>100,119</u>   |
| Net identifiable liabilities assumed                | 30,311           |
| Goodwill  | <u>119,422</u>   |
| Total aggregate consideration paid                  | <u>\$ 89,111</u> |

Goodwill represents the excess of the preliminary estimated consideration transferred over the fair value of the net tangible and intangible assets acquired and has been allocated to the Company's single reporting unit. Goodwill is primarily attributable to expected post-acquisition synergies from assembled workforce and also from integrating Solaria's products and solutions into the Company's own businesses to provide access to more features and resources and offers incremental revenue opportunities. Goodwill of \$119.4 million is deductible over 15 years for U.S. income tax purposes.

Intangible assets acquired are as follows (in thousands):

|                        |                  |
|------------------------|------------------|
| Trademarks             | \$ 5,700         |
| Developed technology   | 12,700           |
| Customer relationships | 24,700           |
| Total intangible asset | <u>\$ 43,100</u> |

The income approach, using the relief from royalty method, was used to value trademarks and developed technology. Significant assumptions included in the valuation of trademarks and developed technology include projected revenues, the selected royalty rate and the economic life of the underlying asset.

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The income approach, using the multi-period excess earning method, was used to value customer relationships. Significant assumptions included in the valuation of customer relationships include projected revenues, customer attrition and expense growth over the forecasted period.

As a result of the Solaria acquisition, the Company recognized \$45.9 million of deferred tax assets. Due to the uncertainty surrounding the Company's ability to realize such deferred income tax assets, a full valuation allowance has been established.

### Unaudited Pro Forma Information

The following unaudited pro forma financial information gives effect to the acquisition of Solaria as if it were consummated on January 1, 2022 including pro forma adjustments relating to the valuation and allocation of the aggregate consideration paid, amortization of intangible assets, incremental stock-based compensation and direct transaction costs. The historical financial statements have been adjusted in the unaudited combined financial information to give effect to events that are directly attributable to the business combination and are factually supportable. This data is presented for informational purposes only and is not intended to represent or be indicative of the results of operations that would have been reported had the acquisition occurred on January 1, 2022. Actual results may differ from the unaudited combined pro forma information presented below (in thousands):

|          | <b>Three Months<br/>Ended<br/>March 31, 2022</b> |
|----------|--|
| Revenues | \$ 29,321  |
| Net loss | \$ (8,732)                                       |

#### **(4) Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consists of the following (in thousands):

|   | <b>As of</b>             |                              |
|---|--------------------------|------------------------------|
|   | <b>April 2,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Inventory deposits                              | \$ 6,388                 | \$ 6,255                     |
| Prepaid sales commissions                       | 4,382                    | 2,838                        |
| Other   | 1,265                    | 978                          |
| Total prepaid expenses and other current assets | <u>\$12,035</u>          | <u>\$ 10,071</u>             |

#### **(5) Property and Equipment, Net**

Property and equipment, net consists of the following (in thousands):

|  | <b>As of</b>             |                              |
|--|--------------------------|------------------------------|
|  | <b>April 2,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Developed software                             | \$ 5,511                 | \$ 5,054                     |
| Manufacturing equipment                        | 131                      | 102                          |
| Furniture & equipment                          | 90                       | 90                           |
| Leasehold improvements                         | 708                      | 708                          |
| Total property and equipment                   | 6,440                    | 5,954                        |
| Less accumulated depreciation and amortization | (2,734)                  | (2,478)                      |
| Total property and equipment, net              | <u>\$ 3,706</u>          | <u>\$ 3,476</u>              |

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Depreciation and amortization expense on tangible assets totaled \$0.3 million and \$0.1 million for the thirteen weeks ended April 2, 2023 and three months ended March 31, 2022, respectively. There were no impairment charges recognized for the thirteen weeks ended April 2, 2023 or for the three months ended March 31, 2022.

**(6) Goodwill and Intangible Assets**

The goodwill balances as of April 2, 2023 and December 31, 2022 was \$119.4 million. There were no impairments of goodwill recognized during the thirteen weeks ended April 2, 2023. See Note 3 for additional information regarding the Company's acquisitions including recognition of goodwill.

Intangible assets consisted of the following (in thousands, except years data):

|                                     | As of April 2, 2023                     |                       |                          |               | As of December 31, 2022 |                          |               |
|-------------------------------------|---|-----------------------|--------------------------|---------------|-------------------------|--------------------------|---------------|
|                                     | Weighted-Average Remaining Life (Years) | Gross Carrying Amount | Accumulated Amortization | Net Amount    | Gross Carrying Amount   | Accumulated Amortization | Net Amount    |
| Assembled workforce. . .            | 0.0                                     | 137                   | (137)                    | —             | 137                     | (133)                    | \$ 4          |
| Trademarks. . . . .                 | 9.6                                     | 5,700                 | (239)                    | 5,461         | 5,700                   | (95)                     | 5,605         |
| Customer relationship. . .          | 21.6                                    | 24,700                | (470)                    | 24,230        | 24,700                  | (187)                    | 24,513        |
| Developed technology. . .           | 9.6                                     | 12,700                | (532)                    | 12,168        | 12,700                  | (212)                    | 12,488        |
| <b>Total intangible assets. . .</b> |   | <b>43,237</b>         | <b>(1,378)</b>           | <b>41,859</b> | <b>43,237</b>           | <b>(627)</b>             | <b>42,610</b> |

Amortization expense related to intangible assets for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022 were as follows (in thousands):

|                                   | Thirteen Weeks Ended April 2, 2023 | Three Months Ended March 31, 2022 |
|-----------------------------------|------------------------------------|-----------------------------------|
| Assembled workforce               | \$ 4                               | \$ 17                             |
| Trademarks                        | 144                                | —                                 |
| Customer relationship             | 284                                | —                                 |
| Developed technology              | 320                                | —                                 |
| <b>Total amortization expense</b> | <b>\$ 752</b>                      | <b>\$ 17</b>                      |

For the thirteen weeks ended April 2, 2023, amortization expense related to intangible assets of \$0.3 million, \$0.4 million, and less than \$0.1 million was recorded in cost of revenue, sales and marketing expense, and general and administrative expense, respectively, on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. For the three months ended March 31, 2022, amortization expense related to intangible assets of less than \$0.1 million was recorded to general and administrative expense on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. No impairment expense was incurred for the thirteen weeks ended April 2, 2023 or for the three months ended March 31, 2022.

The expected future amortization expense of intangible assets as of April 2, 2023 is presented below (in thousands):

|                                   |                  |
|-----------------------------------|------------------|
| 2023                              | \$ 2,215         |
| 2024                              | 2,963            |
| 2025                              | 2,963            |
| 2026                              | 2,963            |
| 2027 and thereafter               | 30,755           |
| <b>Total amortization expense</b> | <b>\$ 41,859</b> |

[Table of Contents](#)**(7) Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consist of the following (in thousands):

|   | <u>April 2,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---|--------------------------|------------------------------|
| Accrued compensation and benefits                                     | \$ 3,492                 | \$ 3,940                     |
| Accrued term loan and revolving loan amendment and final payment fees | 2,400                    | 2,400                        |
| Uninvoiced contract costs   | 1,841                    | 1,914                        |
| Accrued legal settlements   | 1,515                    | 1,853                        |
| Customer deposits   | 965                      | 930                          |
| Accrued taxes   | 962                      | 1,245                        |
| Operating lease liabilities, current                                  | 906                      | 958                          |
| Accrued rebates and credits   | 675                      | 1,076                        |
| Warranty provision, current   | 557                      | 767                          |
| Inventory received but not invoiced                                   | 248                      | 972                          |
| Other accrued liabilities   | 5,082                    | 3,775                        |
| Total accrued expenses and other current liabilities                  | <u>\$18,643</u>          | <u>\$ 19,830</u>             |

**(8) Employee Benefit Plan**

The Company sponsors a 401(k) defined contribution and profit-sharing plan (“401(k) Plan”) for its eligible employees. This 401(k) Plan provides for tax-deferred salary deductions for all eligible employees. Employee contributions are voluntary. Employees may contribute the maximum amount allowed by law, as limited by the annual maximum amount as determined by the Internal Revenue Service. The Company may match employee contributions in amounts to be determined at the Company’s sole discretion. The Company made no contributions to the 401(k) Plan for the thirteen weeks ended April 2, 2023 and three months ended March 31, 2022.

**(9) Other Income (Expense), Net**

Other income (expense), net consists of the following (in thousands):

|  | <u>Thirteen Weeks<br/>Ended<br/>April 2, 2023</u> | <u>Three Months<br/>Ended<br/>March 31, 2021</u> |
|--|---|--|
| Change in fair value of redeemable convertible preferred stock warrant liability | \$ 209  | \$ (116)   |
| Gain on extinguishment of convertible notes and SAFE agreements <sup>(1)</sup>   | —   | 3,236  |
| Other, net   | 108   | 85   |
| Total other income (expense), net  | <u>\$ 317</u>                                     | <u>\$ 3,205</u>                                  |

(1) Includes \$1.4 million of other income recognized upon the conversion of related party convertible notes and SAFEs.

**(10) Common Stock**

The Company has authorized the issuance of 60,000,000 shares of common stock as of April 2, 2023 and December 31, 2022, respectively.

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The Company has reserved shares of common stock for issuance related to the following redeemable convertible preferred stock, stock options, common stock warrants, redeemable convertible preferred stock warrants, and future grants:

|   | As of April 2,<br>2023 | As of December 31,<br>2022 |
|---|------------------------|----------------------------|
| Series A redeemable convertible preferred stock         | 15,278                 | 15,278                     |
| Series A-2 redeemable convertible preferred stock       | 6,667                  | 6,667                      |
| Series B redeemable convertible preferred stock . . .   | 1,024,617              | 1,024,617                  |
| Series C redeemable convertible preferred stock . . .   | 12,717,525             | 12,717,525                 |
| Series C-1 redeemable convertible preferred stock . .   | 2,800,283              | 2,800,283                  |
| Series D-1 redeemable convertible preferred stock . .   | 2,660,797              | 2,660,797                  |
| Series D-2 redeemable convertible preferred stock . .   | 62,498                 | 62,498                     |
| Series D-3 redeemable convertible preferred stock . .   | 48,256                 | 48,256                     |
| Series D-4 redeemable convertible preferred stock . .   | 2,139,030              | 2,139,030                  |
| Series D-5 redeemable convertible preferred stock . .   | 479,370                | 479,370                    |
| Series D-6 redeemable convertible preferred stock . .   | 921,250                | 921,250                    |
| Series D-7 redeemable convertible preferred stock . .   | 3,263,900              | 3,263,900                  |
| Series D-8 redeemable convertible preferred stock . .   | 8,171,662              | 8,171,662                  |
| Common stock warrants . . . . .                         | 4,630,168              | 4,630,168                  |
| Redeemable convertible preferred stock warrants . .     | 2,386,879              | 2,386,879                  |
| Stock options, issued and outstanding . . . . .         | 9,714,894              | 10,291,367                 |
| Stock options, authorized for future issuance . . . . . | 1,204,925              | 765,904                    |
| Total shares reserved . . . . .                         | <u>52,247,999</u>      | <u>52,385,451</u>          |

### Common Stock Warrants

In January 2020, the Company issued a warrant to purchase 358,341 shares of common stock in conjunction with the Series C-1 preferred stock financing. The warrant is immediately exercisable at an exercise price of \$0.01 per share and has an expiration date of January 2030. The warrant remains outstanding as of April 2, 2023. At issuance, the relative fair value of the warrant was determined to be \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the unaudited condensed consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

In May and August 2021, the Company issued warrants to purchase 5,122 and 5,229 shares of common stock, respectively, in conjunction with the Fifth and Sixth Amendments to the Loan and Security Agreement with Silicon Valley Bank. The warrants are immediately exercisable at exercise prices of \$0.38 and \$0.62 per share, respectively, and have expiration dates in 2033. The warrants remain outstanding as of April 2, 2023. At issuance, the relative fair value of the warrants were determined to be less than \$0.1 million in aggregate using the Black-Scholes model, which was recorded within additional paid-in-capital on the accompanying unaudited condensed consolidated balance sheets. The warrants are not remeasured in future periods as they meet the conditions for equity classification.

In October 2021, the Company issued a warrant to purchase 50,000 shares of common stock in conjunction with the issuance of a short-term promissory note. The warrant is immediately exercisable at an exercise price of \$0.01 per share and has an expiration date of October 2031. The warrant remains outstanding as of April 2, 2023. At issuance, the relative fair value of the warrant was determined to be less than \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the unaudited condensed consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

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In February 2022, as part of a debt financing from CRSEF Solis Holdings, LLC (“Carlyle”) (refer to Note 12—Borrowing Arrangements), the company issued a warrant to purchase 5,978,960 shares of common stock in conjunction with the redeemable investment in CS Solis. The warrant contains two tranches, the first of which is immediately exercisable for 4,132,513 shares. The second tranche, which is determined to be a separate unit of account, was exercisable upon a subsequent investment from Carlyle in CS Solis. No subsequent investment was made and the investment period expired on December 31, 2022 and the second tranche of warrants expired prior to becoming exercisable. The vested warrant has an exercise price of \$0.01 per share and has an expiration date of February 2029. The warrant remains outstanding as of April 2, 2023. At issuance, the relative fair value of the warrant was determined to be \$3.4 million using the Black-Scholes model, which was recorded within additional paid-in capital and as a discount on the long-term debt in CS Solis on the unaudited condensed consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

In November 2022, the company issued a warrant to a third-party service provider to purchase 78,962 shares of common stock in conjunction with the merger agreement with Solaria. The warrant is immediately exercisable at an exercise price of \$8.00 per share and has an expiration date of April 2024. The warrant remains outstanding as of April 2, 2023. At issuance, the relative fair value of the warrant was determined to be \$0.1 million using the Black-Scholes model, which was recorded within additional paid-in capital on the unaudited condensed consolidated balance sheets. The warrant is not remeasured in future periods as it meets the conditions for equity classification.

The following assumptions were used to calculate the fair value of the common stock warrants issued:

|                         | April 2,<br>2023 | December 31,<br>2022 |
|-------------------------|------------------|----------------------|
| Expected term           | 1.5-7.0 years    | 10.0 – 12.0 years    |
| Expected volatility     | 73.0-78.5%       | 73.0%                |
| Risk-free interest rate | 1.9% – 4.7%      | 1.3% – 1.7%          |
| Expected dividends      | 0.0%             | 0.0%                 |

### (11) Redeemable Convertible Preferred Stock

As of April 2, 2023 and December 31, 2022, the Company’s redeemable convertible preferred stock consisted of the following (in thousands, except share data):

|   | As of April 2, 2023 and December 31, 2022 |                                     |                                   |  |
|---|---|-------------------------------------|-----------------------------------|--|
|   | Authorized<br>shares                      | Shares<br>issued and<br>outstanding | Proceed, net of<br>issuance costs | Aggregate<br>liquidation<br>preference |
| Shares designated as:                             |   |                                     |                                   |  |
| Series A redeemable convertible preferred stock   | 15,278                                    | 15,278                              | \$ 30                             | \$ 26                                  |
| Series A-2 redeemable convertible preferred stock | 6,667                                     | 6,667                               | 4                                 | 10                                     |
| Series B redeemable convertible preferred stock   | 1,035,082                                 | 1,024,617                           | 4,347                             | 4,406                                  |
| Series C redeemable convertible preferred stock   | 13,717,525                                | 12,717,525                          | 19,737                            | 20,048                                 |
| Series C-1 redeemable convertible preferred stock | 2,800,283                                 | 2,800,283                           | 7,283                             | 7,420                                  |
| Series D-1 redeemable convertible preferred stock | 2,660,797                                 | 2,660,797                           | 11,342                            | 13,233                                 |
| Series D-2 redeemable convertible preferred stock | 62,498                                    | 62,498                              | 127                               | 117                                    |
| Series D-3 redeemable convertible preferred stock | 48,256                                    | 48,256                              | 88                                | 75                                     |
| Series D-4 redeemable convertible preferred stock | 2,139,030                                 | 2,139,030                           | 15,102                            | 15,102                                 |
| Series D-5 redeemable convertible preferred stock | 479,370                                   | 479,370                             | 3,576                             | 3,576                                  |
| Series D-6 redeemable convertible preferred stock | 921,250                                   | 921,250                             | 7,315                             | 7,315                                  |
| Series D-7 redeemable convertible preferred stock | 4,640,314                                 | 3,263,900                           | 26,209                            | 26,209                                 |
| Series D-8 redeemable convertible preferred stock | 8,171,665                                 | 8,171,662                           | 60,470                            | 60,470                                 |
|   | <u>36,698,015</u>                         | <u>34,311,133</u>                   | <u>\$ 155,630</u>                 | <u>\$158,007</u>                       |

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A complete description of the rights, preferences, privileges and restrictions of the redeemable convertible preferred stock are in the amended and restated articles of incorporation. Significant rights and preferences of the outstanding redeemable convertible preferred stock are as follows:

*Conversion*—All of the redeemable convertible preferred stock instruments are convertible at the option of the holder at any time, or immediately upon (1) upon the date of the written consent/agreement of the preferred stockholders, (2) upon the closing of the sale of shares of common stock to the public in a firm- commitment underwritten public offering resulting in at least \$50.0 million of gross proceeds, or (3) upon the effectiveness of a registration statement under the Securities Act that registers shares of capital stock of the Company on a national securities exchange. Given that the conversion price is currently fixed, the Company would issue a fixed number of shares of common stock to settle the redeemable convertible preferred stock, unless a down round of common stock is issued, in which case the conversion price would be adjusted to maintain the value of preferred stock converted to common stock. The conversion price for each outstanding share of Series A, Series A-1, Series A-2, Series B, Series C, Series C-1, Series D-1, Series D-2, Series D-3, Series D-4, Series D-5, Series D-6, Series D-7, and Series D-8 redeemable convertible preferred stock is \$1.6875, \$0.900633, \$1.50, \$4.30, \$1.5764, \$2.6497, \$4.9733, \$1.8650, \$1.5542, \$7.0600, \$7.4600, \$7.9400, \$8.0300, and \$7.4000 respectively.

*Redemption*—The redeemable convertible preferred stock does not contain any mandatory redemption features, however, they may be redeemed upon an event that is not solely within the control of the Company. As such, the redeemable convertible preferred stock is classified as temporary equity (mezzanine equity) in the accompanying unaudited condensed consolidated financial statements.

*Dividends*—Holders of the Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock are entitled to receive noncumulative cash dividends prior to and in preference to any declaration or payment of any dividends on Series A, Series A-2, Series B, Series C, Series C-1 redeemable convertible preferred stock or common stock of the Company at the rate of \$0.3979 per share per annum on each outstanding share of Series D-1 redeemable convertible preferred stock, \$0.1492 per share per annum on each outstanding share of Series D-2 redeemable convertible preferred stock, and \$0.1243 per share per annum on each outstanding share of Series D-3 redeemable convertible preferred stock, when and if declared by the Board of Directors. The holders of Series C and Series C-1 redeemable convertible preferred stock are entitled to receive non-cumulative cash dividends prior to and in preference to any declaration or payment of any dividends on Series A, Series A-2, Series B redeemable convertible preferred stock or common stock of the Company at the rate of \$0.1261 per share per annum on each outstanding share of Series C redeemable convertible preferred stock, and \$0.2120 per share per annum on each outstanding share of Series C-1 redeemable convertible preferred stock, when and if declared by the Board of Directors. The holders of Series A, Series A-2, and Series B redeemable convertible preferred stock are entitled to receive non-cumulative dividends in the amount of \$0.135, \$0.12, and \$0.344 per share, respectively, per annum, as adjusted for stock splits, combinations, recapitalizations or the like, on a pari passu basis and prior and in preference to any declaration or payment of any dividends declared on common stock of the Company, when and if declared by the Board of Directors. After payment of such dividends, any additional dividends will be distributed to holders of preferred stock and common stock pro rata based on number of common stock held by each holder, assuming conversion of all preferred stock into common stock. To date, no dividends have been declared.

*Liquidation Preference*—Upon a liquidation event, holders of Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, Series B, Series C, Series C-1 redeemable convertible preferred stock, and common stock, an amount equal to \$4.9733 for each outstanding share of Series D-1 redeemable convertible preferred stock, \$1.8650 for each outstanding share of Series D-2 redeemable convertible preferred stock, and \$1.5542 for each outstanding share of Series D-3 redeemable convertible preferred stock, plus any declared but unpaid dividends. After the payment of the Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock liquidation preference, holders of Series C-1 redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, Series B, and

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Series C redeemable convertible preferred stock, and common stock, an amount equal to \$2.6497 for each outstanding share of Series C-1 redeemable convertible preferred stock, plus any declared but unpaid dividends. After the payment of the Series C-1 redeemable convertible preferred stock liquidation preference, holders of Series C redeemable convertible preferred stock are entitled to receive, prior to and in preference over holders of Series A, Series A-2, and Series B redeemable convertible preferred stock, and common stock, an amount equal to \$1.5764 for each outstanding share of Series C redeemable convertible preferred stock, plus any declared but unpaid dividends. Upon the completion of the distribution to the holders of Series C redeemable convertible preferred stock, holders of Series A, Series A-2, and Series B redeemable convertible preferred stock are entitled to receive, on a pari passu basis and prior and in preference to the holders of common stock, an amount equal to \$1.6875, \$1.50, and \$4.30 per share, respectively, plus any declared but unpaid dividends. If the assets legally available are insufficient to satisfy the entire liquidation preference of all classes of preferred stock, the funds will be distributed ratably to the holders of preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive. Any remaining assets of the Company will be distributed ratably among the holders of common stock.

*Voting*—Each share of redeemable convertible preferred stock is entitled to one vote for each share of common stock into which such share of redeemable convertible preferred stock is convertible.

### ***Preferred Stock Warrants***

In February 2016, the Company issued a warrant to purchase 10,465 shares of Series B preferred stock (the “Series B warrant”) in connection with the 2016 Credit Facility. The Series B warrant is immediately exercisable at an exercise price of \$4.30 per share and has an expiration date of February 2026. The fair value of the Series B warrant was less than \$0.1 million as of April 2, 2023 and December 31, 2022, respectively. The relative fair value of the Series B warrant at issuance was recorded into debt issuance costs and other non-current liabilities on the accompanying unaudited condensed consolidated balance sheets, and changes in fair value have been recorded in other income (expense), net on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022.

In July 2016, the Company issued a warrant to purchase 307,500 shares of Series C preferred stock (the “Series C warrant”) in connection with the Series C financing. The Series C warrant agreement also provided for an additional number of Series C shares calculated on a monthly basis commencing on June 2016 based on the principal balance outstanding of the notes payable outstanding. The maximum number of shares exercisable under the Series C warrant agreement is 1,000,000 shares of Series C preferred stock. The Series C warrant was immediately exercisable at an exercise price of \$1.00 per share and has an expiration date of July 2026. The fair value of the Series C warrant was \$6.3 million as of both April 2, 2023 and December 31, 2022. The relative fair value of the Series C warrant at issuance as recorded as Series C preferred stock issuance costs and other non-current liabilities on the accompanying unaudited condensed consolidated balance sheets, and changes in fair value have been recorded in other income (expense), net on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022.

In November 2022, the company issued warrants to purchase 1,376,414 shares of Series D-7 preferred stock (the “Series D-7 warrants”) in conjunction with the merger agreement with Solaria. The warrant contains two tranches. The first tranche of 1,090,865 shares of Series D-7 preferred stock is exercisable at an exercise price of \$2.50 per share upon consummation of a deSPAC transaction, or at an exercise price of \$2.04 per share upon remaining private and has an expiration date of April 2024. The second tranche of 285,549 shares of Series D-7 preferred stock is exercisable at an exercise price of \$5.00 per share upon consummation of a deSPAC transaction, or at an exercise price of \$4.09 per share upon remaining private and has an expiration date of April 2024. The warrants remain outstanding as of April 2, 2023. The fair value of the Series D-7 warrants was \$7.6 million as of April 2, 2023 and \$7.8 million as of December 31,



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2022. All of the Series B, Series C, and Series D preferred stock warrants remained outstanding as of April 2, 2023 and December 31, 2022.

### (12) Borrowing Arrangements

#### *Convertible notes, net and convertible notes, net due to related parties*

As of April 2, 2023 and December 31, 2022, the Company's convertible notes consisted of the following (in thousands):

|  | <u>April 2,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|--------------------------|------------------------------|
| Convertible notes, net, noncurrent   |                          |                              |
| 2022 Convertible Notes   | \$14,560                 | \$ 3,434                     |
| Convertible notes, net, noncurrent   | <u>14,560</u>            | <u>3,434</u>                 |
| Convertible notes, net due to related parties, noncurrent 2022 Convertible |                          |                              |
| Notes  | 15,703                   | 15,510                       |
| Convertible notes, net due to related parties, noncurrent                  | <u>15,703</u>            | <u>15,510</u>                |
| Total convertible notes  | <u>\$30,263</u>          | <u>\$ 18,944</u>             |

#### *Convertible Promissory Notes with Ecosystem Integrity Fund II, LP.*

On April 30, 2021, the Company issued a short-term Subordinated Convertible Promissory Note to Ecosystem Integrity Fund II, LP ("EIF") for a total principal of \$0.5 million plus accrued interest of 3.0% per annum due on June 30, 2021. The Note included a conversion feature which allows the holder to convert any portion of the note plus any unpaid accrued interest ("Conversion Amount") into shares of Series C-1 Preferred Stock on the maturity date of June 30, 2021 or thereafter. As of December 31, 2021 the principal and accrued interest remained outstanding and the holder did not elect to convert the note into Series C-1 Preferred shares. The principal and accrued interest of \$0.5 million was repaid in February 2022, and as such, the balance remaining at December 31, 2022 and thereafter remained zero.

#### *2019-A Convertible Notes*

In 2019, the Company issued a series of convertible notes ("2019-A Convertible Notes") for \$0.1 million in proceeds, with immaterial debt issuance costs, and which were due and payable on demand by the holders after August 2020. The notes carried simple interest of 6.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enabled the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of less than \$0.1 million as a discount on the convertible notes face amount. The debt discount was amortized to interest expense at a weighted-average effective interest rate of 17.6% through the maturity dates of the notes.

The fair value of the share-settled redemption feature was estimated based on a probability-weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity, and the changes in fair value were recognized as a component of other income (expense), net in the accompanying unaudited condensed consolidated statements of operations and

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comprehensive loss. The Company recorded zero in expense during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, related to the change in the fair value of the convertible notes embedded derivative liability. The convertible notes were carried within the accompanying unaudited condensed consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company's Series D Preferred Stock issuance, the 2019-A Convertible Notes converted into 62,500 shares of Series D-2 redeemable convertible preferred stock. The Company recognized a gain on the conversion of less than \$0.1 million in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss. As the full carrying value of the note was converted to Series D Preferred Stock, the balance remaining for the note at December 31, 2022 and thereafter remained zero.

Interest expense related to the convertible notes was as follows (in thousands):

|                                 | <b>Thirteen Weeks<br/>Ended<br/>April 2, 2023</b> | <b>Three Months<br/>Ended<br/>March 31, 2022</b> |
|---------------------------------|---|--|
| Amortization of debt discount   | \$ —  | \$ —   |
| PIK interest                    | —   | 1  |
| Total non-cash interest expense | <u>\$ —</u>                                       | <u>\$ 1</u>                                      |

### *2020-A Convertible Notes*

In 2020, the Company issued a series of convertible notes ("2020-A Convertible Notes") for \$3.8 million in proceeds, with immaterial debt issuance costs, and which are due and payable on demand by the holders after April 2021. The notes carried simple interest of 2.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enables the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of \$0.5 million as a discount on the convertible notes face amount. The debt discount was amortized to interest expense at a weighted-average effective interest rate of 25.6% through the maturity dates of the notes.

The fair value of the share-settled redemption feature was estimated based on a probability-weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity, and the changes in fair value were recognized as a component of other income (expense), net in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. The Company recorded zero in expense during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, related to the change in the fair value of the convertible notes embedded derivative liability. The convertible notes were carried within the accompanying unaudited condensed consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company's Series D Preferred Stock issuance, the 2020-A Convertible Notes converted into 785,799 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of \$0.9 million in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss. As the full carrying value of the note was converted to Series D Preferred Stock, the balance remaining for the note at December 31, 2022 and thereafter remained zero.

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Interest expense related to the convertible notes was as follows (in thousands):

|  | <b>Thirteen Weeks<br/>Ended<br/>April 2, 2023</b> | <b>Three Months<br/>Ended<br/>March 31, 2022</b> |
|--|---|--|
| Amortization of debt discount          | \$ —  | \$ —   |
| PIK interest                           | —   | 16   |
| <b>Total non-cash interest expense</b> | <b>\$ —</b>                                       | <b>\$ 16</b>                                     |

### *2021-A Convertible Notes*

In 2020, the Company issued a series of convertible notes (“2021-A Convertible Notes”) for \$4.3 million in proceeds, with immaterial debt issuance costs, and which are due and payable on demand by the holders after February 2022. The holders are existing investors and are not expected to demand cash settlement, as the Company expects to raise additional preferred financing under which the notes will convert into preferred shares. The notes carry simple interest of 2.0% and contained a conversion feature whereby the notes would convert at 80% of the issuance price of the preferred shares in the next equity financing. The notes also contained other embedded features such as conversion options that were exercisable upon the occurrence of various contingencies. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the share-settled redemption feature, which enables the holders to convert the notes to the preferred shares at a predefined discount from the issuance price and recorded its initial fair value of \$0.6 million as a discount on the convertible notes face amount. The debt discount is amortized to interest expense at a weighted-average effective interest rate of 18.1% through the maturity dates of the notes.

The fair value of the share-settled redemption feature was estimated based on a probability-weighted analysis of the discounted value of the notes converting under a Next Equity Financing, a change in control, default, or maturity, and the changes in fair value were recognized as a component of other income (expense), net in the unaudited condensed consolidated statements of operations and comprehensive loss. The Company recorded zero in expense during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, related to the change in the fair value of the convertible notes embedded derivative liability. The convertible notes were carried on the unaudited condensed consolidated balance sheets at their original issuance value, net of unamortized debt discount and issuance costs. In March 2022, as part of the Company’s Series D Preferred Stock issuance, the 2021-A Convertible Notes converted into 869,640 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of \$0.8 million in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss. As the full carrying value of the note was converted to Series D Preferred Stock, the balance remaining for the note at December 31, 2022 and thereafter remained zero.

Interest expense related to the convertible notes was as follows (in thousands):

|  | <b>Thirteen Weeks<br/>Ended<br/>April 2, 2023</b> | <b>Three Months<br/>Ended<br/>March 31, 2022</b> |
|--|---|--|
| Amortization of debt discount          | \$ —  | \$ 112   |
| PIK interest                           | —   | 17   |
| <b>Total non-cash interest expense</b> | <b>\$ —</b>                                       | <b>\$ 129</b>                                    |

As part of the 2021-A Convertible Notes financing, the Company entered into an additional convertible note with an existing investor for \$0.5 million. The note carries PIK interest of 3.0% and is due and payable on demand at any time after June 30, 2021. The note contains an embedded conversion feature, which allows the holder to convert the note into a fixed number of shares of Series C-1 preferred stock at any time after June 30, 2021. The Company concluded the conversion feature is not required to be bifurcated as an embedded derivative liability, and the note is carried at its principal plus accrued PIK interest. As the full

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carrying value of the note was converted to Series D Preferred Stock, the balance remaining for the note at December 31, 2022 and thereafter remained zero.

Interest expense related to the note was as follows (in thousands):

|                                 | Thirteen Weeks<br>Ended<br>April 2, 2023 | Three Months<br>Ended<br>March 31, 2022 |
|---------------------------------|--|---|
| Amortization of debt discount   | \$ —                                     | \$ —                                    |
| PIK interest                    | —  | 10                                      |
| Total non-cash interest expense | \$ —                                     | \$ 10                                   |

### *2022 Convertible Notes*

In connection with the Business Combination Agreement, the Company has raised a series of convertible notes (“2022 Convertible Notes”) in November 2022 and December 2022 with an aggregate purchase price of \$12.0 million, and February 2023 with additional investors, for an additional purchase price of \$11.0 million. Additionally, as part of the acquisition of Solaria, the Company assumed a note from an existing investor for its fair value of \$6.7 million. The note contains the same terms as the other 2022 Convertible Notes. The Company did not incur significant issuance costs associated with the 2022 Convertible Notes. The 2022 Convertible Notes will convert to common shares of Complete Solaria, Inc. at the close of the deSPAC transaction. The 2022 Convertible Notes accrue interest at a rate of 5% per annum. Immediately prior to the closing of the expected deSPAC transaction, the 2022 Convertible Notes will be converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2022 Convertible Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement. As of April 2, 2023 and December 31, 2022, the 2022 Convertible Notes have accrued \$0.5 million and \$0.2 million in interest, respectively. As of April 2, 2023 and December 31, 2022, the carrying values of the 2022 Convertible Notes represent the only balances in the convertible notes, net, noncurrent and convertible notes, net due to related parties, noncurrent financial statement captions. As of April 2, 2023, the total estimated fair value of the Company’s 2022 Convertible Notes was \$31.4 million, which was estimated based on Level 3 inputs.

### **SAFE Agreements**

#### *2019 SAFE*

In September 2019, the Company issued the 2019 SAFE for \$0.1 million in proceeds, with immaterial debt issuance costs. No interest was accrued on the 2019 SAFE. The 2019 SAFE contained conversion features that allowed the holder to convert the 2019 SAFE into shares of preferred stock upon the next equity financing, subject to a valuation cap. The 2019 SAFE was reported at fair value based on the probability-weighted expected return method (“PWERM”), which assigns value to the multiple settlement scenarios based on the probability of occurrence. The fair value of the 2019 SAFE was \$0.2 million as of December 31, 2021 was recorded in SAFE Agreements in the accompanying unaudited condensed consolidated balance sheets. In March 2022, the Company converted the 2019 SAFE into 48,258 shares of Series D-3 redeemable convertible preferred stock. The Company recognized a gain on the conversion of the 2019 SAFE of less than \$0.1 million in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss. As the full carrying value of the SAFE was converted to Series D Preferred Stock, the balance remaining for the SAFE at December 31, 2022 and thereafter remained zero.

#### *2021 SAFE*

In December 2021, the Company issued the 2021 SAFE for \$5.0 million in proceeds, with immaterial debt issuance costs. No interest is accrued on the 2021 SAFE. The 2021 SAFE contained conversion features that allowed the holder to convert the 2021 SAFE into shares of preferred stock upon the next equity financing,

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subject to a valuation cap. The 2019 SAFE was reported at fair value based on the probability-weighted expected return method (“PWERM”), which assigns value to the multiple settlement scenarios based on the probability of occurrence. The fair value of the 2021 SAFE was \$6.3 million as of December 31, 2021 is recorded in SAFE Agreements in the accompanying unaudited condensed consolidated balance sheets. In March 2022, the Company converted the 2021 SAFE into 1,005,366 shares of Series D-1 redeemable convertible preferred stock. The Company recognized a gain on the conversion of the 2021 SAFE of \$1.4 million in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss. As the full carrying value of the SAFE was converted to Series D Preferred Stock, the balance remaining for the SAFE at December 31, 2022 and thereafter remained zero.

### *Solaria SAFE*

As part of the acquisition of Solaria (refer to Note 3 – Business Combination) the Company acquired the Solaria SAFEs. The number of shares to be issued upon conversion of the SAFE notes contained various features to convert or redeem the Solaria SAFEs in the event of an equity financing, public offering, change of control or a dissolution event.

The Company historically elected to account for all of the SAFE notes at estimated fair value pursuant to the fair value option and recorded the change in estimated fair value as other income (expense), net in the unaudited condensed consolidated statements of operations and comprehensive loss until the notes are converted or settled. The SAFE notes were amended through the SAFE Assumption Amendment, Assignment and Assumption Agreement on November 4, 2022, as part of the merger with Complete Solar, whereby all the SAFE notes were assumed by Complete Solar. As part of the purchase price accounting discussed in Note 3, the estimated fair value of the SAFE notes was determined to be \$60.5 million. Post consummation of the merger the SAFE notes were converted to 8,171,662 shares of Series D-8 preferred stock as discussed in Note 3.

### *Notes Payable*

#### *Loan and Security Agreement*

In January 2020, the Company entered into a Loan and Security Agreement (the “Loan Agreement”) with Silicon Valley Bank (“SVB”). The Loan Agreement, as amended, provided for a line of credit up to \$7.0 million and has a maturity date of February 2022. Advances under the line of credit bore interest at the greater of 5.25% or the prime rate (as published in the Wall Street Journal) plus 3.5% per annum. All borrowings under the line of credit were to be secured by substantially all of the Company’s assets.

During 2021, the Company entered into several amendments to the Loan Agreement, and in May and August 2021 in connection with the Fifth and Sixth Amendments, the Company issued warrants to purchase 5,122 shares and 5,229 shares of common stock at exercise prices of \$0.38 per share and \$0.62 per share, respectively. The fair value of the warrants were recorded as deferred issuance costs and amortized to interest expense. As of December 31, 2022 and thereafter, there were no unamortized debt issuance costs.

Under the Loan Agreement, the Company was subject to certain reporting covenants, such as a requirement for the Company’s monthly unaudited financial statements and Compliance Certificate, as well as a financial covenant to maintain a minimum liquidity ratio of 1.75 to 1.00. In 2021, the Loan Agreement was amended to add a new financial covenant, requiring the Company to obtain new equity of at least \$15.0 million by a specified date, which the Company did not meet; however, the default was later waived by SVB.

In February 2022, as part of the transaction to raise long-term debt in CS Solis, the Company repaid the principal and accrued interest of the Loan Agreement of \$6.7 million, which terminated the agreement with SVB. As such, as of December 31, 2022 and thereafter, there was no debt related to this agreement on the Company’s balance sheet.

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### *2021 Promissory Notes*

In July 2021, the Company issued a short-term promissory note for \$0.5 million in proceeds, with immaterial debt issuance costs. The promissory note carried simple interest of 2.0% and were due and payable after February 2022. In February 2022, the Company repaid the 2021 Promissory Note.

In October 2021, the Company issued a short-term promissory note for \$2.0 million in proceeds, with immaterial debt issuance costs. The promissory note contained a financing fee of \$0.3 million, which was due and payable along with the principal amount in January 2022. In connection with the promissory note, the Company issued a warrant to purchase 50,000 shares of common stock at an exercise price of \$0.01 per share. The principal and accrued interest of the note payable was repaid in January 2022, and no amounts remained outstanding as of December 31, 2022 and thereafter.

### *Current Insight Promissory Note*

In January 2021, the Company issued a promissory note for principal of \$0.1 million in connection with the purchase of Current Insight, with immaterial debt issuance costs. The promissory note bears interest at 0.14% per annum and has equal monthly installments due and payable through the maturity date of January 2022. The principal and accrued interest was repaid in January 2022, and no amounts remained outstanding as of December 31, 2022 and thereafter.

### *2018 Bridge Notes*

In December 2018, Solaria Corporation issued senior subordinated convertible secured notes (“2018 Notes”) totaling approximately \$3.4 million in exchange for cash. The notes bear interest at the rate of 8% per annum and the investors are entitled to receive twice of the face value of the notes at maturity. The 2018 Notes are secured by substantially all of the assets of Solaria Corporation. In 2021, the 2018 Notes were amended extending the maturity date to December 13, 2022. In connection with the 2021 amendment, Solaria had issued warrants to purchase shares of Series E-1 redeemable convertible preferred stock of Solaria. The warrants were exercisable immediately in whole or in part at and expire on December 13, 2031. As part of the merger with Complete Solar, all the outstanding warrants issued to the lenders were assumed by the parent company, Complete Solaria as discussed in Note 3.

In December 2022, the Company entered into an amendment to the 2018 Bridge Notes extending the maturity date from December 13, 2022 to December 13, 2023. In connection with the amendment, the notes will continue to bear interest at 8% per annum and are entitled to an increased repayment premium from 110% to 120% of the principal and accrued interest at the time of repayment.

The Company concluded that the modification was a troubled debt restructuring as the Company was experiencing financial difficulty and the amended terms resulted in a concession to the Company. As the future undiscounted cash payments under the modified terms exceeded the carrying amount of the Solaria Bridge Notes on the date of modification, the modification was accounted for prospectively. The incremental repayment premium is being amortized to interest expense using the effective interest rate method. As of April 2, 2023 and December 31, 2022, the carrying value of the Bridge Notes was \$10.1 million and \$9.8 million, respectively. Interest expense recognized for the thirteen weeks ended April 2, 2023 was \$0.3 million. As of April 2, 2023, the total estimated fair value of the Company’s 2018 Bridge Notes approximates carrying value.

### *SCI Term Loan and Revolver Loan*

In October 2020, Solaria entered into a loan agreement (“Loan Agreement”) with Structural Capital Investments III, LP (“SCI”).

The Loan Agreement with SCI comprises of two facilities, a term loan (the “Term Loan”) and a revolving loan (the “Revolving Loan”) (together “Original Agreement”) for \$5.0 million each with a maturity date of

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October 31, 2023. Both the Term Loan and the Revolving Loan were fully drawn upon closing. The Term Loan was repaid prior to the acquisition of Solaria by Complete Solar and was not included in the business combination.

The Revolving Loan also has a term of thirty-six months, principal repayments at the end of the term and an annual interest rate of 7.75% or Prime rate plus 4.5%, whichever is higher. The Loan Agreement required the Company to meet certain financial covenants relating to maintenance of specified restricted cash balance, achieving specified revenue target and maintaining specified contribution margin (“Financial covenants”) over the term of each of the Revolving Loan. The Revolving Loan is collateralized substantially by all assets and property of the Company.

In the years ended December 31, 2022 and December 31, 2021, Solaria entered into several Amended and Restated Loan and Security Agreements as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original Agreement. As a result of these amendment changes were made to the financial covenants and Solaria recorded a total of \$1.9 million amendment fees in Other Liabilities and was included in the acquired liabilities for purchase price accounting.

Solaria had historically issued warrants to purchase shares of Series E-1 redeemable convertible preferred stock of Solaria (“SCI Series E-1 warrants”). The warrants were fully exercisable in whole or in part at any time during the term of the Original agreement. As part of the merger with Complete Solar, all the outstanding SCI Series E-1 warrants were assumed by the parent company, Complete Solaria as discussed in Note 3.

The Revolving loan outstanding on the date of merger was fair valued at \$5.0 million for the purpose of purchase price accounting discussed in Note 3. The revolving loan principal balance at April 2, 2023 and December 31, 2022 amounted to \$5.0 million and is due on October 2023. Interest expense recognized for the thirteen weeks ended April 2, 2023 amounted to \$0.1 million. The Company was in compliance with all the covenants as of April 2, 2023.

### *Secured Credit Facility*

In December 2022, the Company entered into a secured credit facility agreement with Kline Hill Partners IV SPV LLC and Kline Hill Partners Opportunity IV SPV LLC. The secured credit facility agreement matures in April 2023, which allows the Company to borrow up to 70% of the net amount of its eligible vendor purchase orders with a maximum amount of \$10.0 million at any point in time. The purchase orders are backed by relevant customer sales orders which serves as a collateral. The amounts drawn under the secured credit facility may be reborrowed provided that the aggregate borrowing does not exceed \$20.0 million. The repayment under the secured credit facility is the borrowed amount multiplied by 1.15x if repaid within 75 days and borrowed amount multiplied by 1.175x if repaid after 75 days. The Company may prepay any borrowed amount without premium or penalty.

At April 2, 2023, the outstanding net debt amounted to \$10.4 million, including accrued financing cost of \$2.8 million, compared to December 31, 2022, where the outstanding net debt amounted to \$5.6 million, including accrued financing cost of \$0.1 million. As of April 2, 2023, the total estimated fair value of the Secured Credit Facility approximates its carrying value.

### *Long-term debt in CS Solis*

As described above, as part of the reorganization in February 2022 of the Company, the Company received an investment from CRSEF. The investment was made pursuant to a subscription agreement, under which Carlyle contributed \$25.6 million in exchange for 100 Class B Membership Units of CS Solis and the Company contributed the net assets of Complete Solar, Inc. in exchange for 100 Class A Membership Units. The Class B Membership Units are mandatorily redeemable by the Company on the three-year anniversary of the effective date of the CS Solis amended and restated LLC agreement (February 14, 2025). The Class B Membership Units accrue interest that is payable upon redemption at a rate of 10.5% (which is structured as

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a dividend payable based on 25% of the investment amount measured quarterly), compounded annually, and subject to increases in the event the Company declares any dividends. In connection with the investment, the Company issued a warrant to purchase 5,978,960 shares of the Company's common stock at a price of \$0.01 per share, of which, 4,132,513 shares are immediately exercisable. The Company has accounted for the mandatorily redeemable investment from Carlyle in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and has recorded the investment as a liability, which is accreted to its redemption value under the effective interest method. The Company has recorded the warrants as a discount to the liability. Refer to Note 10—Common Stock, for further discussion of the warrants issued in connection with the Class B Membership Units. As of April 2, 2023 and December 31, 2022, the Company has recorded a liability of \$26.3 and \$25.2 million, respectively, included in long-term debt in CS Solis on the unaudited condensed consolidated balance sheets. For the thirteen weeks ended April 2, 2023, the Company has recorded accretion of the liability as interest expense of \$0.8 million, and the Company has recorded the amortization of issuance costs as interest expense of \$0.3 million. For the three months ended March 31, 2022, the Company recorded accretion of the liability as interest expense of \$0.3 million, and the Company recorded the amortization of issuance costs as interest expense of \$0.2 million. As of April 2, 2023, the total estimated fair value of the Company's long-term debt in CS Solis was \$25.1 million, which was estimated based on Level 3 inputs.

### (13) Stock-Based Compensation

A summary of stock option activity for the thirteen weeks ended April 2, 2023 under the Plans is as follows:

|  | Options outstanding |   |  | Aggregate intrinsic value (in thousands) |
|--|---------------------|---|--|--|
|  | Number of shares    | Weighted average exercise price per share | Weighted average contractual term (in years) |  |
| Outstanding—December 31, 2022            | 10,291,367          | \$ 2.35                                   | 6.99   | \$ 34,180                                |
| Options granted                          | —                   | —   |  |  |
| Options exercised                        | (137,452)           | 0.40                                      |  |  |
| Options canceled                         | (439,021)           | 4.32                                      |  |  |
| Outstanding—April 2, 2023                | 9,714,894           | \$ 2.29                                   | 7.42   | \$ 33,151                                |
| Vested and expected to vest—April 2 2023 | 9,714,894           | \$ 2.29                                   | 7.42   | \$ 33,151                                |
| Vested and exercisable—April 2, 2023     | 5,865,613           | \$ 2.33                                   | 6.82   | \$ 21,746                                |

#### *Stock-based compensation expense*

The following table summarizes stock-based compensation expense and its allocation within the accompanying unaudited condensed consolidated statements of operations and comprehensive loss (in thousands):

|  | Thirteen Weeks Ended April 2, 2023 | Three Months Ended March 31, 2022 |
|--|------------------------------------|-----------------------------------|
| Cost of revenues                       | \$ 11                              | \$ 3                              |
| Sales and marketing                    | 168                                | 18                                |
| General and administrative             | 843                                | 27                                |
| Total stock-based compensation expense | \$ 1,022                           | \$ 48                             |



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As of April 2, 2023 there was a total of \$11.3 million of unrecognized stock-based compensation costs related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.3 years.

### (14) Commitments and Contingencies

#### *Operating Leases*

The Company leases its facilities under non-cancelable operating lease agreements. The Company's leases have remaining terms of 0.8 years to 3.6 years. Options to renew or extend leases beyond their initial term have been excluded from measurement of the ROU assets and lease liabilities as exercise is not reasonably certain. Operating leases are reflected on the unaudited condensed consolidated balance sheets within operating lease ROU assets and the related current and non-current operating lease liabilities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from lease agreement. Operating lease ROU assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the terms. Variable lease costs such as common area maintenance, property taxes and insurance are expensed as incurred. Variable lease cost was \$0.1 million for the thirteen weeks ended April 2, 2023 and zero for the three months March 31, 2022. Total operating lease expense for the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022 was \$0.4 million and \$0.1 million, respectively.

The Company made \$0.3 million and \$0.1 million of cash payments related to operating leases during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022, respectively. New operating lease right-of-use assets obtained in exchange for operating lease liabilities were zero during the thirteen weeks ended April 2, 2023 and the three months ended March 31, 2022.

The weighted average remaining lease term and the discount rate for the Company's operating leases are as follows:

|  | April 2, 2023 |
|--|---------------|
| Remaining average remaining lease term (years) | 2.93          |
| Weighted average discount rate                 | 14.28%        |

Future minimum lease payments under non-cancelable operating leases, and future payments under the Lease Termination Agreement, as of April 2, 2023 are as follows (in thousands):

|  |                |
|--|----------------|
| 2023   | \$ 780         |
| 2024   | 743            |
| 2025   | 592            |
| 2026   | 477            |
| 2027 and thereafter                          | —              |
| Total undiscounted liabilities               | <u>2,592</u>   |
| Less imputed interest                        | <u>(610)</u>   |
| Present value of operation lease liabilities | <u>\$1,982</u> |

#### *Warranty Provision*

The Company typically provides a 10-year warranty on its solar energy system installations, which provides assurance over the workmanship in performing the installation, including roof leaks caused by the Company's performance. For solar panel sales, the Company provides a 30-year warranty that the products will be free from defects in material and workmanship.

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The Company accrues warranty costs when revenue is recognized for solar energy systems sales and panel sales, based primarily on the volume of new sales that contain warranties, historical experience with and projections of warranty claims, and estimated solar energy system and panel replacement costs. The Company records a provision for estimated warranty expenses in cost of service revenues and cost of product revenues within the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. Warranty costs primarily consist of replacement materials and equipment and labor costs for service personnel.

Activity by period relating to the Company's warranty provision was as follows (in thousands):

|  | April 2,<br>2023 | December 31,<br>2022 |
|--|------------------|----------------------|
| Warranty provision, beginning of period      | \$3,981          | \$ 2,281             |
| Warranty liability from business combination | —                | 1,943                |
| Accruals for new warranties issued           | 713              | 1,492                |
| Settlements                                  | (799)            | (1,735)              |
| Warranty provision, end of period            | \$3,895          | \$ 3,981             |
| Warranty provision, current                  | \$ 557           | \$ 767               |
| Warranty provision, noncurrent               | \$3,338          | \$ 3,214             |

### **Indemnification Agreements**

From time to time, in its normal course of business, the Company may indemnify other parties, with which it enters into contractual relationships, including customers, lessors, and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from breach of representation, covenant or third-party infringement claims. It may not be possible to determine the maximum potential amount of liability under such indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, there have been no such indemnification claims. In the opinion of management, any liabilities resulting from these agreements will not have a material adverse effect on the business, financial position, results of operations, or cash flows.

### **Legal Matters**

The Company is a party to various legal proceedings and claims which arise in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the reasonably possible loss. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Legal costs are expensed as incurred. Although claims are inherently unpredictable, the Company is not aware of any matters that have a material adverse effect on the business, financial position, results of operations, or cash flows. The Company has recorded \$1.6 million and \$1.9 million as a loss contingency in accrued expenses and other current liabilities on the unaudited condensed consolidated balance sheets as of April 2, 2023 and December 31, 2022, respectively, primarily associated with the pending settlement of the following legal matters.

### **Katerra Litigation**

On July 22, 2022, Katerra, Inc. filed a complaint for breach of contract and turnover of property under Section 542(b) of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. The complaint seeks damages for the amounts due under the Settlement Agreement and for attorney's fees. The Company filed an answer to the complaint on September 6, 2022. On May 11, 2023, the parties reached a settlement in which Solaria agreed to pay Katerra \$0.8 million, paid in monthly payments beginning on May 25, 2023 and ending by October 25, 2023.

***Vendor Settlement***

On January 10, 2023, a vendor entered into an agreement with the Company to settle past due performance related payments related to various tools. As part of the agreement, the Company agreed to pay \$0.9 million in three equal installments. As of April 2, 2023, the remaining balance of payments owed in relation to the settlement was \$0.6 million.

***SolarPark Litigation***

In January 2023, SolarPark Korea Co., LTD (“SolarPark”) demanded approximately \$80.0 million during discussions between the Company and SolarPark. In February 2023, the Company submitted its statement of claim seeking approximately \$26.4 million in damages against SolarPark. The ultimate outcome of this arbitration is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company’s unaudited condensed consolidated financial statements as the likelihood of a loss is not probable at this time.

On March 16, 2023, SolarPark filed a complaint against Solaria and the Company in the United States District Court for the Northern District of California. The complaint alleges a civil conspiracy involving misappropriation of trade secrets, defamation, tortious interference with contractual relations, inducement to breach of contract, and violation of California’s Unfair Competition Law. The complaint indicates that SolarPark has suffered in excess of \$220 million in damages. The ultimate outcome of this litigation is currently unknown and could result in a material liability to the Company. However, the Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company’s unaudited condensed consolidated financial statements as the likelihood of a loss is not probable at this time.

***Letters of Credit***

The Company had \$3.5 million of outstanding letters of credit related to normal business transactions as of April 2, 2023. These agreements require the Company to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder. As discussed in Note 1, the cash collateral in these restricted cash accounts was \$3.8 million as of April 2, 2023.

**(15) Basic and Diluted Net Loss Per Share**

The Company uses the two-class method to calculate net loss per share. No dividends were declared or paid for the thirteen weeks ended April 2, 2023 or for the three months ended March 31, 2022. Undistributed earnings for each period are allocated to participating securities, including the redeemable convertible preferred stock, based on the contractual participation rights of the security to share in the current earnings as if all current period earnings had been distributed. As there is no contractual obligation for the redeemable convertible preferred stock to share in losses, the Company’s basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average shares of common stock outstanding during periods with undistributed losses.

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The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common stockholders for the thirteen weeks ended April 2, 2023 and three months ended March 31, 2022 (in thousands, except share and per share amounts):

|  | <b>Thirteen Weeks<br/>Ended<br/>April 2, 2023</b> | <b>Three Months<br/>Ended<br/>March 31, 2023</b> |
|--|---|--|
| <b>Numerator:</b>  |   |  |
| Net loss attributable to common stockholder, basic and diluted           | \$ (23,514)                                       | \$ (1,206)                                       |
| <b>Denominator:</b>  |   |  |
| Weighted average common shares outstanding, basic and diluted            | 8,656,515   | 6,260,086  |
| Net loss per share attributable to common stockholder, basic and diluted | \$ (2.72)   | \$ (0.19)  |

Basic and diluted net loss per share attributable to common stockholders is the same for the thirteen weeks ended April 2, 2023 and three months ended March 31, 2022 because the inclusion of potential shares of common stock would have been anti-dilutive for the periods presented.

The following table presents the potential common shares outstanding that were excluded from the computation of diluted net loss per share of common stock as of the periods presented because including them would have been antidilutive:

|  | <b>April 2,<br/>2023</b> | <b>March 31,<br/>2022</b> |
|--|--------------------------|---------------------------|
| Convertible preferred stock                                      | 34,311,133               | 19,335,923                |
| Stock options issued and outstanding                             | 9,714,894                | 4,354,499                 |
| Convertible notes  | 6,325,952                | —                         |
| Preferred stock warrants   | 2,386,879                | 1,010,465                 |
| Common stock warrants  | 89,313                   | 10,351                    |
| Potential common shares excluded from diluted net loss per share | <u>52,828,171</u>        | <u>24,711,238</u>         |

## (16) Related Party Transactions

### *Related Party Convertible Promissory Notes*

In 2020, the Company issued convertible promissory notes ("2020 Convertible Notes") of approximately \$3.8 million to various investors, out of which \$3.3 million was issued to nine related parties. The related party debt is presented as convertible notes, net in the accompanying unaudited condensed consolidated balance sheets, adjusted for deferred interest, allocated debt financing costs and derivative liability recorded as debt discount. The principal amount of the outstanding balance accrued interest at 2.0% per annum.

In 2021, the Company issued convertible promissory notes ("2021 Convertible Notes") of approximately \$4.8 million to various investors, out of which \$3.6 million was issued to four related parties. The related party debt is presented as convertible notes, net in the accompanying unaudited condensed consolidated balance sheets, adjusted for deferred interest, and allocated debt financing costs. The principal amount of the outstanding balance accrued interest at 2.0% per annum.

In March 2022, as part of the Company's Series D redeemable convertible preferred stock issuance, the Company converted all of the outstanding convertible note series. As part of the conversion, the Company recognized a gain on the extinguishment of related party convertible notes of \$1.4 million, which was recorded in other income (expense), net on the unaudited condensed consolidated statements of operations and comprehensive loss.

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In October through December 2022, the Company issued convertible promissory notes (“2022 Convertible Notes”) of approximately \$12.0 million to various investors, out of which \$8.6 million was issued to four related parties. Additionally, the Company acquired a related party convertible note, on the same terms as the 2022 Convertible Notes as part of the acquisition of Solaria with a fair value of \$6.7 million at the time of the acquisition. The related party debt is presented as convertible notes, net due to related parties, noncurrent in the accompanying unaudited condensed consolidated balance sheets. The principal amount of the outstanding balance on the 2022 Convertible Notes accrues at 5.0%, compounded annually. For the year-ended thirteen weeks ended April 2, 2023, the Company has recognized \$0.2 million in interest expense related to the related party 2022 Convertible Promissory Notes.

There were no other material related party transactions during the thirteen weeks ended April 2, 2023 or the three months ended March 31, 2022.

### **(17) Subsequent Events**

In preparing the financial statements as of and for the thirteen weeks ended April 2, 2023, the Company evaluated subsequent events for recognition and measurement purposes through May 26, 2023, which is the date the financial statements were available to be issued. The Company noted no subsequent events through May 26, 2023 that would materially impact the condensed consolidated financial statements, except for the following:

In May 2023, the Company executed an amended and restated business combination agreement (refer to Note 1). In connection with the Business Combination Agreement, the Company has raised a series of convertible notes (“2022 Convertible Notes”) in May 2023 with additional investors, with an aggregate purchase price of \$10.0 million. The 2022 Convertible Notes will convert to common shares of Complete Solaria, Inc. at the Closing. The 2022 Convertible Notes accrue interest at a rate of 5% per annum. Immediately prior to the Closing, the 2022 Convertible Notes will be converted into that number of shares of common stock of Complete Solaria equal to (x) the principal amount together with all accrued interest of the 2022 Convertible Notes divided by 0.75, divided by (y) the price of a share of common stock of Complete Solaria used to determine the conversion ratio in the Business Combination Agreement.

In May 2023, in connection with a reduction in valuation as part of the Amended Business Combination Agreement due to management’s assessment of general market conditions, the Company elected to engage a third-party valuation specialist to perform a valuation of the Company’s common and redeemable convertible preferred stock. As a result of the valuation, the Company recognized a decrease in its redeemable convertible preferred stock warrant liability of approximately \$9.1 million in May 2023.

## INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of Directors of The Solaria Corporation

### Opinion

We have audited the consolidated financial statements of The Solaria Corporation and subsidiaries (the "Company"), which comprise the Consolidated Balance Sheets as of December 31, 2021 and 2020, and the related Consolidated Statements of Operations and Comprehensive Loss, Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit, and Consolidated Statements of Cash Flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has experienced net operating losses from operations and negative cash flows from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche LLP

San Francisco, California  
February 9, 2023

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**THE SOLARIA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2021 AND 2020**

(In thousands, except par value and share amounts)

|  | <u>December 31,</u><br><u>2021</u> | <u>December 31,</u><br><u>2020</u> |
|--|------------------------------------|------------------------------------|
| <b>ASSETS</b>  |                                    |                                    |
| CURRENT ASSETS:  |                                    |                                    |
| Cash and cash equivalents  | \$ 9,113                           | \$ 9,802                           |
| Accounts receivable, net   | 6,288                              | 13,318                             |
| Inventory, net   | 16,928                             | 10,448                             |
| Prepaid expenses and other current assets  | 2,053                              | 9,160                              |
| Total current assets   | <u>34,382</u>                      | <u>42,728</u>                      |
| Restricted cash  | 4,802                              | 3,747                              |
| Operating lease right-of-use assets, net and other noncurrent assets   | 1,755                              | 2,534                              |
| Property and equipment, net  | 999                                | 4,928                              |
| <b>TOTAL ASSETS</b>  | <u>\$ 41,938</u>                   | <u>\$ 53,937</u>                   |
| <b>LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>   |                                    |                                    |
| CURRENT LIABILITIES:   |                                    |                                    |
| Accounts payable   | \$ 5,489                           | \$ 4,459                           |
| Accrued expenses and other current liabilities   | 11,713                             | 9,975                              |
| Deferred revenue   | 75                                 | 2,070                              |
| Notes payable, net   | 10,912                             | 5,938                              |
| Operating lease liability  | 283                                | 390                                |
| Total current liabilities  | <u>28,472</u>                      | <u>22,832</u>                      |
| NONCURRENT LIABILITIES:  |                                    |                                    |
| Redeemable convertible preferred stock warrants liability  | 4,955                              | 1,725                              |
| Operating lease liability, net of current portion  | 1,674                              | 2,139                              |
| Other liabilities, noncurrent  | 2,341                              | 2,280                              |
| Notes payable, net of current portion  | 41,197                             | 11,171                             |
| Total liabilities  | <u>78,639</u>                      | <u>40,147</u>                      |
| COMMITMENTS AND CONTINGENCIES (NOTE 14)  |                                    |                                    |
| <b>MEZZANINE REDEEMABLE CONVERTIBLE PREFERRED STOCK</b>  |                                    |                                    |
| Redeemable convertible preferred stock; par value of \$0.001 per share; 13,500,285 shares authorized as of December 31, 2021 and 2020; issued and outstanding of 11,147,927 shares and 10,920,447 shares as of December 31, 2021 and 2020, respectively; aggregate liquidation value of \$71.7 million and \$71.3 million as of December 31, 2021 and 2020, respectively | <u>72,061</u>                      | <u>71,152</u>                      |
| <b>STOCKHOLDERS' DEFICIT</b>   |                                    |                                    |
| Common stock; par value \$0.001 per share; 27,000,000 shares authorized as of December 31, 2021 and 2020; issued and outstanding of 2,001,357 shares and 1,841,452 shares as of December 31, 2021 and 2020, respectively   | 521                                | 521                                |
| Class B common stock; par value \$0.001 per share; 815 shares authorized as of December 31, 2021 and 2020; 815 shares issued and outstanding as of December 31, 2021 and 2020  | 1                                  | 1                                  |
| Additional paid-in capital   | 178,309                            | 175,285                            |
| Accumulated other comprehensive loss   | (55)                               | (68)                               |
| Accumulated deficit  | <u>(287,538)</u>                   | <u>(233,101)</u>                   |
| Total stockholders' deficit  | <u>(108,762)</u>                   | <u>(57,362)</u>                    |
| <b>TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>   | <u>\$ 41,938</u>                   | <u>\$ 53,937</u>                   |

See accompanying notes to consolidated financial statements



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**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In thousands)**

|   | <b>Years Ended December 31,</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2021</b>                     | <b>2020</b>        |
| Product revenue, net  | \$ 59,763                       | \$ 48,328          |
| Cost of revenue   | 61,144                          | 47,950             |
| Gross profit (loss)   | (1,381)                         | 378                |
| Operating expenses  |                                 |                    |
| Research and engineering  | 4,345                           | 2,964              |
| Sales and marketing   | 7,244                           | 7,349              |
| General and administrative  | 9,789                           | 9,905              |
| Litigation-related costs  | 5,485                           | 2,311              |
| Impairment and related charges (Note 3)   | 17,052                          | 395                |
| Total operating expenses  | 43,915                          | 22,924             |
| Loss from operations  | (45,296)                        | (22,546)           |
| Interest expense  | (5,221)                         | (2,763)            |
| Interest income   | 6                               | 130                |
| Loss on extinguishment of debt (Note 7)   | (5,384)                         | —                  |
| Other income (expense), net   | 1,458                           | 1,404              |
| Total other expenses, net   | (9,141)                         | (1,229)            |
| Loss before provision for income taxes  | (54,437)                        | (23,775)           |
| Provision for income taxes  | —                               | 80                 |
| Net loss  | (54,437)                        | (23,855)           |
| <b>OTHER COMPREHENSIVE INCOME (LOSS):</b>   |                                 |                    |
| Currency translation adjustment, net of tax effect of \$0, for the years ended December 31, 2021 and 2020 | 13                              | (68)               |
| Net loss and comprehensive loss   | (54,424)                        | (23,923)           |
| Redeemable convertible preferred stock accretion  | 21                              | 36                 |
| Net loss and comprehensive loss to common stockholders  | <u>\$ (54,403)</u>              | <u>\$ (23,887)</u> |

See accompanying notes to consolidated financial statements

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THE SOLARIA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND  
STOCKHOLDERS' DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands, except number of shares)

|   | Redeemable Convertible Preferred Stock |          | Common Stock |        | Class B Common Stock |        | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Deficit |
|---|--|----------|--------------|--------|----------------------|--------|----------------------------|--------------------------------------|---------------------|-----------------------------|
|   | Shares                                 | Amount   | Shares       | Amount | Shares               | Amount |                            |                                      |                     |                             |
| Balance at December 29, 2019                                    | 10,151,638                             | \$64,193 | 1,816,452    | \$ 521 | 815                  | \$ 1   | \$172,469                  | \$ —                                 | \$ (209,246)        | \$ (36,255)                 |
| Exercise of options   | —                                      | —        | 25,000       | —      | —                    | —      | 10                         | —                                    | —                   | 10                          |
| Issuance of Series E-1 redeemable convertible preferred stock   | 768,809                                | 6,748    | —            | —      | —                    | —      | —                          | —                                    | —                   | —                           |
| Stock-based compensation  | —                                      | 175      | —            | —      | —                    | —      | 2,842                      | —                                    | —                   | 2,842                       |
| Currency translation adjustment                                 | —                                      | —        | —            | —      | —                    | —      | —                          | (68)                                 | —                   | (68)                        |
| Redeemable convertible preferred stock accretion                | —                                      | 36       | —            | —      | —                    | —      | (36)                       | —                                    | —                   | (36)                        |
| Net loss  | —                                      | —        | —            | —      | —                    | —      | —                          | —                                    | (23,855)            | (23,855)                    |
| Balance at December 31, 2020                                    | 10,920,447                             | \$71,152 | 1,841,452    | \$ 521 | 815                  | \$ 1   | \$175,285                  | \$ (68)                              | \$ (233,101)        | \$ (57,362)                 |
| Exercise of warrants  | 246,564                                | 762      | 25,000       | —      | —                    | —      | 2                          | —                                    | —                   | 2                           |
| Exercise of options   | —                                      | —        | 159,583      | —      | —                    | —      | 370                        | —                                    | —                   | 370                         |
| Repurchase of common stock                                      | —                                      | —        | (24,678)     | —      | —                    | —      | —                          | —                                    | —                   | —                           |
| Rescission of Series E-1 redeemable convertible preferred stock | (19,084)                               | —        | —            | —      | —                    | —      | —                          | —                                    | —                   | —                           |
| Stock-based compensation  | —                                      | 126      | —            | —      | —                    | —      | 2,673                      | —                                    | —                   | 2,673                       |
| Currency translation adjustment                                 | —                                      | —        | —            | —      | —                    | —      | —                          | 13                                   | —                   | 13                          |
| Redeemable convertible preferred stock accretion                | —                                      | 21       | —            | —      | —                    | —      | (21)                       | —                                    | —                   | (21)                        |
| Net loss  | —                                      | —        | —            | —      | —                    | —      | —                          | —                                    | (54,437)            | (54,437)                    |
| Balance at December 31, 2021                                    | 11,147,927                             | \$72,061 | 2,001,357    | \$ 521 | 815                  | \$ 1   | \$178,309                  | \$ (55)                              | \$ (287,538)        | \$ (108,762)                |

See accompanying notes to consolidated financial statements

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

|  | Years Ended          |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2021 | December 31,<br>2020 |
| <b>Cash Flows from Operating Activities</b>                                      |                      |                      |
| Net loss   | \$ (54,437)          | \$ (23,855)          |
| Adjustments to reconcile net loss to net cash used in operating activities:      |                      |                      |
| Debt amortization and non-cash interest expense                                  | 3,555                | 2,036                |
| Loss on extinguishment of debt   | 5,384                | —                    |
| Stock-based compensation   | 2,799                | 3,017                |
| Change in fair value of redeemable convertible preferred stock warrant liability | (358)                | (1,085)              |
| Depreciation expense   | 1,290                | 451                  |
| Allowance for doubtful accounts expense  | —                    | 183                  |
| Impairment and related charges   | 17,052               | 395                  |
| Impairment of investment in privately held company                               | 250                  | —                    |
| Noncash operating lease expense  | 283                  | 336                  |
| Forgiveness of Paycheck Protection Plan (PPP) Loan                               | (1,433)              | —                    |
| Other  | 13                   | 135                  |
| Changes in operating assets and liabilities:                                     |                      |                      |
| Accounts receivable, net   | 7,030                | (501)                |
| Inventory, net   | (15,168)             | 2,393                |
| Prepaid expenses and other current assets  | 2,970                | (4,413)              |
| Accounts payable   | 1,030                | (2,189)              |
| Accrued expenses and other current liabilities                                   | (1)                  | 3,216                |
| Deferred revenue   | (1,995)              | (1,582)              |
| Operating lease liability  | (309)                | (52)                 |
| Other liabilities, noncurrent  | 60                   | 1,629                |
| Net cash used in operating activities  | (31,985)             | (19,886)             |
| <b>Cash Flows from Investing Activities</b>                                      |                      |                      |
| Purchases of property and equipment  | (1,827)              | (2,935)              |
| Proceeds from sale of property and equipment                                     | 248                  | —                    |
| Net cash used in investing activities  | (1,579)              | (2,935)              |
| <b>Cash Flows from Financing Activities</b>                                      |                      |                      |
| Proceeds from issuance of notes payable, net                                     | 33,415               | 21,933               |
| Repayment of notes payable, net  | (382)                | (15,835)             |
| Proceeds from issuance of preferred stock, net                                   | —                    | 6,748                |
| Proceeds from exercise of redeemable convertible preferred stock warrants        | 512                  | —                    |
| Proceeds from exercise of stock options  | 372                  | 10                   |
| Net cash provided by financing activities  | 33,917               | 12,856               |
| Effect of Exchange Rate Changes  | 13                   | (67)                 |
| Net Change in Cash, Cash Equivalents and Restricted Cash                         | 366                  | (10,032)             |
| Cash, Cash Equivalents and Restricted Cash, beginning of year                    | 13,549               | 23,581               |
| Cash, Cash Equivalents and Restricted Cash, end of year                          | \$ 13,915            | \$ 13,549            |

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**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

|   | Years Ended          |                      |
|---|----------------------|----------------------|
|   | December 31,<br>2021 | December 31,<br>2020 |
| Supplemental Cash Flow Information  |                      |                      |
| Taxes paid  | \$ 73                | \$ 98                |
| Interest paid   | \$ 860               | \$ 353               |
| Non-Cash Investing and Financing Activities   |                      |                      |
| Preferred stock warrants issued in connection with the 2018 Bridge notes modification | \$ (731)             | \$ —                 |
| Forgiveness of PPP Loan   | \$ (1,433)           | \$ —                 |

See accompanying notes to consolidated financial statements

**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021, AND 2020**  
**(In thousands, except share and per share amounts)**

**1. ORGANIZATION**

**Description of Business**

The Solaria Corporation was incorporated as a Delaware corporation on May 5, 2006. The Solaria Corporation (together with its subsidiaries, the “Company” or “Solaria”) designs, develops, manufactures, and generates revenue from the sale of silicon photovoltaic solar panels and licensing of its technology to third parties. The Company operates from its headquarters in Fremont, California.

**Liquidity and Going Concern** — Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company incurred net losses of \$54.4 million and \$23.9 million during the year ended December 31, 2021 and 2020, respectively, and had an accumulated deficit of \$287.5 million as of December 31, 2021. The Company had cash and cash equivalents of \$9.1 million as of December 31, 2021. Historically, the Company’s activities have been financed through private placements of equity securities and debt. The Company expects to incur significant operating expenses as it continues to grow its business. The Company believes that its operating losses and negative operating cash flows will continue into the foreseeable future. The Company’s history of recurring losses, negative operating cash flows and the need to raise additional funding to finance its operations raise substantial doubt about the Company’s ability to continue as a going concern.

As more fully described in Note 17, the Company was acquired by Complete Solar Holding Corporation (“Complete Solar”) in November 2022 and formed Complete Solaria, Inc. (“Complete Solaria”). As a result, the Company became a wholly-owned indirect subsidiary of “Complete Solaria” at that time. Subsequent to the acquisition, the combined company does business as Complete Solaria. The Company’s ability to continue as a going concern is dependent on its and Complete Solaria’s ability to improve profitability and cash flows as well as Complete Solaria’s ability to raise additional funds through debt and/or equity raises. As discussed in Note 17, Complete Solaria’s plan is to seek additional funding through completion of a business combination with Freedom Acquisition Corp. (“Freedom”), a special purpose acquisition corporation (“SPAC”). At this time, Complete Solaria is focused on completing the business combination, which is subject to approval of the shareholders of both companies, regulatory approval from the Securities and Exchange Commission (“SEC”) and other customary closing conditions and is limited in its efforts to raise additional capital from secondary sources.

If Complete Solaria fails to complete this business combination, it plans to continue to fund its operations and capital funding needs through a combination of private equity offerings, debt financings and other sources. If Complete Solaria is not able to secure adequate additional funding when needed, the Company will need to reevaluate its operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs or cease operations entirely. These actions could materially impact the Company’s business, results of operations and future prospects.

While Complete Solaria and Solaria have historically been able to raise multiple rounds of financing, there can be no assurance that in the event additional financing is required, such financing will be available on terms that are favorable, or at all. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending would have a material adverse effect on the Company’s ability to achieve their intended business objectives.

Therefore, there is substantial doubt about Solaria’s ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying financial statements have been prepared assuming Solaria will continue to operate as a going concern, which contemplates the realization

of assets and settlement of liabilities in the normal course of business. They do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The Company’s consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Solaria Australia Pty. Ltd and TSC PowerHome BVd PLV Inc. All intercompany balances and transactions have been eliminated in consolidation.

The Company had 52 or 53 week fiscal year that ended on the Sunday nearest to December 31 of each year. Beginning 2020 the Company changed the fiscal year end to calendar year end.

**Significant Risks and Uncertainties** — The Company is subject to a number of risks that are similar to those which other companies of similar size in its industry are facing, including, but not limited to, the need for successful development of products, the need for additional capital (or financing) to fund operations, competition from substitute products and services from larger companies, ability to develop sales channels and to onboard channel partners, as defined, protection of proprietary technology, patent litigation, dependence on key customers, dependence on key individuals, and risks associated with changes in information technology.

In March 2020, the World Health Organization declared the outbreak of a novel corona virus as a pandemic. The pandemic has reached every region of the world and has resulted in widespread impacts on the global economy. In response, the Company has modified certain business and workforce practices (including discontinuing non-essential business travel, implementing a temporary work-from-home policy for employees who can execute their work remotely and encouraging employees to adhere to local and regional social distancing guidelines, more stringent hygiene and cleaning protocols across the Company’s facilities and operations and self-quarantining recommendations) to conform to restrictions and best practices encouraged by governmental and regulatory authorities.

The quarantine of personnel or the inability to access the Company’s facilities or customer sites could adversely affect the Company’s operations. As of the date of this report, the Company’s efforts to respond to the challenges presented by the conditions described above have allowed the Company to minimize the impacts of these challenges to its business.

**Use of Estimates**—The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of income and expense during the reporting period. Such estimates include warranty cost, allowances for doubtful accounts, determination of the net realizable value of inventory, determination of the useful lives of property and equipment, assessment of the recoverability and fair values of property and equipment, valuation of deferred tax assets and liabilities, estimation of other accruals and reserves, determination of the fair value of debt, redeemable convertible preferred stock, common stock, simple agreements for future equity, stock option and restricted stock grants, and redeemable convertible preferred stock and common stock warrants. Management evaluates its estimates and assumptions on an ongoing basis using historical trends, market pricing, current events and other relevant assumptions and data points. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

**Foreign Currency**—The Company’s reporting currency is the US dollar. The functional currency for each of the Company’s foreign subsidiaries is the local currency, as it is the monetary unit of account of the principal economic environments in which the Company’s foreign subsidiaries operate. Assets and

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liabilities of the foreign subsidiaries are translated at the current exchange rate as of the end of the period, and revenue and expenses are translated at the average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into US dollar financial statements is accounted for as a foreign currency cumulative translation adjustment and is reported as a component of accumulated other comprehensive loss. Foreign currency transaction gains and losses resulting from transactions denominated in a currency other than the functional currency are recognized in Other Income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

**Comprehensive Loss**—Comprehensive loss consists of two components, net loss and other comprehensive income (loss), net. Other comprehensive income (loss), net is defined as revenue, expenses, gains, and losses that under US GAAP are recorded as an element of stockholders' deficit but are excluded from net loss. The Company's other comprehensive loss consists of foreign currency translation adjustments that result from the consolidation of its foreign entities and is reported net of tax effects.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value. As of December 31, 2021 and 2020, cash and cash equivalents consist primarily of checking and savings deposits.

**Restricted Cash**—The Company classifies all cash for which usage is limited by contractual provisions as restricted cash. Restricted cash consists of \$4.8 million and \$3.7 million deposited in money market account, which is used as cash collateral backing letters of credit related to customs duty authorities' requirements as of December 31, 2021 and 2020, respectively. The Company has presented these balances under noncurrent assets in the consolidated balance sheets.

Total cash, cash equivalents and restricted cash is presented in the table below (in thousands):

|  | As of December 31, |                  |
|--|--------------------|------------------|
|  | 2021               | 2020             |
| Cash and cash equivalents                        | \$ 9,113           | \$ 9,802         |
| Restricted cash                                  | 4,802              | 3,747            |
| Total cash, cash equivalents and restricted cash | <u>\$ 13,915</u>   | <u>\$ 13,549</u> |

**Accounts Receivable, net**—Accounts receivable are recorded at invoiced amounts less allowances for bad debts that management believes will be adequate to absorb estimated losses on existing balances, or net realizable value. On a periodic basis, management evaluates accounts receivable and determines whether to record an allowance, or whether any account balances should be written off based on past history of write-offs, collections, and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon payment terms. The Company generally does not require any security or collateral to support its accounts receivable. For the year ended December 31, 2021, accounts receivable write-offs and bad debt expense were zero. For the year ended December 31, 2020 accounts receivable write-offs were \$0.1 million and bad debt expense was \$0.2 million, respectively. As of December 31, 2021 and 2020, the allowance for doubtful accounts was \$0.6 million. The Company did not record any impairment losses on accounts receivable in fiscal years 2020 and 2021.

**Simple Agreement for Future Equity notes**—The Company's Simple Agreement for Future Equity notes ("SAFE") are financial instruments whereby an investor provides an investment into the Company, and the note is subsequently converted into a preferred equity security at a discount to the price paid by other investors when and if preferred equity is issued through a qualifying capital raise. The SAFE notes are classified as liabilities as of December 31, 2021 and 2020 and key terms of such notes are described in Note 7.

The Company elected the fair value option for SAFE financial instruments, which requires these to be remeasured to fair value each reporting period with changes in fair value recorded in Other Income (expense), net in the Consolidated Statements of Operations and Other Comprehensive Loss, except for

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changes in fair value that result from a change in the instrument specific credit risk which are presented separately within other comprehensive income (loss). The fair value estimate includes significant inputs not observable in the market, which represent a Level 3 measurement within the fair value hierarchy. The decision to elect the fair value option is made on an instrument-by-instrument basis on the date the instrument is initially recognized, is applied to the entire instrument, and is irrevocable once elected. As a result of applying the fair value option, direct costs and fees related to issuance of SAFE were expensed as incurred.

As more fully described in Note 17, post consummation of the merger in November 2022, all SAFE notes were assumed by Complete Solar.

**Fair Value Measurements**— As more fully described in Note 7, the Company follows ASC 820, Fair Value Measurements, which establishes a common definition of fair value to be applied when U.S. GAAP requires the use of fair value, establishes a framework for measuring fair value, and requires certain disclosure about such fair value measurements. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value accounting is applied to all assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

**Concentration of Credit Risk**— Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and accounts receivable. Concentration risk for cash and cash equivalents is mitigated by banking with a creditworthy financial institution. At times, cash deposits have exceeded the federally insurable limit; however, the Company has not experienced any losses on its cash deposits and cash equivalents since inception. The Company generally does not require collateral or other security to support its accounts receivable. Credit is extended to customers based on an evaluation of their financial condition and other factors. The Company performs ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts as appropriate.

The Company had one major customer for the years ended December 31, 2021, and 2020, respectively. Major customers are defined as customers generating revenue greater than 10% of the Company's revenue. Revenue from the major customer accounted for 69% and 58% of revenue for the years ended December 31, 2021, and 2020, respectively. Accounts receivable from the major customer totaled \$3.6 million and \$9.2 million as of December 31, 2021, and 2020, respectively.

For the year ended December 31, 2021, three suppliers represented 56% of the Company's inventory purchases. For the year ended December 31, 2020, three suppliers represented 41% of the Company's inventory purchases.

**Inventory, net**— Inventory, net consist of raw materials, work-in-progress, and finished goods, stated at the lower of actual cost (which approximates first-in, first-out basis) or net realizable value. The determination of net realizable value involves numerous judgments, including estimated future demand and selling prices. Inventory that is obsolete, in excess of the Company's forecasted demand or is anticipated to be sold at a loss is written down to its estimated realizable value based on product life cycle, development plans, expected demand or quality issues.

**Property and Equipment, net**— Property and equipment, net is stated at cost and depreciated on a straight-line basis over the assets' estimated useful lives. Equipment purchased but not yet placed into service is classified as construction in progress and is not depreciated until it is placed in service. Upon retirement or sale, costs and related accumulated depreciation are removed from the balance sheets and the resulting gain or loss is included in operating expense in the Consolidated Statements of Operations and Comprehensive Loss. Maintenance and repairs costs are charged to operations as incurred.



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Depreciation is calculated on a straight-line basis over the estimated useful lives of those assets, ranging from three years to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining lease term.

**Investment in Privately Held Company**— In June 2015, the Company invested \$0.3 million in a privately held company and accounted for such investment using the cost method. As of December 31, 2020, this investment is included in other noncurrent assets in the consolidated Balance Sheet. The Company monitors the investment for impairment and makes appropriate reductions in carrying value if the Company determines that an impairment charge is required based primarily on the financial condition and near-term prospects of the investee. In December 2021, the Company determined the investment carrying value to be fully impaired and recorded a \$0.3 million expense to Other Income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

**Impairment of Long-Lived Assets**— The Company periodically evaluates the carrying value of long-lived assets to be held and used when indicators of impairment exist. The carrying value of a long-lived asset to be held and used is considered impaired when the estimated separately identifiable undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the estimated cash flows discounted at a rate commensurate with the risk involved. As discussed in Note 3, in December 2021, the Company recorded a write-down of assets associated with its Solar Park contract manufacturer in Korea. Equipment with a net carrying value of \$4.2 million was fully written off as part of the Solar Park write-down. In addition, as discussed in Note 5, in March of 2020, the Company recorded an impairment charge of \$0.4 million related to the abandonment of certain manufacturing equipment which was no longer expected to be completed. No other significant impairment charges have been recorded in the periods presented.

**Commitments and Contingencies**— The Company is and may become involved in various legal proceedings arising from its business activities. While management is not aware of any litigation matter that in and of itself would have a material adverse impact on the Company's consolidated results of operations, cash flows or financial position, litigation is inherently unpredictable, and depending on the nature and timing of a proceeding, an unfavorable resolution could materially affect the Company's future consolidated results of operations, cash flows or financial position in a particular period. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual or disclosure in the Company's consolidated financial statements.

An estimated loss contingency is accrued in the Company's consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against the Company may be unsupported, exaggerated or unrelated to reasonably possible outcomes, and as such are not meaningful indicators of the Company's potential liability.

**Revenue Recognition**— In May 2014, the Financial Accounting Standards Board ("FASB") issued new accounting guidance, Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers that supersedes nearly all U.S. GAAP on revenue recognition and eliminates legacy industry-specific guidance. Since its issuance, the FASB has issued several amendments to ASC 606. The Company adopted ASC 606 on January 1, 2018, using the modified retrospective method.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its arrangements with customers:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;

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- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue as performance obligations are satisfied.

ASC 606 provides a unified model in determining when and how revenue is recognized with the core principle that revenue should be recognized when a customer obtains control of the promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company generates revenues from the sale of silicon photovoltaic solar panels and licensing of the Company's technology to third parties.

The Company contracts with customers under non-cancellable arrangements. While customers, including distributors, may cancel master purchase agreements for convenience at any time, customers may not cancel or modify purchase orders placed under the terms of such master purchase agreements after 4 weeks from the scheduled delivery date. Each purchase order is therefore a contract with the customer, i.e., the purchase of a quantity of any given, single product; further, purchase orders do not commit the customer to purchase any further volumes over time. Contract modifications do not carry revenue recognition implications as no revenue is recognized until control over products, or intellectual property, as applicable, has transferred to the customer.

The Company's contracts with customers consist of a single performance obligation as the Company has no practice of selling products and licensing its intellectual property under the same arrangement. Products and licensed intellectual property are distinct performance obligations. Customers can benefit from the panels and intellectual property on their own – the panels and intellectual property can be used on their own, and the panels do not require integration with other offerings, do not modify or customize (or are being modified or customized by) other offerings, and are not highly interrelated or interdependent with other offerings. Similarly, no purchase of panels is required for the customer to be able to use the intellectual property as intended, and updates, if any, to the intellectual property being licensed are not critical to the customer's ability to derive the intended benefits from such licensing arrangement over the licensing term. The Company does not offer extended warranty for customers to purchase, nor does the Company sell any services related to the panels. Further, while customers do have the option to purchase additional quantities of any given products, such options do not grant material rights to the customer as all such options are priced similarly to the upfront transaction and the pricing of each purchase order is highly variable.

The transaction price is determined based on the total consideration specified in the contract, including variable consideration. Variable consideration consists of a variety of incentives, such as volume-based rebates and price protection. The Company uses the expected-value method to estimate variable consideration, which results in a reduction of the transaction price.

The pricing of each purchase order is separately negotiated and is reflective of management's pricing objectives in agreeing to honor such purchase order once agreed to. No reallocation of the transaction price is generally required as contracts with customers typically include a single performance obligation.

The Company recognizes revenue from sales of products as control is transferred to the customer, generally upon delivery to the customer's premises as customers do not have rights of return and the Company does not have significant obligations post shipment. In instances where the price of a licensing arrangement is fixed at arrangement inception, license revenue is recognized at the time control over the related intellectual property has transferred to the customer. In instances where the pricing of a licensing arrangement is royalty-based, revenue is recognized based on estimates of the licensee's estimated use of the licensed intellectual property in the period of reference, with a true up being recorded as actual use becomes known based on royalty reports received from the licensee.

Revenue is recognized net of sales taxes charged to customers. The Company accounts for shipping and handling costs as fulfillment costs.

**Capitalized Contract Acquisition Costs and Fulfillment Cost**— Contract acquisition costs primarily consist of commissions that the Company incurs to obtain a contract with a customer. These costs are

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incremental (i.e., no commissions are due and payable unless a contract is entered into with a customer) and recoverable. However, as the period from fulfillment of the performance obligation to rights to payment does not exceed a year, commission, costs, as permitted by the practical expedient, are expensed upon control of the product transferring to the customer, generally upon delivery because based on the above, these costs do not benefit future periods.

**Cost of Revenue**— Cost of revenue consists primarily of direct production costs, including labor, materials, and subcontractor costs, indirect labor and overhead costs related to manufacturing activities; depreciation of production equipment, and allocated facilities costs.

**Shipping and Handling**— The Company considers shipping and handling to represent activities performed in fulfilling the contract with the customer. When shipping is charged to the customer, the Company nets such charges against actual shipping costs incurred. Taxes imposed by governmental authorities on the Company's revenue producing activities, such as sales taxes, are excluded from net sales.

**Warranty Cost**— The Company warrants that its products will operate substantially in conformity with published product specifications, generally for a period of twenty-five years. The Company does not sell extended warranty coverage. The warranties provide the purchaser with protection in the event of defect or failure to perform as warranted. In fiscal year 2020, the Company changed its warranty accrual calculation methodology from a revenue-based methodology to a cost of goods sold-based methodology. Management concluded that the impact of such change in the period of change and in all periods prior to such change was de minimis and therefore reflected the impact of the change in the period the change was effected. Therefore, all periods presented are materially consistent. The Company accrues the estimated cost of warranties in the period the related revenue is recognized based on historical and projected warranty claim rates, historical and projected cost per claim, and knowledge of specific product failures outside the Company's typical experience. Estimated warranty obligations as of December 31, 2021 and 2020 were \$1.7 million and \$1.2 million, respectively, and are included in Accrued expenses and other current liabilities in the consolidated balance sheets.

The following table is a roll forward of warranty cost as of December 31, 2021, and 2020 (in thousands):

|                               | As of December 31, |                |
|-------------------------------|--------------------|----------------|
|                               | 2021               | 2020           |
| Beginning balance             | \$1,248            | \$ 929         |
| Warranty settlements          | (135)              | (224)          |
| Additions to warranty accrual | 625                | 543            |
| Ending balance                | <u>\$1,738</u>     | <u>\$1,248</u> |
| Warranty cost, current        | \$ 87              | \$ 62          |
| Warranty cost, noncurrent     | <u>1,651</u>       | <u>1,186</u>   |
| Total warranty cost           | <u>\$1,738</u>     | <u>\$1,248</u> |

**Research and Engineering**— Research and engineering costs that do not meet the criteria for capitalization are expensed as incurred. Research and engineering costs primarily consist of compensation, employee benefits, stock-based compensation related to technology developers and product management employees, as well as fees paid for outside services.

**Sales and Marketing**— Sales and marketing costs are charged to expense as incurred. The Company incurred advertising costs amounting to \$0.6 million and \$0.3 million for the years ended December 31, 2021 and 2020, respectively.

**General and Administrative**— General and administrative expenses primarily consist of employee compensation, including stock-based compensation and benefits for the Company's finance, human resources, legal, and general management functions as well as facilities and professional services.

**Litigation-Related Costs** – primarily consist of legal costs incurred in connection with the Company’s patent infringement claims against Canadian Solar, Inc (“Canadian Solar”) filed by Solaria in March 2020 in the Federal District Court for the Northern District of California and in the United States International Trade Commission (ITC) and related to Solaria’s proprietary shingled solar module technology. An initial determination in favor of the Company by the Chief Administrative Law Judge of the United States International Trade Commission was reached in October 2021. In June 2022, the Company announced that it has settled its patents infringement claims and would terminate the litigation against Canadian Solar in return for Canadian Solar ceasing its importation of shingled solar panels into the United States for seven years.

**Stock-Based Compensation**— The Company accounts for stock-based compensation in accordance with ASC 718, Compensation – Stock Compensation (“ASC 718”).

The Company grants stock options to its employees, directors and consultants for a fixed number of shares with an exercise price equal to the fair value of the shares at the date of grant. All stock-based payments to employees and non-employees, including grants of stock options, are recognized in the consolidated financial statements based on their respective grant date fair values.

The Company estimates the fair value of stock-based payments on the date of grant using the Black-Sholes-Merton option pricing model. The model requires management to make a number of assumptions, including the expected volatility of the Company’s stock, the expected life of the option, the risk-free interest rate, expected dividends, and forfeiture rates. The fair value of the stock options, adjusted for forfeitures, is expensed over the related service period which is typically the vesting period.

**Redeemable Convertible Preferred Stock Warrants**— The Company accounts for the outstanding warrants exercisable into shares of the Company’s redeemable convertible preferred stock in accordance with FASB Accounting Standards Codification (ASC) Topic 480, Distinguishing Liabilities from Equity. Under Topic 480, the Company is required to classify certain warrants to purchase shares of stock as liabilities and adjust the warrant instruments to fair value at each reporting period. At the end of each reporting period, changes in fair value during the period are recognized as a component of Other Income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss. The Company will continue to adjust the preferred stock warrant liability for changes in the fair value until the earlier of the exercise or expiration of the warrants or the completion of a liquidation event, including completion of an initial public offering, at which time the warrant liability will be reclassified to additional paid-in capital.

**Income Taxes**— The Company accounts for income taxes using the asset and liability method as described in ASC 740, Income Taxes. Deferred income taxes are recognized by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and income tax credit carryforwards. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period that includes the enactment date. Deferred income taxes are netted and classified as a noncurrent asset or liability on the consolidated balance sheets.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period when such determination is made. As more fully discussed in Note 12, as of December 31, 2021 and 2020 the Company had fully reserved its deferred tax assets.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than

50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**Leases**— The Company early adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842), as amended (“ASC 842”) effective January 1, 2018 using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application. ASC 842 requires all lessees to recognize most leases on their balance sheets as lease right-of-use (“ROU”) assets with corresponding lease liabilities.

Operating lease right-of-use assets and operating lease liabilities are recognized at the present value of the future lease payments, generally for the base lease term, at the lease commencement date for each lease. The interest rate used to determine the present value of the future lease payments is the Company’s incremental borrowing rate because the interest rate implicit in most of the Company’s leases is not readily determinable. The Company’s incremental borrowing rate is estimated to approximate the interest rate that the Company would pay to borrow on a collateralized basis with similar terms and payments as the lease, and in economic environments where the leased asset is located.

Operating lease right-of-use assets also include any prepaid lease payments and lease incentives. The Company’s lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include payments for maintenance and utilities, are combined with lease payments and accounted for as a single lease component. The Company includes the fixed non-lease components in the determination of the right-of-use assets and operating lease liabilities. The Company records the amortization of the right-of-use asset and the accretion of lease liability as rent expense included in general and administrative, cost of revenue, research and engineering and sales and marketing in the consolidated statement of operations and comprehensive loss. The Company did not identify any finance leases at December 31, 2021 and 2020.

When lease agreements provide allowances for leasehold improvements, the Company assesses whether it is the owner of the leasehold improvements for accounting purposes. When the Company concludes that it is the owner, the Company capitalizes the leasehold improvement assets and recognizes the related depreciation expense on a straight-line basis over the lesser of the lease term or the estimated useful life of the asset. Additionally, the Company recognizes the amounts of allowances to be received from the lessor as a reduction of the lease liability and the associated right-of-use asset. When the Company concludes that it is not the owner, the payments that the Company makes towards the leasehold improvements are accounted as a component of the lease payments.

**Accounting Pronouncements Recently Adopted** — In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (350-40) Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement. This guidance evaluated such costs for capitalization using the same criteria as for internal-use software development costs, with amortization expense being recorded in the same income statement expense line as the hosted service costs and over the expected term of the hosting arrangement. This ASU is effective for the Company on January 1, 2021. The adoption of this ASU on January 1, 2021 did not have a material impact to the Company’s consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”). The amendments in ASU 2020-06 simplify accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will no longer be available. ASU 2020-06 is effective for interim and annual reporting periods beginning after December 15, 2023, with early adoption permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods

within those fiscal year. The Company adopted the new standard on January 1, 2022 under the modified retrospective approach resulting in a cumulative catch-up adjustment of \$1.1 million to accumulated deficit and additional paid-in capital as of the date of adoption related to the beneficial conversion feature related to the 2018 Bridge Notes as discussed in Note 7.

### **Recent Accounting Pronouncements Not Yet Adopted**

The Company currently qualifies as an EGC under the JOBS Act. Accordingly, the Company has the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. The Company has elected to adopt new or revised accounting guidance within the same time period as private companies, unless, as indicated below, management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the FASB’s guidance on the impairment of financial instruments. Topic 326 adds to GAAP an impairment model (known as the “current expected credit loss model”) that is based on expected losses rather than incurred losses. ASU 2016-13 is effective for the Company’s annual and interim periods beginning after December 15, 2022 with early adoption permitted. The Company does not expect to early adopt the new standard. The Company is currently evaluating the impact of ASU 2016-13 on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Most amendments within this accounting standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted ASU 2019-12 under the private company transition guidance beginning January 1, 2022, the adoption did not have an impact on the Company’s financial statements.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force). This guidance clarifies certain aspects of the current guidance to promote consistency among reporting of an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for all entities, including adoption in an interim period. The Company adopted ASU 2021-04 under the private company transition guidance beginning January 1, 2022, the adoption did not have an impact on the Company’s financial statements.

### **3. SOLAR PARK RELATED COSTS**

In December 2021 the Company determined that it would no longer utilize Solar Park Korea Co., Ltd. (“Solar Park”), a contract manufacturer, for production of solar panels. Solar Park was experiencing serious financial issues during the fourth quarter of 2021.

As of December 31, 2021, the Company evaluated the relevant facts and circumstances, determined that substantially all Company assets associated with Solar Park were at risk. Accordingly, the Company wrote off the full carrying value of the assets described below Solar Park as a component of operating expenses in

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the consolidated statement of operations and comprehensive loss for the year ended December 31, 2021 (in thousands):

| <u>Description</u>                        | <u>Amount</u>    |
|---|------------------|
| Inventory and related advances write-down | \$ 9,123         |
| Equipment and related advances write-down | 7,928            |
| Total                                     | <u>\$ 17,052</u> |

These amounts include inventory of \$8.7 million, inventory-related advances of \$0.4 million, equipment of \$4.2 million and equipment-related advances of \$3.7 million. The Company utilized inventory held outside of Solar Park to facilitate its transition to a new provider during fiscal year 2022.

As discussed in Notes 14 and 17, in June 2022, the Company filed a notice of arbitration with the Singapore International Arbitration Centre (“SIAC”) seeking approximately \$47.0 million in damages against Solar Park in connection with the write-downs described above and other costs related to the loss of Solar Park’s production and transition to a new provider. Solar Park filed a response with SIAC in June 2022 asserting damages of approximately \$30.0 million against the Company. The arbitration hearing, is expected to occur during the first half of 2024.

#### 4. REVENUE

The Company generates revenues from the sale of silicon photovoltaic solar panels and licensing of the Company’s technology to third parties.

**Product Sales**— The Company recognizes revenue from sales of products as control is transferred to customers, which generally occurs upon delivery to the customer’s premises. Other than standard warranty obligations, there are no rights of return or significant post-shipment obligations with respect to the Company’s products. Contracts with customers consist of a single performance obligation, hence the entire transaction price is allocated to this single performance obligation. In determining the transaction price in contracts with customers, the Company reduces revenue for the estimated costs of customer and distributor programs and incentive offerings such as price protection and rebates. Any provision for customer and distributor programs and other discounts is recorded as a reduction of revenue at the time of sale based on an evaluation of the contract terms and historical experience.

**License Revenue** — The Company derives revenue from the licensing of the Company’s technology to third parties. Revenue from functional IP licensing arrangements is recognized at a point in time when control over the licensed technology is transferred to the customer. License fees, i.e., royalties, that are not fixed at contract inception are recognized over time upon occurrence of the later of the subsequent technology sale or usage, or satisfaction of the performance obligation to which some or all of the usage-based royalty relates. The Company recorded license revenue amounting to \$0.03 million and \$0.2 million for the years ended December 31, 2021, and 2020, respectively, which is included under product revenue, net in the Consolidated Statements of Operations and Comprehensive Loss.

Disaggregated revenue by primary geographical market and business activity are as follows (in thousands):

|                              | <u>Years Ended December 31,</u> |                  |
|------------------------------|---------------------------------|------------------|
|                              | <u>2021</u>                     | <u>2020</u>      |
| Primary geographical markets |                                 |                  |
| U.S.                         | \$ 56,577                       | \$ 46,158        |
| International                | 3,186                           | 2,170            |
| Total                        | <u>\$ 59,763</u>                | <u>\$ 48,328</u> |
| Product sales                | \$ 59,737                       | \$ 48,098        |
| Royalty                      | 26                              | 230              |
| Total revenue                | <u>\$ 59,763</u>                | <u>\$ 48,328</u> |

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**Contract Balances** — Contract liabilities consist of deferred revenue or customer deposits and relate to amounts invoiced to or advance consideration received from customers, which precede the Company’s satisfaction of the associated performance obligation(s).

The following table is a roll forward of deferred revenue balances as of December 31, 2021, and 2020 (in thousands):

|                                    | Years Ended<br>December 31, |                 |
|------------------------------------|-----------------------------|-----------------|
|                                    | 2021                        | 2020            |
| Deferred revenue—beginning balance | \$ 2,070                    | \$ 2,246        |
| Additions                          | 1,494                       | 5,624           |
| Revenue recognized                 | (3,489)                     | (5,800)         |
| Deferred revenue—ending balance    | <u>\$ 75</u>                | <u>\$ 2,070</u> |

As of December 31, 2021, and 2020, the Company’s deferred revenue is expected to be recognized during the succeeding 12-month period and is therefore presented as deferred revenue, current, in the consolidated balance sheets.

## 5. FINANCIAL STATEMENT COMPONENTS

**Inventories, Net**—The components of inventories as of December 31, 2021 and 2020, respectively, were as follows (in thousands):

|                      | As of December 31, |                  |
|----------------------|--------------------|------------------|
|                      | 2021               | 2020             |
| Finished goods       | \$ 16,928          | \$ 5,029         |
| Work in progress     | —                  | 1,712            |
| Raw materials        | —                  | 3,707            |
| Total inventory, net | <u>\$ 16,928</u>   | <u>\$ 10,448</u> |

As of December 31, 2021 and 2020 reserves for inventory obsolescence were \$0.1 million and \$0.2 million, respectively.

As more fully discussed in Note 3, in December 2021, the Company wrote off approximately \$8.7 million of inventory which is held at the Solar Park contract manufacturer’s site in Korea and is not expected to be recoverable.

**Property and Equipment, net**— Property and equipment, net as of December 31, 2021 and 2020, consist of the following (in thousands):

|  | As of December 31, |                 |
|--|--------------------|-----------------|
|  | 2021               | 2020            |
| Manufacturing equipment                  | \$ 3,195           | \$ 7,316        |
| Leasehold improvement                    | 864                | 1,080           |
| Furniture, fixtures and office equipment | 66                 | 100             |
|  | <u>\$4,125</u>     | <u>\$8,496</u>  |
| Less: Accumulated depreciation           | (3,126)            | (3,568)         |
| Total property and equipment, net        | <u>\$ 999</u>      | <u>\$ 4,928</u> |

Total depreciation expense for the years ended December 31, 2021, and 2020 was \$1.3 million and \$0.5 million, respectively.



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In addition, in March of 2020, the Company recorded an impairment charge of \$0.4 million related to the abandonment of certain manufacturing equipment which was no longer expected to be completed. These assets were previously included as a component of Construction in Progress within Property and Equipment. The write-down was included in the Consolidated Statement of Operations and Comprehensive Loss as Impairment and Related Charges.

As more fully discussed in Note 3, the Company wrote off approximately \$4.2 million net carrying value of manufacturing equipment which is held at the Solar Park contract manufacturer's site in Korea and is not expected to be recoverable.

**Accrued Expenses and Other Current Liabilities**— Accrued expenses and other current liabilities consist of the following (in thousands):

|  | As of December 31, |                |
|--|--------------------|----------------|
|  | 2021               | 2020           |
| Accrued purchases  | \$ 2,657           | \$1,400        |
| Accrued rebates and credits                              | 1,967              | 2,313          |
| Warranty cost, current                                   | 87                 | 62             |
| Other taxes payable                                      | 1,053              | 2,275          |
| Customer deposits  | 773                | 452            |
| Accrued payroll  | 784                | 1,099          |
| Current portion of amount payable to a vendor (Note 14)  | 1,699              | 1,252          |
| SCI Term Loan and Revolving Loan amendment fees (Note 7) | 1,700              | —              |
| Other accrued liabilities                                | 993                | 1,122          |
| Total accrued expenses and other current liabilities     | <u>\$11,713</u>    | <u>\$9,975</u> |

### **Other income (expense), net**

Other income (expense), net consists of the following (in thousands):

|   | Years Ended December 31, |                 |
|---|--------------------------|-----------------|
|   | 2021                     | 2020            |
| Forgiveness of Paycheck Protection Program Loan (Note 7)                                  | \$ 1,433                 | \$ —            |
| Change in fair value of redeemable convertible preferred stock warrant liability (Note 8) | 358                      | 1,085           |
| Write-off of Investment in Privately Held Company   | (250)                    | —               |
| Others  | (83)                     | 319             |
| Total other income (expense), net   | <u>\$ 1,458</u>          | <u>\$ 1,404</u> |

## **6. LEASES**

**Operating Leases**— In April 2018, the Company entered into a 56-month lease agreement for an office space in Oakland, California for \$0.8 million in total payments. Effective June 2021, the Company terminated the lease agreement and agreed to settle the unpaid rent and related legal costs for \$0.3 million. As a result, the Company derecognized the Oakland right-of use asset and corresponding lease liability and recognized a loss of \$0.01 million as Other Income (Expense), net in the Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2021.

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In November 2019, the Company entered an 84-month lease for office and manufacturing space in Fremont, California (“Fremont facility”) for \$3.3 million in total payment. The Company has an option to renew the lease for five years. Lease renewals are not assumed in the determination of the lease term until the exercise of the renewals are deemed to be reasonably certain.

Operating lease right of use assets and lease liability as of December 31, 2021 and 2020 were as follows (in thousands):

|  | As of December 31, |                |
|--|--------------------|----------------|
|  | 2021               | 2020           |
| Operating lease right-of-use assets, net | <u>\$1,642</u>     | <u>\$2,156</u> |
| Lease liabilities:                       |                    |                |
| Current                                  | \$ 283             | \$ 390         |
| Noncurrent                               | 1,674              | 2,139          |
| Total lease liabilities                  | <u>\$1,957</u>     | <u>\$2,529</u> |

For the years ended December 31, 2021 and 2020, the Company incurred operating leases expenses of \$0.7 million and \$0.8 million, respectively, which is included in research and engineering, sale and marketing and general and administrative expenses in the consolidated statement of operations and comprehensive loss.

Supplemental cash flow information and non-cash activity related to the Company’s operating leases for the years ended December 31, 2021 and 2020, respectively, were as follows (in thousands):

|   | As of December 31, |               |
|---|--------------------|---------------|
|   | 2021               | 2020          |
| Cash payments included in the measurement of operating lease liability – operating cash flows | <u>\$ 991</u>      | <u>\$ 441</u> |

As of December 31, 2021, future minimum lease payments under the noncancellable lease agreements are as follows (in thousands):

| <u>Future Operating Lease Payments</u>   | <u>Amount</u>  |
|--|----------------|
| 2022                                     | \$ 512         |
| 2023                                     | 528            |
| 2024                                     | 548            |
| 2025                                     | 559            |
| Thereafter                               | 477            |
| Reasonably certain future lease payments | 2,624          |
| Less imputed interest                    | (667)          |
| Total operating lease liability          | 1,957          |
| Less current portion                     | 283            |
| Operating lease liability, noncurrent    | <u>\$1,674</u> |

|                                       | As of December 31, |           |
|---------------------------------------|--------------------|-----------|
|                                       | 2021               | 2020      |
| Weighted-average remaining lease term | 4.4 Years          | 5.3 Years |
| Weighted-average lease discount rate  | 12.75%             | 12.75%    |

As of December 31, 2021 and 2020, the discount rate of 12.75% for the operating lease was determined based on recent debt financing transaction.

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### 7. NOTES PAYABLE, NET

Notes payable, net consists of the following (in thousands):

|   | As of December 31, |                 |
|---|--------------------|-----------------|
|   | 2021               | 2020            |
| 2018 Bridge Notes                       | \$ 7,076           | \$ 4,422        |
| Payroll Protection Program Loan         | 1,414              | 1,433           |
| Simple Agreement for Future Equity Note | 34,001             | 2,000           |
| Term and Revolver Loan                  | 9,618              | 9,254           |
| Total notes payable, net                | 52,109             | 17,109          |
| Less current portion                    | (10,912)           | (5,938)         |
| Notes payable, net of current portion   | <u>\$ 41,197</u>   | <u>\$11,171</u> |

#### 2018 Bridge Notes

In December 2018, the Company issued senior subordinated convertible secured notes (“2018 Notes”) totaling approximately \$3.4 million in exchange for cash. The notes bear interest at the rate of 8% per annum and the investors are entitled to receive twice of the face value of the notes at maturity. The 2018 Notes are secured by substantially all of the Company’s assets.

In connection with the 2018 Notes, the Company originally issued warrants to purchase 486,240 shares of its common stock at \$0.01 per share. The warrants, which were exercisable upon issuance, expire in December 2023. At issuance, the Company determined the relative fair value of the warrants to be \$1.1 million. The Company recorded the fair value of the warrant as a debt discount within additional paid-in capital. After allocating \$1.1 million to the warrant, the fair value of preferred stock in which the notes could be converted exceeded the carrying value of the notes. As such the conversion feature under the notes was considered a beneficial conversion feature which was treated as debt discount and amortized to interest expense using the effective interest rate method. The Company recorded an additional \$1.1 million discount to the notes within additional paid-in capital.

In December 2021, the Company entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2021 to December 13, 2022. In connection with the amendment, the notes will continue to bear interest at 8% per annum and are entitled to a repayment premium of 110% of the principal and accrued interest at the time of repayment. Additionally, the Company issued warrants to purchase 196,462 shares of Series E-1 redeemable convertible preferred stock (“Series E-1 warrants”) at \$4.59 per share in connection with the amendment. The warrants were exercisable immediately and expire on December 13, 2031. Upon issuance, the Company determined the fair value of the warrants to be \$0.7 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.42%; contractual life of 10 years; and expected volatility of 54.4%. The Series E-1 warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company. At December 31, 2021, all of the warrants issued remain outstanding.

The Company concluded that the modification was a troubled debt restructuring as the Company was experiencing financial difficulty and the amended terms resulted in a concession to the Company. As the future undiscounted cash payments under the modified terms exceeded the carrying amount of the 2018 Notes on the date of modification, the modification was accounted for prospectively. Additionally, the Company recorded the fair value of the Series E-1 warrants as a reduction of Notes payable, net of discounts to the restructured notes on the date of modification. The debt discount and incremental repayment premium are being amortized to interest expense using the effective interest rate method.

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The net carrying value of 2018 Bridge Notes was as below (in thousands):

|                                 | As of December 31, |          |
|---------------------------------|--------------------|----------|
|                                 | 2021               | 2020     |
| Principal                       | \$ 7,777           | \$ 5,555 |
| Less: unamortized debt discount | (701)              | (1,133)  |
| Net carrying value              | 7,076              | 4,422    |
| Less: current portion           | (7,076)            | (4,422)  |
| Total noncurrent portion        | \$ —               | \$ —     |

The following table sets forth the total interest expense recognized related to the 2018 Bridge Notes (in thousands):

|  | As of December 31, |         |
|--|--------------------|---------|
|  | 2021               | 2020    |
| Amortization of debt discount                      | \$1,160            | \$ 643  |
| Contractual interest expense                       | 2,223              | 1,335   |
| Total interest expense                             | \$3,383            | \$1,978 |
| Effective interest rate of the liability component | 32.6%              | 32.6%   |

### **Paycheck Protection Program Loan**

In May 2020, the Company entered into an unsecured promissory note under the Payroll Protection Program (“PPP Loan”), with a bank under the PPP administered by the United States Small Business Administration (“SBA”) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the CARES Act, enacted on March 27, 2020. The PPP Loan may be prepaid, in full or in part, at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, the Company can apply for, and be granted, forgiveness for all or a portion of the PPP Loan. The principal amount of the PPP Loan is \$1.4 million. The PPP Loan is non-interest bearing and has a maturity date of less than a year. The PPP Loan was forgiven in full in March 2021 and as a result gain on forgiveness of debt of \$1.4 million is recorded within Other income (expense), net in the Company’s Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2021.

In February 2021, the Company obtained a PPP Loan with a principal amount of \$1.4 million. The PPP Loan bears interest at less than 1% per annum and has a maturity date of less than one year. The PPP Loan principal and accrued interest was forgiven in full in January 2022.

### **Simple Agreement for Future Equity Notes**

The Company entered into various interest free unsecured SAFE notes agreements and raised \$32.0 million in fiscal 2021 and \$2.0 million in fiscal 2020. The number of shares to be issued upon conversion of the SAFE notes are subject to the following:

Equity Financing – In the event of certain equity financing before the termination of the SAFE note, on the initial closing of such equity financing, the SAFE note will automatically convert into the number of shares of SAFE preferred stock in accordance with the terms of the SAFE agreement. In the event of certain other financing before the termination of the SAFE note, the investor may elect to convert the SAFE note into preferred stock equal based on the terms of the SAFE agreement.

Public Offering – If there is an Initial Public Offering (“IPO”) before the termination of the SAFE note, the SAFE note will automatically convert into the right to receive the number of shares of common stock according to the terms of the SAFE agreement.

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Change of Control – If there is a Change of Control before the termination of the SAFE note, the SAFE note will automatically convert into the right to receive a portion of proceeds according to the terms of the SAFE agreement.

Dissolution Event – If there is a Dissolution Event before the termination of the SAFE note, the investor will automatically be entitled to receive a portion of proceeds according to the terms of the SAFE agreement.

Valuation Caps – the SAFE notes are subject to a valuation cap. The valuation cap is \$190.0 million for each of 33 notes with aggregate principal of \$30.0 million. Two notes with principal balance of \$2.0 million each have valuation caps of \$219.1 million and \$221.1 million, respectively.

The Company elected to account for all of the SAFE notes at estimated fair value pursuant to the fair value option and recorded the change in estimated fair value as Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss until the notes are converted or settled.

The estimated fair values of SAFE notes approximated the face value and is considered a Level 3 fair value measurement.

### **Term and Revolver Loan**

In October 2020, the Company entered into a loan agreement (“Loan Agreement”) with Structural Capital Investments III, LP (“SCI”).

The Loan Agreement with SCI comprises of two facilities, a term loan (the “Term Loan”) and a revolving loan (the “Revolving Loan”) (together “Original Agreement”) for \$5.0 million each with a maturity date of October 31, 2023. Both the Term Loan and the Revolving Loan were fully drawn upon closing.

The Term Loan has a term of thirty-six months, equal monthly payments of principal beginning November 2021 until the end of the term and an annual interest rate of 9.25% or Prime rate plus 6%, whichever is higher. The Revolving Loan also has a term of thirty-six months, principal repayments at the end of the term and an annual interest rate of 7.75% or Prime rate plus 4.5%, whichever is higher. The Loan Agreement required the Company to meet certain financial covenants relating to maintenance of specified restricted cash balance, achieving specified revenue target and maintaining specified contribution margin (“Financial covenants”) over the term of each of the Term Loan and Revolving Loan.

In October 2020, the Company recorded debt issuance costs discount totaling \$0.8 million related to the Original agreement. The total debt issuance costs and discount is being amortized to interest expense using the effective interest method.

In February 2021, the Company entered into an Amended and Restated Loan and Security Agreement as a First Amendment to the Original Agreement (“First Amendment”) to revise certain financial covenants within the Original Agreement.

In July 2021, the Company entered into an amendment to the Original Agreement (“Second Amendment”) as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original Agreement. As a result of this amendment changes were made to the financial covenants. The Company incurred \$1.2 million in amendment fee related to the Second Amendment which was recognized as loss on extinguishment of debt discussed below.

In connection with the Second Amendment, the Company issued E-1 Warrants to purchase 305,342 shares of Series E-1 redeemable convertible preferred stock (“SCI Series E-1 warrants”) at \$4.59 per share. The warrants were fully exercisable in whole or in part at any time during the term of the Original agreement. The SCI Series E-1 Warrants are scheduled to expire on July 30, 2031. Upon issuance, the Company determined the fair value of the warrants to be \$1.2 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.44%; contractual life of 10 years; and expected volatility of 55.7%. The Series E-1 warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company.

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The Company concluded that the modification to the terms of the Second Amendment changed the present value of cash flows by more than 10% and, as such, was treated as a debt extinguishment. The Company recognized a loss on extinguishment of debt of \$3.0 million in the Consolidated Statements of Operations and Comprehensive Loss in July 2021 which included the fair value of SCI Series E-1 warrants of \$1.2 million issued in connection with the modification and \$1.2 million amendment fee.

In December 2021, the Company entered into an amendment to the Original Agreement (“Third Amendment”) as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original agreement. As a result of this amendment changes were made to the financial covenants. The Company incurred \$0.5 million in amendment fee related to the Third Amendment and also paid default interest amounting to \$0.3 million for the period April 2021 through November 2021. In connection with the Third Amendment, the Company further amended the exercise price of the Series D-1 Preferred Stock Warrants to \$2.17 per share and also amended the number of warrants. As of the date of the Amendment, the Company determined the fair value of the amended Series D-1 Preferred Stock warrants to be \$2.9 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.35%; contractual life of 6 years; and expected volatility of 57.7%.

Additionally, the Company amended the exercise price of the Series E-1 Preferred Stock Warrants to \$2.29 per share. As of the date of the Amendment, the Company determined the fair value of the amended Series E-1 Preferred Stock warrants to be \$1.3 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.44%; contractual life of 9.6 years; and expected volatility of 57.6%.

The Company concluded that the modification to the terms of the Third Amendment changed the present value of cash flows by more than 10% and, as such, was treated as a debt extinguishment. The Company recognized a loss on extinguishment of debt of \$2.4 million in the Consolidated Statements of Operations and Comprehensive Loss in December 2021 which included the incremental fair value of the Series D-1 warrants of \$1.7 million and incremental fair value of the Series E-1 warrants of \$0.2 million relating to the modification.

The Term Loan and Revolving Loan consisted of the following (in thousands):

|                                 | As of December 31, |          |
|---------------------------------|--------------------|----------|
|                                 | 2021               | 2020     |
| Principal                       | \$ 9,618           | \$10,000 |
| Less: unamortized debt discount | —                  | (746)    |
| Net carrying value              | 9,618              | 9,254    |
| Less: current portion           | (2,421)            | (83)     |
| Total noncurrent portion        | \$ 7,197           | \$ 9,171 |

The following table sets forth the total interest expense recognized related to the SCI term Loan and revolving Loan (in thousands):

|                               | As of December 31, |        |
|-------------------------------|--------------------|--------|
|                               | 2021               | 2020   |
| Amortization of debt discount | \$ 170             | \$ 49  |
| Contractual interest expense  | 860                | 151    |
| Total interest expense        | \$ 1,030           | \$ 200 |

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The scheduled maturities of the SCI term loan and revolving loan, at December 31, 2021 are as follows (in thousands):

| <u>Year</u>                  | <u>Amount</u>  |
|------------------------------|----------------|
| 2022                         | \$2,421        |
| 2023                         | 7,197          |
| Total term and revolver loan | <u>\$9,618</u> |

### **8. REDEEMABLE CONVERTIBLE PREFERRED STOCK WARRANTS**

In 2010, in connection with a loan agreement, the Company issued a warrant to purchase 211,270 shares of Series A-1 preferred stock at an exercise price of \$1.52 per share. These warrants were exercised in March 2021.

In connection with the Series B-1 preferred stock financing in February 2015, the Company amended certain previously outstanding common stock warrants into a warrant to purchase 35,294 shares of Series B-1 at an exercise price of \$5.40 per share. These warrants were exercised in March 2021.

In 2017, in connection with a Loan and Security Agreement with Structural Capital Investments II, LP and El Dorado Investment Company, the Company issued warrants to purchase 147,551 shares of Series C-1 at an exercise price of \$8.66 per share. In 2018, in connection with a second amendment to Loan and Security Agreement and the cancellation of the C-1 Warrants, the Company issued warrants to purchase 375,801 shares of Series D-1 at an exercise price of \$4.33 per share. As fully discussed in Note 7, in December 2021, in connection with the Third Amendment to the Original Agreement, the Company amended certain terms of the warrant to purchase Series D-1 preferred stock. As amended, the Series D-1 preferred stock warrants are calculated based on a percentage of the Company's fully diluted capitalization at an exercise price of \$2.17 per share. As of December 31, 2021, 742,679 units of Series D-1 preferred stock warrants are outstanding. The warrants were exercisable upon issuance and expire on December 22, 2027.

As fully discussed in Note 7, in July 2021, in connection with the Second Amendment to Original Agreement, the Company issued warrants to purchase 305,342 shares of Series E-1 at an exercise price of \$4.59 per share. In December 2021, in connection with the Third Amendment to the Original Agreement, the Company amended the exercise price of the Series E-1 preferred stock warrants to \$2.29 per share.

As fully discussed in Note 7, in December 2021, in connection with the amendment to the 2018 Notes, the Company issued warrants to purchase 196,462 shares of Series E-1 Preferred Stock at an exercise price of \$4.59 per share. The Series E-1 warrants remain outstanding as of December 31, 2021.

All of the above preferred stock warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company. The preferred stock warrants have been recorded as a preferred stock warrant liability and are revalued to fair value each reporting period.

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The changes in value of the preferred stock warrant liability are summarized below (in thousands):

|  | <u>Amount</u>   |
|--|-----------------|
| Balance, December 31, 2019   | \$ 2,810        |
| Change in Fair Value included in Other income (expense), net   | <u>(1,085)</u>  |
| Balance, December 31, 2020   | <u>\$ 1,725</u> |
| Series E-1 warrants issued in connection with SCI Second amendment—included in Loss on debt extinguishment             | \$ 1,191        |
| Series E-1 warrants issued in connection with 2018 Bridge notes amendment— included in Notes payable, net of discounts | 731             |
| Exercise of warrant  | (251)           |
| Change in Fair Value included in Loss on debt extinguishment relating to SCI Third amendment                           | 1,917           |
| Change in Fair Value included in Other income (expense), net   | <u>(358)</u>    |
| Balance, December 31, 2021   | <u>\$ 4,955</u> |

**Fair Value Measurement** — The Company follows ASC 820 which establishes disclosure requirements and a common definition of fair value to be applied when U.S. GAAP requires the use of fair value. The ASC 820 fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

**Level 1**—Observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

**Level 2**—Observable inputs that reflect quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the assets or liabilities, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3**—Inputs that are generally unobservable and are supported by little or no market activity, and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The consolidated financial statements as of and for the years ended December 31, 2021, and 2020, do not include any nonrecurring fair value measurements relating to assets or liabilities.



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There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the years ended December 31, 2021 and 2020.

|   | As of December 31, 2021 |             |                 | Total           |
|---|-------------------------|-------------|-----------------|-----------------|
|   | Level 1                 | Level 2     | Level 3         |                 |
| Financial liabilities:                                    |                         |             |                 |                 |
| Simple Agreement for Future Equity Note                   | \$ —                    | \$ —        | \$34,001        | \$34,001        |
| Redeemable convertible preferred stock warrants liability | —                       | —           | 4,955           | 4,955           |
| Total financial liabilities                               | <u>\$ —</u>             | <u>\$ —</u> | <u>\$38,956</u> | <u>\$38,956</u> |

|   | As of December 31, 2020 |             |                 | Total           |
|---|-------------------------|-------------|-----------------|-----------------|
|   | Level 1                 | Level 2     | Level 3         |                 |
| Financial liabilities:                                    |                         |             |                 |                 |
| SAFE Note   | \$ —                    | \$ —        | \$ 2,000        | \$ 2,000        |
| Redeemable convertible preferred stock warrants liability | —                       | —           | 1,725           | 1,725           |
| Total financial liabilities                               | <u>\$ —</u>             | <u>\$ —</u> | <u>\$ 3,725</u> | <u>\$ 3,725</u> |

The estimated fair values of SAFE notes as of December 31, 2021 and December 31, 2020, was determined to be same as face value.

As of December 31, 2021, the redeemable convertible preferred stock warrants were valued using the Black-Scholes option pricing model with the following assumptions:

|                          | Years Ended December 31, |               |
|--------------------------|--------------------------|---------------|
|                          | 2021                     | 2020          |
| Expected term (in years) | 5.98 - 9.95              | 0.25 - 6.98   |
| Expected volatility      | 54.0% - 57.7%            | 65.4% - 67.1% |
| Risk-free interest rate  | 1.35% - 1.52%            | 0.09% - 0.65% |
| Expected dividend yield  | 0%                       | 0%            |

## 9. REDEEMABLE CONVERTIBLE PREFERRED STOCK

As of December 31, 2021, the Company is authorized to issue 13,500,285 shares of redeemable convertible preferred stock with a par value of \$0.001 per share (collectively, Preferred Stock). Redeemable convertible preferred stock as of December 31, 2021 and 2020, consisted of the following (in thousands, except share and per share data):

|            | As of December 31, 2021 |                               |                    |                            |                                  |
|------------|-------------------------|-------------------------------|--------------------|----------------------------|----------------------------------|
|            | Shares Authorized       | Shares Issued and Outstanding | Net Carrying Value | Conversion Price Per Share | Aggregate Liquidation Preference |
| Series E-1 | 7,324,607               | 5,348,050                     | \$ 49,186          | \$ 9.17                    | \$ 49,042                        |
| Series D-1 | 375,801                 | —                             | —                  | —                          | —                                |
| Series C-1 | 1,509,508               | 1,509,508                     | 13,060             | 8.66                       | 13,072                           |
| Series B-1 | 785,471                 | 785,471                       | 4,237              | 5.40                       | 4,242                            |
| Series A-1 | 3,504,898               | 3,504,898                     | 5,578              | 1.52                       | 5,327                            |
|            | <u>13,500,285</u>       | <u>11,147,927</u>             | <u>\$ 72,061</u>   |                            | <u>\$ 71,683</u>                 |

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|            | As of December 31, 2020 |                               |                    |                            |                                  |
|------------|-------------------------|-------------------------------|--------------------|----------------------------|----------------------------------|
|            | Shares Authorized       | Shares Issued and Outstanding | Net Carrying Value | Conversion Price Per Share | Aggregate Liquidation Preference |
| Series E-1 | 7,324,607               | 5,367,134                     | \$ 49,054          | \$ 9.17                    | \$ 49,217                        |
| Series D-1 | 375,801                 | —                             | —                  | —                          | —                                |
| Series C-1 | 1,509,508               | 1,509,508                     | 13,055             | 8.66                       | 13,072                           |
| Series B-1 | 785,471                 | 750,177                       | 4,037              | 5.40                       | 4,051                            |
| Series A-1 | 3,504,898               | 3,293,628                     | 5,006              | 1.52                       | 5,006                            |
|            | <u>13,500,285</u>       | <u>10,920,447</u>             | <u>\$ 71,152</u>   |                            | <u>\$ 71,346</u>                 |

During March 2021, the Company issued 211,270 Series A-1 preferred stock and 35,294 Series B-1 preferred stock in connection with the exercise of warrants discussed in Note 8 above. Additionally, the Company entered into an agreement with an employee to reduce Series E-1 preferred stock by 19,084.

During March and April 2020, the Company issued 768,809 Series E-1 preferred stock at an issuance price of \$9.17 per share for \$6.7 million. Of the 768,809 shares, 32,715 shares were issued to a Board member as compensation.

The holders of Preferred Stock have the following rights, preferences, privileges and restrictions:

**Dividends** — The holders of the outstanding shares of Preferred Stock are entitled to receive, when and if declared by the Board of Directors, noncumulative dividends at the annual rate of 8% per share of Preferred Stock. Dividends on Preferred Stock are payable in preference to any dividends on common stock or Class B common stock. In any year, after payment of dividends on Preferred Stock, any additional dividends declared by the Board of Directors will be paid among the holders of Preferred Stock, common stock, and Class B common stock pro rata on an if-converted basis. No dividends have been declared or paid for the years ended December 31, 2021 and 2020.

**Liquidation** — Upon liquidation, dissolution, or winding up of the Company, including a change of control of the Company, holders of Preferred Stock will be entitled to receive, on a pro rata basis, prior and in preference to any distribution to holders of any series of common stock, an amount equal to \$9.17 per share of Series E-1, \$8.66 per share of Series D-1, \$8.66 per share of Series C-1, \$5.40 per share of Series B-1 and \$1.52 per share of Series A-1, plus any declared but unpaid dividends on such shares. If the assets and funds thus available for distribution among holders of Preferred Stock are insufficient to provide such holders their full aforesaid preferential amount, then the entire amount of the assets and funds of the Company legally available for distribution will be distributed ratably among all holders of Preferred Stock.

After the distribution to the holders of Preferred Stock, any remaining assets of the Company legally available for distribution will be distributed pro rata, on an if-converted basis, to all holders of common stock and Class B common stock.

**Conversion** — Each share of Preferred Stock is convertible at the option of the holder into that number of common shares that is equal to the original issuance price of the Preferred Stock divided by the conversion price, as defined in the Company's Certificate of Incorporation, subject to adjustment for events of dilution. Holders of Preferred Stock may elect to convert their shares into common stock at any time.

Each share of Preferred Stock will automatically convert into shares of common stock at the then effective conversion rate for each such share (i) immediately prior to the closing of a qualified public offering of the Company's common stock in which gross proceeds exceed \$15.0 million or (ii) upon the receipt by the Company of a written request for such conversion from the holders of a majority of the then outstanding Preferred Stock.

**Voting** — Each share of Preferred Stock has voting rights equivalent to the number of shares of common stock into which it is convertible.

**Protective Provisions**— As long as 250,000 shares of Preferred Stock remain outstanding, the majority vote of the holders of the then outstanding shares of Preferred Stock is necessary for consummation of certain transactions, including but not limited to: increasing or decreasing the authorized capital stock; creating any senior or *pari passu* security, privileges, preferences or voting rights senior to or on parity with those granted to the Preferred Stock; altering or changing the preferred series rights; redeeming or repurchasing the Company's equity securities; and entering into any transaction deemed to be a liquidation or dissolution of the Company.

**Redemption**— At any time after 7 years from the issuance of respective series of Preferred Shares, the holders of a majority of the outstanding voting Preferred Stock Series may vote to require the Company to redeem all outstanding shares of Preferred Stock Series in three equal annual installments by paying in cash an amount per share equal to the original issuance price of the Preferred Stock Series, plus any accrued but unpaid dividends. If the Company does not have sufficient funds legally available to redeem all shares of Preferred Stock, then the Company will redeem the maximum possible number of shares ratably among the holders of such shares and will redeem the remaining shares as soon as sufficient funds are legally available. After 7 years from the issuance of respective series of Preferred Shares, the Preferred shares are then currently redeemable at the option of the holder and have been classified in the mezzanine section of the Consolidated Balance Sheets.

Preferred Shares are also contingently redeemable upon liquidation and certain deemed liquidation events such as acquisition, merger, consolidation or the sale, lease transfer, exclusive license or other disposition by the Company of all or substantially all of the assets of the Company. These events are outside the control of the Company and therefore the Preferred Stock have been classified in the mezzanine section of the Consolidated Balance Sheets.

The Company records its redeemable convertible preferred stock at the amount of cash proceeds received on the date of issuance, net of issuance costs. Since the preferred stock is probable of becoming redeemable at the option of the holder at a future date, accretion of the preferred stock will be recognized over the period of time from the date of issuance to the earliest redemption date. The accretion is recorded as additional paid-in capital. Accretion of preferred stock was \$0.02 million and \$0.04 million for the years ended December 31, 2021 and 2020, respectively.

## 10. COMMON STOCK

As of December 31, 2021 and 2020, the Company is authorized to issue two classes of common stock, designated as common stock and Class B common stock. The two classes of common stock have similar rights, except holders of common stock are entitled to one vote per share while holders of Class B common stock have no voting rights. Each share of Class B common stock will automatically convert into one share of common stock immediately prior to a qualified initial public offering of the Company's common stock or upon the consummation of a liquidation event (as defined in the Certificate of Incorporation). As of December 31, 2021 and 2020, the Company is authorized to issue 27,000,000 shares of common stock with a par value of \$0.001 per share and 815 shares are designated as Class B common stock.

In April 2021, 25,000 warrants to purchase common stock were exercised. In March 2021, 12,674 warrants to purchase common stock expired unexercised.

## 11. RELATED PARTY TRANSACTIONS

The Company defines related parties as directors, executive officers, nominees for director, stockholders that have significant influence over the Company, or are a greater than 5% beneficial owner of the Company's capital and their affiliates or immediate family members. As of and for the years ended

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December 31, 2021 and 2020, there were no significant related party transactions or balances other than the following:

As discussed in Note 7, in December 2018, the Company issued the 2018 Notes totaling approximately \$3.4 million in exchange for cash. Three of the notes with aggregate principal of \$0.2 million were issued to related parties including two officers and a trust affiliated with a Board member. The aggregate liability, inclusive of interest and principal accretion, totaled \$0.4 million and \$0.3 million as of December 31, 2021 and 2020, respectively. These amounts are included in the Consolidated Balance Sheets as Notes Payable, Net.

As discussed in Note 9, during March and April 2020, the Company issued 32,715 shares of Series E-1 preferred stock, at an issuance price of \$9.17 per share, to a Board Member, as compensation for serving as President of the Company on an interim basis. Further as discussed in Note 9, in March 2021, the Company and the individual agreed to reduce the number of shares issued by 19,084.

## 12. INCOME TAXES

Loss before provision for income taxes for the year ended December 31, 2021 and 2020, was as follows (in thousands):

|          | Years Ended December 31, |                    |
|----------|--------------------------|--------------------|
|          | 2021                     | 2020               |
| Domestic | \$ (53,282)              | \$ (23,452)        |
| Foreign  | (1,155)                  | (323)              |
| Total    | <u>\$ (54,437)</u>       | <u>\$ (23,775)</u> |

The Company did not record a provision for income taxes for the year ended December 31, 2021. For the year ended December 31, 2020 the provision for income taxes was \$0.1 million related to foreign withholding tax.

The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows:

|  | Years Ended December 31, |              |
|--|--------------------------|--------------|
|  | 2021                     | 2020         |
| Income tax provision at statutory rate     | 21.0%                    | 21.0%        |
| State income taxes, net of federal benefit | 5.0%                     | 3.2%         |
| Non-deductible expenses and other          | -0.4%                    | -0.2%        |
| Non-deductible warrant expense             | 0.2%                     | 1.0%         |
| Share-based compensation                   | -0.8%                    | -1.3%        |
| Change in valuation allowance, net         | -24.5%                   | -23.3%       |
| Research and development credits           | 0.1%                     | 0.1%         |
| Foreign rate differential                  | -0.4%                    | -0.4%        |
| Forgiveness PPP loan                       | 0.6%                     | 0.0%         |
| Expired loss carry forward                 | -0.6%                    | -0.5%        |
| Effective tax rate                         | <u>0.0%</u>              | <u>-0.3%</u> |

The Company's effective tax rate could also fluctuate due to changes in the valuation of its deferred tax assets or liabilities, or by changes in tax laws, regulations, and accounting principles.

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Significant components of the Company's deferred taxes as of December 31, 2021 and 2020 were as follows (in thousands):

|  | As of December 31, |           |
|--|--------------------|-----------|
|  | 2021               | 2020      |
| Deferred tax assets:                         |                    |           |
| Net operating loss carryforwards             | \$ 72,714          | \$ 61,488 |
| Operating lease liability                    | 508                | 647       |
| Property and equipment, net                  | 430                | —         |
| Research and development credit carryforward | 672                | 597       |
| Inventory reserve                            | 1,499              | 1,506     |
| Accrued expenses and other reserves          | 2,652              | 1,325     |
| Stock-based compensation                     | 2,086              | 1,876     |
| Total deferred tax assets                    | 80,561             | 67,439    |
| Deferred tax liabilities:                    |                    |           |
| Property and equipment, net                  | —                  | 85        |
| Operating lease right-of-use assets          | 426                | 552       |
| Total deferred tax liabilities               | 426                | 637       |
| Gross deferred tax assets                    | 80,135             | 66,802    |
| Less valuation allowance                     | (80,135)           | (66,802)  |
| Net deferred tax asset                       | \$ —               | \$ —      |

The Company has established a valuation allowance to offset the gross deferred tax assets as of December 31, 2021 and 2020, due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance balance was \$80.1 million and \$66.8 million for the years ended December 31, 2021 and 2020, respectively.

In assessing the realizability of deferred income tax assets, the Company considered whether it is more likely than not that some portion or all of its deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty surrounding the Company's ability to realize such deferred income tax assets, a full valuation allowance has been established. The valuation allowance increased by \$13.3 million during year ended December 31, 2021 and \$5.5 million during year ended December 31, 2020.

As of December 31, 2021, the Company had federal net operating loss carryforward ("NOL") of approximately \$269.5 million which will begin to expire in 2023, a California net NOL of approximately \$232.3 million which will start to expire, if not used, in 2028.

As of December 31, 2021, the Company had federal research and development credit carryforward ("R&D carryforward") of approximately \$1.8 million which will expire, if not used, in 2026, and a California R&D carryforward of approximately \$1.6 million which can carry forward indefinitely.

As of December 31, 2020, the Company had federal a R&D carryforward of approximately \$1.8 million which will expire, if not used, in 2026, and a California R&D carryforward of approximately \$1.5 million which can carry forward indefinitely.

The utilization of the Company's NOL's and R&D carryforwards may be subject to limitation due to the "change in ownership provisions" under Section 382 of the Internal Revenue Code and similar foreign provisions. Such limitations may result in the expiration of these carryforwards before their utilization.

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The Company is subject to income taxes in the U.S. federal jurisdiction, and various foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company's tax years remain open for examination by all tax authorities since inception. The Company is not currently under examination in any tax jurisdictions.

The Company had unrecognized tax benefits of \$1.3 million for federal and \$1.3 million for state related to R&D credits generated as of December 31, 2021. As of December 31, 2020, the total amount of unrecognized tax benefits for federal and state was \$1.3 million and \$1.3 million, respectively. The reversal of the uncertain tax benefits would not affect the Company's effective tax rate to the extent that it continues to maintain a full valuation allowance against its deferred tax assets.

The Company applies the provisions set forth in FASB ASC Topic 740, Income Taxes, to account for the uncertainty in income taxes. In the preparation of income tax returns in federal and state jurisdictions, the Company asserts certain tax positions based on its understanding and interpretation of income tax laws. The taxing authorities may challenge such positions, and the resolution of such matters could result in recognition of income tax expense in the Company's financial statements.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

|   | Years Ended December 31, |                 |
|---|--------------------------|-----------------|
|   | 2021                     | 2020            |
| Unrecognized tax benefits as of beginning of year | \$ 2,649                 | \$ 2,635        |
| Increases related to current year tax positions   | 20                       | 14              |
|   | <u>\$ 2,669</u>          | <u>\$ 2,649</u> |

The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the statements of operations. Accrued interest and penalties are included as part of income tax payable in the consolidated balance sheets. No accrued interest or penalties have been recorded for year ended December 31, 2021 or December 31, 2020.

The Company has not provided U.S. income or foreign withholding taxes on the undistributed earnings of its foreign subsidiary as of December 31, 2022 and December 31, 2021 because it intends to permanently reinvest such earnings outside of the United States. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will be immaterial, due to the participation exemption put in place under the 2017 Tax Cuts and Jobs Act.

On March 18, 2020, the Families First Coronavirus Response Act (FFCR Act) and, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) were each enacted in response to the COVID-19 pandemic. The FFCR Act and the CARES Act contain numerous income tax provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company analyzed the provisions of the Act and determined there was no significant impact to its 2020 or 2021 tax provision.

On June 29, 2020, the California Governor signed Assembly Bill 85 ("A.B. 85") which includes several tax measures, provides for a three-year suspension of the use of net operating losses for medium and large businesses and a three-year cap on the use of business incentive tax credits to offset no more than \$5 million of tax per year. Generally, A.B. 85 suspends the use of net operating losses for taxable years 2020, 2021, and 2022 for taxpayers with taxable income of \$1.0 million or more. The Company analyzed the provisions of the A.B. 85 and determined there was no significant impact to its 2021 or 2020 tax provision.

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On December 27, 2020, the “Consolidated Appropriations Act, 2021” (the “CAA”) was signed into law. The CAA includes provisions meant to clarify and modify certain items put forth in CARES Act, while providing aid to businesses affected by the pandemic. The CAA allows deductions for expenses paid for by Paycheck Protection Program (“PPP”) and Economic Injury Disaster Loan (“EIDL”) Program, clarifies forgiveness of EIDL advances, and other business provisions. The Company analyzed the provisions of the CAA and determined there was no significant impact to its 2021 and 2020 tax provision.

### 13. STOCK-BASED COMPENSATION

The Company has two stock option plans: the 2006 Stock Option Plan and the 2016 Stock Option Plan (collectively, the Plans). Options granted under the Plans may be either incentive stock options (ISOs) or nonqualified stock options (NSOs). ISOs may be granted only to Company employees (including officers and directors who are also employees). NSOs may be granted to Company employees, directors and consultants. Options under the Plans may be granted with contractual terms of up to ten years (five years if granted to holders of more than 10% of the Company’s vesting stock). All options issued through December 31, 2021 have a ten-year contractual term. The exercise price of an ISO and NSO will not be less than 100% and 85% of the estimated fair value of the shares on the date of grant, respectively, as determined by the Company’s Board of Directors.

The exercise price of an ISO and NSO granted to a 10% stockholder will not be less than 110% of the estimated fair value of the shares on the date of grant, as determined by the Board of Directors. Options generally vest over four to five years at a rate of 20% to 25% upon the first anniversary of the commencement date and monthly thereafter.

As of December 31, 2021 and 2020, there were 335,538 and 577,568 shares of common stock available to be granted under the Plan.

The Company estimated the fair values of each option awarded on the date of grant using the Black-Scholes-Merton option pricing model utilizing the assumptions noted below. The expected term of the options is based on the average period the stock options are expected to remain outstanding calculated as the midpoint of the options vesting term, and contractual expiration period, as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post vesting employment termination behavior. The expected stock price volatility for the Company’s stock was determined by examining the historical volatilities of its industry peers as the Company did not have any trading history of its common stock. The risk-free interest rate was calculated using the average of the published interest rates for U.S. Treasury zero-coupon issues with maturities that approximate the expected term. The dividend yield assumption is zero as the Company has no history of, nor plans of, dividend payments. The estimated forfeiture rates are based on the Company’s historical forfeiture activity of unvested stock options.

The assumptions used under the Black-Scholes-Merton option pricing model and the weighted average calculated fair value of the options granted to employees for the years ended December 31, 2021 and 2020 are as follows:

|                          | Years Ended December 31, |         |
|--------------------------|--------------------------|---------|
|                          | 2021                     | 2020    |
| Grant date fair value    | \$ 1.00                  | \$ 1.56 |
| Expected term (in years) | 6.04                     | 5.97    |
| Expected volatility      | 60%                      | 56%     |
| Risk-free interest rate  | 1.19%                    | 0.85%   |
| Expected dividend yield  | 0%                       | 0%      |

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A summary of the Company's stock option and restricted stock unit activity and related information for the years ended December 31, 2021 and 2020 is as follows:

|  | Options outstanding |                                 |   | Restricted stock units               |                                   |  |
|--|---------------------|---------------------------------|---|--------------------------------------|-----------------------------------|--|
|  | Number of shares    | Weighted average exercise price | Weighted average remaining contractual term (years) | Aggregate intrinsic values (\$'000s) | Number of plan shares outstanding | Weighted average grant date fair value per share |
| Balances, December 29, 2019                        | 4,397,782           | \$ 3.60                         | 8.46  | \$ 3,802                             | —                                 | \$ —   |
| Options granted                                    | 3,042,592           | 3.01                            |   |                                      | 120,000                           | 3.91   |
| Options exercised                                  | (25,000)            | 0.40                            |   |                                      |                                   |  |
| Options forfeited                                  | (1,290,613)         | 4.42                            |   |                                      |                                   |  |
| Balances, December 31, 2020                        | 6,124,761           | 3.15                            | 8.30  | 942                                  | 120,000                           | 3.91   |
| Options granted                                    | 2,700,752           | 1.78                            |   |                                      |                                   |  |
| Options exercised                                  | (159,583)           | 2.31                            |   |                                      |                                   |  |
| Options forfeited                                  | (1,781,017)         | 3.20                            |   |                                      |                                   |  |
| Balances, December 31, 2021                        | 6,884,913           | 2.62                            | 8.01  | 288                                  | 120,000                           | 3.91   |
| Options vested and exercisable — December 31, 2020 | 2,633,335           | 3.19                            | 7.25  | 942                                  |                                   |  |
| Options vested and exercisable — December 31, 2021 | 3,727,228           | 2.85                            | 7.31  | 288                                  |                                   |  |

Stock-based compensation is allocated on a departmental basis, based on the classification of the option holder or grant recipient. No income tax benefits have been recognized in the statements of operations for stock-based compensation arrangements and no stock-based compensation costs are capitalized as part of inventory or property and equipment as of December 31, 2021 and 2020.

Stock-based compensation expense is as follows for the years ended December 31, 2021 and 2020 in thousands):

|                                | Years Ended December 31, |          |
|--------------------------------|--------------------------|----------|
|                                | 2021                     | 2020     |
| Cost of revenues               | \$ 119                   | \$ 147   |
| Research and development       | 456                      | 539      |
| Sales and marketing            | 638                      | 684      |
| General and administrative     | 1,586                    | 1,647    |
| Total stock-based compensation | \$ 2,799                 | \$ 3,017 |

Future stock-based compensation for unvested options granted and outstanding as of December 31, 2021 is \$3.4 million to be recognized over the weighted-average remaining requisite service period of 2.83 years. The aggregate intrinsic value of options exercised was zero and \$0.1 million for the years ended December 31, 2021 and 2020, respectively.

## 14. COMMITMENTS AND CONTINGENCIES

As more fully discussed in Note 3, Solar Park has asserted damages of \$30.0 million against the Company in response to the Company's arbitration claim seeking approximately \$47.0 million in damages against Solar Park. The Company believes that the allegations lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company's consolidated financial statements as the



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likelihood of a loss is not probable at this time; and the Company does not believe a reasonably possible loss would be material to, nor does it expect the ultimate resolution of these cases will have a material adverse effect on, the Company's financial condition, results of operations or cash flows.

As of December 31, 2021, the Company was contesting a \$1.8 million liability to a vendor for the purchase of factory equipment which was intended to be used in Solar Park. The \$1.8 million liability was included in the December 31, 2021 Consolidated Balance Sheet as Accrued Expenses and Other Current Liabilities of \$1.7 million and Other Liabilities, noncurrent of \$0.1 million. As of December 31, 2020 the liability was \$1.6 million and was included in the Consolidated Balance Sheet as Accrued Expenses and Other Liabilities of \$1.3 million and Other Liabilities, noncurrent of \$0.3 million. On January 10, 2023, the Company reached an agreement with the vendor which reduced the liability from \$1.8 million to \$0.9 million.

In July 2020, the Company became aware that it might be subject to Antidumping and Countervailing Duties ("ADCVD") on certain components manufactured in China and used in the solar panel production process in Korea. The Company applied for a definitive ruling from the U.S. Department of Commerce ("DoC") while in parallel shifting its component supply from China. The DoC issued its ruling in April 2021. Because of the specificity of the DoC ruling in the Solaria case and prior case law under similar circumstances, the Company concluded that such ADCVD was not probable to be incurred for purchases in periods prior to the DoC ruling and immediately started paying appropriate ADCVD deposits on all entries after April 2021. No liability has been recorded in the Company's consolidated financial statements as the likelihood of a loss is not probable at this time.

The Company is involved in other lawsuits and claims which arise in the normal course of business. These claims individually and in the aggregate are not expected to result in a material effect on the Company's financial condition, results of operations or cash flows.

The Company had \$4.5 million of outstanding letters of credit related to normal business transactions as of December 31, 2021. These agreements require the Company to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder. As discussed in Note 2, the cash collateral in these restricted cash accounts was \$4.8 million and \$3.7 million as of December 31, 2021 and 2020, respectively.

### 15. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan to provide defined contribution retirement benefits for all employees. Participants may contribute a portion of their compensation to the plan, subject to limitations under the Code. The Company's contributions to the plan are at the discretion of the Board of Directors. The Company has not made any contributions to the plan since inception.

### 16. GEOGRAPHIC INFORMATION

The following table summarize revenues by geographic area (in thousands):

|                           | Years Ended December 31, |               |                 |               |
|---------------------------|--------------------------|---------------|-----------------|---------------|
|                           | 2021                     |               | 2020            |               |
|                           | Amount                   | Percent       | Amount          | Percent       |
| <b>Total revenue, net</b> |                          |               |                 |               |
| United States             | \$56,577                 | 94.7%         | \$46,158        | 95.5%         |
| Europe                    | 2,888                    | 4.8%          | 1,262           | 2.6%          |
| Australia                 | 298                      | 0.5%          | 908             | 1.9%          |
| Total                     | <u>\$59,763</u>          | <u>100.0%</u> | <u>\$48,328</u> | <u>100.0%</u> |

## 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2023, the date of issuance of these financial statements and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the financial statements other than those described below.

In January 2022, the PPP Loan principal and accrued interest was forgiven in full.

Effective March 23, 2022, the Company's board of directors approved an offer, to certain eligible employees, to exchange existing stock options, with an exercise price above \$1.36, for new replacement stock options. The exercise price of the replacement stock options is \$1.36 per share, which was the estimated fair market value on the exchange date, as determined with assistance from third-party valuation specialists. Eligible employees elected to exchange an aggregate of 991,195 outstanding stock options, with exercise prices ranging from \$1.64 to \$3.91 per share, for new replacement stock options. The replacement stock options have a grant date of March 23, 2022 and a contractual term of 10 years. The exchange offer applied to both vested and unvested shares. Previously vested shares were exchanged for vested replacement stock options. Unvested shares were exchanged for shares which vest in accordance with the board-approved grant approval schedule with the service period ranging from 1.0 to 4.3 years. The repricing was accounted for as a modification and resulted in incremental stock-based compensation expense of \$0.4 million.

In April 2022, the Company entered into an amendment to the Original Agreement ("Fourth Amendment") as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of the Company not meeting certain Financial Covenants required by the Original Agreement. As a result of this amendment, changes were made to the financial covenants. The Company paid \$0.15 million in amendment fee related to the Fourth Amendment.

In June 2022, the Company entered into an amendment to the Original Agreement ("Fifth Amendment") related to SCI which resulted in certain changes to financial covenants including updates to quarterly revenue requirements and contribution margin requirements.

In May 2022, the Company issued a secured promissory note to a trust affiliated with Thurman J. (T.J.) Rodgers, a director of Solaria amounting to \$6.5 million in exchange for cash. The secured promissory note accrues paid-in-kind interest at a rate of 7.5% per annum and the note had an original maturity date of July 11, 2022. In conjunction with the Agreement and Plan of Merger with Complete Solar discussed below, both the parties agreed to extend the note term beyond its original maturity date. The secured promissory note with the original principal value of \$6.5 million and paid-in-kind interest of \$0.2 million was finally terminated in October 2022, in exchange for the issuance of a new convertible note by Complete Solar.

In June 2022, as discussed in Notes 3 and 15, the Company filed a notice of arbitration with the Singapore International Arbitration Centre ("SIAC") seeking approximately \$47.0 million in damages against Solar Park in connection with the write-downs described in Note 3 and other costs related to the loss of Solar Park's production and transition to a new provider. Solar Park filed a response with SIAC in June 2022 asserting damages of approximately \$30.0 million against the Company. The parties stayed the arbitration to attend a mediation in early 2023, which was not successful. The arbitration is scheduled for February 2024.

In September 2022, the Company paid off the total outstanding principal and interest of the Term Loan related to the Loan Agreement with SCI in the amount of \$2.8 million.

In October 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Complete Solar and formed Complete Solaria. As a result, the Company became a wholly-owned indirect subsidiary of Complete Solaria effective on the date of consummation of the merger in November 2022.

In October 2022, the Company entered into an amendment to the Original Agreement ("Sixth Amendment") related to SCI, which resulted in removal of certain financial covenants related to revenue and contribution margin requirements.

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In November 2022 Complete Solaria entered into a definitive business combination agreement with Freedom Acquisition I Corp. (NYSE: FACT) (“Freedom”), a Special Purpose Acquisition Company (“SPAC”). Upon closing of the business combination, which is expected in the first half of 2023, the combined Company is expected to be listed on the New York Stock Exchange under the new ticker “CSLR”.

In November 2022, the Company entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2022 to December 13, 2023. In connection with the amendment, the terms of the notes will continue to bear interest at 8% per annum and are entitled to a repayment premium of 120% of the principal and accrued interest due. Additionally, in connection with the amendment and cancellation of 196,462 shares of Series E-1 warrants of Solaria, Complete Solaria, issued warrants to purchase 304,234 shares of Series D-7 preferred stock at \$3.84 per share.

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**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(In thousands, except par value and share amounts)**

|   | September 30,<br>2022 | December 31,<br>2021 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |
| <b>CURRENT ASSETS:</b>  |                       |                      |
| Cash and cash equivalents   | \$ 2,107              | \$ 9,113             |
| Accounts receivable, net  | 3,885                 | 6,288                |
| Inventory, net  | 4,010                 | 16,928               |
| Prepaid expenses and other current assets   | 10,442                | 2,053                |
| Total current assets  | 20,444                | 34,382               |
| Restricted cash   | 3,742                 | 4,802                |
| Operating lease right-of-use assets, net and other noncurrent assets  | 1,571                 | 1,755                |
| Property and equipment, net   | 836                   | 999                  |
| <b>TOTAL ASSETS</b>   | <b>\$ 26,593</b>      | <b>\$ 41,938</b>     |
| <b>LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>  |                       |                      |
| <b>CURRENT LIABILITIES:</b>   |                       |                      |
| Accounts payable  | \$ 2,386              | \$ 5,489             |
| Accrued expenses and other current liabilities  | 11,383                | 11,713               |
| Deferred revenue  | 73                    | 75                   |
| Notes payable, net  | 15,760                | 10,912               |
| Operating lease liability   | 324                   | 283                  |
| Total current liabilities   | 29,926                | 28,472               |
| <b>NONCURRENT LIABILITIES:</b>  |                       |                      |
| Redeemable convertible preferred stock warrants liability   | 4,180                 | 4,955                |
| Operating lease liability, net of current portion   | 1,427                 | 1,674                |
| Other liabilities, noncurrent   | 3,374                 | 2,341                |
| Notes payable, net of current portion   | 55,187                | 41,197               |
| Total liabilities   | 94,094                | 78,639               |
| <b>COMMITMENTS AND CONTINGENCIES (NOTE 13)</b>  |                       |                      |
| <b>MEZZANINE REDEEMABLE CONVERTIBLE PREFERRED STOCK</b>   |                       |                      |
| Redeemable convertible preferred stock: par value of \$0.001 per share; 13,500,285 shares authorized as of September 30, 2022 and December 31, 2021; 11,147,927 issued and outstanding as of September 30, 2022 and December 31, 2021; aggregate liquidation value of \$71.7 million as of September 30, 2022 and December 31, 2021 | 72,070                | 72,061               |
| <b>STOCKHOLDERS' DEFICIT</b>  |                       |                      |
| Common stock; par value \$0.001 per share; 27,000,000 shares authorized as of September 30, 2022 and December 31, 2021; 3,412,907 and 2,001,357 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively  | 523                   | 521                  |
| Class B common stock; par value \$0.001 per share; 815 shares authorized as of September 30, 2022 and December 31, 2021; 815 shares issued and outstanding as of September 30, 2022 and December 31, 2021   | 1                     | 1                    |
| Additional paid-in capital  | 179,388               | 178,309              |
| Accumulated other comprehensive loss  | 71                    | (55)                 |
| Accumulated deficit   | (319,554)             | (287,538)            |
| Total stockholders' deficit   | (139,571)             | (108,762)            |
| <b>TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>  | <b>\$ 26,593</b>      | <b>\$ 41,938</b>     |

See accompanying notes to unaudited condensed consolidated financial statements

[Table of Contents](#)**THE SOLARIA CORPORATION AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (In thousands)**

|  | Nine Months Ended<br>September 30, |                   |
|--|------------------------------------|-------------------|
|  | 2022                               | 2021              |
| Product revenue, net   | \$ 30,826                          | \$ 47,961         |
| Cost of revenue  | 31,504                             | 48,664            |
| Gross loss   | (678)                              | (703)             |
| Operating expenses   |                                    |                   |
| Research and engineering   | 3,180                              | 3,332             |
| Sales and marketing  | 4,517                              | 5,571             |
| General and administrative   | 7,284                              | 6,695             |
| Litigation-related costs   | 451                                | 5,395             |
| Transaction-related costs  | 1,893                              | —                 |
| Total operating expenses   | 17,325                             | 20,993            |
| Loss from operations   | (18,003)                           | (21,696)          |
| Interest expense   | (2,941)                            | (3,735)           |
| Interest income  | 10                                 | 4                 |
| Change in fair value of Simple Agreement for Future Equity (SAFE) Notes  | (14,229)                           | —                 |
| Loss on extinguishment of debt (Note 6)  | —                                  | (2,967)           |
| Other income, net  | 2,096                              | 1,725             |
| Total other expense, net   | (15,064)                           | (4,973)           |
| Loss before provision for income taxes   | (33,067)                           | (26,669)          |
| Provision for income taxes   | —                                  | —                 |
| Net loss   | (33,067)                           | (26,669)          |
| <b>OTHER COMPREHENSIVE INCOME (LOSS):</b>  |                                    |                   |
| Currency translation adjustment, net of tax effect of \$0, for the nine months ended September 30, 2022 and 2021 | 126                                | (42)              |
| Net loss and comprehensive loss  | (32,941)                           | (26,711)          |
| Redeemable convertible preferred stock accretion   | (9)                                | (16)              |
| Net loss and comprehensive loss to common stockholders   | <u>\$(32,950)</u>                  | <u>\$(26,727)</u> |

See accompanying notes to unaudited condensed consolidated financial statements

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THE SOLARIA CORPORATION, AND SUBSIDIARIES  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021  
 (In thousands, except number of shares)

|   | Redeemable Convertible Preferred Stock |                  | Common Stock     |               | Class B Common Stock |             | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Deficit |
|---|--|------------------|------------------|---------------|----------------------|-------------|----------------------------|--------------------------------------|---------------------|-----------------------------|
|   | Shares                                 | Amount           | Shares           | Amount        | Shares               | Amount      |                            |                                      |                     |                             |
| Balance at December 31, 2020                                    | 10,920,447                             | \$ 71,152        | 1,841,452        | \$ 521        | 815                  | \$ 1        | \$ 175,285                 | \$ (68)                              | \$ (233,101)        | \$ (57,362)                 |
| Exercise of warrants  | 246,564                                | 762              | 25,000           | —             | —                    | —           | 2                          | —                                    | —                   | 2                           |
| Exercise of options   | —                                      | —                | 89,583           | —             | —                    | —           | 255                        | —                                    | —                   | 255                         |
| Repurchase of common stock                                      | —                                      | —                | (24,678)         | —             | —                    | —           | —                          | —                                    | —                   | —                           |
| Rescission of Series E-1 redeemable convertible preferred stock | (19,084)                               | —                | —                | —             | —                    | —           | —                          | —                                    | —                   | —                           |
| Stock-based compensation  | —                                      | —                | —                | —             | —                    | —           | 1,947                      | —                                    | —                   | 1,947                       |
| Currency translation adjustment                                 | —                                      | —                | —                | —             | —                    | —           | —                          | (42)                                 | —                   | (42)                        |
| Redeemable convertible preferred stock accretion                | —                                      | 16               | —                | —             | —                    | —           | (16)                       | —                                    | —                   | (16)                        |
| Net loss  | —                                      | —                | —                | —             | —                    | —           | —                          | —                                    | (26,669)            | (26,669)                    |
| Balance at September 30, 2021                                   | <u>11,147,927</u>                      | <u>\$ 71,930</u> | <u>1,931,357</u> | <u>\$ 521</u> | <u>815</u>           | <u>\$ 1</u> | <u>\$ 177,473</u>          | <u>\$ (110)</u>                      | <u>\$ (259,770)</u> | <u>\$ (81,885)</u>          |
| Balance at December 31, 2021                                    | 11,147,927                             | \$ 72,061        | 2,001,357        | \$ 521        | 815                  | \$ 1        | \$ 178,309                 | \$ (55)                              | \$ (287,538)        | \$ (108,762)                |
| Adoption of ASU 2020-06   | —                                      | —                | —                | —             | —                    | —           | (1,051)                    | —                                    | 1,051               | —                           |
| Exercise of warrants  | —                                      | —                | 1,311,651        | 2             | —                    | —           | 128                        | —                                    | —                   | 130                         |
| Repurchase of common stock                                      | —                                      | —                | (101)            | —             | —                    | —           | —                          | —                                    | —                   | —                           |
| Stock-based compensation  | —                                      | —                | 100,000          | —             | —                    | —           | 2,011                      | —                                    | —                   | 2,011                       |
| Currency translation adjustment                                 | —                                      | —                | —                | —             | —                    | —           | —                          | 126                                  | —                   | 126                         |
| Redeemable convertible preferred stock accretion                | —                                      | 9                | —                | —             | —                    | —           | 9                          | —                                    | —                   | (9)                         |
| Net loss  | —                                      | —                | —                | —             | —                    | —           | —                          | —                                    | (33,067)            | (33,067)                    |
| Balance at September 30, 2022                                   | <u>11,147,927</u>                      | <u>\$ 72,070</u> | <u>3,412,907</u> | <u>\$ 523</u> | <u>815</u>           | <u>\$ 1</u> | <u>\$ 179,388</u>          | <u>\$ 71</u>                         | <u>\$ (319,554)</u> | <u>\$ (139,571)</u>         |

See accompanying notes to the unaudited condensed consolidated financial statements

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**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

|  | Nine Months Ended<br>September 30, |                   |
|--|------------------------------------|-------------------|
|  | 2022                               | 2021              |
| Cash Flows from Operating Activities   |                                    |                   |
| Net loss   | \$(33,067)                         | \$(26,669)        |
| Adjustments to reconcile net loss to net cash used in operating activities:      |                                    |                   |
| Debt amortization and non- cash interest expense                                 | 2,337                              | 2,742             |
| Loss on extinguishment of debt   | —                                  | 2,967             |
| Stock- based compensation  | 2,011                              | 1,947             |
| Change in fair value of redeemable convertible preferred stock warrant liability | (775)                              | (339)             |
| Bad debt expense   | 472                                | —                 |
| Depreciation expense   | 219                                | 918               |
| Change in fair value of SAFE Notes   | 14,229                             | —                 |
| Forgiveness of Paycheck Protection Plan Loan                                     | (1,414)                            | (1,433)           |
| Noncash operating lease expense  | 184                                | 261               |
| Other  | 44                                 | 23                |
| Changes in operating assets and liabilities:                                     |                                    | —                 |
| Accounts receivable, net   | 1,930                              | 1,121             |
| Inventory, net   | 12,918                             | (10,759)          |
| Prepaid expenses and other current assets  | (8,388)                            | 3,923             |
| Accounts payable   | (3,103)                            | (162)             |
| Accrued expenses and other current liabilities                                   | (572)                              | 1,714             |
| Deferred revenue   | (1)                                | (1,995)           |
| Operating lease liability  | (207)                              | (286)             |
| Other liabilities, noncurrent  | 1,035                              | 401               |
| Net cash used in operating activities  | <u>(12,148)</u>                    | <u>(25,626)</u>   |
| Cash Flows from Investing Activities   |                                    |                   |
| Purchases of property and equipment  | (207)                              | (1,436)           |
| Proceeds from sale of property and equipment                                     | 151                                | 248               |
| Net cash used in investing activities  | <u>(56)</u>                        | <u>(1,188)</u>    |
| Cash Flows from Financing Activities   |                                    |                   |
| Proceeds from issuance of notes payable, net                                     | 8,500                              | 33,415            |
| Repayment of notes payable, net  | (4,618)                            | —                 |
| Proceeds from exercise of redeemable convertible preferred stock warrants        | —                                  | 515               |
| Proceeds from exercise of stock options  | 130                                | 255               |
| Net cash provided by financing activities  | <u>4,012</u>                       | <u>34,185</u>     |
| Effect of Exchange Rate Changes  | 126                                | (42)              |
| Net Change in Cash, Cash Equivalents and Restricted Cash                         | (8,066)                            | 7,329             |
| Cash, Cash Equivalents and Restricted Cash, beginning of year                    | 13,915                             | 13,549            |
| Cash, Cash Equivalents and Restricted Cash, end of year                          | <u>\$ 5,849</u>                    | <u>\$ 20,878</u>  |
| Non- Cash Investing and Financing Activities                                     |                                    |                   |
| Forgiveness of Paycheck Protection Plan Loan                                     | <u>\$ (1,414)</u>                  | <u>\$ (1,433)</u> |

See accompanying notes to the unaudited condensed consolidated financial statements

**THE SOLARIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021 AND**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**  
**(In thousands, except share and per share amounts)**

**1. ORGANIZATION**

**Description of Business**

The Solaria Corporation was incorporated as a Delaware corporation on May 5, 2006. The Solaria Corporation (together with its subsidiaries, the “Company” or “Solaria”) designs, develops, manufactures, and generates revenue from the sale of silicon photovoltaic solar panels and licensing of its technology to third parties. The Company operates from its headquarters in Fremont, California.

**Liquidity and Going Concern** — Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company incurred net losses of \$33.1 million and \$26.7 million during the nine months ended September 30, 2022 and 2021, respectively, and had an accumulated deficit of \$319.5 million as of September 30, 2022. The Company had cash and cash equivalents of \$2.1 million as of September 30, 2022. Historically, the Company’s activities have been financed through private placements of equity securities and debt. The Company expects to incur significant operating expenses as it continues to grow its business. The Company believes that its operating losses and negative operating cash flows will continue into the foreseeable future. The Company’s history of recurring losses, negative operating cash flows and the need to raise additional funding to finance its operations raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern requires that the Company obtain sufficient funding to finance its operations.

As more fully described in Note 16, the Company was acquired by Complete Solar Holding Corporation (“Complete Solar”) in November 2022 and formed Complete Solaria, Inc. (“Complete Solaria”). As a result, the Company became a wholly-owned indirect subsidiary of Complete Solaria at that time. Subsequent to the acquisition, the combined company does business as Complete Solaria. As discussed in Note 16, Complete Solaria’s plan is to seek additional funding through completion of a business combination with Freedom Acquisition Corp. (“Freedom”), a special purpose acquisition corporation (“SPAC”). At this time, Complete Solaria is focused on completing the business combination, which is subject to approval of the shareholders of both companies, regulatory approval from the Securities and Exchange Commission (“SEC”) and other customary closing conditions and is limited in its efforts to raise additional capital from secondary sources.

If Complete Solaria fails to complete this business combination, it plans to continue to fund its operations and capital funding needs through a combination of private equity offerings, debt financings and other sources. If Complete Solaria is not able to secure adequate additional funding when needed, it will need to reevaluate its operating plan and may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs or cease operations entirely. These actions could materially impact Complete Solaria and its subsidiary Solaria’s, results of operations and future prospects.

While Complete Solaria and Solaria have historically been able to raise multiple rounds of financing, there can be no assurance that in the event additional financing is required, such financing will be available on terms that are favorable, or at all. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending would have a material adverse effect on Complete Solaria and its subsidiary Solaria’s ability to achieve their intended business objectives.

Therefore, there is substantial doubt about Solaria’s ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying financial statements have been prepared assuming Solaria will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. They do not include any adjustments



to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**— The Company’s unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Solaria Australia Pty. Ltd and TSC PowerHome BVd PLV Inc. All intercompany balances and transactions have been eliminated in consolidation.

Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and accompanying notes for the years ended December 31, 2021 and 2020. The unaudited condensed consolidated balance sheet as of December 31, 2021, included herein, was derived from the audited consolidated balance sheet of the Company as of that date. In the opinion of management, these unaudited condensed consolidated financial statements reflect all normal recurring adjustments, or a description of the nature and amount of any adjustments other than normal recurring adjustments, necessary to present fairly the Company’s financial position as of September 30, 2022 and December 31, 2021, the Company’s results of operations and comprehensive loss, redeemable convertible preferred stock and stockholders’ deficit activities, and cash flows for the nine months ended September 30, 2022 and 2021.

**Significant Risks and Uncertainties**— The Company is subject to a number of risks that are similar to those which other companies of similar size in its industry are facing, including, but not limited to, the need for successful development of products, the need for additional capital (or financing) to fund operations, competition from substitute products and services from larger companies, ability to develop sales channels and to onboard channel partners, as defined, protection of proprietary technology, patent litigation, dependence on key customers, dependence on key individuals, and risks associated with changes in information technology.

In March 2020, the World Health Organization declared the outbreak of a novel corona virus as a pandemic. The pandemic has reached every region of the world and has resulted in widespread impacts on the global economy. In response, the Company has modified certain business and workforce practices (including discontinuing non-essential business travel, implementing a temporary work-from-home policy for employees who can execute their work remotely and encouraging employees to adhere to local and regional social distancing guidelines, more stringent hygiene and cleaning protocols across the Company’s facilities and operations and self-quarantining recommendations) to conform to restrictions and best practices encouraged by governmental and regulatory authorities.

The quarantine of personnel or the inability to access the Company’s facilities or customer sites could adversely affect the Company’s operations. As of the date of this report, the Company’s efforts to respond to the challenges presented by the conditions described above have allowed the Company’s to minimize the impacts of these challenges to its business.

**Concentration of Credit Risk**— Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and accounts receivable. Concentration risk for cash and cash equivalents is mitigated by banking with a creditworthy financial institution. At times, cash deposits have exceeded the federally insurable limit; however, the Company has not experienced any losses on its cash deposits and cash equivalents since inception. The Company generally does not require collateral or other security to support its accounts receivable. Credit is extended to customers based on an evaluation of their financial condition and other factors. The Company performs ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts as appropriate.

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The Company had two major customers for the nine months ended September 30, 2022 and 2021, respectively. Major customers are defined as customers generating revenue greater than 10% of the Company's product revenue. Revenue from the major customers accounted for 76% and 79% of revenue for the nine months ended September 30, 2022 and 2021, respectively. Accounts receivable from the two major customers totaled \$2.2 million and \$3.6 million as of September 30, 2022 and December 31, 2021, respectively.

**Use of Estimates**—The preparation of unaudited condensed consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of income and expense during the reporting period. Such estimates include warranty cost, allowances for doubtful accounts, determination of the net realizable value of inventory, determination of the useful lives of property and equipment, assessment of the recoverability and fair values of property and equipment, valuation of deferred tax assets and liabilities, estimation of other accruals and reserves, determination of the fair value of debt, redeemable convertible preferred stock, common stock, simple agreements for future equity, stock option and restricted stock grants, and redeemable convertible preferred stock and common stock warrants. Management evaluates its estimates and assumptions on an ongoing basis using historical trends, market pricing, current events and other relevant assumptions and data points. Actual results could differ from those estimates and such differences may be material to the unaudited condensed consolidated financial statements.

**Transaction-Related Costs** – Such costs primarily consist of legal and professional fees incurred in connection with the Company's merger with Complete Solar which is discussed in Note 16.

**Significant Accounting Policies** – There have been no material changes in the significant accounting policies described in our audited financial statements for the years ended December 31, 2021 and 2020.

**Accounting Pronouncements Recently Adopted** — In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). The amendments in ASU 2020-06 simplify accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will no longer be available. ASU 2020-06 is effective for interim and annual reporting periods beginning after December 15, 2023, with early adoption permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal year. The Company adopted the new standard on January 1, 2022 under the modified retrospective approach resulting in a cumulative catch-up adjustment of \$1.1 million to accumulated deficit and additional paid-in capital as of the date of adoption related to the beneficial conversion feature related to the 2018 Bridge Notes as discussed in Note 6.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force). This guidance clarifies certain aspects of the current guidance to promote consistency among reporting of an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is

permitted for all entities, including adoption in an interim period. The Company adopted ASU 2021-04 under the private company transition guidance beginning January 1, 2022, the adoption did not have an impact on the Company's financial statements.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Most amendments within this accounting standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted ASU 2019-12 under the private company transition guidance beginning January 1, 2022, the adoption did not have an impact on the Company's financial statements.

#### **Recent Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the FASB's guidance on the impairment of financial instruments. Topic 326 adds to GAAP an impairment model (known as the "current expected credit loss model") that is based on expected losses rather than incurred losses. ASU 2016-13 is effective for the Company's annual and interim periods beginning after December 15, 2022 with early adoption permitted. The Company does not expect to early adopt the new standard. The Company is currently evaluating the impact of ASU 2016-13 on its unaudited condensed consolidated financial statements.

### **3. REVENUE**

The Company generates revenues from the sale of silicon photovoltaic solar panels and licensing of the Company's technology to third parties.

**Product Sales**— The Company recognizes revenue from sales of products as control is transferred to customers, which generally occurs upon delivery to the customer's premises. Other than standard warranty obligations, there are no rights of return or significant post-shipment obligations with respect to the Company's products. Contracts with customers consist of a single performance obligation, hence the entire transaction price is allocated to this single performance obligation. In determining the transaction price in contracts with customers, the Company reduces revenue for the estimated costs of customer and distributor programs and incentive offerings such as price protection and rebates. Any provision for customer and distributor programs and other discounts is recorded as a reduction of revenue at the time of sale based on an evaluation of the contract terms and historical experience.

**License Revenue** — The Company derives revenue from the licensing of the Company's technology to third parties. Revenue from functional IP licensing arrangements is recognized at a point in time when control over the licensed technology is transferred to the customer. License fees, i.e., royalties, that are not fixed at contract inception are recognized over time upon occurrence of the later of the subsequent technology sale or usage, or satisfaction of the performance obligation to which some or all of the usage-based royalty relates. In March 2022, the Company settled litigation with a customer in relation to an arrangement for which \$4.5 million had been recognized in license revenue in fiscal year 2019. The \$0.45 million loss incurred upon settlement is included in General and administrative expenses in the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss for the nine months ended September 30, 2022. The Company recognized license revenue amounting to \$0.01 million and \$0.02 million for the nine months ended September 30, 2022, and 2021, respectively.

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Disaggregated revenue by primary geographical market and business activity are as follows (in thousands):

|                              | Nine months ended<br>September 30, |                  |
|------------------------------|------------------------------------|------------------|
|                              | 2022                               | 2021             |
| Primary geographical markets |                                    |                  |
| U.S.                         | \$ 26,566                          | \$ 46,159        |
| International                | 4,260                              | 1,802            |
| Total                        | <u>\$ 30,826</u>                   | <u>\$ 47,961</u> |
| Product sales                | \$ 30,817                          | \$ 47,938        |
| Royalty                      | 9                                  | 23               |
| Total revenue                | <u>\$ 30,826</u>                   | <u>\$ 47,961</u> |

**Contract Balances** Contract liabilities consist of deferred revenue or customer deposits and relate to amounts invoiced-to or advance consideration received from customers, which precede the Company's satisfaction of the associated performance obligation(s).

The following table is a rollforward of deferred revenue as of September 30, 2022 and December 31, 2021 (in thousands):

|                                    | September 30,<br>2022 | December 31,<br>2021 |
|------------------------------------|-----------------------|----------------------|
| Deferred revenue—beginning balance | \$ 75                 | \$ 2,070             |
| Additions                          | 291                   | 1,494                |
| Revenue recognized                 | (293)                 | (3,489)              |
| Deferred revenue—ending balance    | <u>\$ 73</u>          | <u>\$ 75</u>         |

As of September 30, 2022 and December 31, 2021, the Company's deferred revenue is expected to be recognized during the succeeding 12-month period and is therefore presented as deferred revenue, current, in the Unaudited Condensed Consolidated Balance Sheets.

#### 4. FINANCIAL STATEMENT COMPONENTS

**Restricted Cash**— The Company classifies all cash for which usage is limited by contractual provisions as restricted cash. Restricted cash consists of \$3.7 million and \$4.8 million deposited in money market account, which is used as cash collateral backing letters of credit related to customs duty authorities' requirements as of September 30, 2022 and December 31, 2021, respectively. The Company has presented these balances under noncurrent assets in the Unaudited Condensed Consolidated Balance Sheets.

Total cash, cash equivalents and restricted cash is presented in the table below (in thousands):

|  | September 30,<br>2022 | December 31,<br>2021 |
|--|-----------------------|----------------------|
| Cash and cash equivalents                        | \$ 2,107              | \$ 9,113             |
| Restricted cash                                  | 3,742                 | 4,802                |
| Total cash, cash equivalents and restricted cash | <u>\$ 5,849</u>       | <u>\$ 13,915</u>     |

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**Inventories**—The components of inventories as of September 30, 2022 and December 31, 2021, respectively, were as follows (in thousands):

|                      | September 30,<br>2022 | December 31,<br>2021 |
|----------------------|-----------------------|----------------------|
| Finished goods       | \$ 4,010              | \$ 16,928            |
| Work in progress     | —                     | —                    |
| Raw materials        | —                     | —                    |
| Total inventory, net | <u>\$ 4,010</u>       | <u>\$ 16,928</u>     |

As of September 30, 2022 and December 31, 2021 reserves for inventory obsolescence were both \$0.1 million.

**Property and Equipment, net**— Property and equipment, net as of September 30, 2022 and December 31, 2021, consist of the following (in thousands):

|  | September 30,<br>2022 | December 31,<br>2021 |
|--|-----------------------|----------------------|
| Manufacturing equipment                  | \$ 3,227              | \$ 3,195             |
| Leasehold improvement                    | 875                   | 864                  |
| Furniture, fixtures and office equipment | 79                    | 66                   |
|  | 4,181                 | 4,125                |
| Less: Accumulated depreciation           | <u>(3,345)</u>        | <u>(3,126)</u>       |
| Total property and equipment, net        | <u>\$ 836</u>         | <u>\$ 999</u>        |

Total depreciation expense for the nine months ended September 30, 2022 and 2021, was \$0.2 million and \$0.9 million, respectively.

**Accrued Expenses and Other Current Liabilities**— Accrued expenses and other current liabilities consist of the following (in thousands):

|  | September 30,<br>2022 | December 31,<br>2021 |
|--|-----------------------|----------------------|
| Accrued purchases  | \$ 3,950              | \$ 2,657             |
| Accrued rebates and credits                              | 696                   | 1,967                |
| Warranty cost, current                                   | 93                    | 87                   |
| Other taxes payable                                      | 956                   | 1,053                |
| Customer deposits  | 786                   | 773                  |
| Accrued payroll  | 629                   | 784                  |
| Accrued interest   | 150                   | —                    |
| Current portion of amount payable to a vendor (Note 13)  | 1,420                 | 1,699                |
| SCI Term Loan and Revolving Loan amendment fees (Note 6) | 1,700                 | 1,700                |
| Other accrued liabilities                                | 1,003                 | 993                  |
| Total accrued expenses and other current liabilities     | <u>\$ 11,383</u>      | <u>\$ 11,713</u>     |

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**Warranty Cost**— The following table is a roll forward of warranty cost as of September 30, 2022 and December 31, 2021 (in thousands):

|                               | September 30,<br>2022 | December 31,<br>2021 |
|-------------------------------|-----------------------|----------------------|
| Beginning balance             | \$ 1,738              | \$ 1,248             |
| Warranty settlements          | (148)                 | (135)                |
| Additions to warranty accrual | 277                   | 625                  |
| Ending balance                | \$ 1,867              | \$ 1,738             |
| Warranty cost, current        | \$ 93                 | \$ 87                |
| Warranty cost, noncurrent     | 1,774                 | 1,651                |
| Total warranty cost           | \$ 1,867              | \$ 1,738             |

**Other Income, net**

Other income, net consists of the following (in thousands):

|   | Nine Months Ended<br>September 30, |          |
|---|------------------------------------|----------|
|   | 2022                               | 2021     |
| Forgiveness of Paycheck Protection Program Loan (Note 6)            | \$ 1,414                           | 1,433    |
| Change in fair value of preferred stock warrants liability (Note 7) | 775                                | 339      |
| Others  | (93)                               | (47)     |
| Total other income, net   | \$ 2,096                           | \$ 1,725 |

**5. LEASES**

**Operating Leases**— In April 2018, the Company entered into a 56-month lease agreement for an office space in Oakland, California for \$0.8 million in total payments. Effective June 2021, the Company terminated the lease agreement and agreed to settle the unpaid rent and related legal costs for \$0.3 million. As a result, the Company derecognized the Oakland right-of use asset and corresponding lease liability and recognized a loss of \$0.01 million as Other income (expense), net in the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Loss for the nine months ended September 30, 2021.

In November 2019, the Company entered an 84-month lease for office and manufacturing space in Fremont, California (“Fremont facility”) for \$3.3 million in total payment. The Company has an option to renew the lease for five years. Lease renewals are not assumed in the determination of the lease term until the exercise of the renewals are deemed to be reasonably certain.

[Table of Contents](#)**6. NOTES PAYABLE, NET**

Notes payable, net consists of the following (in thousands):

|   | <b>September 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---|-------------------------------|------------------------------|
| 2018 Bridge Notes                       | \$ 9,086                      | \$ 7,076                     |
| Payroll Protection Program Loan         | —                             | 1,414                        |
| Simple Agreement for Future Equity Note | 50,230                        | 34,001                       |
| Term and Revolver Loan                  | 4,957                         | 9,618                        |
| Promissory Note                         | 6,674                         | —                            |
| Total notes payable, net                | 70,947                        | 52,109                       |
| Less current portion                    | (15,760)                      | (10,912)                     |
| Notes payable, net of current portion   | <u>\$ 55,187</u>              | <u>\$ 41,197</u>             |

**2018 Bridge Notes**

In connection with the 2018 Notes, the Company originally issued warrants to purchase 486,240 shares of its common stock at \$0.01 per share. The warrants, which were exercisable upon issuance, expire in December 2023. At issuance, the Company determined the relative fair value of the warrants to be \$1.1 million. The Company recorded the fair value of the warrant as a debt discount within additional paid-in capital. After allocating \$1.1 million to the warrant, the fair value of preferred stock in which the notes could be converted exceeded the carrying value of the notes. As such the conversion feature under the notes was considered a beneficial conversion feature which was treated as debt discount and amortized to interest expense using the effective interest rate method. The Company recorded an additional \$1.1 million discount to the notes within additional paid-in capital. As discussed in Note 2, in January 1, 2022, in connection with the adoption of ASU 2020-06, the Company derecognized the beneficial conversion feature which resulted in a \$1.1 million decrease in additional paid-in capital and cumulative catch-up adjustment to accumulated deficit.

In December 2021, the Company entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2021 to December 13, 2022. In connection with the amendment, the notes will continue to bear interest at 8% per annum and are entitled to a repayment premium of 110% of the principal and accrued interest at the time of repayment. Additionally, the Company issued warrants to purchase 196,462 shares of Series E-1 redeemable convertible preferred stock (“Series E-1 warrants”) at \$4.59 per share in connection with the amendment. The warrants were exercisable immediately and expire on December 13, 2031. Upon issuance, the Company determined the fair value of the warrants to be \$0.7 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.42%; contractual life of 10 years; and expected volatility of 54.4%. The Series E-1 warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company. At September 30, 2022, the warrants remain outstanding.

The Company concluded that the modification was a troubled debt restructuring as the Company was experiencing financial difficulty and the amended terms resulted in a concession to the Company. As the future undiscounted cash payments under the modified terms exceeded the carrying amount of the 2018 Notes on the date of modification, the modification was accounted for prospectively. Additionally, the Company recorded the fair value of the Series E-1 warrants as a reduction of Notes payable, net of discounts to the restructured notes on the date of modification. The debt discount and incremental repayment premium are being amortized to interest expense using the effective interest rate method.

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The net carrying value of 2018 Bridge Notes was as below (in thousands):

|                                 | September 30,<br>2022 | December 31,<br>2021 |
|---------------------------------|-----------------------|----------------------|
| Principal                       | \$ 9,258              | \$ 7,777             |
| Less: unamortized debt discount | (172)                 | (701)                |
| Net carrying value              | 9,086                 | 7,076                |
| Less: current portion           | (9,086)               | (7,076)              |
| Total noncurrent portion        | <u>\$ —</u>           | <u>\$ —</u>          |

The following table sets forth the total interest expense recognized related to the 2018 Bridge Notes (in thousands):

|  | September 30,<br>2022 | September 30,<br>2021 |
|--|-----------------------|-----------------------|
| Amortization of debt discount                      | \$ 467                | \$ 1,160              |
| Contractual interest expense                       | 1,482                 | 2,223                 |
| Total interest expense                             | <u>\$ 1,949</u>       | <u>\$ 3,383</u>       |
| Effective interest rate of the liability component | <u>32.6%</u>          | <u>32.6%</u>          |

### **Paycheck Protection Program Loan**

In May 2020, the Company entered into an unsecured promissory note under the Payroll Protection Program (“PPP Loan”), with a bank under the PPP administered by the United States Small Business Administration (“SBA”) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the CARES Act, enacted on March 27, 2020. The PPP Loan may be prepaid, in full or in part, at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, the Company can apply for, and be granted, forgiveness for all or a portion of the PPP Loan. The principal amount of the PPP Loan is \$1.4 million. The PPP Loan is non-interest bearing and has a maturity date of less than a year. The PPP Loan was forgiven in full in March 2021 and as a result gain on forgiveness of debt of \$1.4 million is recorded within Other income (expense), net in the Company’s Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the nine months ended September 30, 2021.

In February 2021, the Company obtained a PPP Loan with a principal amount of \$1.4 million. The PPP Loan bears interest at less than 1% per annum and has a maturity date of less than one year. The PPP Loan principal and accrued interest was forgiven in full in January 2022 and as a result the gain on forgiveness of debt of \$1.4 million is recorded within Other income (expense), net in the Company’s Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the nine months ended September 30, 2022.

### **Promissory Note**

In May 2022, the Company issued a secured promissory note to a trust affiliated with Thurman J. (T.J.) Rodgers, a director of Solaria amounting to \$6.5 million in exchange for cash. The secured promissory note accrues paid-in-kind interest at a rate of 7.5% per annum and the note had an original maturity date of July 11, 2022, collateralized by substantially all of the Company’s personal property, including all assets, inventory, equipment, general intangibles, financial assets, investment property, securities, deposit accounts and excluding intellectual property. As of September 30, 2022, the secured promissory note remained outstanding. In conjunction with the transaction with Complete Solar, both the parties agreed to extend the note term beyond its original maturity date. The secured promissory note with the original principal value of \$6.5 million and paid-in-kind interest of \$0.2 million was finally terminated in October 2022, in exchange for the issuance of a new convertible note by Complete Solar.



### **Simple Agreement for Future Equity Notes**

The Company entered into various interest free unsecured Simple Agreement for Future Equity Notes (“SAFE”) notes agreements and raised \$32.0 million in fiscal 2021 and \$2.0 million in fiscal 2020. The number of shares to be issued upon conversion of the SAFE notes are subject to the following:

**Equity Financing** – In the event of certain equity financing before the termination of the SAFE note, on the initial closing of such equity financing, the SAFE note will automatically convert into the number of shares of SAFE preferred stock in accordance with the terms of the SAFE agreement. In the event of certain other financing before the termination of the SAFE note, the investor may elect to convert the SAFE note into preferred stock equal based on the terms of the SAFE agreement.

**Public Offering** – If there is an Initial Public Offering (“IPO”) before the termination of the SAFE note, the SAFE note will automatically convert into the right to receive the number of shares of common stock according to the terms of the SAFE agreement.

**Change of Control** – If there is a Change of Control before the termination of the SAFE note, the SAFE note will automatically convert into the right to receive a portion of proceeds according to the terms of the SAFE agreement.

**Dissolution Event** – If there is a Dissolution Event before the termination of the SAFE note, the investor will automatically be entitled to receive a portion of proceeds according to the terms of the SAFE agreement.

**Valuation Caps** – the SAFE notes are subject to a valuation cap. The valuation cap is \$190.0 million for each of 33 notes with aggregate principal of \$30.0 million. Two notes with principal balance of \$2.0 million each have valuation caps of \$219.1 million and \$221.1 million, respectively.

The Company elected to account for all of the SAFE notes at estimated fair value pursuant to the fair value option and recorded the change in estimated fair value as other income (expense), net in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss until the notes are converted or settled.

The estimated fair value and face value of these notes was \$50.2 million and \$34.0 at September 30, 2022 and December 31, 2021, respectively, and is considered Level 3 fair value measurement. The Company recorded a loss of \$14.2 million relating to the change in estimated fair value of these notes as change in fair value of Simple Agreement for Future Equity Notes in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the nine months ended September 30, 2022. There was no change in estimated fair value of these notes for the year ended December 31, 2021.

As more fully described in Note 16, post consummation of the merger in November 2022, all SAFE notes were assumed by Complete Solar.

### **Term Loan and Revolver Loan**

In October 2020, the Company entered into a loan agreement (“Loan Agreement”) with Structural Capital Investments III, LP (“SCI”).

The Loan Agreement with SCI comprises of two facilities, a term loan (the “Term Loan”) and a revolving loan (the “Revolving Loan”) (together “Original Agreement”) for \$5.0 million each with a maturity date of October 31, 2023. Both the Term Loan and the Revolving Loan were fully drawn upon closing.

The Term Loan has a term of thirty-six months, equal monthly payments of principal beginning November 2021 until the end of the term and an annual interest rate of 9.25% or Prime rate plus 6%, whichever is higher. The Revolving Loan also has a term of thirty-six months, principal repayments at the end of the term and an annual interest rate of 7.75% or Prime rate plus 4.5%, whichever is higher. The Loan Agreement required the Company to meet certain financial covenants relating to maintenance of specified restricted cash balance, achieving specified revenue target and maintaining specified contribution margin (“Financial covenants”) over the term of each of the Term Loan and Revolving Loan. The Term Loan and Revolving Loan are collateralized substantially by all assets and property of the Company.

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In October 2020, the Company recorded debt issuance costs discount totaling \$0.8 million related to the Original agreement. The total debt issuance costs and discount is being amortized to interest expense using the effective interest method.

In February 2021, the Company entered into an Amended and Restated Loan and Security Agreement as a First Amendment to the Original Agreement (“First Amendment”) to revise certain financial covenants within the Original Agreement.

In July 2021, the Company entered into an amendment to the Original Agreement (“Second Amendment”) as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original Agreement. As a result of this amendment changes were made to the financial covenants. The Company incurred \$1.2 million in amendment fee related to the Second Amendment which was recognized as loss on extinguishment of debt discussed below.

In connection with the Second Amendment, the Company issued E-1 Warrants to purchase 305,342 shares of Series E-1 redeemable convertible preferred stock (“SCI Series E-1 warrants”) at \$4.59 per share. The warrants were fully exercisable in whole or in part at any time during the term of the Original agreement. The SCI Series E-1 Warrants are scheduled to expire on July 30, 2031. Upon issuance, the Company determined the fair value of the warrants to be \$1.2 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.44%; contractual life of 10 years; and expected volatility of 55.7%. The Series E-1 warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company.

The Company concluded that the modification to the terms of the Second Amendment changed the present value of cash flows by more than 10% and, as such, was treated as a debt extinguishment. The Company recognized a loss on extinguishment of debt of \$3.0 million in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss in July 2021 which included the fair value of SCI Series E-1 warrants of \$1.2 million issued in connection with the modification and \$1.2 million amendment fee.

In December 2021, the Company entered into an amendment to the Original Agreement (“Third Amendment”) as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of Company not meeting certain Financial Covenants required by the Original agreement. As a result of this amendment, changes were made to the financial covenants. The Company incurred \$0.5 million in amendment fee related to the Third Amendment and also paid default interest amounting to \$0.3 million for the period April 2021 through November 2021.

In connection with the Third Amendment, the Company further amended the exercise price of the Series D-1 Preferred Stock Warrants to \$2.17 per share and also amended the number of warrants. As of the date of the Amendment, the Company determined the fair value of the amended Series D-1 Preferred Stock warrants to be \$2.9 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.35%; contractual life of 6 years; and expected volatility of 57.7%.

Additionally, the Company amended the exercise price of the Series E-1 Preferred Stock Warrants to \$2.29 per share. As of the date of the Amendment, the Company determined the fair value of the amended Series E-1 Preferred Stock warrants to be \$1.3 million using the Black-Scholes option-pricing model using the following assumptions: no dividends; risk-free interest rate of 1.44%; contractual life of 9.6 years; and expected volatility of 57.6%.

The Company concluded that the modification to the terms of the Third Amendment changed the present value of cash flows by more than 10% and, as such, was treated as a debt extinguishment. The Company recognized a loss on extinguishment of debt of \$2.4 million in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss in December 2021 which included the incremental fair value of the Series D-1 warrants of \$1.7 million and incremental fair value of the Series E-1 warrants of \$0.2 million relating to the modification.

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In April 2022, the Company entered into an amendment to the Original Agreement (“Fourth Amendment”) as a forbearance agreement for SCI to forbear from exercising any rights and remedies available to it as a result of the Company not meeting certain Financial Covenants required by the Original Agreement. As a result of this amendment, changes were made to the financial covenants. The Company incurred \$0.15 million in amendment fee related to the Fourth Amendment.

In June 2022, the Company entered into an amendment to the Original Agreement (“Fifth Amendment”) related to SCI which resulted in certain changes to financial covenants including updates to quarterly revenue requirements and contribution margin requirements.

In September 2022, the Company paid off the total outstanding principal and interest of the Term Loan related to the Loan Agreement with SCI in the amount of \$2.8 million. The remaining unamortized debt discount of \$0.04 million on the date of pay off was recorded as amortization of debt discount and included as interest expense.

The Term Loan and Revolving Loan consisted of the following (in thousands):

|                                 | September 30,<br>2022 | December 31,<br>2021 |
|---------------------------------|-----------------------|----------------------|
| Principal                       | \$ 5,000              | \$ 9,618             |
| Less: unamortized debt discount | (43)                  | —                    |
| Net carrying value              | 4,957                 | 9,618                |
| Less: current portion           | —                     | (2,421)              |
| Total noncurrent portion        | <u>\$ 4,957</u>       | <u>\$ 7,197</u>      |

The revolving loan principal balance at September 30, 2022 amounted to \$5.0 million and is due on October 2023.

The following table sets forth the total interest expense recognized related to the SCI term loan and revolving Loan (in thousands):

|                               | September 30,<br>2022 | September 31,<br>2021 |
|-------------------------------|-----------------------|-----------------------|
| Amortization of debt discount | \$ 64                 | \$ 170                |
| Contractual interest expense  | 692                   | 664                   |
| Total interest expense        | <u>\$ 756</u>         | <u>\$ 834</u>         |

## 7. REDEEMABLE PREFERRED STOCK WARRANTS

In 2010, in connection with a loan agreement, the Company issued a warrant to purchase 211,270 shares of Series A-1 preferred stock at an exercise price of \$1.52 per share. These warrants were exercised in March 2021.

In connection with the Series B-1 preferred stock financing in February 2015, the Company amended certain previously outstanding common stock warrants into a warrant to purchase 35,294 shares of Series B-1 at an exercise price of \$5.40 per share. These warrants were exercised in March 2021.

In 2017, in connection with a Loan and Security Agreement with Structural Capital Investments II, LP and El Dorado Investment Company, the Company issued warrants to purchase 147,551 shares of Series C-1 at an exercise price of \$8.66 per share. In 2018, in connection with a second amendment to Loan and Security Agreement and the cancellation of the C-1 Warrants, the Company issued warrants to purchase 375,801 shares of Series D-1 at an exercise price of \$4.33 per share. As fully discussed in Note 6, in December 2021, in connection with the Third Amendment to the Original Agreement, the Company amended certain terms

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of the warrant to purchase Series D-1 preferred stock. As amended, the Series D-1 preferred stock warrants are calculated based on a percentage of the Company's fully diluted capitalization at an exercise price of \$2.17 per share. As of September 30, 2022, 745,001 units of Series D-1 preferred stock warrants are outstanding. The warrants were exercisable upon issuance and expire on December 22, 2027.

As fully discussed in Note 6, in July 2021, in connection with the Second Amendment to Original Agreement, the Company issued warrants to purchase 305,342 shares of Series E-1 at an exercise price of \$4.59 per share. In December 2021, in connection with the Third Amendment to the Original Agreement, the Company amended the exercise price of the Series E-1 preferred stock warrants to \$2.29 per share.

As fully discussed in Note 6, in December 2021, in connection with the amendment to the 2018 Notes, the Company issued warrants to purchase 196,462 shares of Series E-1 Preferred Stock at an exercise price of \$4.59 per share. The Series E-1 warrants remain outstanding as of September 30, 2022 and December 31, 2021.

All of the above preferred stock warrants qualified as liabilities as the underlying preferred stock were contingently redeemable upon the occurrence of a change in control, which is outside the control of the Company. The preferred stock warrants have been recorded as a preferred stock warrant liability and are revalued to fair value each reporting period.

The changes in value of the preferred stock warrant liability are summarized below (in thousands):

|   | Nine Months Ended September 30, |          |
|---|---------------------------------|----------|
|   | 2022                            | 2021     |
| Beginning Balance—January 1   | \$ 4,955                        | \$ 1,725 |
| Change in Fair Value included in Other income (expense), net  | (775)                           | (339)    |
| Exercise of warrant   | —                               | (250)    |
| Series E-1 warrant issued in connection with SCI Second amendment—included in Loss on debt extinguishment | —                               | 1,191    |
| Ending Balance—September 30   | \$ 4,180                        | \$ 2,327 |

**Fair Value Measurement**— The Company follows ASC 820 which establishes disclosure requirements and a common definition of fair value to be applied when U.S. GAAP requires the use of fair value. The ASC 820 fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

**Level 1**—Observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

**Level 2**—Observable inputs that reflect quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the assets or liabilities, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3**—Inputs that are generally unobservable and are supported by little or no market activity, and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2022 and year ended December 31, 2021, do not include any nonrecurring fair value measurements relating to assets or liabilities.

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There were no transfers between Level 1 or Level 2 of the fair value hierarchy during the nine months ended September 30, 2022 and year ended December 31, 2021.

|   | As of September 30, 2022 |             |                 | Total           |
|---|--------------------------|-------------|-----------------|-----------------|
|   | Level 1                  | Level 2     | Level 3         |                 |
| <b>Financial liabilities:</b>                             |                          |             |                 |                 |
| SAFE Note   | \$ —                     | \$ —        | \$50,230        | \$50,230        |
| Redeemable convertible preferred stock warrants liability | —                        | —           | 4,180           | 4,180           |
| Total financial liabilities                               | <u>\$ —</u>              | <u>\$ —</u> | <u>\$54,410</u> | <u>\$54,410</u> |
|   |                          |             |                 |                 |
|   | As of December 31, 2021  |             |                 | Total           |
|   | Level 1                  | Level 2     | Level 3         |                 |
| <b>Financial liabilities:</b>                             |                          |             |                 |                 |
| SAFE Note   | \$ —                     | \$ —        | \$34,001        | \$34,001        |
| Redeemable convertible preferred stock warrants liability | —                        | —           | 4,955           | 4,955           |
| Total financial liabilities                               | <u>\$ —</u>              | <u>\$ —</u> | <u>\$38,956</u> | <u>\$38,956</u> |

The following table summarizes the significant unobservable inputs used in the fair value measurement of the SAFE Notes as of September 30, 2022:

| Fair Value<br>(in thousands) | Valuation Technique     | Unobservable Input   | Input |
|------------------------------|-------------------------|--|-------|
| \$50,230                     | Scenario-based analysis | Discount rate  | 20%   |
|                              |                         | Probability of SPAC business combination                     | 80%   |
|                              |                         | Probability of continuing business under non merger scenario | 20%   |

The estimated fair values of SAFE notes as of December 31, 2021, was determined to be same as face value.

As of September 30, 2022 and December 31, 2021, the warrants were valued using the Black— Scholes option pricing model with the following assumptions:

|                          | September 30,<br>2022 | December 31,<br>2021 |
|--------------------------|-----------------------|----------------------|
| Expected term (in years) | 5.23 - 9.20           | 5.98 - 9.95          |
| Expected volatility      | 55.4% - 58.6%         | 54.0% - 57.7%        |
| Risk-free interest rate  | 3.83% - 4.06%         | 1.35% - 1.52%        |
| Expected dividend yield  | 0%                    | 0%                   |

## 8. REDEEMABLE CONVERTIBLE PREFERRED STOCK

As of September 30, 2022, the Company is authorized to issue 13,500,285 shares of redeemable convertible preferred stock with a par value of \$0.001 per share (collectively, Preferred Stock). Redeemable convertible preferred stock as of September 30, 2022 and December 31, 2021 consisted of the following (in thousands, except share and per share data):

|            | As of September 30, 2022 |                               |                    |                            |                                  |
|------------|--------------------------|-------------------------------|--------------------|----------------------------|----------------------------------|
|            | Shares Authorized        | Shares Issued and Outstanding | Net Carrying Value | Conversion Price Per Share | Aggregate Liquidation Preference |
| Series E-1 | 7,324,607                | 5,348,050                     | \$49,191           | \$ 9.17                    | \$ 49,042                        |
| Series D-1 | 375,801                  | —                             | —                  | —                          | —                                |
| Series C-1 | 1,509,508                | 1,509,508                     | 13,063             | 8.66                       | 13,072                           |
| Series B-1 | 785,471                  | 785,471                       | 4,238              | 5.40                       | 4,242                            |
| Series A-1 | 3,504,898                | 3,504,898                     | 5,578              | 1.52                       | 5,327                            |
|            | <u>13,500,285</u>        | <u>11,147,927</u>             | <u>\$72,070</u>    |                            | <u>\$ 71,683</u>                 |

  

|            | As of December 31, 2021 |                               |                    |                            |                                  |
|------------|-------------------------|-------------------------------|--------------------|----------------------------|----------------------------------|
|            | Shares Authorized       | Shares Issued and Outstanding | Net Carrying Value | Conversion Price Per Share | Aggregate Liquidation Preference |
| Series E-1 | 7,324,607               | 5,348,050                     | \$49,186           | \$ 9.17                    | \$ 49,042                        |
| Series D-1 | 375,801                 | —                             | —                  | —                          | —                                |
| Series C-1 | 1,509,508               | 1,509,508                     | 13,060             | 8.66                       | 13,072                           |
| Series B-1 | 785,471                 | 785,471                       | 4,237              | 5.40                       | 4,242                            |
| Series A-1 | 3,504,898               | 3,504,898                     | 5,578              | 1.52                       | 5,327                            |
|            | <u>13,500,285</u>       | <u>11,147,927</u>             | <u>\$72,061</u>    |                            | <u>\$ 71,683</u>                 |

During March 2021, the Company issued 211,270 Series A-1 preferred stock and 35,294 Series B-1 preferred stock in connection with the exercise of warrants discussed in Note 7.

The holders of Preferred Stock have the following rights, preferences, privileges, and restrictions:

**Dividends**— The holders of the outstanding shares of Preferred Stock are entitled to receive, when and if declared by the Board of Directors, noncumulative dividends at the annual rate of 8% per share of Preferred Stock. Dividends on Preferred Stock are payable in preference to any dividends on common stock or Class B common stock. In any year, after payment of dividends on Preferred Stock, any additional dividends declared by the Board of Directors will be paid among the holders of Preferred Stock, common stock, and Class B common stock pro rata on an if-converted basis. No dividends have been declared or paid during the nine months ended September 30, 2022 and 2021.

**Liquidation**— Upon liquidation, dissolution, or winding up of the Company, including a change of control of the Company, holders of Preferred Stock will be entitled to receive, on a pro rata basis, prior and in preference to any distribution to holders of any series of common stock, an amount equal to \$9.17 per share of Series E-1, \$8.66 per share of Series D-1, \$8.66 per share of Series C-1, \$5.40 per share of Series B-1 and \$1.52 per share of Series A-1, plus any declared but unpaid dividends on such shares. If the assets and funds thus available for distribution among holders of Preferred Stock are insufficient to provide such holders their full aforesaid preferential amount, then the entire amount of the assets and funds of the Company legally available for distribution will be distributed ratably among all holders of Preferred Stock.

After the distribution to the holders of Preferred Stock, any remaining assets of the Company legally available for distribution will be distributed pro rata, on an if-converted basis, to all holders of common stock and Class B common stock.

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**Conversion**— Each share of Preferred Stock is convertible at the option of the holder into that number of common shares that is equal to the original issuance price of the Preferred Stock divided by the conversion price, as defined in the Company’s Certificate of Incorporation, subject to adjustment for events of dilution. Holders of Preferred Stock may elect to convert their shares into common stock at any time.

Each share of Preferred Stock will automatically convert into shares of common stock at the then effective conversion rate for each such share (i) immediately prior to the closing of a qualified public offering of the Company’s common stock in which gross proceeds exceed \$15.0 million or (ii) upon the receipt by the Company of a written request for such conversion from the holders of a majority of the then outstanding Preferred Stock.

**Voting**— Each share of Preferred Stock has voting rights equivalent to the number of shares of common stock into which it is convertible.

**Protective Provisions**— As long as 250,000 shares of Preferred Stock remain outstanding, the majority vote of the holders of the then outstanding shares of Preferred Stock is necessary for consummation of certain transactions, including but not limited to: increasing or decreasing the authorized capital stock; creating any senior or *pari passu* security, privileges, preferences or voting rights senior to or on parity with those granted to the Preferred Stock; altering or changing the preferred series rights; redeeming or repurchasing the Company’s equity securities; and entering into any transaction deemed to be a liquidation or dissolution of the Company.

**Redemption**— At any time after 7 years from the issuance of respective series of Preferred Shares, the holders of a majority of the outstanding voting Preferred Stock Series may vote to require the Company to redeem all outstanding shares of Preferred Stock Series in three equal annual installments by paying in cash an amount per share equal to the original issuance price of the Preferred Stock Series, plus any accrued but unpaid dividends. If the Company does not have sufficient funds legally available to redeem all shares of Preferred Stock, then the Company will redeem the maximum possible number of shares ratably among the holders of such shares and will redeem the remaining shares as soon as sufficient funds are legally available. After 7 years from the issuance of respective series of Preferred Shares, the Preferred shares are then currently redeemable at the option of the holder and have been classified in the mezzanine section of the Unaudited Condensed Consolidated Balance Sheets.

Preferred Shares are also contingently redeemable upon liquidation and certain deemed liquidation events such as acquisition, merger, consolidation or the sale, lease transfer, exclusive license or other disposition by the Company of all or substantially all of the assets of the Company. These events are outside the control of the Company and therefore the Preferred Stock have been classified in the mezzanine section of the Unaudited Condensed Consolidated Balance Sheets.

The Company records its redeemable convertible preferred stock at the amount of cash proceeds received on the date of issuance, net of issuance costs. Since the preferred stock is probable of becoming redeemable at the option of the holder at a future date, accretion of the preferred stock will be recognized over the period of time from the date of issuance to the earliest redemption date. The accretion is recorded as additional paid-in capital. Accretion of preferred stock was \$0.01 million and \$0.02 million for the nine months ended September 30, 2022 and 2021, respectively.

## 9. COMMON STOCK

As of September 30, 2022 and December 31, 2021, the Company is authorized to issue two classes of common stock, designated as common stock and Class B common stock. The two classes of common stock have similar rights, except holders of common stock are entitled to one vote per share while holders of Class B common stock have no voting rights. Each share of Class B common stock will automatically convert into one share of common stock immediately prior to a qualified initial public offering of the Company’s common stock or upon the consummation of a liquidation event (as defined in the Certificate of Incorporation). As of September 30, 2022 and December 31, 2021, the Company is authorized to issue

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27,000,000 shares of common stock with a par value of \$0.001 per share and 815 shares are designated as Class B common stock.

In April 2021, 25,000 warrants to purchase common stock were exercised. In March 2021, 12,674 warrants to purchase common stock expired unexercised.

During the nine months ended September 30, 2022, 1,311,651 warrants to purchase common stock were exercised and 505,672 warrants to purchase common stock expired unexercised. As of September 30, 2022 and December 31, 2021, 1,156,624 units and 2,973,947 units, respectively, of common stock warrants are outstanding.

### **10. RELATED PARTY TRANSACTIONS**

The Company defines related parties as directors, executive officers, nominees for director, stockholders that have significant influence over the Company, or are a greater than 5% beneficial owner of the Company's capital and their affiliates or immediate family members. As of September 30, 2022 and December 31, 2021 and during the nine months ended September 30, 2022 and September 30, 2021 there were no significant transactions with related parties other than the following:

As discussed in Note 6, in May 2022, the Company issued a \$6.5 million secured promissory note to a trust affiliated with Thurman J. (T.J.) Rodgers, a director of Solaria amounting in exchange for cash. The secured promissory note with the original principal value of \$6.5 million and paid-in-kind interest of \$0.2 million was terminated in October 2022, in exchange for the issuance of a new convertible note by Complete Solar.

As discussed in Note 6, in December 2018, the Company issued the 2018 Notes totaling approximately \$3.4 million in exchange for cash. Three of the notes with aggregate principal of \$0.2 million were issued to related parties including two officers and a trust affiliated with a Board member. The aggregate liability, inclusive of interest and principal accretion totaled \$0.5 million and \$0.4 million as of September 30, 2022 and December 31, 2021, respectively. These amounts are included in the Unaudited Condensed Consolidated Balance Sheets as Notes Payable, Net.

### **11. INCOME TAXES**

The Company did not record income tax expense during the nine months ended September 30, 2022 and 2021, respectively due to losses incurred and a full valuation allowance recorded against net deferred tax assets. The Company's tax loss carryforwards differ from financial statement losses primarily due to stock-based compensation which is not deductible for income tax purposes.

The Company's deferred tax assets principally result from net operating loss carryforwards. Utilization of the Company's net operating loss carryforwards is dependent upon future levels of taxable income and may be subject to limitation due to the "change in ownership provisions" under Section 382 of the Internal Revenue Code and similar foreign provisions. Such limitations may result in the expiration of these carryforwards before their utilization.

During the nine months ended September 30, 2022, there were no significant changes to the total amount of unrecognized tax benefits. As of December 31, 2021, the Company had unrecognized tax benefits of \$1.3 million for federal and \$1.3 million for state related to R&D credits generated as of December 31, 2021.

### **12. STOCK-BASED COMPENSATION**

The Company has two stock option plans: the 2006 Stock Option Plan and the 2016 Stock Option Plan (collectively, the Plans). Options granted under the Plans may be either incentive stock options (ISOs) or nonqualified stock options (NSOs). ISOs may be granted only to Company employees (including officers and directors who are also employees). NSOs may be granted to Company employees, directors and consultants. Options under the Plans may be granted with contractual terms of up to ten years (five years if



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granted to holders of more than 10% of the Company's vesting stock). All options issued through September 30, 2022 have a ten-year contractual term. The exercise price of an ISO and NSO will not be less than 100% and 85% of the estimated fair value of the shares on the date of grant, respectively, as determined by the Company's Board of Directors.

The exercise price of an ISO and NSO granted to a 10% stockholder will not be less than 110% of the estimated fair value of the shares on the date of grant, as determined by the Board of Directors. Options generally vest over four to five years at a rate of 20% to 25% upon the first anniversary of the commencement date and monthly thereafter.

As of September 30, 2022 and December 31, 2021, there were 926,435 and 335,538 shares of common stock available to be granted under the Plan.

The Company estimated the fair values of each option awarded on the date of grant using the Black-Scholes-Merton option pricing model utilizing the assumptions noted below. The expected term of the options is based on the average period the stock options are expected to remain outstanding calculated as the midpoint of the options vesting term, and contractual expiration period, as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post vesting employment termination behavior. The expected stock price volatility for the Company's stock was determined by examining the historical volatilities of its industry peers as the Company did not have any trading history of its common stock. The risk-free interest rate was calculated using the average of the published interest rates for U.S. Treasury issues with maturities that approximate the expected term. The dividend yield assumption is zero as the Company has no history of, nor plans of, dividend payments. The estimated forfeiture rates are based on the Company's historical forfeiture activity of unvested stock options.

The assumptions used under the Black-Scholes-Merton option pricing model and the weighted average calculated fair value of the options granted to employees for the nine months ended September 30, 2022 and 2021 are as follows:

|                          | Nine Months Ended<br>September 30, |         |
|--------------------------|------------------------------------|---------|
|                          | 2022                               | 2021    |
| Grant date fair value    | \$ 1.03                            | \$ 1.34 |
| Expected term (in years) | 6.21                               | 6.13    |
| Expected volatility      | 60%                                | 60%     |
| Risk-free interest rate  | 1.98%                              | 1.01%   |
| Expected dividend yield  | 0%                                 | 0%      |

A summary of the Company's stock option and restricted stock unit activity and related information for the nine months ended September 30, 2022 is as follows:

|                                  | Options outstanding |  |  | Restricted stock units                        |   |   |
|----------------------------------|---------------------|--|--|---|---|---|
|                                  | Number of<br>shares | Weighted<br>average<br>exercise<br>price | Weighted<br>average<br>remaining<br>contractual<br>term<br>(years) | Aggregate<br>intrinsic<br>values<br>(\$'000s) | Number of<br>plan shares<br>outstanding | Weighted<br>average grant<br>date fair value<br>per share |
| Balances, December 31, 2021      | 6,884,913           | \$ 2.62                                  | 8.01   | \$ 288  | 120,000                                 | \$ 3.91   |
| Options granted                  | 756,060             | 1.78                                     |  |   |   |   |
| Options exercised                | —                   | —  |  |   |   |   |
| Options forfeited                | (702,426)           | 3.39                                     |  |   | (120,000)                               |   |
| Balances, September 30, 2022     | <u>6,938,547</u>    | 2.18                                     | 7.94   | 9,441   | <u>—</u>                                |   |
| Options vested and exercisable - |                     |  |  |   |   |   |
| September 30, 2022               | 3,770,809           | 2.43                                     | 7.27   | 4,332   |   |   |

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Stock- based compensation is allocated on a departmental basis, based on the classification of the option holder or grant recipient. No income tax benefits have been recognized in the statements of operations for stock- based compensation arrangements and no stock- based compensation costs are capitalized as part of inventory or property and equipment as of September 30, 2022 and December 31, 2021.

Stock- based compensation expense is as follows for the nine months ended September 30, 2022 and 2021 in thousands):

|                                 | Nine Months Ended<br>September 30, |                 |
|---------------------------------|------------------------------------|-----------------|
|                                 | 2022                               | 2021            |
| Cost of revenues                | \$ 37                              | \$ 93           |
| Research and development        | 339                                | 347             |
| Sales and marketing             | 466                                | 477             |
| General and administrative      | 1,169                              | 1,030           |
| Total stock- based compensation | <u>\$ 2,011</u>                    | <u>\$ 1,947</u> |

### Repricing of Options

Effective March 23, 2022, the Company's board of directors approved an offer, to certain eligible employees, to exchange existing stock options, with an exercise price above \$1.36, for new replacement stock options. The exercise price of the replacement stock options is \$1.36 per share, which was the estimated fair market value on the exchange date, as determined with assistance from third- party valuation specialists. Eligible employees elected to exchange an aggregate of 991,195 outstanding stock options, with exercise prices ranging from \$1.64 to \$3.91 per share, for new replacement stock options. The replacement stock options have a grant date of March 23, 2022 and a contractual term of 10 years.

The exchange offer applied to both vested and unvested shares. Previously vested shares were exchanged for vested replacement stock options. Unvested shares were exchanged for shares which vest in accordance with the board-approved grant approval schedule with the service period ranging from 1.0 to 4.3 years.

The March 23, 2022 share exchange was accounted for as a modification and resulted in incremental stock-based compensation expense of \$0.4 million of which \$0.2 million related to vested options which was recognized immediately and \$0.2 million related to unvested options which is being amortized on a straight-line basis over the 3.0 year weighted-average vesting period for those options.

## 13. COMMITMENTS AND CONTINGENCIES

In June 2022, the Company filed a notice of arbitration with the Singapore International Arbitration Centre ("SIAC") seeking approximately \$47.0 million in damages against Solar Park Korea Co., LTD ("Solar Park"), a contract manufacturer of solar panels. The arbitration relates to write- downs recorded by the Company in December 2021 and other costs related to the loss of Solar Park's production and transition to a new provider. Solar Park filed a response with SIAC in June 2022 asserting damages of approximately \$30.0 million against the Company. The arbitration is expected to occur during the first half of 2024. On March 16, 2023, Solar Park filed a lawsuit against the Company and Complete Solaria claiming misappropriation of trade secrets, defamation, and tortious interference with contractual relations, among other things, in the United States District Court for the Northern District of California.

The Company believes that Solar Park's allegations in the arbitration and the litigation lack merit and intends to vigorously defend all claims asserted. No liability has been recorded in the Company's unaudited condensed consolidated financial statements as the likelihood of a loss is not probable at this time, and the Company does not believe a reasonably possible loss would be material to, nor does it expect that the ultimate resolution of these cases will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

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As of September 30, 2022, the Company was contesting a \$1.8 million liability to a vendor for the purchase of factory equipment which was intended to be used in Solar Park. The liability was included in the September 30, 2022 Unaudited Condensed Consolidated Balance Sheet as Accounts Payable of \$0.4 million and Accrued Expenses and Other Current Liabilities of \$1.4 million. The liability was included in the December 31, 2021 Unaudited Condensed Consolidated Balance Sheet as Accrued Expenses and Other Current Liabilities of \$1.7 million and Other Liabilities, noncurrent of \$0.1 million. On January 2023, the Company reached a settlement agreement with the vendor which reduced the liability from \$1.8 million to \$0.9 million.

In July 2020, the Company became aware that it might be subject to Antidumping and Countervailing Duties (“ADCVD”) on certain components manufactured in China and used in the solar panel production process in Korea. The Company applied for a definitive ruling from the U.S. Department of Commerce (“DoC”) while in parallel shifting its component supply from China. The DoC issued its ruling in April 2021. Because of the specificity of the DoC ruling in the Solaria case and prior case law under similar circumstances, the Company concluded that such ADCVD was not probable to be incurred for purchases in periods prior to the DoC ruling and immediately started paying appropriate ADCVD deposits on all entries after April 2021. No liability has been recorded in the Company’s consolidated financial statements as the likelihood of a loss is not probable at this time.

The Company is involved in other lawsuits and claims which arise in the normal course of business. These claims individually and in the aggregate are not expected to result in a material effect on the Company’s financial condition, results of operations or cash flows.

The Company had \$3.5 million of outstanding letters of credit related to normal business transactions as of September 30, 2022. These agreements require the Company to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder. As discussed in Note 4, the cash collateral in these restricted cash accounts was \$3.7 million and \$4.8 million as of September 30, 2022 and December 31, 2021, respectively.

#### 14. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan to provide defined contribution retirement benefits for all employees. Participants may contribute a portion of their compensation to the plan, subject to limitations under the Code. The Company’s contributions to the plan are at the discretion of the Board of Directors. The Company has not made any contributions to the plan since inception.

#### 15. GEOGRAPHIC INFORMATION

The following table summarizes revenue by geographic area for the nine months ended September 30, 2022 and 2021 (in thousands):

|                           | Nine Months Ended September 30, |               |                 |               |
|---------------------------|---------------------------------|---------------|-----------------|---------------|
|                           | 2022                            |               | 2021            |               |
|                           | Amount                          | Percent       | Amount          | Percent       |
| <b>Total revenue, net</b> |                                 |               |                 |               |
| United States             | \$26,566                        | 86.2%         | \$46,159        | 96.2%         |
| Europe                    | 4,260                           | 13.8%         | 1,674           | 3.5%          |
| Australia                 | —                               | 0.0%          | 128             | 0.3%          |
| Total                     | <u>\$30,826</u>                 | <u>100.0%</u> | <u>\$47,961</u> | <u>100.0%</u> |

## 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2023, the date of issuance of these financial statements and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the financial statements other than those described below.

In October 2022, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Complete Solar and formed Complete Solaria. As a result, the Company became a wholly-owned indirect subsidiary of Complete Solaria effective on the date of consummation of merger in November 2022.

In October 2022, the Company entered into an amendment to the Original Agreement (“Sixth Amendment”) related to SCI which resulted in removal of quarterly revenue and contribution margin requirements.

In October 2022, in conjunction with the Merger Agreement with Complete Solar discussed above, the secured promissory note, issued in May 2022, to a trust affiliated with Thurman J. (T.J.) Rodgers, was terminated in exchange for issuance of a convertible note by Complete Solar.

In November 2022 Complete Solaria entered into a definitive business combination agreement with Freedom Acquisition I Corp. (NYSE: FACT) (“Freedom”), a Special Purpose Acquisition Company (“SPAC”). Upon closing of the business combination, which is expected in the first half of 2023, the combined Company is expected to be listed on the New York Stock Exchange under the new ticker “CSLR”.

In November 2022, the Company entered into an amendment to the 2018 Notes extending the maturity date from December 13, 2022 to December 13, 2023. In connection with the amendment, the terms of the notes will continue to bear interest at 8% per annum and are entitled to a repayment premium of 120% of the principal and accrued interest due. Additionally, in connection with the amendment and cancellation of 196,462 shares of Series E-1 warrants of Solaria, Complete Solaria issued warrants to purchase 304,234 shares of Series D-7 preferred stock at \$3.84 per share.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
Freedom Acquisition I Corp.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Freedom Acquisition I Corp. (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in shareholders’ (deficit) equity and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

**Explanatory Paragraph – Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company’s business plan is dependent on the completion of a business combination and the Company’s cash and working capital as of December 31, 2022 are not sufficient to complete its planned activities. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2020.

New York, NY  
April 6, 2023

**FREEDOM ACQUISITION I CORP.  
CONSOLIDATED BALANCE SHEETS**

|   | <b>December 31,</b>   |                       |
|---|-----------------------|-----------------------|
|   | <b>2022</b>           | <b>2021</b>           |
| <b>Assets</b>   |                       |                       |
| <b>Current assets:</b>  |                       |                       |
| Cash  | \$ 72,923             | \$ 277,583            |
| Prepaid expenses - short term   | 120,677               | 724,066               |
| <b>Total current assets</b>   | <b>193,600</b>        | <b>1,001,649</b>      |
| Prepaid expenses - long term  | —                     | 113,073               |
| Cash and marketable securities held in Trust Account  | 349,927,313           | 345,105,681           |
| <b>Total Assets</b>   | <b>\$ 350,120,913</b> | <b>\$ 346,220,403</b> |
| <b>Liabilities, Redeemable Ordinary Shares and Shareholders' Deficit</b>  |                       |                       |
| <b>Current liabilities:</b>   |                       |                       |
| Accounts payable and accrued expenses   | \$ 4,858,215          | \$ 2,579,641          |
| Convertible promissory note - related party   | 828,600               | —                     |
| <b>Total current liabilities</b>  | <b>5,686,815</b>      | <b>2,579,641</b>      |
| Warrant liabilities   | 2,978,333             | 8,488,250             |
| Deferred underwriters' discount payable   | 3,018,750             | 12,075,000            |
| <b>Total Liabilities</b>  | <b>11,683,898</b>     | <b>23,142,891</b>     |
| <b>Commitments and Contingencies (See Note 7)</b>   |                       |                       |
| Class A Ordinary shares subject to possible redemption 34,500,000 shares subject to possible redemption at redemption value at December 31, 2022 and 2021, respectively | 349,927,313           | 345,000,000           |
| <b>Shareholders' Deficit:</b>   |                       |                       |
| Preference shares, \$0.0001 par value; 1,000,000 shares authorized; none issued or outstanding at December 31, 2022 and 2021  | —                     | —                     |
| Class A, \$0.0001 par value; 200,000,000 shares authorized at December 31, 2022 and 2021  | —                     | —                     |
| Class B, \$0.0001 par value; 20,000,000 shares authorized; 8,625,000 shares issued and outstanding at December 31, 2022 and 2021  | 863                   | 863                   |
| Additional paid-in capital  | 6,057,438             | —                     |
| Accumulated deficit   | (17,548,599)          | (21,923,351)          |
| <b>Total Shareholders' Deficit</b>  | <b>(11,490,298)</b>   | <b>(21,922,488)</b>   |
| <b>Total Liabilities, Redeemable Ordinary Shares and Shareholders' Deficit</b>  | <b>\$ 350,120,913</b> | <b>\$ 346,220,403</b> |

*The accompanying notes are an integral part of the consolidated financial statements.*



**FREEDOM ACQUISITION I CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | For the Year Ended  |                     |
|--|---------------------|---------------------|
|  | December 31,        |                     |
|  | 2022                | 2021                |
| Operating costs  | \$ 4,407,058        | \$ 3,782,028        |
| <b>Loss from operations</b>  | <b>(4,407,058)</b>  | <b>(3,782,028)</b>  |
| <b>Other income (expense):</b>   |                     |                     |
| Foreign currency exchange loss   | (17,638)            | (1,475)             |
| Interest income on marketable securities held in Trust Account                                 | 4,821,632           | 105,681             |
| Reduction of transaction costs incurred in connection with IPO                                 | 271,687             | —                   |
| Change in fair value of warrant liabilities  | 5,509,917           | 9,381,750           |
| Change in fair value of convertible note   | (196,200)           | —                   |
| Offering expenses related to warrant issuance  | —                   | (575,278)           |
| <b>Total other income, net</b>   | <b>10,389,398</b>   | <b>8,910,678</b>    |
| <b>Net income</b>  | <b>\$ 5,982,340</b> | <b>\$ 5,128,650</b> |
| Weighted average shares outstanding, Class A ordinary shares subject to possible redemption    | 34,500,000          | 28,828,767          |
| Basic and diluted net income per share, Class A ordinary shares subject to possible redemption | \$ 0.14             | \$ 0.14             |
| Weighted average shares outstanding, Class B ordinary shares                                   | 8,625,000           | 8,440,068           |
| Basic and diluted net income per share, Class B ordinary shares                                | \$ 0.14             | \$ 0.14             |

*The accompanying notes are an integral part of the consolidated financial statements.*





**FREEDOM ACQUISITION I CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

|   | Class A<br>Ordinary Shares |         | Class B<br>Ordinary Shares |        | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total<br>Shareholders'<br>Equity<br>(Deficit) |
|---|----------------------------|---------|----------------------------|--------|----------------------------------|------------------------|---|
|   | Shares                     | Amount  | Shares                     | Amount |                                  |                        |   |
| <b>Balance – December 31, 2020</b>  | —                          | \$ —    | 8,625,000                  | \$ 863 | \$ 24,137                        | \$ (5,494)             | \$ 19,506                                     |
| Sale of 34,500,000 Units on March 2, 2021 through public offering         | 34,500,000                 | 3,450   | —                          | —      | —                                | —                      | 3,450   |
| Excess of the fair value of private placement warrants over cash received | —                          | —       | —                          | —      | 1,880,000                        | —                      | 1,880,000                                     |
| Class A ordinary shares subject to possible redemption                    | (34,500,000)               | (3,450) | —                          | —      | —                                | —                      | (3,450)                                       |
| Remeasurement of Class A ordinary shares subject to redemption            | —                          | —       | —                          | —      | (1,904,137)                      | (27,046,507)           | (28,950,644)                                  |
| Net income  | —                          | —       | —                          | —      | —                                | 5,128,650              | 5,128,650                                     |
| <b>Balance – December 31, 2021</b>  | —                          | —       | 8,625,000                  | 863    | —                                | (21,923,351)           | (21,922,488)                                  |
| Proceeds received on convertible note less than fair value                | —                          | —       | —                          | —      | 592,600                          | —                      | 592,600                                       |
| Accretion portion net against additional paid-in-capital                  | —                          | —       | —                          | —      | (592,600)                        | —                      | (592,600)                                     |
| Accretion of Class A ordinary shares subject to possible redemption       | —                          | —       | —                          | —      | (2,727,125)                      | (1,607,588)            | (4,334,713)                                   |
| Reduction of deferred underwriting fee payable                            | —                          | —       | —                          | —      | 8,784,563                        | —                      | 8,784,563                                     |
| Net income  | —                          | —       | —                          | —      | —                                | 5,982,340              | 5,982,340                                     |
| <b>Balance – December 31, 2022</b>  | —                          | \$ —    | 8,625,000                  | \$ 863 | \$ 6,057,483                     | \$ (17,548,599)        | \$ (11,490,298)                               |

*The accompanying notes are an integral part of the consolidated financial statements.*

**FREEDOM ACQUISITION I CORP.**  
**STATEMENTS OF CASH FLOWS**

|   | For the Years Ended<br>December 31. |                    |
|---|-------------------------------------|--------------------|
|   | 2022                                | 2021               |
| <b>Cash Flows from Operating Activities:</b>                                  |                                     |                    |
| Net income  | \$ 5,982,340                        | \$ 5,128,650       |
| Adjustments to reconcile net income to net cash used in operating activities: |                                     |                    |
| Interest earned on marketable securities held in Trust Account                | (4,821,632)                         | (105,681)          |
| Change in fair value of warrant liabilities                                   | (5,509,917)                         | (9,381,750)        |
| Change in fair value of convertible note                                      | 196,200                             | —                  |
| Change in deferred underwriting fee   | (271,687)                           | —                  |
| Offering costs allocated to warrants  | —                                   | 575,278            |
| Changes in current assets and current liabilities:                            |                                     |                    |
| Prepaid expenses  | 716,462                             | (837,139)          |
| Accounts payable and accrued expenses   | 2,278,574                           | 2,579,641          |
| <b>Net cash used in operating activities</b>                                  | <b>(1,429,660)</b>                  | <b>(2,041,001)</b> |
| <b>Cash Flows from Investing Activities:</b>                                  |                                     |                    |
| Investment of cash into Trust Account   | —                                   | (345,000,000)      |
| Net cash used in investing activities   | —                                   | (345,000,000)      |
| <b>Cash Flows from Financing Activities:</b>                                  |                                     |                    |
| Proceeds from Initial Public Offering, net of underwriters' discount          | —                                   | 338,595,000        |
| Proceeds from issuance of Private Placement Warrants                          | —                                   | 9,400,000          |
| Proceeds from issuance of Convertible Promissory Note                         | 1,225,000                           | —                  |
| Repayment of promissory note to related party                                 | —                                   | (90,996)           |
| Payments of offering costs  | —                                   | (585,420)          |
| <b>Net cash provided by financing activities</b>                              | <b>1,225,000</b>                    | <b>347,318,584</b> |
| <b>Net Change in Cash</b>   | <b>(204,660)</b>                    | <b>277,583</b>     |
| Cash – Beginning  | 277,583                             | —                  |
| <b>Cash – Ending</b>  | <b>\$ 72,923</b>                    | <b>\$ 277,583</b>  |
| <b>Supplemental disclosure of noncash financing activities:</b>               |                                     |                    |
| Initial value of Class A ordinary shares subject to possible redemption       | \$ —                                | \$ 345,000,000     |
| Initial value of warrant liabilities  | \$ —                                | \$ 17,870,000      |
| Deferred underwriters' discount payable charged to additional paid-in capital | \$ —                                | \$ 12,075,000      |
| Accretion of Class A ordinary shares subject to possible redemption           | \$ 4,927,313                        | \$ 28,950,644      |
| Deferred offering costs paid under promissory note                            | \$ —                                | \$ 90,996          |

*The accompanying notes are an integral part of the consolidated financial statements.*



**FREEDOM ACQUISITION I CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — Organization and Business Operations**

**Organization and General**

Freedom Acquisition I Corp. (the “Company” or “Freedom”) was incorporated in Cayman Islands on December 23, 2020. The Company was formed for the purpose of entering into a merger, capital share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a “Business Combination”). The Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

On October 3, 2022, the Company entered into a Business Combination Agreement with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of the Company, Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company, Complete Solar Holding Corporation, a Delaware corporation, and The Solaria Corporation, a Delaware corporation.

The Company’s sponsor is Freedom Acquisition I LLC, a Cayman Islands limited liability company (the “Sponsor”).

As of December 31, 2022, the Company had not yet commenced any operations. All activity through December 31, 2022, relates to the Company’s formation and the Initial Public Offering (“IPO” or “Initial Public Offering”) described below. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the IPO and changes in the fair value of warrant liabilities.

**Financing**

The registration statement for the Company’s IPO was declared effective on February 25, 2021 (the “Effective Date”). On March 2, 2021, the Company consummated the IPO of 34,500,000 units (the “Units” and, with respect to the Class A ordinary shares included in the Units being offered, the “public share”), at \$10.00 per Unit, generating gross proceeds of \$345,000,000, which is discussed in Note 4.

Simultaneously with the closing of the IPO, the Company consummated the sale of 6,266,667 warrants (the “Private Placement Warrants”), at a price of \$1.50 per Private Placement Warrant, which is discussed in Note 5.

Transaction costs amounted to \$19,175,922, consisting of \$6,405,000 of underwriting fees, \$12,075,000 of deferred underwriting fees and \$695,922 of other offering costs. Of the total transaction cost, \$575,278 was expensed as non-operating expenses in the consolidated statement of operations with the rest of the offering cost charged to shareholders’ deficit for the year ended December 31, 2021. The transaction costs were allocated based on the relative fair value basis, compared to the total offering proceeds, between the fair value of the public warrant liabilities and the Class A ordinary shares.

**Trust Account**

Following the closing of the IPO on March 2, 2021, an amount of \$345,000,000 from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account (“Trust Account”). The funds in the Trust Account have, since the IPO and until the 24-month anniversary of the consummation of the IPO, been invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in any open-ended



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investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company. To mitigate the risk of the Company being deemed to have been operating as an unregistered investment company, prior to the 24-month anniversary of the consummation of the IPO, the Company instructed Continental, the trustee with respect to the Trust Account, to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all the funds in the Trust Account in cash in a bank deposit account. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations, the proceeds from the IPO and the sale of the private placement units will not be released from the Trust Account until the earliest of (a) the completion of the Company's initial Business Combination, (b) the redemption of any public shares properly submitted in connection with a shareholder vote to amend the Company's amended and restated certificate of incorporation, and (c) the redemption of the Company's public shares if the Company is unable to complete the initial Business Combination during the Combination Period (as defined below), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of the Company's creditors, if any, which could have priority over the claims of the Company's public shareholders.

### **Initial Business Combination**

The Company's management has broad discretion with respect to the specific application of the net proceeds of the IPO, although substantially all of the net proceeds are intended to be generally applied toward consummating a Business Combination.

The Company's Business Combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (net of taxes payable) at the time of the signing an agreement to enter into a Business Combination. However, the Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its public shareholders with the opportunity to redeem all or a portion of their public shares upon the completion of the initial Business Combination either (i) in connection with a shareholder meeting called to approve the initial Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a proposed initial Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The shareholders will be entitled to redeem their shares for a pro rata portion of the amount then on deposit in the Trust Account (initially \$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations).

The Class A ordinary shares subject to redemption are recorded at redemption value and classified as temporary equity upon the completion of the IPO, in accordance with Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity." In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 either immediately prior to or upon consummation of a Business Combination and, if the Company seeks shareholder approval, a majority of the issued and outstanding shares voted are voted in favor of the Business Combination.

On February 28, 2023, the Company's shareholders approved an amendment to its amended and restated memorandum and articles of association to extend the date by which the Company must complete a Business Combination from March 2, 2023 to June 2, 2023, and to thereafter further extend such period up to three times by an additional one month each time (up to September 2, 2023) (such period, as may be extended, the "Combination Period"). However, if the Company is unable to complete a Business Combination within the Combination Period, the Company will redeem 100% of the outstanding public shares for a pro rata portion of the funds held in the Trust Account, equal to the aggregate amount then on deposit in the Trust Account





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including interest earned on the funds held in the Trust Account and not previously released to the Company, divided by the number of then outstanding public shares, subject to applicable law and as further described in the registration statement, and then seek to dissolve and liquidate.

The Company's Sponsor, officers and directors have agreed to (i) waive their redemption rights with respect to their founder shares, private placement shares and public shares in connection with the completion of the initial Business Combination, (ii) waive their redemption rights with respect to their founder shares and public shares in connection with a shareholder vote to approve an amendment to the Company's amended and restated certificate of incorporation, and (iii) waive their rights to liquidating distributions from the Trust Account with respect to their founder shares and private placement shares if the Company fails to complete the initial Business Combination within the Combination Period.

The Company's Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third-party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per public share and (ii) the actual amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). However, the Company has not asked its Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether its Sponsor has sufficient funds to satisfy its indemnity obligations and believe that the Company's Sponsor's only assets are securities of the Company. Therefore, the Company cannot assure that its Sponsor would be able to satisfy those obligations.

## **Liquidity**

As of December 31, 2022, the Company had cash outside the Trust Account of \$72,923 available for working capital needs. All remaining cash held in the Trust Account is generally unavailable for the Company's use prior to an initial Business Combination and is restricted for use either in a Business Combination or to redeem ordinary shares. The Company may elect to withdraw from the interest income earned on the trust account to pay the Company's tax obligations. As of December 31, 2022, the Company had interest income earned on the trust account of \$4,821,632.

The Company may raise additional capital through loans or additional investments from the Sponsor or an affiliate of the Sponsor or certain of its directors and officers. The Sponsor may, but is not obligated to, lend the Company funds, from time to time in whatever amounts it deems reasonable in its sole discretion, to meet the Company's working capital needs. There can be no assurance that the Company will be able to obtain additional financing, however. Moreover, the Company may need to obtain additional financing either to complete its Business Combination or because the Company becomes obligated to redeem a significant number of its public shares upon consummation of its Business Combination, in which case the Company may issue additional securities or incur debt in connection with such Business Combination. Subject to compliance with applicable securities laws, the Company would only complete such financing simultaneously with the completion of its Business Combination.

If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all.



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### **Going Concern**

In connection with the Company's assessment of going concern considerations in accordance with Accounting Standards Codification ("ASC") Topic 205-40, "Presentation of Financial Statements – Going Concern," pursuant to its Amended and Restated Certificate of Incorporation, the Company has until the end of the Combination Period to consummate a Business Combination. If a Business Combination is not consummated by this date, there will be a mandatory liquidation and subsequent dissolution of the Company. Although the Company intends to consummate a Business Combination during the Combination Period, it is uncertain that the Company will be able to do so. This, as well as its liquidity condition, raise substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate at the end of the Combination Period.

### **Risks and Uncertainties**

Management is currently evaluating the impact of the COVID-19 pandemic and Russia-Ukraine war and has concluded that while it is reasonably possible that the virus and war could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Consideration of IR Act Excise Tax**

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly-traded U.S. domestic corporations and certain U.S. domestic subsidiaries of publicly-traded foreign corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its shareholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the "Treasury") has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax.

Any redemption or other repurchase that occurs after December 31, 2022, in connection with a Business Combination, extension vote or otherwise, may be subject to the excise tax. Whether and to what extent the Company would be subject to the excise tax in connection with a Business Combination, extension vote or otherwise would depend on a number of factors, including (i) the fair market value of the redemptions and repurchases in connection with the Business Combination, extension or otherwise, (ii) the structure of a Business Combination, (iii) the nature and amount of any "PIPE" or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a Business Combination) and (iv) the content of regulations and other guidance from the Treasury. In addition, because the excise tax would be payable by the Company and not by the redeeming holder, the mechanics of any required payment of the excise tax have not been determined. The foregoing could cause a reduction in the cash available on hand to complete a Business Combination and in the Company's ability to complete a Business Combination.

### **Note 2 — Revision of Previously-Issued Financial Statements**

In connection with the preparation of the Company's financial statements as of December 31, 2022, the Company identified an error in amounts reported in certain of the Company's previously-issued financial statements related to accounts payable. The Company incorrectly recorded intercompany operating bank transfers as payables whereas Legal and Professional Services was the accompanying debit in each transaction recorded. As a result, management determined that accounts payable and operational costs as of June 30, 2022, and September 30, 2022 were overstated by \$205,869.



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The following tables contain the revised financial information for the affected periods previously reported. The revisions do not have an impact on the Company's cash position and investments held in the Trust Account established in connection with the Initial Public Offering. The Company has not amended its previously filed Quarterly Reports on Form 10-Q for the two quarterly periods in 2022. The financial information that has been previously filed or otherwise reported for these affected periods are superseded by the information below in this Annual Report on Form 10-K.

The impact of the revision on the Company's financial statements is reflected in the following tables:

|   | As<br>Previously<br>Reported | Adjustment   | As Revised      |
|---|------------------------------|--------------|-----------------|
| <b>Balance Sheet as of June 30, 2022 (unaudited)</b>      |                              |              |                 |
| Total Liabilities   | \$ 19,737,596                | \$ (205,869) | \$ 19,531,727   |
| Total Shareholders' Equity (Deficit)                      | \$ (18,781,440)              | \$ 205,869   | \$ (18,575,571) |
| <b>Balance Sheet as of September 30, 2022 (unaudited)</b> |                              |              |                 |
| Total Liabilities   | \$ 17,298,967                | \$ (205,869) | \$ 17,093,098   |
| Total Shareholders' Equity (Deficit)                      | \$ (16,803,964)              | \$ 205,869   | \$ (16,598,095) |

  

|   | As<br>Previously<br>Reported | Adjusted     | As<br>Revised |
|---|------------------------------|--------------|---------------|
| <b>Condensed Statement of Operations for the Three Months Ended June 30, 2022 (unaudited)</b>     |                              |              |               |
| Operational Costs   | \$ 824,081                   | \$ (205,869) | \$ 618,212    |
| Net Income (Loss)   | \$ 2,025,986                 | \$ 205,869   | \$ 2,231,855  |
| Basic and Diluted Net Income (Loss) per shares, Class A Ordinary Shares                           | \$ 0.05                      | \$ —         | \$ 0.05       |
| Basic and Diluted Net Income (Loss) per shares, Class B Ordinary Shares                           | \$ 0.05                      | \$ —         | \$ 0.05       |
| <b>Condensed Statement of Operations for the Six Months Ended June 30, 2022 (unaudited)</b>       |                              |              |               |
| Operational Costs   | \$ 2,022,164                 | \$ (205,869) | \$ 1,816,295  |
| Net Income (Loss)   | \$ 3,321,266                 | \$ 205,869   | \$ 3,527,135  |
| Basic and Diluted Net Income (Loss) per shares, Class A Ordinary Shares                           | \$ 0.08                      | \$ —         | \$ 0.08       |
| Basic and Diluted Net Income (Loss) per shares, Class B Ordinary Shares                           | \$ 0.08                      | \$ —         | \$ 0.08       |
| <b>Condensed Statement of Operations for the Nine Months Ended September 30, 2022 (unaudited)</b> |                              |              |               |
| Operational Costs   | \$ 2,508,476                 | \$ (205,869) | \$ 2,302,607  |
| Net Income (Loss)   | \$ 6,726,111                 | \$ 205,869   | \$ 6,931,980  |
| Basic and Diluted Net Income (Loss) per shares, Class A Ordinary Shares                           | \$ 0.16                      | \$ —         | \$ 0.16       |
| Basic and Diluted Net Income (Loss) per shares, Class B Ordinary Shares                           | \$ 0.16                      | \$ —         | \$ 0.16       |



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|   | As<br>Previously<br>Reported | Adjusted     | As<br>Revised |
|---|------------------------------|--------------|---------------|
| <b>Condensed Statement of Cash Flows for the Six Months Ended June 30, 2022<br/>(unaudited)</b>       |                              |              |               |
| Net Income (Loss)   | \$ 3,321,266                 | \$ 205,869   | \$ 3,527,135  |
| Accounts payable and accrued expenses   | \$ 884,539                   | \$ (205,869) | \$ 678,670    |
| <b>Condensed Statement of Cash Flows for the Nine Months Ended September 30,<br/>2022 (unaudited)</b> |                              |              |               |
| Net Income (Loss)   | \$ 6,726,111                 | \$ 205,869   | \$ 6,931,980  |
| Accounts payable and accrued expenses   | \$ 226,411                   | \$ (205,869) | \$ 20,542     |

**Note 3 — Significant Accounting Policies****Basis of Presentation**

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”).

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

**Emerging Growth Company**

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of





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contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates made in preparing these consolidated financial statements include, among other things, the fair value measurement of the Private Warrant liabilities.

### Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2022 and 2021.

### Investments Held in Trust Account

At December 31, 2022, the assets held in the Trust Account were held in a money market fund with a maturity date of 180 days or less. At December 31, 2021, the assets held in the Trust Account were held in cash and U.S. Treasury securities. The Company classifies its United States Treasury securities as held-to-maturity in accordance with Financial Accounting Standards Board (“FASB”) ASC Topic 320, “Investments — Debt and Equity Securities.” Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or remeasurement of premiums or discounts.

As of December 31, 2022, investment in the Company’s Trust Account consisted of \$349,927,313 in a money market fund with a maturity of 180 days or less. Following the maturity of the U.S. Treasury Securities on December 1, 2022, the Company immediately reinvested the entirety of the Trust Account into a money market fund. The money market fund is disclosed at fair value on the consolidated balance sheet. As of December 31, 2021, investment in the Company’s Trust Account consisted of \$484 in cash and \$345,105,197 in U.S. Treasury Securities. All of the U.S. Treasury Securities (the “T-bills”) matured on March 3, 2022 and the Company purchased new T-bills. The Company considers all investments with original maturities of more than three months but less than one year to be short-term investments. The carrying value approximates the fair value due to its short-term maturity. The carrying value, excluding gross unrealized holding losses and fair value of held to maturity securities on December 31, 2022 and 2021 are as follows:

|                    | Amortized<br>Cost and<br>Carrying<br>Value | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value<br>as of<br>December 31,<br>2022 |
|--------------------|--|------------------------------|-------------------------------|---|
| Cash               | \$ —                                       | \$ —                         | \$ —                          | \$ —  |
| Money Market Funds | 349,927,313                                | —                            | —                             | 349,927,313                                 |
|                    | <u>\$349,927,313</u>                       | <u>\$ —</u>                  | <u>\$ —</u>                   | <u>\$349,927,313</u>                        |

  

|                          | Amortized<br>Cost and<br>Carrying<br>Value | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value<br>as of<br>December 31,<br>2021 |
|--------------------------|--|------------------------------|-------------------------------|---|
| Cash                     | \$ 484                                     | \$ —                         | \$ —                          | \$ 484                                      |
| U.S. Treasury Securities | 345,105,197                                | —                            | (6,065)                       | 345,099,132                                 |
|                          | <u>\$345,105,681</u>                       | <u>\$ —</u>                  | <u>\$ (6,065)</u>             | <u>\$345,099,616</u>                        |

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary results in an impairment that reduces the carrying costs to such securities’ fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than

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temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and remeasurement are included in the “interest income” line item in the statements of operations. Interest income is recognized when earned.

### **Convertible Promissory Notes — Related Party**

The Company accounts for its convertible promissory notes under ASC 815, “Derivatives and Hedging” (“ASC 815”). Under ASC 815-15-25, the election can be at the inception of a financial instrument to account for the instrument under the fair value option under ASC 825. The Company has made such election for its convertible promissory notes. Using the fair value option, the convertible promissory notes are required to be recorded at their initial fair value on the date of issuance, each drawdown date, and each balance sheet date thereafter. Differences between the face value of the note and fair value at each drawdown date are recognized as either an expense in the consolidated statements of operations (if issued at a premium) or as a capital contribution (if issued at a discount). Changes in the estimated fair value of the notes are recognized as non-cash gains or losses in the consolidated statements of operations. Changes in the estimated fair value of the note are recognized as non-cash change in the fair value of the convertible promissory notes in the consolidated statements of operations.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. At December 31, 2022 and 2021, the Company has not experienced losses on this account.

### **Ordinary Shares Subject to Possible Redemption**

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance in ASC Topic 480, “Distinguishing Liabilities from Equity.” Class A ordinary shares subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders’ deficit. The Company’s ordinary shares feature certain redemption rights that are considered to be outside of the Company’s control and subject to the occurrence of uncertain future events. Accordingly, as of December 31, 2022 and 2021, 34,500,000 Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders’ deficit section of the Company’s consolidated balance sheets, respectively.

### **Net Income Per Ordinary Share**

The Company has two classes of shares, which are referred to as Class A ordinary shares and Class B ordinary shares. Earnings and losses are shared pro rata between the two classes of shares. The 14,891,667 potential ordinary shares for outstanding warrants to purchase the Company’s shares were excluded from diluted earnings per share for the years ended December 31, 2022 and 2021 because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net income per ordinary share is the same as



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basic net income per ordinary share for the periods presented. The table below presents a reconciliation of the numerator and denominator used to compute basic and diluted net income per share for each class of ordinary share:

|  | For the Years Ended |              |              |              |
|--|---------------------|--------------|--------------|--------------|
|  | December 31,        |              |              |              |
|  | 2022                |              | 2021         |              |
|  | Class A             | Class B      | Class A      | Class B      |
| <i>Basic and diluted net income per share:</i> |                     |              |              |              |
| Numerator:                                     |                     |              |              |              |
| Allocation of net income                       | \$ 4,785,872        | \$ 1,196,468 | \$ 3,967,193 | \$ 1,161,457 |
| Denominator:                                   |                     |              |              |              |
| Weighted average shares outstanding            | 34,500,000          | 8,625,000    | 28,828,767   | 8,440,068    |
| Basic and diluted net income per share         | \$ 0.14             | \$ 0.14      | \$ 0.14      | \$ 0.14      |

## Offering Costs

The Company complies with the requirements of the ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A — “Expenses of Offering”. Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the Public Offering and that were charged to temporary equity upon the completion of the IPO. Accordingly, on December 31, 2022, offering costs totaling \$19,175,922 have been charged to temporary equity (consisting of \$6,405,000 of underwriting fees, \$12,075,000 of deferred underwriting fees and \$695,922 of other offering costs). Of the total transaction cost, \$575,278 was recorded as a non-operating expense in the consolidated statements of operations, with the rest of the offering cost charged to temporary equity. The transaction costs were allocated based on the relative fair value basis, compared to the total offering proceeds, between the fair value of the public warrant liabilities and the Class A ordinary shares. As of October 25, 2022, and November 2, 2022, respectively, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. have waived their portions of the deferred underwriting fee payable which is reflected in the consolidated statement of operations and the consolidated statement of changes in shareholders’ deficit as a reduction of transaction costs incurred in connection with the IPO. Therefore, the deferred underwriting fee was reduced by \$9,056,250, of which \$271,687 is shown in the consolidated statement of operations as a reduction of transaction costs incurred in connection with the IPO and \$8,784,563 is charged to additional paid-in capital in the consolidated statement of changes in shareholders’ deficit. As a result of the reductions, the outstanding deferred underwriting fee payable was reduced to \$3,018,750.

## Fair Value of Financial Instruments

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under the Financial Accounting Standards Board (“FASB”) ASC 820, “Fair Value Measurements and Disclosures,” approximates the carrying amounts represented in the consolidated balance sheets.

## Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued share purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company accounts for its 14,891,667 ordinary shares warrants issued in connection with its Initial Public Offering (8,625,000) and Private Placement (6,266,667) as derivative warrant liabilities in accordance with ASC



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815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's consolidated statements of operations. The fair value of the Private Placement Warrants has been estimated using Monte Carlo simulations at each measurement date. The fair value of the Public Warrants was initially estimated using Monte Carlo simulations. After the Public Warrants were separately traded, the measurement of the Public Warrants used an observable market quote in an active market.

### **Income Taxes**

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2022 and December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with federal income tax regulations, income taxes are not levied on the Company, but rather on the individual owners. United States ("U.S.") taxation would occur on the individual owners if certain tax elections are made by U.S. owners and the Company were treated as a passive foreign investment company. The Company believes that it was a passive foreign investment company for the 2021 and 2022 taxable years. Additionally, U.S. taxation could occur to the Company itself if the Company is engaged in a U.S. trade or business. The Company is not expected to be treated as engaged in a U.S. trade or business at this time.

### **Recent Accounting Standards**

In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, "Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06")" to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The guidance was adopted starting January 1, 2022. Adoption of the ASU did not impact the Company's financial position, results of operations or cash flows.

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.



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### **Note 4 — Initial Public Offering**

Pursuant to the Initial Public Offering, the Company sold 34,500,000 Units, (at a price of \$10.00 per Unit. Each Unit consists of one share of Class A Ordinary shares, par value \$0.0001 per share one-fourth of one redeemable warrant (“Public Warrant”). Each whole Public Warrant entitles the holder to purchase one share of Class A Ordinary shares at a price of \$11.50 per share.

All of the 34,500,000 Class A ordinary share sold as part of the Units in the IPO contain a redemption feature which allows for the redemption of such public shares in connection with the Company’s liquidation, if there is a shareholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Company’s certificate of incorporation. In accordance with SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within the control of the Company require ordinary shares subject to redemption to be classified outside of permanent equity.

The Class A ordinary share is subject to SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99. If it is probable that the equity instrument will become redeemable, the Company has the option to either accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. The Company recognizes changes in redemption value immediately as they occur. Immediately upon the closing of the IPO, the Company recognized the remeasurement from initial book value to redemption amount value. The change in the carrying value of redeemable ordinary shares resulted in charges against additional paid-in capital and accumulated deficit.

As of December 31, 2022 and 2021, the ordinary share reflected on the consolidated balance sheets are reconciled in the following table:

|   |                              |
|---|------------------------------|
| Gross proceeds from IPO   | \$ 345,000,000               |
| Less:   |                              |
| Proceeds allocated to Public Warrants                                 | (10,350,000)                 |
| Ordinary share issuance costs   | (18,600,644)                 |
| Plus:   |                              |
| Accretion of carrying value to redemption value                       | 28,950,644                   |
| <b>Contingently redeemable ordinary share as of December 31, 2021</b> | <b>345,000,000</b>           |
| Plus:   |                              |
| Accretion of carrying value to redemption value                       | 4,927,313                    |
| <b>Contingently redeemable ordinary share as of December 31, 2022</b> | <b><u>\$ 349,927,313</u></b> |

### **Note 5 — Private Placement Warrants**

Simultaneously with the closing of the IPO, the Sponsor purchased an aggregate of 6,266,667 Private Placement Warrants at a price of \$1.50 per warrant (\$9,400,000 in the aggregate), each Private Placement Warrant is exercisable to purchase one share of Class A ordinary shares at a price of \$11.50 per share. A portion of the purchase price of the Private Placement Warrants was added to the proceeds from our Initial Public Offering to be held in the Trust Account.

The Private Placement Warrants are identical to the warrants sold in the IPO except that the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) will not be redeemable by the





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Company, (ii) may not (including the Class A ordinary shares issuable upon exercise of these warrants), subject to certain limited exceptions, be transferred, assigned or sold by the holders until 30 days after the completion of the initial Business Combination, (iii) may be exercised by the holders on a cashless basis and (iv) will be entitled to registration rights.

### **Note 6 — Related Party Transactions**

#### **Founder Shares**

On December 31, 2020, the Sponsor paid \$25,000, or approximately \$0.003 per share, to cover certain offering costs in consideration for 7,187,500 Class B ordinary shares, par value \$0.0001 per share (the “Founder Shares”). On February 25, 2021, the Company effected a share dividend whereby the Company issued 1,437,500 Class B ordinary shares, resulting in an aggregate of 8,625,000 Class B ordinary shares outstanding. All share and per-share amounts have been retroactively restated to reflect the share dividend.

The Company’s initial shareholders have agreed not to transfer, assign or sell any of their Founder Shares and any Class A ordinary shares issuable upon conversion thereof until the earlier to occur of: (i) one year after the completion of the initial Business Combination or (ii) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction after the initial Business Combination that results in all of its shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property; except to certain permitted transferees and under certain circumstances (the “Lock-up”). Any permitted transferees will be subject to the same restrictions and other agreements of the initial shareholders with respect to any Founder Shares. Notwithstanding the foregoing, if (1) the closing price of the Company’s Class A ordinary shares equals or exceeds \$12.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination or (2) if the Company consummates a transaction after the initial Business Combination which results in its shareholders having the right to exchange their shares for cash, securities or other property, the Founder Shares will be released from the Lock-up.

On May 16, 2022, the Sponsor transferred 25,000 shares to one of the Company’s directors following the departure of a previous director. The transfer of the Founders Shares is in the scope of FASB ASC Topic 718, “Compensation-Stock Compensation” (“ASC 718”). Under ASC 718, stock-based compensation associated with equity-classified awards is measured at fair value upon the grant date.

The transfer of Founders Shares to the Company’s director, as described above, is within the scope of ASC 718, as such, the fair value of the 25,000 shares transferred to the Company’s director was \$123,750 or \$4.95 per share. The transfer of the shares was granted subject to a performance condition (i.e., the occurrence of a Business Combination). Compensation expense related to the Founders Shares is recognized only when the performance condition is probable of occurrence under the applicable accounting literature in this circumstance. Stock-based compensation would be recognized at the date a Business Combination is considered probable in an amount equal to the number of Founders Shares times the transfer date fair value per share (unless subsequently modified). Founder Shares will automatically convert into Class A shares at a one-to-one ratio upon completion of a Business Combination. The Founder Shares will receive no distributions if the Company is liquidated prior to a Business Combination. In addition, the holders of the Founder Shares are restricted from transferring the Founder Shares and the Class A shares received upon conversion until nine months to a year after a Business Combination.

#### **Promissory Note — Related Party**

On December 30, 2020, the Sponsor agreed to loan the Company up to \$300,000 to cover expenses related to the IPO pursuant to a promissory note (the “Promissory Note”). This loan is non-interest bearing and payable on the earlier of December 31, 2022 or the completion of the IPO.



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As of December 31, 2022 and 2021, there was no outstanding amount under the Promissory Note.

### **Working Capital Loans**

In addition, in order to finance transaction costs in connection with an intended Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors, may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans. In the event that a Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. After giving effect to the Notes described below, up to \$675,000 of additional Working Capital Loans may be convertible into Private Placement Warrants of the post Business Combination entity at a price of \$1.50 per warrant at the option of the lender. Such warrants would be identical to the Private Placement Warrants. Prior to the completion of the initial Business Combination, the Company does not expect to seek loans from parties other than the Sponsor or an affiliate of the Sponsor as the Company does not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in the Company's Trust Account.

On April 1, 2022 and June 6, 2022, the Company issued unsecured promissory notes in the amounts of up to \$500,000 and \$500,000, respectively, to the Sponsor. On December 14, 2022, the Company issued an unsecured promissory note in the amount of up to \$325,000 to Tidjane Thiam, Adam Gishen, Abhishek Bhatia and Edward Zeng (collectively, the "Payees") (such promissory note, together with the unsecured promissory notes issued on April 1, 2022 and June 6, 2022, the "Notes"). The Notes bear no interest and are payable in full upon the earlier to occur of (i) twenty-four (24) months from the closing of the Initial Public Offering (or such later date as may be extended in accordance with the terms of our amended and restated memorandum and articles of association) or (ii) the consummation of the Business Combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the Notes may be accelerated. Prior to the Company's first payment of all or any portion of the principal balance of the Notes in cash, the Sponsor and the Payees, as applicable, have the option to convert all, but not less than all, of the principal balance of the Notes into private placement warrants (the "Conversion Warrants"), each warrant exercisable for one ordinary share of the Company at an exercise price of \$1.50 per share. The terms of the Conversion Warrants would be identical to the Private Placement Warrants. The Sponsor and the Payees shall be entitled to certain registration rights relating to the Conversion Warrants. The issuances of the Notes were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

As of December 31, 2022 and 2021, the Company had an aggregate of \$1,225,000 and \$0 borrowings, respectively, related to the Notes.

On February 28, 2023, the Company issued an unsecured promissory note in the amount of up to \$2,100,000 to the Sponsor, as further described in Note 11.

### **Administrative Support Service**

Commencing on the date of the IPO, the Company agreed to pay the Sponsor up to \$10,000 per month for office space and administrative support services. These were paid on a monthly basis via invoices, and there was no amount due under the Administrative Services Agreement as of December 31, 2022.

## **Note 7 — Commitments & Contingencies**

### **Registration Rights**

The holders of the (i) Founder Shares, which were issued in a private placement prior to the closing of the IPO, (ii) Private Placement Warrants, which will be issued in a private placement simultaneously with the closing of



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the IPO and the Class A ordinary shares underlying such Private Placement Warrants and (iii) Private Placement Warrants that may be issued upon conversion of Working Capital Loans will have registration rights to require the Company to register a sale of any of its securities held by them pursuant to a registration rights agreement. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company registers such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the Company’s completion of its initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### **Underwriters Agreement**

On March 2, 2021, the Company paid a fixed underwriting discount of \$6,405,000. Additionally, a deferred underwriting discount of \$0.35 per Unit, or \$12,075,000 in the aggregate, will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes an initial Business Combination, subject to the terms of the underwriting agreement. As of October 25, 2022, and November 2, 2022, respectively, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. have waived their portions of the deferred underwriting fee which is reflected in the consolidated statement of operations and the consolidated statement of changes in shareholders’ deficit as a reduction of transaction costs incurred in connection with the IPO. Therefore, the deferred underwriting fee was reduced by \$9,056,250, of which \$271,687 is shown in the consolidated statement of operations as a reduction of transaction costs incurred in connection with the IPO and \$8,784,563 is charged to additional paid-in capital in the consolidated statement of changes in shareholders’ deficit. As a result of the reductions, the outstanding deferred underwriting fee payable was reduced to \$3,018,750.

### **Business Combination Agreement**

On October 3, 2022, the Company entered into a Business Combination Agreement (as amended from time to time, the “Business Combination Agreement”), with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of the Company (“First Merger Sub”), Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Second Merger Sub”), Complete Solaria, Inc. (formerly known as Complete Solar Holding Corporation), a Delaware corporation (“Complete Solaria”) and The Solaria Corporation, a Delaware corporation (“Solaria”).

#### *The Mergers*

The Business Combination Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur (together with the other agreements and transactions contemplated by the Business Combination Agreement, the “Business Combination”):

- at the closing of the transactions contemplated by the Business Combination Agreement (the “Closing”), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended (the “DGCL”), (i) First Merger Sub will merge with and into Complete Solaria, with Complete Solaria surviving as a wholly owned subsidiary of the Company, (ii) immediately thereafter and as part of the same overall transaction, Complete Solaria will merge with and into Second Merger Sub, with Second Merger Sub surviving as a wholly owned subsidiary of the Company, and (iii) immediately after the consummation of the Second Merger and as part of the same overall transaction, Solaria will merge with and into a newly formed Delaware limited liability company and wholly-owned subsidiary of the Company (“Third Merger Sub”), with Third Merger Sub surviving as a wholly-owned subsidiary of the Company (the “Additional Merger,” and together with the First Merger and the Second Merger, the “Mergers”);
- at the Closing, all outstanding shares of capital stock of Complete Solaria (subject to certain restrictions) and all options and warrants to acquire shares of capital stock of Complete Solaria will



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convert into the right to receive shares of common stock, par value \$0.0001 per share, of the Company (“Freedom Common Stock”) or comparable equity awards that are settled or are exercisable for shares of Freedom Common Stock; and

- at the Closing, the Company will be renamed “Complete Solaria, Inc.”

On October 2, 2022 and October 3, 2022, respectively, a special committee (the “Freedom Special Committee”) of the Board of Directors of the Company (the “Freedom Board”) and the Freedom Board have (i) approved the Business Combination Agreement and the Business Combination and (ii) resolved to recommend that the shareholders of the Company approve the Business Combination Agreement and the Business Combination.

### **First Amendment to the Business Combination Agreement**

On December 26, 2022, the Company, Complete Solaria, First Merger Sub and Second Merger Sub entered into a letter agreement (the “First Amendment”) amending the Business Combination Agreement, dated as of October 3, 2022, by and among the Company, Complete Solaria, First Merger Sub and Second Merger Sub.

The Amendment deletes the following provisions in the Business Combination Agreement:

- The condition to the obligation of Complete Solaria to consummate the Business Combination that there be, as of the closing of the Business Combination (the “Closing”), at least \$100,000,000 in Available Acquiror Cash (as such term is defined in the Business Combination Agreement);
- The obligation of each of the Company and Complete Solaria to use reasonable best efforts to cause the Available Acquiror Cash to equal or exceed \$100,000,000 as of immediately prior to the Closing;
- The right of Complete Solaria to terminate the Business Combination Agreement if:
  - Complete Solaria has not consummated the issuances of convertible note investments in Complete Solaria for an aggregate purchase price of at least \$10,000,000 on or before January 16, 2023; or
  - at a meeting of shareholders of the Company to extend the deadline by which the Company is required to consummate the Business Combination under its organizational documents, a number of shareholders of the Company elect to redeem their ordinary shares such that the amount remaining in the Company’s trust account after processing such redemptions, when taken together with the amounts included in prongs (ii), (iii), (iv) and (v) of the definition of Available Acquiror Cash (as described above) is less than \$100 million;
- The obligation of the Company and Complete Solaria to make termination payments in certain circumstances.

### **Second Amendment to the Business Combination Agreement**

On January 17, 2023, the Company, Complete Solaria, First Merger Sub and Second Merger Sub entered into that certain Second Amendment to Business Combination Agreement (the “Second Amendment”) amending the Business Combination Agreement, dated as of October 3, 2022, by and among the Company, Complete Solaria, First Merger Sub and Second Merger Sub, as amended by the First Amendment.

The Second Amendment provides that, if the Company and Complete Solaria determine in good faith by January 1, 2023 that it is probable that the Business Combination will be consummated after March 1, 2023, the Company will be required to prepare (with the reasonable cooperation of Complete Solaria) and file with the SEC a proxy statement pursuant to which it will seek the approval of its shareholders for proposals to amend the Company’s organizational documents to extend the time period for the Company to consummate its initial business combination for (x) up to an additional six (6) months, from March 2, 2023 to September 2, 2023 (the original Business Combination Agreement provided for an extension from March 1, 2023 to September 2, 2023) or (y) such other period of time as the Company and Complete Solaria may mutually agree (the original Business





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Combination Agreement contemplated no such prong (y)). In addition, the Second Amendment amends the Business Combination Agreement by changing the latest permitted Agreement End Date (as defined in the Business Combination Agreement) from September 1, 2023 to September 2, 2023.

### **Note 8 — Shareholders' Deficit**

**Preference shares** — The Company is authorized to issue a total of 1,000,000 preference shares at par value of \$0.0001 each. At December 31, 2022 and 2021, there were no preference shares issued or outstanding.

**Class A Ordinary shares** — The Company is authorized to issue a total of 200,000,000 Class A ordinary shares at par value of \$0.0001 each. At December 31, 2022 and 2021, there were 34,500,000 Class A ordinary shares outstanding, all of which is subject to possible redemption.

**Class B Ordinary shares** — The Company is authorized to issue a total of 20,000,000 Class B ordinary shares at par value of \$0.0001 each. At December 31, 2022 and 2021, there were 8,625,000 Class B ordinary shares issued and outstanding, respectively.

On December 31, 2020, the Sponsor paid \$25,000, or approximately \$0.003 per share, to cover certain offering costs in consideration for 7,187,500 Class B ordinary shares, par value \$0.0001 per share. On February 25, 2021, the Company effected a share dividend whereby the Company issued 1,437,500 Class B ordinary shares, resulting in an aggregate of 8,625,000 Class B ordinary shares outstanding. All share and per-share amounts have been retroactively restated to reflect the share dividend.

Holders of the Class A ordinary shares and holders of the Class B ordinary shares will vote together as a single class on all matters submitted to a vote of the Company's shareholders, except as required by law; provided that only holders of Class B ordinary shares will have the right to appoint and remove directors in any general meeting held prior to or in connection with the completion of an initial Business Combination. Unless specified in the Company's amended and restated memorandum and articles of association, or as required by applicable provisions of the Companies Act or applicable stock exchange rules, the affirmative vote of a majority of the Company's ordinary shares that are voted is required to approve any such matter voted on by its shareholders.

The Class B ordinary shares will automatically convert into Class A ordinary shares concurrently with or immediately following the consummation of the initial Business Combination on a one-for-one basis, subject to adjustment for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like, and subject to further adjustment as provided herein. In the case that additional Class A ordinary shares or equity-linked securities are issued or deemed issued in connection with the initial Business Combination, the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, 20% of the total number of Class A ordinary shares outstanding after such conversion (after giving effect to any redemptions of Class A ordinary shares by Public Shareholders), including the total number of Class A ordinary shares issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of the initial Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in the initial Business Combination and any Private Placement Warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one-for-one basis.

### **Note 9 — Warrants**

The Public Warrants will become exercisable at \$11.50 per share on the later of one year from the closing of the IPO and 30 days after the completion of the initial Business Combination; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available (or the Company



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permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. The warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of the initial Business Combination, it will use commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the warrants. The Company will use its commercially reasonable efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the 60th day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the Company’s Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, it will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of Class A ordinary shares equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of Class A ordinary shares underlying the warrants, multiplied by the excess of the “fair market value” (defined below) less the exercise price of the warrants by (y) the fair market value and (B) 0.361. The “fair market value” as used in this paragraph shall mean the volume weighted average price of the Class A ordinary shares for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend or recapitalization, reorganization, merger or consolidation. In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than \$9.20 per Class A ordinary share (with such issue price or effective issue price to be determined in good faith by the Company’s board of directors and in the case of any such issuance to the Company’s Sponsors or their affiliates, without taking into account any Founder Shares held by the Company’s initial shareholders or such affiliates, as applicable, prior to such issuance (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the completion of the initial Business Combination (net of redemptions), and (z) the volume-weighted average trading price of the Company’s Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below \$9.20 per share, then the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$10.00 and \$18.00 per share redemption trigger prices described below under “Redemption of warrants when the price per Class A ordinary share equals or exceeds \$10.00” and “Redemption of warrants when the price per Class A ordinary share equals or exceeds \$18.00” will be adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.



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### *Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$18.00*

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the last reported sale price of the Class A ordinary shares for any 20 trading days within a 30-trading day period ending three business days before the Company sends to the notice of redemption to the warrant holders (the "Reference Value") equals or exceeds \$18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like).

### *Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$10.00*

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the "fair market value" of the Class A ordinary shares;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like); and
- if the Reference Value is less than \$18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

## **Note 10 — Fair Value Measurements**

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.



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The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2022 and 2021 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

| Description   | December 31,<br>2022  | Quoted Prices<br>In<br>Active<br>Markets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
|---|-----------------------|---|---|---|
| Investments held in trust account- U.S. Treasury Securities | 349,927,313           | 349,927,313   | —   | —   |
| Total Investments held in Trust Account                     | <u>\$ 349,927,313</u> | <u>\$ 349,927,313</u>                                 | <u>\$ —</u>   | <u>\$ —</u>   |
| Warrant liabilities — Public warrants                       | \$ 1,725,000          | —   | \$ 1,725,000  | \$ —  |
| Warrant liabilities — Private warrants                      | 1,253,333             | —   | —   | 1,253,333   |
| Convertible Note — April 1, 2022                            | 338,200               | —   | —   | 338,200   |
| Convertible Note — June 6, 2022                             | 338,200               | —   | —   | 338,200   |
| Convertible Note — December 14, 2022                        | 152,200               | —   | —   | 152,200   |
| Total Warrant liabilities                                   | <u>\$ 3,806,933</u>   | <u>—</u>  | <u>\$ 1,725,000</u>                                       | <u>\$ 2,081,933</u>   |

For the year ended December 31, 2022, as a result of the recent decline in trading volume within the period, the public warrants were transferred to and are currently classified as Level 2 securities.

| Description   | December 31,<br>2021  | Quoted Prices<br>In<br>Active<br>Markets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
|---|-----------------------|---|---|---|
| Investments held in trust account- U.S. Money Market Fund   | \$ 484                | \$ 484  | \$ —  | \$ —  |
| Investments held in trust account- U.S. Treasury Securities | 345,105,197           | 345,105,197   | —   | —   |
| Total Investments held in Trust Account                     | <u>\$ 345,105,681</u> | <u>\$ 345,105,681</u>                                 | <u>\$ —</u>   | <u>\$ —</u>   |
| Warrant liabilities — Public warrants                       | \$ 4,916,250          | \$ 4,916,250  | \$ —  | \$ —  |
| Warrant liabilities — Private warrants                      | 3,572,000             | —   | —   | 3,572,000   |
| Total Warrant liabilities                                   | <u>\$ 8,488,250</u>   | <u>\$ 4,916,250</u>                                   | <u>\$ —</u>   | <u>\$ 3,572,000</u>   |

The Company utilized a Monte Carlo simulation model for the initial valuation of the Public Warrants. The subsequent measurement of the Public Warrants as of December 31, 2022 and 2021, is classified as Level 1 due to the use of an observable market quote in an active market.

The Company utilizes a binomial lattice simulation model to value the private placement warrants and the convertible promissory notes at each reporting period, with changes in fair value recognized in the consolidated statements of operations. The estimated fair value of the warrant liability is determined using Level 3 inputs. Inherent in a binomial options pricing model are assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its ordinary shares based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.



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The aforementioned warrant liabilities are not subject to qualified hedge accounting.

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period in which a change in valuation technique or methodology occurs. The value of the securities transferred from a Level 2 measurement to a Level 1 measurement during the year ended December 31, 2022 was \$348,810,523. There was a transfer of \$1,725,000 from Level 1 to Level 2 in the fair value hierarchy for Public Warrants during the year ended December 31, 2022.

The following table provides quantitative information regarding Level 3 fair value measurements:

|                 | At<br>December 31,<br>2022 | At<br>December 31,<br>2021 |
|-----------------|----------------------------|----------------------------|
| Share price     | \$ 10.10                   | \$ 9.68                    |
| Strike price    | \$ 11.50                   | \$ 11.50                   |
| Term (in years) | 0.38                       | 0.50                       |
| Volatility      | de minimis                 | 10.50%                     |
| Risk-free rate  | 3.98%                      | 1.30%                      |
| Dividend yield  | 0.00%                      | 0.00%                      |

The following table presents the changes in the fair value of warrant liabilities:

|   | Public              | Private<br>Placement | Warrant<br>Liabilities |
|---|---------------------|----------------------|------------------------|
| Fair value as of January 1, 2022                | \$ 4,916,250        | \$ 3,572,000         | \$ 8,488,250           |
| Change in valuation inputs or other assumptions | (3,191,250)         | (2,318,667)          | (5,509,917)            |
| Fair value as of December 31, 2022              | <u>\$ 1,725,000</u> | <u>\$ 1,253,333</u>  | <u>\$ 2,978,333</u>    |
|   | Public              | Private<br>Placement | Warrant<br>Liabilities |
| Fair value as of January 1, 2021                | \$ —                | \$ —                 | \$ —                   |
| Initial measurement on March 2, 2021            | 10,350,000          | 7,520,000            | 17,870,000             |
| Change in valuation inputs or other assumptions | (5,433,750)         | (3,948,000)          | (9,381,750)            |
| Fair value as of December 31, 2021              | <u>\$ 4,916,250</u> | <u>\$ 3,572,000</u>  | <u>\$ 8,488,250</u>    |

The Company recognized gains in connection with changes in the fair value of warrant liabilities of \$5,509,917 within change in fair value of warrant liabilities in the consolidated statement of operations for the year ended December 31, 2022. The Company recognized gains in connection with changes in the fair value of warrant liabilities of \$9,381,750 within change in fair value of warrant liabilities in the consolidated statement of operations for the year ended December 31, 2021.

The following table presents a summary of the changes in the fair value of Level 3 warrant liabilities:

|                                    | Private<br>Placement | Public      | Total<br>Warrant<br>Liabilities |
|------------------------------------|----------------------|-------------|---------------------------------|
| Fair value as of January 1, 2022   | \$ 3,572,000         | \$ —        | \$ 3,572,000                    |
| Change in fair value               | (2,318,667)          | —           | (2,318,667)                     |
| Fair value as of December 31, 2022 | <u>\$ 1,253,333</u>  | <u>\$ —</u> | <u>\$ 1,253,333</u>             |



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|                                      | Private<br>Placement | Public       | Total<br>Warrant<br>Liabilities |
|--------------------------------------|----------------------|--------------|---------------------------------|
| Fair value as of January 1, 2021     | \$ —                 | \$ —         | \$ —                            |
| Initial measurement on March 2, 2021 | 7,520,000            | 10,350,000   | 17,870,000                      |
| Transfer to Level 1                  | —                    | (10,350,000) | (10,350,000)                    |
| Change in fair value                 | (3,948,000)          | —            | (3,948,000)                     |
| Fair value as of December 31, 2021   | <u>\$ 3,572,000</u>  | <u>\$ —</u>  | <u>\$ 3,572,000</u>             |

### Note 11 — Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

#### Second Amendment to the Business Combination Agreement

On January 17, 2023, the Company, Complete Solaria, First Merger Sub and Second Merger Sub entered into the Second Amendment amending the Business Combination Agreement, dated as of October 3, 2022, by and among the Company, Complete Solaria, First Merger Sub and Second Merger Sub, as amended by the First Amendment.

The Second Amendment provides that, if the Company and Complete Solaria determine in good faith by January 1, 2023 that it is probable that the Business Combination will be consummated after March 1, 2023, the Company will be required to prepare (with the reasonable cooperation of Complete Solaria) and file with the SEC a proxy statement pursuant to which it will seek the approval of its shareholders for proposals to amend the Company's organizational documents to extend the time period for the Company to consummate its initial business combination for (x) up to an additional six (6) months, from March 2, 2023 to September 2, 2023 (the original Business Combination Agreement provided for an extension from March 1, 2023 to September 2, 2023) or (y) such other period of time as the Company and Complete Solaria may mutually agree (the original Business Combination Agreement contemplated no such prong (y)). In addition, the Second Amendment amends the Business Combination Agreement by changing the latest permitted Agreement End Date (as defined in the Business Combination Agreement) from September 1, 2023 to September 2, 2023.

#### Amendment to Amended and Restated Memorandum and Articles of Association

On February 28, 2023, Freedom held an extraordinary general meeting of shareholders (the "Extraordinary General Meeting"), at which holders of 35,373,848 ordinary shares, comprised of 26,773,848 Class A ordinary shares and 8,600,000 Class B ordinary shares, were present in person or by proxy, representing approximately 82.02% of the voting power of the 43,125,000 issued and outstanding ordinary shares of Freedom entitled to vote at the Extraordinary General Meeting at the close of business on January 23, 2023, which was the record date (the "Extraordinary Meeting Record Date") for the Extraordinary General Meeting (such shares, the "Outstanding Shares"). The Outstanding Shares on the Extraordinary Meeting Record Date were comprised of 34,500,000 Class A ordinary shares and 8,625,000 Class B ordinary shares.

At the Extraordinary General Meeting, the shareholders approved, by special resolution, the proposal (the "Extension Amendment Proposal") to amend the amended and restated memorandum and articles of association to extend the date by which Freedom must (i) consummate a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination, which Freedom refers to as its initial business combination, (ii) cease its operations except for the purpose of winding up if it fails to complete such initial business combination, and (iii) redeem all of the Class A ordinary shares, included as part of the units sold



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in the initial public offering, for an additional three months, from March 2, 2023 to June 2, 2023, and thereafter to up to three (3) times by an additional one month each time (or up to September 2, 2023) (the “Extension Amendment,” and such period, as may be extended, the “Combination Period”). The voting results for such proposal were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> |
|------------|----------------|----------------|
| 35,047,305 | 326,543        | 0              |

In connection with the Extension Amendment, public shareholders elected to redeem an aggregate of 23,256,504 Class A ordinary shares at a redemption price of \$10.21 per share, representing approximately 67.41% of the issued and outstanding Class A ordinary shares, for an aggregate redemption amount of approximately \$237,372,952. Following such redemptions, approximately \$114,759,374 remained in the trust account and 11,243,496 Class A ordinary shares remain outstanding.

At the Extraordinary General Meeting, the public shareholders also approved the proposal to amend the Investment Management Trust Agreement, dated as of February 25, 2021 (the “Trust Agreement”), by and between Freedom and Continental Stock Transfer & Trust Company, as trustee (“Continental”), to reflect the Extension Amendment. The amendment to the Trust Agreement provides that Continental shall commence liquidation of the trust account only and promptly (x) after its receipt of the applicable instruction letter delivered by Freedom in connection with either the consummation of an initial business combination or Freedom’s inability to effect an initial business combination within the time frame specified in Freedom’s amended and restated memorandum and articles of association or (y) upon the date that is the later of the end of the Combination Period and such later date as may be approved by Freedom’s shareholders in accordance with the amended and restated memorandum and articles of association, if the aforementioned termination letter has not been received by Continental prior to such date. The voting results for such proposal were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> |
|------------|----------------|----------------|
| 35,047,305 | 326,543        | 0              |

### **Promissory Note**

On February 28, 2023, the Company issued an unsecured promissory note in the amount of up to \$2,100,000 to the Sponsor. The proceeds of such promissory note, \$1,600,000 of which was drawn down immediately, \$400,000 of which may be drawn down, with the mutual consent of the Company and the Sponsor, if the Company wishes to extend the date by which it will consummate a business combination beyond June 2, 2023, and \$100,000 of which may be drawn down on an as-needed basis at the discretion of our sponsor, will be used for general working capital purposes. Such promissory note bears no interest and is payable in full upon the consummation of our business combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the promissory note may be accelerated. The promissory note shall be forgiven by the Sponsor if the Company is unable to consummate a business combination within the time frame specified in our amended and restated memorandum and articles of association (as amended from time to time), except to the extent of any funds held outside of the trust account established in connection with our initial public offering. The issuance of the promissory note was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended.



## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

FREEDOM ACQUISITION I CORP.  
CONDENSED CONSOLIDATED BALANCE SHEETS

|  | March 31,<br>2023<br>(Unaudited) | December 31,<br>2022  |
|--|----------------------------------|-----------------------|
| <b>Assets</b>  |                                  |                       |
| <b>Current assets:</b>   |                                  |                       |
| Cash   | \$ 47,541                        | \$ 72,923             |
| Prepaid expenses — short term  | —                                | 120,677               |
| <b>Total current assets</b>  | <b>47,541</b>                    | <b>193,600</b>        |
| Cash and marketable securities held in Trust Account   | 116,571,577                      | 349,927,313           |
| <b>Total Assets</b>  | <b>\$ 116,619,118</b>            | <b>\$ 350,120,913</b> |
| <b>Liabilities, Redeemable Ordinary Shares and Shareholders' Deficit</b>   |                                  |                       |
| <b>Current liabilities:</b>  |                                  |                       |
| Accounts payable and accrued expenses  | \$ 5,832,437                     | \$ 4,858,215          |
| Promissory Note — Related Party  | 1,600,000                        | —                     |
| Convertible Promissory Note — Related Party  | 1,174,127                        | 828,600               |
| <b>Total current liabilities</b>   | <b>8,606,564</b>                 | <b>5,686,815</b>      |
| Warrant liabilities  | 3,747,388                        | 2,978,333             |
| Deferred underwriters' discount payable  | 3,018,750                        | 3,018,750             |
| <b>Total Liabilities</b>   | <b>15,372,702</b>                | <b>11,683,898</b>     |
| <b>Commitments and Contingencies (See Note 6)</b>  |                                  |                       |
| Class A Ordinary shares subject to possible redemption 11,243,496 and 34,500,000 shares subject to possible redemption at redemption value at March 31, 2023 and December 31, 2022, respectively | 116,571,577                      | 349,927,313           |
| <b>Shareholders' Deficit:</b>  |                                  |                       |
| Preference shares, \$0.0001 par value; 1,000,000 shares authorized; none issued or outstanding at March 31, 2023 and December 31, 2022   | —                                | —                     |
| Class A ordinary shares, \$0.0001 par value; 200,000,000 shares authorized at March 31, 2023 and December 31, 2022   | —                                | —                     |
| Class B ordinary shares, \$0.0001 par value; 20,000,000 shares authorized; 8,625,000 shares issued and outstanding at March 31, 2023 and December 31, 2022                                       | 863                              | 863                   |
| Additional paid-in capital   | 2,052,420                        | 6,057,438             |
| Accumulated deficit  | (17,378,444)                     | (17,548,599)          |
| <b>Total Shareholders' Deficit</b>   | <b>(15,325,161)</b>              | <b>(11,490,298)</b>   |
| <b>Total Liabilities, Redeemable Ordinary Shares and Shareholders' Deficit</b>   | <b>\$ 116,619,118</b>            | <b>\$ 350,120,913</b> |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.





**FREEDOM ACQUISITION I CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|   | For the Three Months Ended<br>March 31, |                     |
|---|---|---------------------|
|   | 2023                                    | 2022                |
| Operating costs   | \$ 1,620,336                            | \$ 1,198,082        |
| <b>Loss from operations</b>   | <b>(1,620,336)</b>                      | <b>(1,198,082)</b>  |
| <b>Other income (expense):</b>  |   |                     |
| Foreign currency exchange gain  | 22                                      | 833                 |
| Interest income on operating accounts   | 33                                      | —                   |
| Interest income on marketable securities held in Trust Account  | 2,817,216                               | 109,863             |
| Change in fair value of warrant liabilities   | (769,055)                               | 2,382,667           |
| Change in fair value of convertible note  | (257,725)                               | —                   |
| <b>Total other income, net</b>  | <b>1,790,491</b>                        | <b>2,493,363</b>    |
| <b>Net income</b>   | <b>\$ 170,155</b>                       | <b>\$ 1,295,281</b> |
| Weighted average shares outstanding, Class A ordinary shares subject to possible redemption           | 26,489,426                              | 34,500,000          |
| <b>Basic and diluted net income per share, Class A ordinary shares subject to possible redemption</b> | <b>\$ 0.00</b>                          | <b>\$ 0.03</b>      |
| Weighted average shares outstanding, Class B ordinary shares  | 8,625,000                               | 8,625,000           |
| <b>Basic and diluted net income per share, Class B ordinary shares</b>                                | <b>\$ 0.00</b>                          | <b>\$ 0.03</b>      |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**FREEDOM ACQUISITION I CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

|   | Ordinary Shares |             |                  |               | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total<br>Shareholders'<br>Deficit |
|---|-----------------|-------------|------------------|---------------|----------------------------------|------------------------|-----------------------------------|
|   | Class A         |             | Class B          |               |                                  |                        |                                   |
|   | Shares          | Amount      | Shares           | Amount        |                                  |                        |                                   |
| <b>Balance as of December 31, 2022</b>                              | <u>—</u>        | <u>\$ —</u> | <u>8,625,000</u> | <u>\$ 863</u> | <u>\$ 6,057,438</u>              | <u>\$(17,548,599)</u>  | <u>\$(11,490,298)</u>             |
| Proceeds received on convertible note less than fair value          | —               | —           | —                | —             | 12,198                           | —                      | 12,198                            |
| Accretion of Class A ordinary shares subject to possible redemption | —               | —           | —                | —             | (4,017,216)                      | —                      | (4,017,216)                       |
| Net income  | —               | —           | —                | —             | —                                | 170,155                | 170,155                           |
| <b>Balance as of March 31, 2023</b>                                 | <u>—</u>        | <u>\$ —</u> | <u>8,625,000</u> | <u>\$ 863</u> | <u>\$ 2,052,420</u>              | <u>\$(17,378,444)</u>  | <u>\$(15,325,161)</u>             |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**FREEDOM ACQUISITION I CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

|  | Ordinary Shares |        |                  |               | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Total<br>Shareholders'<br>Deficit |
|--|-----------------|--------|------------------|---------------|----------------------------------|------------------------|-----------------------------------|
|  | Class A         |        | Class B          |               |                                  |                        |                                   |
|  | Shares          | Amount | Shares           | Amount        |                                  |                        |                                   |
| <b>Balance as of December 31, 2021</b> | —               | \$ —   | <b>8,625,000</b> | <b>\$ 863</b> | \$ —                             | <b>\$(21,923,351)</b>  | <b>\$(21,922,488)</b>             |
| Net income                             | —               | —      | —                | —             | —                                | 1,295,281              | 1,295,281                         |
| <b>Balance as of March 31, 2022</b>    | —               | \$ —   | <b>8,625,000</b> | <b>\$ 863</b> | \$ —                             | <b>\$(20,628,070)</b>  | <b>\$(20,627,207)</b>             |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**FREEDOM ACQUISITION I CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | For the Three Months Ended |                  |
|---|----------------------------|------------------|
|   | March 31,                  |                  |
|   | 2023                       | 2022             |
| <b>Cash Flows from Operating Activities:</b>                                  |                            |                  |
| Net income  | \$ 170,155                 | \$ 1,295,281     |
| Adjustments to reconcile net income to net cash used in operating activities: |                            |                  |
| Interest earned on marketable securities held in Trust Account                | (2,817,216)                | (109,863)        |
| Change in fair value of warrant liabilities                                   | 769,055                    | (2,382,667)      |
| Change in fair value of convertible note                                      | 257,725                    | —                |
| Changes in current assets and current liabilities:                            |                            |                  |
| Prepaid expenses  | 120,677                    | 178,536          |
| Accounts payable and accrued expenses   | 974,222                    | 819,534          |
| <b>Net cash used in operating activities</b>                                  | <b>(525,382)</b>           | <b>(199,179)</b> |
| <b>Cash Flows from Investing Activities:</b>                                  |                            |                  |
| Cash withdrawn from Trust Account in connection with redemptions              | 236,172,952                | —                |
| <b>Net cash provided by investing activities</b>                              | <b>236,172,952</b>         | <b>—</b>         |
| <b>Cash Flows from Financing Activities:</b>                                  |                            |                  |
| Proceeds from issuance of Convertible Promissory Note — Related Party         | 100,000                    | —                |
| Proceeds from issuance of Promissory Note — Related Party                     | 1,600,000                  | —                |
| Redemption of ordinary shares   | (237,372,952)              | —                |
| <b>Net cash used in financing activities</b>                                  | <b>(235,672,952)</b>       | <b>—</b>         |
| <b>Net Change in Cash</b>   | <b>(25,382)</b>            | <b>(199,179)</b> |
| Cash — Beginning  | 72,923                     | 277,583          |
| <b>Cash — Ending</b>  | <b>\$ 47,541</b>           | <b>\$ 78,404</b> |
| <b>Supplemental disclosure of noncash financing activities:</b>               |                            |                  |
| Accretion of carrying value to redemption value                               | \$ 4,017,216               | \$ —             |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**FREEDOM ACQUISITION I CORP.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — Organization and Business Operations**

**Organization and General**

Freedom Acquisition I Corp. (the “Company” or “Freedom”) was incorporated in Cayman Islands on December 23, 2020. The Company was formed for the purpose of entering into a merger, capital share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a “Business Combination”). The Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

On October 3, 2022, the Company entered into a Business Combination Agreement with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of the Company, Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company, Complete Solar Holding Corporation, a Delaware corporation, and The Solaria Corporation, a Delaware corporation.

The Company’s sponsor is Freedom Acquisition I LLC, a Cayman Islands limited liability company (the “Sponsor”).

As of March 31, 2023, the Company had not yet commenced any operations. All activity through March 31, 2023, relates to the Company’s formation and the Initial Public Offering (“IPO” or “Initial Public Offering”) described below. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the IPO, its operating cash account, and changes in the fair value of warrant liabilities and promissory note.

**Financing**

The registration statement for the Company’s IPO was declared effective on February 25, 2021 (the “Effective Date”). On March 2, 2021, the Company consummated the IPO of 34,500,000 units (the “Units” and, with respect to the Class A ordinary shares included in the Units being offered, the “public share”), at \$10.00 per Unit, generating gross proceeds of \$345,000,000, which is discussed in Note 3.

Simultaneously with the closing of the IPO, the Company consummated the sale of 6,266,667 warrants (the “Private Placement Warrants”), at a price of \$1.50 per Private Placement Warrant, which is discussed in Note 4.

Transaction costs amounted to \$19,175,922, consisting of \$6,405,000 of underwriting fees, \$12,075,000 of deferred underwriting fees and \$695,922 of other offering costs. Of the total transaction cost, \$575,278 was expensed as non-operating expenses in the consolidated statement of operations with the rest of the offering costs charged to shareholders’ deficit for the year ended December 31, 2021. The transaction costs were allocated based on the relative fair value basis, compared to the total offering proceeds, between the fair value of the public warrant liabilities and the Class A ordinary shares.

**Trust Account**

Following the closing of the IPO on March 2, 2021, an amount of \$345,000,000 from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”). The funds in the Trust Account were, since the IPO and until the 24-month anniversary of the





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consummation of the IPO, invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company. To mitigate the risk of the Company being deemed to have been operating as an unregistered investment company, prior to the 24-month anniversary of the consummation of the IPO, the Company instructed Continental Stock Transfer & Trust Company, the trustee with respect to the Trust Account, to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and to hold all the funds in the Trust Account in cash in a bank deposit account. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations, the proceeds from the IPO and the sale of the private placement units will not be released from the Trust Account until the earliest of (a) the completion of the Company's initial Business Combination, (b) the redemption of any public shares properly submitted in connection with a shareholder vote to amend the Company's amended and restated certificate of incorporation, and (c) the redemption of the Company's public shares if the Company is unable to complete the initial Business Combination during the Extension Period (as defined below), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of the Company's creditors, if any, which could have priority over the claims of the Company's public shareholders.

### **Initial Business Combination**

The Company's management has broad discretion with respect to the specific application of the net proceeds of the IPO, although substantially all of the net proceeds are intended to be generally applied toward consummating a Business Combination.

The Company's Business Combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (net of taxes payable) at the time of the signing an agreement to enter into a Business Combination. However, the Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its public shareholders with the opportunity to redeem all or a portion of their public shares upon the completion of the initial Business Combination either (i) in connection with a shareholder meeting called to approve the initial Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a proposed initial Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The shareholders will be entitled to redeem their shares for a pro rata portion of the amount then on deposit in the Trust Account (initially \$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations).

The Class A ordinary shares subject to redemption are recorded at redemption value and classified as temporary equity upon the completion of the IPO, in accordance with Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity." In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 either immediately prior to or upon consummation of a Business Combination and, if the Company seeks shareholder approval, a majority of the issued and outstanding shares voted are voted in favor of the Business Combination.

On February 28, 2023, the Company held an extraordinary general meeting of shareholders (the "Extraordinary General Meeting"), at which holders of 35,373,848 ordinary shares, comprised of 26,773,848 Class A ordinary shares and 8,600,000 Class B ordinary shares, were present in person or by proxy, representing approximately 82.02% of the voting power of the 43,125,000 issued and outstanding ordinary shares of the Company entitled to vote at the Extraordinary General Meeting at the close of business on January 23, 2023,



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which was the record date (the “Record Date”) for the Extraordinary General Meeting (such shares, the “Outstanding Shares”). The Outstanding Shares on the Record Date were comprised of 34,500,000 Class A ordinary shares and 8,625,000 Class B ordinary shares.

At the Extraordinary General Meeting, the shareholders approved, by special resolution, a proposal (the “Extension Amendment Proposal”) to amend the amended and restated memorandum and articles of association to extend the date by which the Company must (i) consummate a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination, which Freedom refers to as its initial business combination, (ii) cease its operations except for the purpose of winding up if it fails to complete such initial business combination, and (iii) redeem all of the Class A ordinary shares, included as part of the units sold in the initial public offering, for an additional three months, from March 2, 2023 to June 2, 2023, and thereafter to up to three (3) times by an additional one month each time (or up to September 2, 2023) (the “Extension Amendment,” and such period, as may be extended, the “Extension Period”). However, if the Company is unable to complete a Business Combination within the Extension Period, the Company will redeem 100% of the outstanding public shares for a pro rata portion of the funds held in the Trust Account, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company, divided by the number of then outstanding public shares, subject to applicable law and as further described in the registration statement, and then seek to dissolve and liquidate.

In connection with the Extension Amendment, public shareholders elected to redeem an aggregate of 23,256,504 Class A ordinary shares at a redemption price of \$10.21 per share, representing approximately 67.41% of the issued and outstanding Class A ordinary shares, for an aggregate redemption amount of approximately \$237,372,952. Following such redemptions, approximately \$114,759,374 remained in the Trust Account and 11,243,496 Class A ordinary shares remained outstanding.

The Company’s Sponsor, officers and directors have agreed to (i) waive their redemption rights with respect to their founder shares, private placement shares and public shares in connection with the completion of the initial Business Combination, (ii) waive their redemption rights with respect to their founder shares and public shares in connection with a shareholder vote to approve an amendment to the Company’s amended and restated certificate of incorporation, and (iii) waive their rights to liquidating distributions from the Trust Account with respect to their founder shares and private placement shares if the Company fails to complete the initial Business Combination within the Extension Period.

The Company’s Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third-party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per public share and (ii) the actual amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company’s indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). However, the Company has not asked its Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether its Sponsor has sufficient funds to satisfy its indemnity obligations and believe that the Company’s Sponsor’s only assets are securities of the Company. Therefore, the Company cannot assure that its Sponsor would be able to satisfy those obligations.

## ***Liquidity***

As of March 31, 2023, the Company had cash outside the Trust Account of \$47,541 available for working capital needs. All remaining cash held in the Trust Account is generally unavailable for the Company’s use prior



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to an initial Business Combination and is restricted for use either in a Business Combination or to redeem ordinary shares. The Company may elect to withdraw from the interest income earned on the Trust Account to pay the Company's tax obligations. For the three months ended March 31, 2023, the Company had \$2,817,216 in interest income earned on the Trust Account.

The Company may raise additional capital through loans or additional investments from the Sponsor or an affiliate of the Sponsor or certain of its directors and officers. The Sponsor may, but is not obligated to, lend the Company funds, from time to time in whatever amounts it deems reasonable in its sole discretion, to meet the Company's working capital needs. There can be no assurance that the Company will be able to obtain additional financing, however. Moreover, the Company may need to obtain additional financing either to complete its Business Combination or because the Company becomes obligated to redeem a significant number of its public shares upon consummation of its Business Combination, in which case the Company may issue additional securities or incur debt in connection with such Business Combination. Subject to compliance with applicable securities laws, the Company would only complete such financing simultaneously with the completion of its Business Combination.

If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all.

### ***Going Concern***

In connection with the Company's assessment of going concern considerations in accordance with Accounting Standards Codification ("ASC") Topic 205-40, "Presentation of Financial Statements — Going Concern," pursuant to its Amended and Restated Certificate of Incorporation, the Company has until the end of the Extension Period to consummate a Business Combination. If a Business Combination is not consummated by this date, there will be a mandatory liquidation and subsequent dissolution of the Company. Although the Company intends to consummate a Business Combination during the Extension Period, it is uncertain that the Company will be able to do so. This, as well as its liquidity condition, raise substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate at the end of the Extension Period.

### ***Risks and Uncertainties***

Management is currently evaluating the impact of the COVID-19 pandemic and Russia-Ukraine war and has concluded that while it is reasonably possible that the virus and war could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **Note 2 — Significant Accounting Policies**

### **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in unaudited condensed consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete



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presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Form 10-K for the year ended December 31, 2022 as filed with the SEC on April 6, 2023, which contains the audited consolidated financial statements and notes thereto. The interim results for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future interim periods.

### ***Principles of Consolidation***

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

### ***Emerging Growth Company***

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's unaudited condensed consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

### ***Use of Estimates***

The preparation of the unaudited condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates made in preparing these unaudited condensed consolidated financial statements include, among other things, the fair value measurement of the Private Warrant liabilities and promissory note.





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### **Cash and Cash Equivalents**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2023 and December 31, 2022.

### **Investments Held in Trust Account**

At March 31, 2023, the assets held in the Trust Account were held in a cash operating account maintained by the Trustee.

As of December 31, 2022, investment in the Company's Trust Account consisted of \$349,927,313 in a money market fund with a maturity of 180 days or less. Following the maturity of the U.S. Treasury securities on December 1, 2022, the Company immediately reinvested the entirety of the Trust Account into a money market fund. The money market fund is disclosed at fair value on the consolidated balance sheet. Subsequently, in March 2023, the Company moved the entirety of the Trust Account into a cash account at the Trustee. The Company considers all investments with original maturities of more than three months but less than one year to be short-term investments. The carrying value approximates the fair value due to its short-term maturity. The carrying value, excluding gross unrealized holding losses and fair value of held to maturity securities on March 31, 2023 and December 31, 2022 are as follows:

|                    |   |
|--------------------|---|
|                    | <b>Fair Value<br/>as of<br/>March 31,<br/>2023</b>    |
| Cash               | <u>\$ 116,571,577</u>                                 |
|                    | <u>\$ 116,571,577</u>                                 |
|                    | <b>Fair Value<br/>as of<br/>December 31,<br/>2022</b> |
| Money Market Funds | <u>\$ 349,927,313</u>                                 |
|                    | <u>\$ 349,927,313</u>                                 |

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary results in an impairment that reduces the carrying costs to such securities' fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and remeasurement are included in the "interest income" line item in the condensed consolidated statements of operations. Interest income is recognized when earned.

### **Convertible Promissory Notes — Related Party**

The Company accounts for its convertible promissory notes under ASC 815, "Derivatives and Hedging" ("ASC 815"). Under ASC 815-15-25, the election can be at the inception of a financial instrument to account for



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the instrument under the fair value option under ASC 825. The Company has made such election for its convertible promissory notes. Using the fair value option, the convertible promissory notes are required to be recorded at their initial fair value on the date of issuance, each drawdown date, and each balance sheet date thereafter. Differences between the face value of the note and fair value at each drawdown date are recognized as either an expense in the condensed consolidated statements of operations (if issued at a premium) or as a capital contribution (if issued at a discount). Changes in the estimated fair value of the notes are recognized as non-cash gains or losses in the consolidated statements of operations. Changes in the estimated fair value of the note are recognized as non-cash change in the fair value of the convertible promissory notes in the condensed consolidated statements of operations.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. At March 31, 2022 and December 31, 2022, the Company has not experienced losses on this account.

### **Ordinary Shares Subject to Possible Redemption**

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance in ASC Topic 480, "Distinguishing Liabilities from Equity." Class A ordinary shares subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' deficit. The Company's ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of March 31, 2023 and December 31, 2022, 11,243,496 and 34,500,000 Class A ordinary shares, respectively, subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' deficit section of the Company's consolidated balance sheets.

### **Net Income Per Ordinary Share**

The Company has two classes of shares, which are referred to as Class A ordinary shares and Class B ordinary shares. Earnings and losses are shared pro rata between the two classes of shares. The 14,891,667 potential ordinary shares for outstanding warrants to purchase the Company's shares were excluded from diluted earnings per share for the three months ended March 31, 2023 and 2022 because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net income per ordinary share is the same as basic net income per ordinary share for the periods. The table below presents a reconciliation of the numerator and denominator used to compute basic and diluted net income per share for each class of ordinary share:

|   | For the Three Months Ended March 31, |           |              |            |
|---|--------------------------------------|-----------|--------------|------------|
|   | 2023                                 |           | 2022         |            |
|   | Class A                              | Class B   | Class A      | Class B    |
| Basic and diluted net income per share: |                                      |           |              |            |
| Numerator:                              |                                      |           |              |            |
| Allocation of net income                | \$ 128,361                           | \$ 41,794 | \$ 1,036,225 | \$ 259,056 |
| Denominator:                            |                                      |           |              |            |
| Weighted average shares outstanding     | 26,489,426                           | 8,625,000 | 34,500,000   | 8,625,000  |
| Basic and diluted net income per share  | \$ 0.00                              | \$ 0.00   | \$ 0.03      | \$ 0.03    |



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### ***Offering Costs***

The Company complies with the requirements of the ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A — “Expenses of Offering”. Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the Public Offering and that were charged to temporary equity upon the completion of the IPO. Accordingly, on December 31, 2022, offering costs totaling \$19,175,922 have been charged to temporary equity (consisting of \$6,405,000 of underwriting fees, \$12,075,000 of deferred underwriting fees and \$695,922 of other offering costs). Of the total transaction cost, \$575,278 was recorded as a non-operating expense in the consolidated statements of operations, with the rest of the offering cost charged to temporary equity. The transaction costs were allocated based on the relative fair value basis, compared to the total offering proceeds, between the fair value of the public warrant liabilities and the Class A ordinary shares. As of October 25, 2022, and November 2, 2022, respectively, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. have waived their portions of the deferred underwriting fee which is reflected in the consolidated statement of operations and the consolidated statement of change in shareholders’ deficit as a reduction of transaction costs incurred in connection with the IPO. Therefore, the deferred underwriting fee was reduced by \$9,056,250, of which \$271,687 is shown in the consolidated statement of operations as a reduction of transaction costs incurred in connection with the IPO and \$8,784,563 is charged to additional paid-in capital in the consolidated statement of change in shareholders’ deficit. As a result of the reductions, the outstanding deferred underwriting fee payable was reduced to \$3,018,750.

### ***Fair Value of Financial Instruments***

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under the Financial Accounting Standards Board (“FASB”) ASC 820, “Fair Value Measurements,” approximates the carrying amounts represented in the consolidated balance sheets.

### ***Derivative Warrant Liabilities***

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued share purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company accounts for its 14,891,667 ordinary shares warrants issued in connection with its Initial Public Offering (8,625,000) and Private Placement (6,266,667) as derivative warrant liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company’s consolidated statements of operations. The fair value of the Private Placement Warrants has been estimated using Monte Carlo simulations at each measurement date. The fair value of the Public Warrants was initially estimated using Monte Carlo simulations. After the Public Warrants were separately traded, the measurement of the Public Warrants used an observable market quote in an active market.

### ***Income Taxes***

The Company follows the asset and liability method of accounting for income taxes under ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that

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included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of March 31, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with federal income tax regulations, income taxes are not levied on the Company, but rather on the individual owners. United States (“U.S.”) taxation would occur on the individual owners if certain tax elections are made by U.S. owners and the Company were treated as a passive foreign investment company. The Company believes that it was a passive foreign investment company for the 2023 and 2022 taxable years. Additionally, U.S. taxation could occur to the Company itself if the Company is engaged in a U.S. trade or business. The Company is not expected to be treated as engaged in a U.S. trade or business at this time.

### ***Recent Accounting Standards***

In August 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-06, “Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40) (“ASU 2020-06”)” to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity’s own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity’s own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The guidance was adopted starting January 1, 2022. Adoption of the ASU did not impact the Company’s financial position, results of operations or cash flows.

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). This update requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Since June 2016, the FASB issued clarifying updates to the new standard including changing the effective date for smaller reporting companies. The guidance is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. The Company adopted ASU 2016-13 on January 1, 2023. The adoption of ASU 2016-13 did not have a material impact on its condensed consolidated financial statements.

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company’s condensed consolidated financial statements.

### **Note 3 — Initial Public Offering**

Pursuant to the Initial Public Offering, the Company sold 34,500,000 Units, (at a price of \$10.00 per Unit. Each Unit consists of one share of Class A Ordinary shares, par value \$0.0001 per share one-fourth of one





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redeemable warrant (“Public Warrant”). Each whole Public Warrant entitles the holder to purchase one share of Class A Ordinary shares at a price of \$11.50 per share.

All of the 34,500,000 Class A ordinary share sold as part of the Units in the IPO contain a redemption feature which allows for the redemption of such public shares in connection with the Company’s liquidation, if there is a shareholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Company’s certificate of incorporation. In accordance with SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within the control of the Company require ordinary shares subject to redemption to be classified outside of permanent equity.

The Class A ordinary share is subject to SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99. If it is probable that the equity instrument will become redeemable, the Company has the option to either accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. The Company recognizes changes in redemption value immediately as they occur. Immediately upon the closing of the IPO, the Company recognized the remeasurement from initial book value to redemption amount value. The change in the carrying value of redeemable ordinary shares resulted in charges against additional paid-in capital and accumulated deficit.

As of March 31, 2023 and December 31, 2022, the ordinary share reflected on the condensed consolidated balance sheets are reconciled in the following table:

|  |                       |
|--|-----------------------|
| Gross proceeds from IPO  | \$ 345,000,000        |
| Less:  |                       |
| Proceeds allocated to Public Warrants                                  | (10,350,000)          |
| Ordinary share issuance costs  | (18,600,644)          |
| Plus:  |                       |
| Accretion of carrying value to redemption value                        | 33,877,957            |
| <b>Contingently redeemable ordinary shares as of December 31, 2022</b> | <b>\$ 349,927,313</b> |
| Less:  |                       |
| Redemptions  | (237,372,952)         |
| Plus:  |                       |
| Accretion of carrying value to redemption value                        | 4,017,216             |
| <b>Contingently redeemable ordinary shares as of March 31, 2023</b>    | <b>\$ 116,571,577</b> |

### **Note 4 — Private Placement Warrants**

Simultaneously with the closing of the IPO, the Sponsor purchased an aggregate of 6,266,667 Private Placement Warrants at a price of \$1.50 per warrant (\$9,400,000 in the aggregate), each Private Placement Warrant is exercisable to purchase one share of Class A ordinary shares at a price of \$11.50 per share. A portion of the purchase price of the Private Placement Warrants was added to the proceeds from our Initial Public Offering to be held in the Trust Account.

The Private Placement Warrants are identical to the warrants sold in the IPO except that the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) will not be



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redeemable by the Company, (ii) may not (including the Class A ordinary shares issuable upon exercise of these warrants), subject to certain limited exceptions, be transferred, assigned or sold by the holders until 30 days after the completion of the initial Business Combination, (iii) may be exercised by the holders on a cashless basis and (iv) will be entitled to registration rights.

### **Note 5 — Related Party Transactions**

#### ***Founder Shares***

On December 31, 2020, the Sponsor paid \$25,000, or approximately \$0.003 per share, to cover certain offering costs in consideration for 7,187,500 Class B ordinary shares, par value \$0.0001 per share (the “Founder Shares”). On February 25, 2021, the Company effected a share dividend whereby the Company issued 1,437,500 Class B ordinary shares, resulting in an aggregate of 8,625,000 Class B ordinary shares outstanding. All share and per-share amounts have been retroactively restated to reflect the share dividend.

The Company’s initial shareholders have agreed not to transfer, assign or sell any of their Founder Shares and any Class A ordinary shares issuable upon conversion thereof until the earlier to occur of: (i) one year after the completion of the initial Business Combination or (ii) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction after the initial Business Combination that results in all of its shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property; except to certain permitted transferees and under certain circumstances (the “Lock-up”). Any permitted transferees will be subject to the same restrictions and other agreements of the initial shareholders with respect to any Founder Shares. Notwithstanding the foregoing, if (1) the closing price of the Company’s Class A ordinary shares equals or exceeds \$12.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination or (2) if the Company consummates a transaction after the initial Business Combination which results in its shareholders having the right to exchange their shares for cash, securities or other property, the Founder Shares will be released from the Lock-up.

On May 16, 2022, the Sponsor transferred 25,000 shares to one of the Company’s directors following the departure of a previous director. The transfer of the Founders Shares is in the scope of FASB ASC Topic 718, “Compensation-Stock Compensation” (“ASC 718”). Under ASC 718, stock-based compensation associated with equity-classified awards is measured at fair value upon the grant date.

The transfer of Founders Shares to the Company’s director, as described above, is within the scope of ASC 718, as such, the fair value of the 25,000 shares transferred to the Company’s director was \$123,750 or \$4.95 per share. The transfer of the shares was granted subject to a performance condition (i.e., the occurrence of a Business Combination). Compensation expense related to the Founders Shares is recognized only when the performance condition is probable of occurrence under the applicable accounting literature in this circumstance. Stock-based compensation would be recognized at the date a Business Combination is considered probable in an amount equal to the number of Founders Shares times the transfer date fair value per share (unless subsequently modified). Founder Shares will automatically convert into Class A shares at a one-to-one ratio upon completion of a Business Combination. The Founder Shares will receive no distributions if the Company is liquidated prior to a Business Combination. In addition, the holders of the Founder Shares are restricted from transferring the Founder Shares and the Class A shares received upon conversion until nine months to a year after a Business Combination.

#### ***Promissory Note — Related Party***

On February 28, 2023, the Company issued an unsecured promissory note in the amount of up to \$2,100,000 to the Sponsor. The note is non-interest bearing and is to be utilized for general working capital purposes. As of March 31, 2023, there was \$1,600,000 amount outstanding under the promissory note.



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### **Working Capital Loans**

In addition, in order to finance transaction costs in connection with an intended Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors, may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans. In the event that a Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. After giving effect to the Notes described below, up to \$675,000 of additional Working Capital Loans may be convertible into Private Placement Warrants of the post Business Combination entity at a price of \$1.50 per warrant at the option of the lender. Such warrants would be identical to the Private Placement Warrants. Prior to the completion of the initial Business Combination, the Company does not expect to seek loans from parties other than the Sponsor or an affiliate of the Sponsor as the Company does not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in the Company's Trust Account.

On April 1, 2022 and June 6, 2022, the Company issued unsecured promissory notes in the amounts of up to \$500,000 and \$500,000, respectively, to the Sponsor. On December 14, 2022, the Company issued an unsecured promissory note in the amount of up to \$325,000 to Tidjane Thiam, the Company's Executive Chairman, Adam Gishen, the Company's Chief Executive Officer, Edward Zeng, a director of the Company, and Abhishek Bhatia, a board observer of the Company (collectively, the "Payees") (such promissory note, together with the unsecured promissory notes issued on April 1, 2022 and June 6, 2022, the "Notes"). The Notes bear no interest and are payable in full upon the earlier to occur of (i) twenty-four (24) months from the closing of the Initial Public Offering (or such later date as may be extended in accordance with the terms of our amended and restated memorandum and articles of association) or (ii) the consummation of the Business Combination. A failure to pay the principal within five business days of the date specified above or the commencement of a voluntary or involuntary bankruptcy action shall be deemed an event of default, in which case the Notes may be accelerated. Prior to the Company's first payment of all or any portion of the principal balance of the Notes in cash, the Sponsor and the Payees, as applicable, have the option to convert all, but not less than all, of the principal balance of the Notes into private placement warrants (the "Conversion Warrants"), each warrant exercisable for one ordinary share of the Company at an exercise price of \$1.50 per share. The terms of the Conversion Warrants would be identical to the Private Placement Warrants. The Sponsor and the Payees shall be entitled to certain registration rights relating to the Conversion Warrants. The issuances of the Notes were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. As of March 31, 2023 and December 31, 2022, the Company had an aggregate of \$1,174,127 and \$828,600 borrowed, respectively, related to the Notes of which \$100,000 had been drawn within the three months ended, March 31, 2023.

### **Administrative Support Service**

Commencing on the date of the IPO, the Company agreed to pay the Sponsor up to \$10,000 per month for office space and administrative support services. These were paid on a monthly basis via invoices, and there was no amount due under the Administrative Services Agreement as of March 31, 2023 and December 31, 2022.

## **Note 6 — Commitments and Contingencies**

### **Registration Rights**

The holders of the (i) Founder Shares, which were issued in a private placement prior to the closing of the IPO, (ii) Private Placement Warrants, which will be issued in a private placement simultaneously with the closing of the IPO and the Class A ordinary shares underlying such Private Placement Warrants and (iii) Private Placement Warrants that may be issued upon conversion of Working Capital Loans will have registration rights to require the Company to register a sale of any of its securities held by them pursuant to a registration rights agreement. The holders of these securities are entitled to make up to three demands, excluding short form



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demands, that the Company registers such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the Company’s completion of its initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### ***Underwriters Agreement***

On March 2, 2021, the Company paid a fixed underwriting discount of \$6,405,000. Additionally, a deferred underwriting discount of \$0.35 per Unit, or \$12,075,000 in the aggregate, will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes an initial Business Combination, subject to the terms of the underwriting agreement. As of October 25, 2022, and November 2, 2022, respectively, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. have waived their portions of the deferred underwriting fee which is reflected in the consolidated statement of operations and the consolidated statement of change in shareholders’ deficit as a reduction of transaction costs incurred in connection with IPO. Therefore, the deferred underwriting fee was reduced by \$9,056,250, of which \$271,687 is shown in the consolidated statement of operations as a reduction of transaction costs incurred in connection with the IPO and \$8,784,563 is charged to additional paid-in capital in the consolidated statement of change in shareholders’ deficit. As a result of the reductions, the outstanding deferred underwriting fee payable was reduced to \$3,018,750.

### ***Business Combination Agreement***

On October 3, 2022, the Company entered into a Business Combination Agreement (as amended from time to time, the “Business Combination Agreement”), with Jupiter Merger Sub I Corp., a Delaware corporation and a wholly owned subsidiary of the Company (“First Merger Sub”), Jupiter Merger Sub II LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Second Merger Sub”), Complete Solaria, Inc. (formerly known as Complete Solar Holding Corporation), a Delaware corporation (“Complete Solaria”) and The Solaria Corporation, a Delaware corporation (“Solaria”).

### ***The Mergers***

The Business Combination Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur (together with the other agreements and transactions contemplated by the Business Combination Agreement, the “Business Combination”):

- at the closing of the transactions contemplated by the Business Combination Agreement (the “Closing”), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended, (i) First Merger Sub will merge with and into Complete Solaria, with Complete Solaria surviving as a wholly owned subsidiary of the Company, (ii) immediately thereafter and as part of the same overall transaction, Complete Solaria will merge with and into Second Merger Sub, with Second Merger Sub surviving as a wholly owned subsidiary of the Company, and (iii) immediately after the consummation of the Second Merger and as part of the same overall transaction, Solaria will merge with and into a newly formed Delaware limited liability company and wholly-owned subsidiary of the Company (“Third Merger Sub”), with Third Merger Sub surviving as a wholly-owned subsidiary of the Company;
- at the Closing, all outstanding shares of capital stock of Complete Solaria (subject to certain restrictions) and all options and warrants to acquire shares of capital stock of Complete Solaria will convert into the right to receive shares of common stock, par value \$0.0001 per share, of the Company (“Freedom Common Stock”) or comparable equity awards that are settled or are exercisable for shares of Freedom Common Stock; and
- at the Closing, the Company will be renamed “Complete Solaria, Inc.”

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On October 2, 2022 and October 3, 2022, respectively, a special committee (the “Freedom Special Committee”) of the board of directors of the Company (the “Board”) and the Board (i) approved the Business Combination Agreement and the Business Combination and (ii) resolved to recommend that the shareholders of the Company approve the Business Combination Agreement and the Business Combination.

### *First Amendment to the Business Combination Agreement*

On December 26, 2022, the Company, Complete Solaria, First Merger Sub and Second Merger Sub entered into that certain First Amendment to Business Combination Agreement (the “First Amendment”) amending the Business Combination Agreement, dated as of October 3, 2022, by and among the Company, Complete Solaria, First Merger Sub and Second Merger Sub.

The First Amendment deletes the following provisions in the Business Combination Agreement:

- The condition to the obligation of Complete Solaria to consummate the Business Combination that there be, as of the Closing, at least \$100,000,000 in Available Acquiror Cash (as such term is defined in the Business Combination Agreement);
- The obligation of each of the Company and Complete Solaria to use reasonable best efforts to cause the Available Acquiror Cash to equal or exceed \$100,000,000 as of immediately prior to the Closing;
- The right of Complete Solaria to terminate the Business Combination Agreement if:
- Complete Solaria has not consummated the issuances of convertible note investments in Complete Solaria for an aggregate purchase price of at least \$10,000,000 on or before January 16, 2023; or
- at a meeting of shareholders of the Company to extend the deadline by which the Company is required to consummate the Business Combination under its organizational documents, a number of shareholders of the Company elect to redeem their ordinary shares such that the amount remaining in the Company’s trust account after processing such redemptions, when taken together with the amounts included in prongs (ii), (iii), (iv) and (v) of the definition of Available Acquiror Cash (as described above) is less than \$100 million;
- The obligation of the Company and Complete Solaria to make termination payments in certain circumstances.

### *Second Amendment to the Business Combination Agreement*

On January 17, 2023, the Company, Complete Solaria, First Merger Sub and Second Merger Sub entered into that certain Second Amendment to Business Combination Agreement (the “Second Amendment”) amending the Business Combination Agreement, dated as of October 3, 2022, by and among the Company, Complete Solaria, First Merger Sub and Second Merger Sub, as amended by the First Amendment.

The Second Amendment provides that, if the Company and Complete Solaria determine in good faith by January 1, 2023 that it is probable that the Business Combination will be consummated after March 1, 2023, the Company will be required to prepare (with the reasonable cooperation of Complete Solaria) and file with the SEC a proxy statement pursuant to which it will seek the approval of its shareholders for proposals to amend the Company’s organizational documents to extend the time period for the Company to consummate its initial business combination for (x) up to an additional six (6) months, from March 2, 2023 to September 2, 2023 (the original Business Combination Agreement provided for an extension from March 1, 2023 to September 2, 2023) or (y) such other period of time as the Company and Complete Solaria may mutually agree (the original Business Combination Agreement contemplated no such prong (y)). In addition, the Second Amendment amends the Business Combination Agreement by changing the latest permitted Agreement End Date (as defined in the Business Combination Agreement) from September 1, 2023 to September 2, 2023.





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### **Note 7 — Shareholders' Deficit**

**Preference shares** — The Company is authorized to issue a total of 1,000,000 preference shares at par value of \$0.0001 each. At March 31, 2023 and December 31, 2022, there were no preference shares issued or outstanding.

**Class A Ordinary shares** — The Company is authorized to issue a total of 200,000,000 Class A ordinary shares at par value of \$0.0001 each. At March 31, 2023 and December 31, 2022, there were 11,243,496 and 34,500,000 Class A ordinary shares outstanding, all of which is subject to possible redemption, respectively.

**Class B Ordinary shares** — The Company is authorized to issue a total of 20,000,000 Class B ordinary shares at par value of \$0.0001 each. At March 31, 2023 and December 31, 2022, there were 8,625,000 Class B ordinary shares issued and outstanding, respectively.

On December 31, 2020, the Sponsor paid \$25,000, or approximately \$0.003 per share, to cover certain offering costs in consideration for 7,187,500 Class B ordinary shares, par value \$0.0001 per share. On February 25, 2021, the Company effected a share dividend whereby the Company issued 1,437,500 Class B ordinary shares, resulting in an aggregate of 8,625,000 Class B ordinary shares outstanding. All share and per-share amounts have been retroactively restated to reflect the share dividend.

Holders of the Class A ordinary shares and holders of the Class B ordinary shares will vote together as a single class on all matters submitted to a vote of the Company's shareholders, except as required by law; provided that only holders of Class B ordinary shares will have the right to appoint and remove directors in any general meeting held prior to or in connection with the completion of an initial Business Combination. Unless specified in the Company's amended and restated memorandum and articles of association, or as required by applicable provisions of the Companies Act or applicable stock exchange rules, the affirmative vote of a majority of the Company's ordinary shares that are voted is required to approve any such matter voted on by its shareholders.

The Class B ordinary shares will automatically convert into Class A ordinary shares concurrently with or immediately following the consummation of the initial Business Combination on a one-for-one basis, subject to adjustment for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like, and subject to further adjustment as provided herein. In the case that additional Class A ordinary shares or equity-linked securities are issued or deemed issued in connection with the initial Business Combination, the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, 20% of the total number of Class A ordinary shares outstanding after such conversion (after giving effect to any redemptions of Class A ordinary shares by Public Shareholders), including the total number of Class A ordinary shares issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of the initial Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in the initial Business Combination and any Private Placement Warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one-for-one basis.

### **Note 8 — Warrants**

The Public Warrants will become exercisable at \$11.50 per share on the later of one year from the closing of the IPO and 30 days after the completion of the initial Business Combination; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. The warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.



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The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of the initial Business Combination, it will use commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the warrants. The Company will use its commercially reasonable efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the 60th day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the Company’s Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, it will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of Class A ordinary shares equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of Class A ordinary shares underlying the warrants, multiplied by the excess of the “fair market value” (defined below) less the exercise price of the warrants by (y) the fair market value and (B) 0.361. The “fair market value” as used in this paragraph shall mean the volume weighted average price of the Class A ordinary shares for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend or recapitalization, reorganization, merger or consolidation. In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than \$9.20 per Class A ordinary share (with such issue price or effective issue price to be determined in good faith by the Board and in the case of any such issuance to the Company’s Sponsors or their affiliates, without taking into account any Founder Shares held by the Company’s initial shareholders or such affiliates, as applicable, prior to such issuance (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the completion of the initial Business Combination (net of redemptions), and (z) the volume-weighted average trading price of the Company’s Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below \$9.20 per share, then the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$10.00 and \$18.00 per share redemption trigger prices described below under “Redemption of warrants when the price per Class A ordinary share equals or exceeds \$10.00” and “Redemption of warrants when the price per Class A ordinary share equals or exceeds \$18.00” will be adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.

### *Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$18.00*

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;



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- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the last reported sale price of the Class A ordinary shares for any 20 trading days within a 30-trading day period ending three business days before the Company sends to the notice of redemption to the warrant holders (the "Reference Value") equals or exceeds \$18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like).

### *Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$10.00*

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the "fair market value" of the Class A ordinary shares;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like); and
- if the Reference Value is less than \$18.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

### **Note 9 — Fair Value Measurements**

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.



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As of March 31, 2023, the remainder of the U.S. Treasury securities held in the Trust Account after redemptions were deposited into the cash operating account maintained by the trustee. The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2023 and December 31, 2022 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

|   | March 31,<br>2023     | Quoted Prices In<br>Active<br>Markets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
|---|-----------------------|--|---|---|
| Description   |                       |  |   |   |
| Warrant liabilities — Public warrants                 | \$ 2,164,013          | —  | \$ 2,164,013  | \$ —  |
| Warrant liabilities — Private warrants                | 1,583,375             | —  | —   | 1,583,375   |
| Convertible Note — April 1, 2022                      | 443,067               | —  | —   | 443,067   |
| Convertible Note — June 6, 2022                       | 443,067               | —  | —   | 443,067   |
| Convertible Note — December 14, 2022                  | 287,993               | —  | —   | 287,993   |
| <b>Total Warrant liabilities</b>                      | <b>\$ 4,921,515</b>   | <b>—</b>   | <b>\$ 2,164,013</b>                                       | <b>\$ 2,757,502</b>   |
|   |                       |  |   |   |
|   | December 31,<br>2022  | Quoted Prices In<br>Active<br>Markets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
| Description   |                       |  |   |   |
| Investments held in trust account- Money Market Funds | 349,927,313           | 349,927,313  | —   | —   |
| <b>Total Investments held in Trust Account</b>        | <b>\$ 349,927,313</b> | <b>\$ 349,927,313</b>                              | <b>\$ —</b>   | <b>\$ —</b>   |
| Warrant liabilities — Public warrants                 | \$ 1,725,000          | —  | \$ 1,725,000  | \$ —  |
| Warrant liabilities — Private warrants                | 1,253,333             | —  | —   | 1,253,333   |
| Convertible Note — April 1, 2022                      | 338,200               | —  | —   | 338,200   |
| Convertible Note — June 6, 2022                       | 338,200               | —  | —   | 338,200   |
| Convertible Note — December 14, 2022                  | 152,200               | —  | —   | 152,200   |
| <b>Total Warrant liabilities</b>                      | <b>\$ 3,806,933</b>   | <b>—</b>   | <b>\$ 1,725,000</b>                                       | <b>\$ 2,081,933</b>   |

The Company utilized a Monte Carlo simulation model for the initial valuation of the Public Warrants. The subsequent measurement of the Public Warrants as of March 31, 2023 and December 31, 2022 is classified as Level 2 due to the use of an observable market quote in an active market.

The Company utilizes a binomial lattice simulation model to value the private placement warrants and the convertible promissory notes at each reporting period, with changes in fair value recognized in the condensed consolidated statements of operations. The estimated fair value of the warrant liability is determined using Level 3 inputs. Inherent in a binomial options pricing model are assumptions related to expected share-price volatility,





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expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its ordinary shares based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

The aforementioned warrant liabilities are not subject to qualified hedge accounting.

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period in which a change in valuation technique or methodology occurs. The value of the securities transferred from a Level 2 measurement to a Level 1 measurement during the year ended December 31, 2022 was \$348,810,523. There was a transfer of \$1,725,000 from Level 1 to Level 2 in the fair value hierarchy for Public Warrants during the year ended December 31, 2022. There were no transfers in or out of Level 3 from other levels in the fair value hierarchy during the three months ended March 31, 2023 for the securities, warrants, or any of the convertible promissory notes.

The following table provides quantitative information regarding Level 3 fair value measurements of the warrants:

|                 | At<br>March 31,<br>2023 | At<br>December 31,<br>2022 |
|-----------------|-------------------------|----------------------------|
| Share price     | \$ 10.32                | \$ 10.10                   |
| Strike price    | \$ 11.50                | \$ 11.50                   |
| Term (in years) | 5.96                    | 0.38                       |
| Volatility      | 12.50%                  | de minimis                 |
| Risk-free rate  | 4.66%                   | 3.98%                      |
| Dividend yield  | 0.00%                   | 0.00%                      |

The following table provides quantitative information regarding Level 3 fair value measurements of the convertible promissory notes:

|                 | At<br>March 31,<br>2023 | At<br>December 31,<br>2022 |
|-----------------|-------------------------|----------------------------|
| Share price     | \$ 10.32                | \$ 10.10                   |
| Strike price    | \$ 11.50                | \$ 11.50                   |
| Term (in years) | 0.33                    | 0.38                       |
| Risk-free rate  | 4.88%                   | 4.54%                      |
| Dividend yield  | 0.00%                   | 0.00%                      |

The following table presents the changes in the fair value of the convertible promissory notes:

|  | March 31,<br>2023   |
|--|---------------------|
| Fair value as of January 1, 2023   | \$ 828,600          |
| Borrowing during the quarter ended March 31, 2023                                | 100,000             |
| Proceeds received in excess of initial fair value of convertible promissory note | (12,198)            |
| Change in fair value   | 257,725             |
| <b>Fair value as of March 31, 2023</b>   | <b>\$ 1,174,127</b> |

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The following table presents the changes in the fair value of warrant liabilities:

|   | <u>Public</u>       | <u>Private Placement</u> | <u>Warrant Liabilities</u> |
|---|---------------------|--------------------------|----------------------------|
| Fair value as of January 1, 2022                | \$ 4,916,250        | \$ 3,572,000             | \$ 8,488,250               |
| Change in valuation inputs or other assumptions | (3,191,250)         | (2,318,667)              | (5,509,917)                |
| Fair value as of December 31, 2022              | \$ 1,725,000        | \$ 1,253,333             | \$ 2,978,333               |
| Change in valuation inputs or other assumptions | 439,013             | 330,042                  | 769,055                    |
| Fair value as of March 31, 2023                 | <u>\$ 2,164,013</u> | <u>\$ 1,583,375</u>      | <u>\$ 3,747,388</u>        |

The following table presents a summary of the changes in the fair value of Level 3 warrant liabilities:

|                                    | <u>Private Placement</u> | <u>Public</u> | <u>Total Warrant Liabilities</u> |
|------------------------------------|--------------------------|---------------|----------------------------------|
| Fair value as of January 1, 2022   | \$ 3,572,000             | \$ —          | \$ 3,572,000                     |
| Change in fair value               | (2,318,667)              | —             | (2,318,667)                      |
| Fair value as of December 31, 2022 | \$ 1,253,333             | \$ —          | \$ 1,253,333                     |
| Change in fair value               | 330,042                  | —             | 330,042                          |
| Fair value as of March 31, 2023    | <u>\$ 1,583,375</u>      | <u>\$ —</u>   | <u>\$ 1,583,375</u>              |

### **Note 10 — Subsequent Events**

The Company evaluated subsequent events and transactions that occurred after the condensed consolidated balance sheet date up to the date that the financial statements were issued. Based upon this review, other than below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the unaudited condensed consolidated financial statements.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 13. Other Expenses of Issuance and Distribution.**

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the securities being registered. All amounts shown are estimates except for the SEC registration fee.

|                                | <u>Amount</u>     |
|--------------------------------|-------------------|
| SEC registration fee           | \$ 18,547         |
| Accountants' fees and expenses | 75,000            |
| Legal fees and expenses        | 150,000           |
| Printing fees                  | 75,000            |
| Miscellaneous                  | 56,453            |
| Total expenses                 | <u>\$ 375,000</u> |

Discounts, concessions, commissions and similar selling expenses attributable to the sale of shares of common stock covered by this prospectus will be borne by the selling securityholders. We will pay all expenses (other than discounts, concessions, commissions and similar selling expenses) relating to the registration of the shares with the Securities and Exchange Commission, as estimated in the table above.

**Item 14. Indemnification of Directors and Officers.**

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act.

Our Charter provides for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our Bylaws provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law.

In addition, we have entered into indemnification agreements with our directors, officers, and some employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. The indemnification agreements will require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

**Item 15. Recent Sales of Unregistered Securities.**

The following list sets forth information regarding all unregistered securities sold by Freedom Acquisition I Corp. ("FACT") since January 1, 2020:

(1) In December 30, 2020, the Freedom Acquisition I, LLC (the "Sponsor") purchased 7,187,500 shares of FACT Class B common stock for an aggregate purchase price of \$25,000, or approximately \$0.003 per share, in connection with FACT's organization. Upon the Closing of the Business Combination, each share of FACT Class B Common Stock automatically converted into a share of FACT Class A Common Stock in accordance with FACT's certificate of incorporation, and all shares of Class A common stock were renamed common stock.

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(2) On March 2, 2021, FACT consummated the sale of 6,266,667 private placement warrants at a price of \$1.50 per private placement warrant in a private placement to the Sponsor, generating gross proceeds of \$9,400,000. Each private warrant is exercisable for one share of common stock of the combined company.

(3) In July 2023, upon the Closing of the Business Combination, we issued an aggregate of 5,598,488 shares of common stock of the combined company to qualified institutional buyers and accredited investors.

(4) In July 2023, upon the Closing of the Business Combination, we issued an aggregate of 716,668 warrants to purchase shares of common stock of the combined company to qualified institutional buyers and accredited investors.

(5) In July 2023, upon the Closing of the Business Combination, we issued an aggregate of 6,266,572 warrants to purchase shares of common stock of the combined company to qualified institutional buyers and accredited investors.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe each of these transactions was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D promulgated thereunder) as transactions by an issuer not involving any public offering or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

## Item 16. Exhibits and Financial Statement Schedules

| Exhibit Number | Description   | Incorporated by Reference |            |         |                   |
|----------------|---|---------------------------|------------|---------|-------------------|
|                |   | Schedule/Form             | File No.   | Exhibit | Filing Date       |
| 2.1            | <a href="#">Amended and Restated Business Combination Agreement, dated as of May 26, 2023, by and among Freedom Acquisition I Corp., Jupiter Merger Sub I Corp., Jupiter Merger Sub II LLC, Complete Solar Holding Corporation, and The Solaria Corporation</a> | S-4                       | 333-269674 | 2.1     | May 31, 2023      |
| 2.2            | <a href="#">Agreement and Plan of Merger, dated as of October 3, 2022, by and between Complete Solar Holding Corporation, Complete Solar Midco, LLC, Complete Solar Merger Sub, Inc., The Solaria Corporation, and Fortis Advisors LLC</a>                      | S-4                       | 333-269674 | 2.4     | February 10, 2023 |
| 3.1            | <a href="#">Certificate of Incorporation of Complete Solaria</a>  | 8-K                       | 001-40117  | 3.1     | July 21, 2023     |
| 3.2            | <a href="#">Bylaws of Complete Solaria</a>  | 8-K                       | 001-40117  | 3.2     | July 21, 2023     |
| 4.1            | <a href="#">Amended and Restated Registration Rights Agreement, dated July 18, 2023, by and among the Company and certain other stockholders party thereto</a>  | 8-K                       | 001-40117  | 4.1     | July 21, 2023     |
| 4.2            | <a href="#">Warrant Agreement, dated February 25, 2021, by and between the Company and Continental Stock Transfer &amp; Trust Company, as warrant agent</a>   | 8-K                       | 001-40117  | 4.1     | March 2, 2021     |
| 5.1**          | Opinion of Cooley LLP   |                           |            |         |                   |

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| <u>Exhibit Number</u> | <u>Description</u>   | <u>Incorporated by Reference</u> |                 |                |                    |
|-----------------------|--|----------------------------------|-----------------|----------------|--------------------|
|                       |  | <u>Schedule/ Form</u>            | <u>File No.</u> | <u>Exhibit</u> | <u>Filing Date</u> |
| 10.1                  | <a href="#"><u>Form of Lock-Up Agreement from certain of shareholders, officers, and directors of Freedom Acquisition I Corp. and Complete Solaria, Inc.</u></a> | S-4                              | 333-269674      | 10.1           | February 10, 2023  |
| 10.2                  | <a href="#"><u>Amended and Restated Sponsor Support Agreement, dated as of May 26, 2023</u></a>  | S-4                              | 333-269674      | 10.2           | February 10, 2023  |
| 10.3                  | <a href="#"><u>Company Stockholder Support Agreement, dated as of October 3, 2022</u></a>  | 8-K                              | 001-40117       | 10.3           | October 4, 2022    |
| 10.4                  | <a href="#"><u>Form of Convertible Notes Agreement</u></a>   | S-4                              | 333-269674      | 10.4           | February 10, 2023  |
| 10.5                  | <a href="#"><u>Complete Solaria, Inc. 2023 Incentive Equity Plan</u></a>   | 8-K                              | 001-40117       | 10.5           | July 24, 2023      |
| 10.6#                 | <a href="#"><u>Forms of Option Grant Notice and Option agreement and Global RSU Grant Notice and Agreement</u></a>   | 8-K                              | 001-40117       | 10.6           | July 24, 2023      |
| 10.7#                 | <a href="#"><u>Complete Solaria, Inc. 2023 Employee Stock Purchase Plan</u></a>  | 8-K                              | 001-40117       | 10.7           | July 24, 2023      |
| 10.8#                 | <a href="#"><u>Amended and Restated Complete Solaria, Inc. Omnibus Incentive Plan</u></a>  | 8-K                              | 001-40117       | 10.8           | July 24, 2023      |
| 10.9#                 | <a href="#"><u>Amended and Restated Complete Solaria, Inc. 2021 Stock Plan</u></a>   | 8-K                              | 001-40117       | 10.9           | July 24, 2023      |
| 10.10#                | <a href="#"><u>Forms of Option Agreement and Option Exercise under the 2021 Stock Plan</u></a>   | 8-K                              | 001-40117       | 10.10          | July 24, 2023      |
| 10.11#                | <a href="#"><u>Solaria Corporation 2016 Stock Plan</u></a>   | 8-K                              | 001-40117       | 10.11          | July 24, 2023      |
| 10.12#                | <a href="#"><u>Forms of Option Agreement and Notice of Exercise under the 2016 Stock Plan</u></a>  | 8-K                              | 001-40117       | 10.12          | July 24, 2023      |
| 10.13#                | <a href="#"><u>Complete Solar 2011 Stock Plan</u></a>  | 8-K                              | 001-40117       | 10.13          | July 24, 2023      |
| 10.14#                | <a href="#"><u>Forms of Option Agreement and Option Exercise under the 2011 Stock Plan</u></a>   | 8-K                              | 001-40117       | 10.14          | July 24, 2023      |
| 10.15#                | <a href="#"><u>Solaria Corporation 2006 Stock Plan</u></a>   | 8-K                              | 001-40117       | 10.15          | July 24, 2023      |
| 10.16#                | <a href="#"><u>Forms of Option Agreement, Restricted Stock Agreement and Early Exercise under the 2006 Stock Plan</u></a>  | 8-K                              | 001-40117       | 10.16          | July 24, 2023      |
| 10.17                 | <a href="#"><u>Letter Agreement, dated February 25, 2021, among the Company and its officers and directors and Freedom Acquisition I LLC</u></a>                 | S-4                              | 333-269674      | 10.7           | February 10, 2023  |
| 10.18                 | <a href="#"><u>Bishop Ranch –Building Lease Part I and Bishop Ranch –Building Lease Part II dated October, 3 2018, as amended March 31, 2020</u></a>             | S-4                              | 333-269674      | 10.15          | February 10, 2023  |
| 10.19†                | <a href="#"><u>Amended and Restated Channel Agreement dated November 27, 2017, as amended, by and between Sunrun Inc. and Complete Solar</u></a>                 | S-4                              | 333-269674      | 10.19          | May 11, 2023       |

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| <u>Exhibit<br/>Number</u> | <u>Description</u>  | <u>Incorporated by Reference</u> |                 |                |                    |
|---------------------------|---|----------------------------------|-----------------|----------------|--------------------|
|                           |   | <u>Schedule/<br/>Form</u>        | <u>File No.</u> | <u>Exhibit</u> | <u>Filing Date</u> |
| 10.20†                    | <a href="#">Distribution Agreement dated as of January 2, 2019, by and between Solaria and Consolidated Electrical Distributors, Inc. doing business as CED Greentech</a>   | S-4                              | 333-269674      | 10.20          | May 11, 2023       |
| 10.21†                    | <a href="#">Mosaic Dealer Agreement, dated January 24, 2017, by and among Complete Solar, Inc. and Solar Mosaic, Inc.</a>   | S-4                              | 333-269674      | 10.21          | May 11, 2023       |
| 10.22#                    | <a href="#">Form of Employment Agreement between Complete Solaria, Inc. and Executive Officers</a>  | S-4                              | 333-269674      | 10.22          | May 11, 2023       |
| 10.23                     | <a href="#">Form of Indemnification Agreement</a>   | 8-K                              | 001-40117       | 10.23          | July 24, 2023      |
| 10.24                     | <a href="#">Forward Purchase Agreement, dated July 13, 2023, between Meteora Special Opportunity Fund I, LP, Meteora Capital Partners, LP and Meteora Select Trading Opportunities Master, LP; Freedom Acquisition I Corp.; and Complete Solaria, Inc.</a>                                  | 8-K                              | 001-40117       | 10.24          | July 24, 2023      |
| 10.25                     | <a href="#">Forward Purchase Agreement, dated July 13, 2023, between Polar Multi-Strategy Master Fund; Freedom Acquisition I Corp. and Complete Solaria, Inc.</a>   | 8-K                              | 001-40117       | 10.25          | July 24, 2023      |
| 10.26                     | <a href="#">Forward Purchase Agreement, dated July 13, 2023, between Diametric True Alpha Market Neutral Master Fund, LP, Diametric True Alpha Enhanced Market Neutral Master Fund, LP, and Pinebridge Partners Master Fund, LP; Freedom Acquisition I Corp. and Complete Solaria, Inc.</a> | 8-K                              | 001-40117       | 10.26          | July 24, 2023      |
| 10.27                     | <a href="#">FPA Funding Amount Pipe Subscription Agreements dated July 13, 2023, between Meteora Special Opportunity Fund I, LP, Meteora Capital Partners, LP and Meteora Select Trading Opportunities Master, LP; Freedom Acquisition I Corp.; and Complete Solaria, Inc.</a>              | 8-K                              | 001-40117       | 10.27          | July 24, 2023      |
| 10.28                     | <a href="#">FPA Funding Amount Pipe Subscription Agreements dated July 13, 2023, between Polar Multi-Strategy Master Fund; Freedom Acquisition I Corp. and Complete Solaria, Inc.</a>   | 8-K                              | 001-40117       | 10.28          | July 24, 2023      |

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| <u>Exhibit Number</u> | <u>Description</u>   | <u>Incorporated by Reference</u> |                 |                |                    |
|-----------------------|--|----------------------------------|-----------------|----------------|--------------------|
|                       |  | <u>Schedule/ Form</u>            | <u>File No.</u> | <u>Exhibit</u> | <u>Filing Date</u> |
| 10.29                 | <a href="#">FPA Funding Amount Pipe Subscription Agreements, dated July 13, 2023, between Diametric True Alpha Market Neutral Master Fund, LP, Diametric True Alpha Enhanced Market Neutral Master Fund, LP, and Pinebridge Partners Master Fund, LP; Freedom Acquisition I Corp. and Complete Solaria, Inc.</a> | 8-K                              | 001-40117       | 10.29          | July 24, 2023      |
| 10.30                 | <a href="#">New Money Pipe Subscription Agreements dated July 13, 2023, between Meteora Special Opportunity Fund I, LP, Meteora Capital Partners, LP and Meteora Select Trading Opportunities Master, LP; Freedom Acquisition I Corp.; and Complete Solaria, Inc.</a>  | 8-K                              | 001-40117       | 10.30          | July 24, 2023      |
| 10.31                 | <a href="#">New Money Pipe Subscription Agreements, dated July 13, 2023, between Diametric True Alpha Market Neutral Master Fund, LP, Diametric True Alpha Enhanced Market Neutral Master Fund, LP, and Pinebridge Partners Master Fund, LP; Freedom Acquisition I Corp. and Complete Solaria, Inc.</a>          | 8-K                              | 001-40117       | 10.31          | July 24, 2023      |
| 10.32                 | <a href="#">Form of Subscription Agreement</a>   | 8-K                              | 001-40117       | 10.32          | July 24, 2023      |
| 21.1*                 | <a href="#">List of Subsidiaries</a>   |                                  |                 |                |                    |
| 23.1*                 | <a href="#">Consent of Deloitte and Touche, independent registered public accounting firm of Complete Solaria, Inc.</a>  |                                  |                 |                |                    |
| 23.2*                 | <a href="#">Consent of Deloitte and Touche, independent registered public accounting firm of The Solaria Corporation</a>   |                                  |                 |                |                    |
| 23.3*                 | <a href="#">Consent of Marcum LLP</a>  |                                  |                 |                |                    |
| 24.2*                 | <a href="#">Power of Attorney (included on signature page)</a>   |                                  |                 |                |                    |
| 107*                  | <a href="#">Fee Filing Table</a>   |                                  |                 |                |                    |

\* Filed herewith.

\*\* To be filed by amendment.

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601. The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

# Indicates a management contract or compensatory plan, contract or arrangement.

### **Item 17. Undertakings**

The undersigned Registrant hereby undertakes:

- (a) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:



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- (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement.
- (b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
- (e) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications,
- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
  - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
  - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
  - (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the

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Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by them is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Fremont, California, on the day of August 8, 2023.

COMPLETE SOLARIA, INC.

By: /s/ WILLIAM J. ANDERSON

Name: William J. Anderson

Title: Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints William J. Anderson and Brian Wuebbels, and each of them, as his true and lawful agents, proxies and attorneys-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact or any of his substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

| <u>Signature</u>                                      | <u>Title</u>   | <u>Date</u>    |
|---|--|----------------|
| <u>/s/ WILLIAM J. ANDERSON</u><br>William J. Anderson | Chief Executive Officer<br><i>(Principal Executive Officer)</i>                | August 8, 2023 |
| <u>/s/ BRIAN WUEBBELS</u><br>Brian Wuebbels           | Chief Financial Officer<br><i>(Principal Financial and Accounting Officer)</i> | August 8, 2023 |
| <u>/s/ THURMAN J. RODGERS</u><br>Thurman J. Rodgers   | Executive Chairman   | August 8, 2023 |
| <u>/s/ ANTONIO R. ALVAREZ</u><br>Antonio R. Alvarez   | Director   | August 8, 2023 |
| <u>/s/ ADAM GISHEN</u><br>Adam Gishen                 | Director   | August 8, 2023 |

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| <u>Signature</u>                          | <u>Title</u> | <u>Date</u>    |
|---|--------------|----------------|
| <u>/S/ RONALD PASEK</u><br>Ronald Pasek   | Director     | August 8, 2023 |
| <u>/S/ TIDJANE THIAM</u><br>Tidjane Thiam | Director     | August 8, 2023 |
| <u>/S/ DEVIN WHATLEY</u><br>Devin Whatley | Director     | August 8, 2023 |

## List of Subsidiaries

| <u>Subsidiary</u>       | <u>Jurisdiction</u> |
|-------------------------|---------------------|
| Complete Solar, Inc.    | Delaware            |
| The Solaria Corporation | Delaware            |

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the use in this Registration Statement on Form S-1 of our report dated April 7, 2023, relating to the financial statements of Complete Solaria, Inc. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Deloitte & Touche LLP

San Francisco, California

August 08, 2023

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the use in this Registration Statement on Form S-1 of our report dated February 9, 2023, relating to the financial statements of The Solaria Corporation. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Deloitte & Touche LLP

San Francisco, California

August 08, 2023

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Complete Solaria, Inc. on Form S-1 of our report dated April 6, 2023, which includes an explanatory paragraph as to the Freedom Acquisition I Corp.'s ability to continue as a going concern, with respect to our audits of the consolidated financial statements of Freedom Acquisition I Corp. as of December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Registration Statement.

/s/ Marcum LLP

Marcum LLP  
New York, NY  
August 8, 2023



## Calculation of Filing Fee Tables

S-1

(Form Type)

## Complete Solaria, Inc.

(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered and Carry Forward Securities

|                                    | Security Type | Security Class Title | Fee Calculation or Carry Forward Rule | Amount Registered | Proposed Maximum Offering Price Per Unit | Maximum Aggregate Offering Price(1) | Fee Rate    | Amount of Registration Fee |
|------------------------------------|---------------|----------------------|---------------------------------------|-------------------|--|-------------------------------------|-------------|----------------------------|
| <b>Newly Registered Securities</b> |               |                      |                                       |                   |  |                                     |             |                            |
| Fees to Be Paid                    | Equity        | Common Stock         | 457(c)                                | 21,874,907(1)(4)  | \$3.09(5)                                | \$67,490,651                        | \$0.0001102 | \$7,438                    |
| Fees to Be Paid                    | Equity        | Warrants             | 457(i)                                | 13,249,907(2)(4)  | —  | —                                   | —           | — (6)                      |
| Fees to Be Paid                    | Equity        | Common Stock         | 457(c)                                | 32,672,629(3)(4)  | \$3.09(5)                                | \$100,804,863                       | \$0.0001102 | \$11,109                   |
| <b>Total Offering Amounts</b>      |               |                      |                                       |                   |  | \$168,295,514                       |             | \$18,547                   |
| <b>Total Fees Previously Paid</b>  |               |                      |                                       |                   |  |                                     |             | \$—                        |
| <b>Total Fee Offsets</b>           |               |                      |                                       |                   |  |                                     |             | \$—                        |
| <b>Net Fee Due</b>                 |               |                      |                                       |                   |  |                                     |             | \$18,547                   |

- (1) Represents (i) 6,266,667 shares of Common Stock issuable upon the exercise of private placement warrants at an exercise price of \$11.50 per share of Common Stock, (ii) 8,625,000 shares of Common Stock issuable upon the exercise of the Public Warrants (as defined below), (iii) 716,668 shares of Common Stock issuable upon the exercise of Working Capital Warrants (as defined below) and (iv) 6,266,572 shares of Common Stock issuable upon the exercise of Merger Warrants (as defined below).
- (2) Represents (i) 6,266,667 Private Placement Warrants (as defined below), (ii) 716,668 Working Capital Warrants (as defined below) and (iii) 6,266,572 Merger Warrants (as defined below) registered for resale by the selling securityholders identified in this prospectus.
- (3) Represents (i) 10,966,635 shares of common stock issued in connection with a private placement pursuant to subscription agreements entered into on or around July 13, 2023, (ii) up to 8,625,000 shares of common stock originally issued in a private placement to the Sponsor in connection with the initial public offering of FACT, and (iii) up to 13,080,994 shares of common stock pursuant to that certain Amended and Restated Registration Rights Agreement, July 18, 2023, between us and the selling securityholders granting such holders registration rights with respect to such shares.
- (4) Includes an indeterminable number of additional securities that, pursuant to Rule 416 under the Securities Act of 1933, as amended, may be issued to prevent dilution from stock splits, stock dividends or similar transactions that could affect the securities to be offered by the selling securityholders.
- (5) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low sales price of the Registrant's ordinary shares as reported on the Nasdaq Stock Market on August 4, 2023.
- (6) In accordance with Rule 457(i), the entire registration fee for the Private Placement Warrants (as defined below), Working Capital Warrants (as defined below) and Merger Warrants (as defined below) is allocated to the Common Stock underlying the Private Placement Warrants (as defined below), Working Capital Warrants (as defined below) and Merger Warrants (as defined below), and no separate fee is payable for the Private Placement Warrants (as defined below), Working Capital Warrants (as defined below) and Merger Warrants (as defined below).