# Complete Solar 2Q 2024 Business Update Call Presentation

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**Participants**
T.J. Rodgers, CEO
Dan Foley, CFO
Cole Farmer, VP of Sales

**Presentation**
**T.J. Rodgers**
Hi. My name's T.J. Rodgers. I'm the CEO of Complete Solar. And today we're going to give you the second quarter report. I'm going to introduce the gentlemen on the far side during my pitch. This is Dan Foley, who's our new CFO, started today. Excuse me. This is his first quarterly report.

Okay. Getting into the quarterly report.

This was the document we put out this morning. SunPower seeks court approval for its bankruptcy asset purchase agreement, APA, naming Complete Solar as its stalking horse.

I typically try to write things in English and simply, so people can understand them. But this was rewritten by lawyers a couple of times so now I'll translated it into English.

SunPower is going through a Chapter 11 bankruptcy process. They are going to court. This is the US Bankruptcy Court in Delaware, to seek the court's approval for an asset purchase agreement. So, this is when companies combine in the sense that one company buys assets of the other company, - naming Complete Solar as the stalking horse.

And what that means is SunPower chose to have us be the bidder that comes in first to serve…we give a floor bid that they accept. And then that bid is later subject to an auction. So, where we have an asset purchase agreement which defines what we want, what we're going to pay for it, and the rules. And that will be given to the court this week…that typically is not a large hurdle with it. They wouldn't present it and do it - unless they wanted to get it done.

Okay. I already said this. Let me talk about the stalking horse. - So, the 'stalking horse' bid is a term from the 1800s. The stalking horse is something used to hide behind. It's like a dummy or blind. And it is the name of the bid that is allowed to launch the bidding process in a bankruptcy. The stalking horse motion is scheduled for the 29th, - coming up. And that's in US Bankruptcy Court in Delaware. And the process is the well-defined legal process, that will culminate around the end of September 2024.

And our bid is $45 million for "certain assets." So, this is not about buying the company, buying everything in it, taking over groups of people. It's about certain assets that we want to bring to Complete Solar, because SunPower is one of the leaders and has been for years. In order to stabilize the SunPower business…they have some cash issues they're working on with some of

their vendors. Complete Solar's bid will also assume certain liabilities up to another $7.2 million dollars. So, the sum of those numbers is what we will potentially write checks for.

We are currently making ‘attractive’, retention offers for SunPower people who will come across to Complete Solar in the event we are chosen as the acquiring candidate, - or not acquiring but - the candidate in the Chapter 11 process. - We've made retention offers to them. That includes stock options. My philosophy is…we're in the middle of Silicon Valley right here, and people get stock – and that is why Silicon Valley is Silicon Valley. - We're doing that with SunPower. The stock they're getting in their contingent offers is Complete Solar stock.

It says the offers are contingent on executing the APA. The APA says that we're the stalking horse and we're going to merge. If the APA doesn't happen, for example because somebody else business in the auction, then obviously those offer letters to come to work at our place will not be valid.

Why SunPower? It turns out I have a long history with SunPower. I haven’t been working with them since 2010, so that's 14 years absent. But I go back a long way with SunPower. This picture is about…2001. That guy right there is Dick Swanson. He's the founder of SunPower with one of his panels. And this is the roof of Cypress Semiconductor, my old company that I retired from in 2016. And that's Silicon Valley back there.

So, we're promoting SunPower panels, and this was one of the earliest solar installations in Silicon Valley. …This was a pitch about me, and I took some slides out of it. And I talked about ‘I invest on entrepreneurs’, and in this case ones who make all black high-power panels. - So, the pitch for SunPower at that time - and still through their Maxeon co-company, - their manufacturing very high wattage, half sized panels. This is a 95-watt panel in the equivalent panel from I think this was British -- BP, British Petroleum.

Okay, so that was the pitch, - all black, look good, high power. The company got in trouble. I couldn't get my company to invest in them because we're headed to the 2001 crash. And I wrote a personal check for $750,000 way back when.

I also had another guy working in the Cypress family of companies, that guy named Tom Werner. And I helped them with the NuStar CEO. Tom came in and ran the thing for over 20 years. Dick became CTO. Also, I just want to make the comment here, Tom got yanked out of retirement to fix SunPower from the recent financial trouble they got into after he left.

This is the slide I used for another purpose, but that's Manny Hernandez. He was my CFO at Cypress. He wanted very badly to get into solar and we arranged for him to go across as well.

These are solar cells. So, we, SunPower, made solar cells. This is at their plant in the Philippines. And we worked with them both at our plant in Texas and built this plant in the Philippines for them with new automated equipment to make solar cells. Here you see a river of silicon, four cells wide, going through an automatic machine at our SunPower plant in Manila.

SunPower got famous…one of the things that made it famous is in this picture. So, this is an airplane. The curve of the wing has got solar cells on it, ground down to 100 microns so that they can bend over the wing. And they run 14 two horsepower electric motors. This is a NASA project that SunPower delivered the solar cells for…and they pick the highest energy they could get at the time, and that was SunPower.

Interestingly enough this airplane set a world record at 96,000 feet, which still is not broken…for airplanes that are conventionally powered, not rockets, conventionally powered propellers through jets, - taking off and landing under their own power.

And that includes this airplane. I just wanted to make a point, how amazing this thing was. This airplane is, of course, the SR-71 Blackbird or spy plane, Mach 3.3. And its maximum altitude, it's record if you look it up, it's 85,069 feet.

So, they're now - about six weeks gone in the Wall Street Journal - talking about making artificial satellites 100 times cheaper by using these stations. They now, put batteries in them so they can run at night and stay up all the time.

The check was written back just before this period of time. SunPower was controlled by Cypress during this time, but the employees had stock options in SunPower. This is the revenue. They grew to $1.43 billion in 2008. We did an IPO for them in 2005. They weren't that big at that time. And then in 2008, we spun them out. I didn't want to do that, but my shareholders demanded that they get at SunPower. It was the jewel. They didn't care that much about Cypress, the scrunchy little chip company, - and they wanted their SunPower, so we spun them out. 40% of the shares we owned, there were 10-vote shares, and that was worth $2.6 billion. So, our shareholders loved us and SunPower became public.

A couple of years later they were bought. Control was taken by purchasing 60% of their shares publicly, and they became a subsidiary or a controlled company by TotalEnergies, the French oil company. I left in 2010, as I said earlier.

Anyway, this is why I'm doing this, partly because I have a lot of nostalgia for this. I personally worked on this in my career. And when I got the call, 'are you interested?' I said, "of course, I'm interested". And I've been working on it ever since.

Okay, I divided that in half so I could insert nostalgia slides in there. Continuing on with the headlines from the quarterly report. We had a terrible revenue quarter. We only did $4.5 million. That was due to a near-total lack of working capital. We were shut down. I remember when we passed over the 200 jobs given back line - because we couldn't buy panels for it, and that drought lasted for the better part of two quarters and obviously clobbered our revenue. I'll talk a little bit about that later.

So, we had to raise money. We had to pay back the people we owed money. We negotiated, got a figure, and we went out and raised $46 million in July of 2024. It was a convertible debenture, 12% convert, at a 50% conversion premium, which was $1.68. So, it's a $1.68 convert, which is pretty much at the strike price as we speak - that pays 12% while you're waiting, standard five-year convert, Rule 144, etcetera.

We took that money and got our working capital, - so we turned the factory back on and we paid off the long term debt. That was the private equity debt. And we paid off a bunch of overdue accounts, some of them were overdue by 180 days. And we paid all that off. We announced the total elimination of private equity debt on July 1st, and when we did that - the company stock traded up 32.1% on a record, $132.7 million shares.

This is a picture, courtesy of Cantor Fitzgerald, of the trading record of Complete Solar. And you can see this bar, this one bar is so amazing - people came in. And these other bars are actual trading, - and it's not really a zero market; these other bars average 2.55 million shares a day. So,

whatever we did that day announcing, we got out from under the private equity debt, struck a chord with the market and they liked it.

Okay. Also in the quarter, our opex, which includes commissions the way we report it, but stripping out to classic opex which doesn't include sales commissions paid to third parties. We've got the company to a two-year low of $4.4 million of opex in the quarter, and that's still coming down. My plan is to get that down below $3 million in the next two quarters.

And finally, we acquired a company called Core Energy. When we finally brought it in, there were 37 people. And we gave them all stock options, brought them into the company. We took everybody that wanted to come. We'll talk about it later when I introduce Cole. You'll hear a pretty amazing story about how they worked and what I've learned from them. And they've been integrated. They're part of our company now.

Okay, so here are the non-GAAP financial indices. Revenue, gross margin, Op inc., and then some cash funding, cash flow, cash balance figures. Going backwards, so here we have the quarter I'm reporting… Going backwards you see that period of the impasse in loans. We were technically in default with one of the lenders. And when you're in default, nobody will give you money for any reason, right. Because the guy declaring default can call it, come in and take the money. Therefore, nobody will give you money. And that's what shut us down hard. And that, dropped our revenue first - in half. We had a little bit of a quarter before this one cut off, and then in half again.

So this has been a disaster. If you want to say there's good news here, which is difficult for me, - if you look at op inc., we managed to actually reduce our operating losses during this period, and we now have plenty of leverage. When we come back to this number, we will be better and more profitable than we were when we hit $20 million the first time.

And here's funding. It turns out that the funding we did in the quarter was $3 million, and the cash flow was minus $739,000. So bottom line, we were burning a little bit of money. What I just told you, we raised $46 million in July. So that's Q3, beyond the scope of this report. And at the end of it, after we paid off our debt and paid off our aged accounts payable to key vendors, we had $26 million that left out of the $46 million.

I'll make one comment here. This this number, if you're an operating guy like me, you tee off in that number and talk about it for the next 2 hours. It's a horrible number. When you look at gross profit, we had some onetime events. We're excited to clean up, and get rid of some old lots, - old jobs in the line and get rid of some old inventory and decided to take the hit. That's really the reason we got that bad number. We expect that next quarter will bounce back to 30% plus gross margin in Q3 2024, which is starting to become where we want to operate.

Organization changes. You've known Brian Wuebbels when he was CFO, he was promoted to COO. And he's been commuting on relatively long flights or feeling guilty for not commuting for a while. He lives in Illinois. He's got families, grandchildren, daughters there. And he's just decided he doesn't want to have a remote job. So, he's taken a CFO role in a local company. And I asked Brian to get on the phone so he can hear me, thank him with investors for all that he's done, especially sticking around that extra eight months to get us through, get our auditors changed, get the 10-K done and the 10-Q done for this quarter. And so, I asked them that, and it was a big ask - and he helped me out. Brian, thank you.

**Brian Wuebbels, Former COO**

Yeah, thank you, T.J. I appreciate everything as well. It's been a pleasure working with you.

**T.J. Rodgers**
Okay. So, the new auditors, BDO, they're the fifth largest auditing firm in the world. And we've gotten off. They're now in control of auditing. And this was their first audit.

To replace Brian, given that we're in a potential acquisition mode, we're not recruiting right now. We're waiting to see because we want to keep as many jobs as we can. I have appointed Linda DeJulio, who's our VP of Quality, to be acting COO and the ranking officer in the company. She's done the work whenever needed to deserve that promotion.

Okay, working on costs. - This is a graph of head count. That's 450. When I came in June, a year ago…it's been a little bit over a year, - that was the head count. I was in meetings that explained that that was about right, but maybe a few more people. Yeah, I said few like minus 200, minus 300. And we went through a series of RIFs. I actually started slowing down in here because these are traumatic events, and I was worried of overshooting.

And we finally I got down the RIF number 7, we got down to 109 people. So we started at 428, got down to 109. And we've been holding at 109. There's a process I use that that's called the requisition auction, that manages head count in sort of auto-pilot in the company. You only replace people that leave. Anybody that leaves doesn't get replaced, and then the slot gets auctioned off in an auction of merit with the executives staff. Who needs this person the most? They argue with each other. The winner is picked by the CEO, and everybody kind of likes the process because it's fair. And what you end up doing is 80% of the time replacing somebody that you can live without, with somebody really badly need. And that's really worked out for the company.

Here, I put in the Core merger, and I told you earlier, we brought in 37 people. But the head count didn't go up. And that's because in the merger based on merit, we actually brought in those people, all of them, and replaced people that were currently in the company.

Okay. Big graph, a lot of data. This is the inventory in jobs, 2,000, 4,000. This is the inventory, the filet of what is pre-construction and essentially in order. Post-construction. Glass on the roof but not turned on. Pre-PTO waiting. Pre-PTO and PTO pending. Waiting to take the glass has been installed, the glass being the panels and turn them on. And then finally cash pending.

So, if you want to look at how we see it, these are orders. So that is the unfulfilled part of our backlog. This should happen relatively quickly. This is not time vertically, but this should happen relatively quickly. And then from the time you have the installation done, you're waiting for the utility to turn you on, - and for the financing company to pay the cash.

And what happened to us when I came in, I came in right about here, - is that we had jammed the line up to 3,635 jobs. And that line ran well. At one time Complete Solar was, you know, rolling. And that line ran well at 2,000. So, for a silicon guy like me, this looks exactly like a silicon fab where they jammed in too many wafers and found out the more wafers they jammed then, the fewer came out, and it messed it up. And of course, I've made those mistakes and lived that life.

So, I shut down the orders here and said, ship what you have. And that brought us down back to the line where we were at. But it wasn't healthy. So, over here you see…let's say from construction through the waiting period for cash… So you get cash up here. Here you're done with construction. So back here, the time and the number of jobs rather from finished construction till money - was a small fraction of the inventory. When we got back down to the same inventory level

here, that was not true anymore. We had fewer orders, and we had a lot of people waiting for their power to get turned on. And this blue stripe is a lot of people whose job didn't warrant being paid off yet by the financier.

So here we had a company whose line wasn't running well. And by the way, that was part of the problem up here, but it really shows up down here. Then we had the trouble with finances and we had a cash, from working cash problem. And this is what's happened.

Now, one thing that's interesting is this little bar here is called the model. And that model says what you would like your line to be, what you want it to look like. So this number of runs in the line is good. If I can make a lot of money in small runs, meaning I'm turning my inventory fast and making money. But what's not good here is the fact that when you are installing panels, which we didn't, then you aren't buying orders, which we weren't. And then the people who sell your orders go away and sell the orders to somebody else and get used to it. So, the problem here, I showed this whole graph to make that point right there, 139 orders in the line, pre-construction. And that is the current problem we're trying to break out of as we shake off the cash drought blues.

So that's why we got this guy. That's Cole Farmer. He's our VP of Sales and Marketing. Works for me. He ran Core Energy…which is it, Core Energy of Core Systems?

**Cole Farmer**
Core Energy.

**T.J. Rodgers**
Core Energy. He ran Core Energy. Yeah, it's right there, Core Energy. And was the founder and CEO. He's got a business degree out of Utah State. He lives in Logan. He ran sales for a company that got pretty big, couple of hundred million dollars. And then he decided to go out in the zone. He started and worked as CEO for Core Energy. And that company in the good year of 2022, did $150 million. So he demonstrated the ability to scale.

Cole, introduce yourself first and I got a couple of stories I want to tell.

**Cole Farmer**
I'm Cole Farmer, currently acting as the VP of Sales for Complete Solar. I grew up in Logan, Utah. As T.J. said, a Utah State Aggie. And have a family and five kids. Big time background in sales. Somehow, I got thrown into the construction world of solar. And as some of us will call the solar coaster, been living that life for 10 years. Big solar fan. I've enjoyed it, very much and very excited to be at Complete Solar, building their sales team here.

**T.J. Rodgers**
So, Cole is the new guy. And when we gripe about not having enough orders, he explains how that's going to end, and I'll show you some data in a minute. He also… Two things I liked: When he played Utah High -- Utah State Championship Highschool team, so that was wonderful. And the second thing is, when I called him, I said, you know, we're looking to try to expand our company growth, our non-organic growth. And he said he would be interested in talking to us about acquisition.

So, I call him up. I deliberately called him on a Sunday to see if he would work on it, - do what he had to do. And he said, sure. And I said, send me over your deck. Deck? What deck? You know, your deck you used to raise money. And he said we've never raised money. We've been in

business for years and we never raised any money. And I'm going, that's the way solar needs to get run. So those are my two stories, two stories about Cole.

Here's the first thing he's done. This is the number of active sales partners. So sales partners, a company that sells you orders. And they sell you orders that are signed contracts. So they're expensive. They're like $10,000. And there's an entire industry of competing companies that compete with each other for orders. And, you know, they're viewed in various ways, dealers, sales partners is what we call them.

And the problem is, when we had this happened to us, all of our partners went away. These guys were partners pretty much in name only, and they weren't producing many orders for us, they were giving them to other customers. And this is Cole's first quarter right here. We now have 29 of them. And the things reinvigorated. And then, of course, the question is, reinvigorated enough to cure your finances. And the answer is yes.

This is a graph showing the 30-day rolling sales graph we look at. And this looks at the middle of July to the middle of August. And then the bars, and you got Saturday and Sunday in there, so they're empty. And there's the 4th of July holiday. The bar's the height, is how many orders you got in a given day. So here, you know, the record was like 20. There's some days where you get one or two. And then the question is, is that enough to fix that problem, 139?

Well, in the last 30 days since Cole arrived, he's done 176, so that doubled what we had. That's 5.87 orders per day. An order, even a signed contract has a 30% chance of going away as the person changes their mind, just can't, gets laid off, whatever. So, you take the orders and you put on a 70% yield factor. That means we're getting four orders a day. That's 370 orders a quarter. And they're worth $37,500 each on average. So that's $13.86 million a quarter.

So, in 30 days, we've gone from worrying about our future to having a third of the backlog we need to have a $40 million quarter. So, yeah, he's done… By the way, I didn't show it, but his motto of his company, which I've appropriated. I declared that - we bought that model since we acquired your company, is 'start fast, finish strong'. So that's now the motto of our company. And he's surely demonstrating that here.

Okay. To round up before questions. The big news really is the SunPower APA, asset purchase agreement. And that's an opportunity for us to scale the company way faster than building back from the problems we've had. And by fast, I mean, I'm talking about $100 million a quarter kind of numbers. We've got a stalking horse bid in at $45 million. And we have added $7.2 million to that, at least the liability to that - to add to what other people would have to bid against us. We're working on a detailed financial plan. Since SunPower was spun out of Cypress, they have a lot of our financial planning tools and a lot of our language that they use.

So, it was really easy to start working with Tom Werner, who's running the show on the SunPower side. And we're already up through revision number four on our plan. And it's becoming more and more credible as we go along. And the theory is, we make a plan and then we hire the people we can afford to hire to meet the plan, and then have some money left at the end of the day. That's cash flow management. That's what I've learned in my most recent foray into this very tough business.

We also started making employment offers. I call them again attractive, and they include stock options for all retained employees. So we plan to make them all employee shareholders and then

let them do what the employee shareholders do, which is do a better job than non-shareholder employees.

Okay, that's it. We're ready for questions. They come in and get relayed to us.

**Operator**
[Operator Instructions] The first question we have today from Achilles Capital. Approximately a year ago, the fab was said to be supply limited. Are you worried about the ramp up now being demand limited due to the solar slowdown?

**T.J. Rodgers**
Yes, right now. We have up to a month ago I had 139 orders. The cupboard was getting bare. And we are worried about demand. Our demand is not huge. So, it's a tractable problem. I'd hat to have a big solar company right now and have to feed it. And Cole's come in, like I said, and turned it around. So right now I'm not worried about demand other than timing. I have to finish out this quarter and have a good backlog for the beginning of the next quarter.

**Operator**
Thank you. There are a series of questions regarding the merger, and many of them acknowledge that some of the information cannot be answered, but we'll endeavor anyway. Can you discuss the rationale behind the acquisitions? And discuss your expectations for revenue and margins post SunPower?

**T.J. Rodgers**
I agree with all this stuff - that you can't say. I decided to give one revenue number, which is not out of our plan, which is the magnitude of what's the combined company will look like at $100 million per quarter. And beyond that, I don't have a good enough plan to start making commitments to investors.

What do I expect out of it? Well, I've worked with SunPower before. Our fab guys built their first factory in Manila. They did their training for making their cell, the one that they turned on in the market in our Austin plant. Actually, the guy who ran that plant is working with us and helping us now. So, I expect to have a company that integrates very quickly, has shared values and takes advantage of the tailwind in the solar market.

I think we've gone through the ugliest time. I think it's time to turn on. It's like Warren Buffett. I was listening to something he said a couple of weeks ago and he said, it's amazing the bargains you get at the bottom of these recessions. And that's what we're all hoping for.

**Operator**
Thank you. In the same vein, -- your next question is: If awarded SunPower, can you discuss your overall growth strategy for the next few years? And do you expect Starbucks to expand their pilot to more than 100 stores?

**T.J. Rodgers**
Growth strategy. That's one big different thing between semiconductors and solar. And that is in semiconductors, you invest massively in research and development, 25% of revenue. If you don't stay on the Moore's Law curve, you die. This was back in the 1980s, 1990s, and early 2000s, - and you kind of will your own growth.

In solar, it's a cash flow business. You may or may not be able to get cash. Cash may be cheaper, or expensive. People may or may not want to. And you've really got to turn it the other way around and look at the demand, have the right products, which we're going to improve products. I'm a technologist - and one thing that SunPower had back in the ancient days when I was there, is they had really great technology. And we're going to have really great technology again.

So, you don't force your way in. In effect you size your company to the growth rate that you can accommodate in the marketplace. And sometimes it will be flat, sometimes it'll be down. You know, in California, the government turned on a little animal called NEM 3, N-E-M, net electricity metering. And what they did was they stopped paying full price for solar generated energy at home, as it went back into the grid to run your meter backwards. They stopped paying for it. They cut it down the price, almost to nothing to a nickel.

The same things happened and amazingly enough, in Netherlands, where there's actually a negative tariff. Meaning they charge you money to take away your garbage power in the middle of the day. Okay, that's the way the world's going because of success. The solar industry has managed to produce more power than we need during daylight hours. So all of a sudden that excess power isn't needed. They don't want to pay for it. And in the case of some grids, that actually can be destabilizing.

So now we're into the -- now we're into storage, right. And that means you store your energy during the day and use it at night when utilities typically, at least in California, screw you for high rates. So we will have to live in a world unlike silicon, where you don't just put your head down and say, we're changing the world. You know, the next transistor will be seven nanometers and literally 10 angstroms of gate oxide. We have say we're going to be a change agent that does what the environment wants and the environment includes us, our customers, our competitors and the government. And changing needs in the world. Cole you got anything to add on that one?

**Cole Farmer**
There has been, certainly a lot of changes in the last years, especially with NEM 3.0. I think California installers, Complete Solar in particular, has handled that very well with batteries. So, there's exciting opportunity there, additional revenue opportunities for sure. And I would even say additional profitability areas with storage capacity. Batteries have been much easier to integrate than I think any of us thought. And I know that from experience, and they've been much easier to sell and there's a high demand for those.

The other shift we've seen is with the higher interest rates, things have moved heavily to leases or power purchase agreements, but those have really kept the industry, you know, optimistic in a place where it can continue to grow and figure out how to finance these solar projects.

**T.J. Rodgers**
One other comment. I've been working on renewables in the, I guess I'll call it the second half of my career... And one of the companies that I work with is Enphase Energy. They make batteries. They're the second largest battery maker in the United States behind the Tesla, the leader that started bringing up batteries for home storage. And they're focusing on batteries that do exactly what Cole is talking about. And their battery sales have taken off. And we use their batteries, and we expect to work with them on projects to define the kind of batteries you need for homes.

And, well, let me leave it there, because I might stumble on some, you know, feature that somebody wants to – doesn't want to let out.

**Operator**
Thank you. Our next question comes from Phil Shen, from Roth. If you were to win the bid to acquire Blue Raven, would you expect to operate Blue Raven as an independent subsidiary as it largely was maintained by SunPower? Or would you get rid of the Blue Raven name and integrate it fully with Complete Solar?

**T.J. Rodgers**
I'm sitting here thinking about what kind of trouble can I get in by honestly answering that question. My personal view, which I don't necessarily impose. You've got to -- the other thing is you've got a lot of constituents, and you have to gain consensus of what to do. Is that Blue Raven wisely was not missed with by SunPower. They run an excellent shop. I was really impressed. They spent a whole day there and talked to all their managers.

They run an excellent shop. They have a name that is important to their employees and their customers, and that thing ought to be, let alone. And by the way, if you look back at my history, I ran a company with seven different product lines in making, for example, a programmable logic chip is way different from making a high-performance internet memory. And I had seven VPs that ran it. Tom Werner is one of them. Badri Kothandaraman, who runs Enphase, was another. And those guys ran their own businesses, and I did meddle with them. That is, you know, I had certain ideas how companies ought to run and what processes ought to be used, but on the business side, they did their own thing. I let them alone, and I'm very happy for that. So, I'm not going to dictate the organization.

Right now, we're in the mode where our org charts and our planning is, they got boxes with titles, titles and functions, - but we haven't started sorting that stuff out yet. So, I'll just give you one example. At Cypress Semiconductor, my call center, typically the president's call center is massive. You got entertainment, you got this, you got that. And my cost center had my secretary who's sitting over there, me and my Nasdaq dues, and that was it. And nobody argued about the allocation because it was so small.

Product lines had to talk about their overhead, their excess people and the groups in the company had to serve the product lines. So, for example, we had 20 lawyers. Now what you say, why do you have lawyers? And the answer was, our lawyers could produce a patent way cheaper and way better because they were also engineers, then we could get on the outside by renting a law firm or using lawyers outside.

So, yeah, Blue Raven runs well. Why would you take an asset that runs well and screw it up.

**Operator**
Thank you. Phil Shen had a follow-up to that. He said T. J., you just mentioned that you will have highly differentiated technology. The module technology is now with Maxeon. What products or product categories specifically do you expect to introduce?

**T.J. Rodgers**
I have a bunch of startups that are related, and they may or may not directly play into the exact market that Complete Solar plays in. And I'll give you one example. There's a company in Rochester, New York, called SunDensity, and I've worked with them for two years. They have a technology; they have two technologies… One of them I'll describe, it grabs sunlight, absorbs light 400 nanometers in ultraviolet below. High energy light doesn't do well in silicon, anyway, charges up sites - atoms in the coating and then re-images two photons instead of one. Two red photons which have less energy conservation than one blue photon or one ultraviolet photon. And that

literally doubles the current you get out of a panel for that one photon. You get two electronic currents for one photon.

So that company, the promise there is to work on the basic technology and beat the silicon limit. The fundamental silicon limits, think 29.3%, I think it's the Shockley-Quester limit. And it is a calculation that Shockley did after the solar cell was invented in the Bell Labs, and use the Bell Labs. So these guys are doing new things, compound semiconductors, layered semiconductors, photon splitting, a quantum splitting of photons to try to beat that limit, because it's a different system that can beat that limit. So I'm working on that.

I'm working on batteries both at Enphase and at Enovix, which is a battery company, which is letting me there studio today, so we don't have to pay for it. And in general, I'm going to bring technologies like that, electronic technologies from Enphase, optical technologies from more than one company that I'm working with right now to bear. And when I find one, it's perfect, right? We're your customer. We'll make you famous. We'll take your inverter or your panel or whatever to market and we'll brag about it.

So, and I'm a technologist, right. So I can go and talk their language. So that that's my oath. I live in Silicon Valley and I should be able to lever that over in the future in the R&D area. And I've given my theory that I've been totally vague about exactly what products we're working on.

**Operator**
Thank you. Our next questions come from Derek Soderberg from Cantor Fitzgerald. His question is to you, Cole. What are the commission rates as a percentage of project revenue you are paying for the signed contracts? Under 30% or 25%? What is the approach to helping Complete Solar reduce selling cost ?

**Cole**
Thank you. Those are in the 25% to 33% range. A lot of that depends on the channel that that sale comes from. A lot of the things that we're doing is working with win-win solutions with the different sales partners that we have. Those solutions help lower and increase the profit margin on our side.

There's other things we're doing such as, you know, some lead generation programs, some different partnerships there that can help really maximize the potential there. But I think most of it comes from a win-win. As someone who comes from a sales background who knows these salespeople, most of the sales companies we deal with now are looking for stable ground. They're looking for an EPC or a solar installer that shows financial health and they know they can plant their flag there. That's usually enough to get there. And we're not getting as many conversations about beating each other over price. And it's more of a a hand in hand approach moving forward.

**Operator**
Thank you. We have time for one or two more. Our next question comes from Joseph Osha from Guggenheim. His question is, what are your plans for working with financing partners, particularly with respect to leasing and FPA customers?

**Cole**
We're currently working with a few different leasing companies. Everbright, LightReach are two in particular. We're seeing a lot of the traditional loan finance companies getting into that space as well. So, I think there'll be some additional leasing and PPA offerings that we'll be able to look at

and choose from, which is great. Having those options really stabilizes the industry and also shows that there's still pretty good capital looking into that space.

So two main ones will probably use consistently, but we're seeing a lot of new ones that have good financial backing popping up.

**Operator**
Thank you, everyone. We recognize that there's a bunch of people we have not gotten to their questions in the queue today. We will be reaching out to you individually in the coming days. T.J., did you have any closing comments?

**T.J. Rodgers**
Nope. Do we have a time limit?

**Operator**
We can keep going. We have a few more.

**T.J. Rodgers**
Let's go until 3:00 if we got more questions.

**Operator**
Okay. Excellent. We have a couple regarding the APA. …I think you've generally answered this one already. They're asking - assuming you get approval of the APA – what are your plans for relationships with Maxeon and Enphase? …which you touched on earlier.

**T.J. Rodgers**
Yeah, there's one thing we're going to have to work with Maxeon. Because when Maxeon split out of SunPower, they got the rights to put SunPower on their products. Obviously, they had to have that. They split out and they had to be able to use their same manufacturing name. So, there's a cloud over the use of the word or the use of the trade name SunPower. And it's contractual and it's real.

So we're -- we will work with them. Bill Mulligan runs the company and he was part of that original SunPower team. When I was standing there with Swanson, Bill Mulligan was VP of R&D of SunPower at that time. So, we -- we'll try to sort that one out with them.

**T.J. Rodgers**
All right. Well, thank you very much for everyone's time today. We look forward to speaking with you the coming quarters. - Thank you.