



## **RGS Energy Receives \$9.8 Million of Cash since June 28, 2018, Reports Growth for Solar Division, and POWERHOUSE™ Reservations Exceed \$50 million**

**DENVER, CO, July 16, 2018** – RGS Energy (NASDAQ: RGSE), the exclusive worldwide manufacturer of the POWERHOUSE™ solar shingle system, since June 28, 2018, has received \$9.8 million in cash from its April 2018 convertible note offering.

“We believe we now have all the cash needed to successfully launch POWERHOUSE™ as planned,” said Alan Fine, RGS Energy’s CFO. “Additionally, we expect future cash proceeds of over \$4 million from the convertible note offering. There is also the potential to receive up to \$20 million from the exercise of common stock warrants.”

### **Solar Division Growth**

<i>(\$000's omitted)</i>	<b>2<sup>nd</sup> Quarter 2018</b> <i>(preliminary)</i>	<b>1<sup>st</sup> Quarter 2018</b> <i>(actual)</i>
Net sales	\$4,757	\$3,629
Ending Backlog	15,353	13,887
Revenue	3,560	2,822
Operating loss	1,083	2,468

“We proved our belief we would grow sales and revenue productively with our April realignment of our solar division,” said Justin Chinn RGS Energy’s Director of Sales. “We increased key metrics, including sales, backlog and revenue with a 60% smaller sales organization.”

### **POWERHOUSE™ Written Reservations Exceed \$50 Million**

The company has received written reservations in excess of \$50 million in potential annual revenue. The company anticipates the revenue from an average POWERHOUSE™ kit sold to a roofer including shingles, inverter, monitoring, non-electrical balance of system components and freight charges to be \$18,600.

“Roofers are enthusiastically signing-up for POWERHOUSE™, as it is a product that will distinguish them from their competition and help grow their business,” said Kimberly Farnham, RGS Energy’s Customer Success Manager. “We have written reservations from more than 30 roofers in 14 states. We believe home builders will begin ordering POWERHOUSE™ for their new communities following UL certification, which we anticipate receiving in September.”

## Updated RGS Financial Model

Fine added: “We updated our financial model for the POWERHOUSE™ gross margin percentage and operating expenses from our June 7, 2018 financial model for the terms we have negotiated for our POWERHOUSE™ supply chain and anticipated staffing plans. We believe the POWERHOUSE™ written reservations already received will place our overall company results above break-even. We also updated the hypothetical future EPS to reflect the current share information for the convertible note offering.”

The following compares the company’s new future hypothetical EPS to its previously reported hypothetical EPS by penetration of the addressable market:

		One Quarter of One Percent	One Half of One Percent	One Percent
<b>Future Hypothetical EPS</b>		\$0.43	\$1.03	\$2.36
<b>Hypothetical EPS Reported on June 7, 2018</b>		\$0.46	\$1.07	\$2.30
	<b>Reservations through July 14, 2018</b>	<b>One Quarter of One Percent</b>	<b>One Half of One Percent</b>	<b>One Percent</b>
POWERHOUSE™ annual revenue	\$50,852,000	\$250,000,000	\$500,000,000	\$1,000,000,000
Anticipated gross profit percentage	27%	31%	34%	37%
POWERHOUSE™ gross profit	13,952,264	77,500,000	170,000,000	370,000,000
Anticipated POWERHOUSE™ Division expenses	(2,645,042)	(6,750,000)	(12,000,000)	(22,000,000)
POWERHOUSE™ license fee	(1,406,933)	(5,829,000)	(11,405,000)	(22,644,000)
Contribution from Solar Division	0	0	0	0
Corporate segment expenses	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)
Pre-tax income	2,700,289	57,721,000	139,395,000	318,156,000
Taxes @ 25%	(675,072)	(14,430,250)	(34,848,750)	(79,539,000)
Hypothetical net income	<u>\$2,025,217</u>	<u>\$43,290,750</u>	<u>\$104,546,250</u>	<u>\$238,617,000</u>
<b>Hypothetical Fully Diluted Shares Outstanding:</b>				
Shares outstanding as of July 13, 2018	34,900,000	34,900,000	34,900,000	34,900,000
Convertible Note	55,100,000	55,100,000	55,100,000	55,100,000
Common stock warrants	10,000,000	10,000,000	10,000,000	10,000,000
Employee stock options	1,300,000	1,300,000	1,300,000	1,300,000
Fully diluted shares outstanding	<u>101,300,000</u>	<u>101,300,000</u>	<u>101,300,000</u>	<u>101,300,000</u>
<b>Hypothetical EPS</b>		<b><u>\$0.02</u></b>	<b><u>\$0.43</u></b>	<b><u>\$1.03</u></b>
<b>Hypothetical Cash from exercise of common stock warrants</b>				<b><u>\$19,982,920</u></b>

The financial model above is not a forecast or a projection but a mathematical demonstration of financial information arising from written reservations received to-date and different future hypothetical levels of market penetration of the annual reroof market and reflects the following:

- Gross margins include the cost of the Section 201 and 301 tariffs on imported materials.
- The hypothetical maximum cash from exercise of common stock warrants is the mathematical result of the number of warrant shares times the respective exercise price per share. The hypothetical results are premised upon an increase in the future trading value of the company's common stock resulting in the exercise of common stock warrants. It further assumes all investors elect cash exercises (not cashless exercises) and warrant exercise prices are not reduced or reset to a lower amount. The majority of common stock warrants have exercise prices at or below \$3.10 per share.

### **Management Commentary**

"We feel very good about our progress towards the launch of our POWERHOUSE™ integrated solar shingles using technology developed by The Dow Chemical Company," said Dennis Lacey, CEO of RGS Energy. "We have raised what we believe is the necessary financial capital to commercially launch POWERHOUSE™ and based upon cementing our supply chain and receiving written reservations, we believe our financial model presents a very attractive opportunity for our shareholders. We believe we already have written reservations for future annual revenue for us to operate at a profit. Looking ahead, we see strong growth and expect profits in 2019."

### **About RGS Energy**

RGS Energy (NASDAQ: RGSE) is America's Original Solar Company providing solar, storage and energy services whose mission is clean energy savings. The company is the exclusive manufacturer of POWERHOUSE™, an innovative in-roof solar shingle using technology developed by The Dow Chemical Company. RGS Energy also sells, designs and installs traditional retrofit solar systems for residential homeowners, commercial businesses, non-profit organizations and government entities.

For more information, visit [RGSEnergy.com](http://RGSEnergy.com) and [RGSPowerhouse.com](http://RGSPowerhouse.com), on Facebook at [www.facebook.com/RGSEnergy](http://www.facebook.com/RGSEnergy) and on Twitter at [twitter.com/rgsenergy](http://twitter.com/rgsenergy). Information on such websites and the websites referred to above in this press release is not incorporated by reference into this press release.

RGS Energy is the company's registered trade name. RGS Energy files periodic and other reports with the SEC under its official name "Real Goods Solar, Inc."

POWERHOUSE™ is a trademark of The Dow Chemical Company, used under license.

### **Forward-Looking Statements and Cautionary Statements**

The preliminary financial data discussed above consists of estimates derived from RGS Energy's internal books and records and has been prepared by, and are the responsibility of, the company's management. The preliminary estimates discussed above are subject to the completion of financial closing procedures, final adjustments and other developments that may arise between now and the time the financial

results for the quarter ended June 30, 2018 are finalized. Therefore, actual results may differ materially from these estimates and all of these preliminary estimates are subject to change.

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including statements regarding the RGS Energy's results of operations and financial positions, and RGS Energy's business and financial strategies. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they provide our current beliefs, expectations, assumptions, forecasts, and hypothetical constructs about future events, and include statements regarding our future results of operations and financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations. The words "forecast," "project," "expect," "plan," "future," "believe," "may," "hypothetical," "will," "target," "anticipate," "estimate" and similar expressions as they relate to RGS Energy are intended to identify such forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, RGS Energy cautions you against relying on any of these forward-looking statements.

Key risks and uncertainties that may cause a change in any forward-looking statement or that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include: RGS Energy's actual results for the second quarter of 2018; RGS Energy's ability to successfully implement its revenue growth strategy, achieve its target level of sales, generate cash flow from operations, and achieve break-even and better results; RGS Energy's current capital resources being sufficient to implement its revenue growth strategy; RGS Energy's ability to successfully and timely commercialize POWERHOUSE™ 3.0; the ability to obtain requisite certification of POWERHOUSE™ 3.0; demand for POWERHOUSE™ 3.0; the adequacy of, and access to, capital necessary to commercialize POWERHOUSE™ 3.0; RGS Energy's ability to satisfy the conditions and our obligations under the POWERHOUSE™ 3.0 license agreement; RGS Energy's ability to manage supply chain in order to have production levels and pricing of the POWERHOUSE™ 3.0 shingles to be competitive; the ability of RGS Energy to successfully expand its operations and employees and realize profitable revenue growth from the sale and installation of POWERHOUSE™ 3.0, and to the extent, anticipated; the potential impact of the announcement of RGS Energy's expansion into the POWERHOUSE™ 3.0 business with employees, suppliers, customers and competitors; RGS Energy's ability to successfully and timely expand its POWERHOUSE™ 3.0 business outside of the United States; foreign exchange risks associated with the POWERHOUSE™ 3.0 business; intellectual property infringement claims related to the POWERHOUSE™ 3.0 business; competition in the in-roof solar shingles business; RGS Energy's ability to realize revenue from written reservations for initial POWERHOUSE™ deliveries; RGS Energy's ability to obtain future written reservations for POWERHOUSE™ deliveries; and future cancellations and backlog.

You should read the section entitled "Risk Factors" in our 2017 Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission, which identify certain of these and additional risks and uncertainties. Any forward-looking statements or forward-looking hypothetical examples made by us in this press release speaks only as of the date of this press release. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict

all of them. We do not undertake any obligation to publicly update or revise any forward-looking statement or forward-looking hypothetical example, whether as a result of new information, future developments or otherwise, except as may be required by law.

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