

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended January 1, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-39368

**Maxon Solar Technologies, Ltd.**  
(Exact name of registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Singapore

(Jurisdiction of incorporation or organization)

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(Address of principal executive office)

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ordinary Shares, no par value	MAXN	NASDAQ Global Select Market

Securities for which there is a reporting obligation pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

45,033,027 ordinary shares as of January 1, 2023

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	S
Non-accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on an attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15U.S.C. 7762(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	S	International Financial Reporting Standards as issued by the International Accounting Standards Board	<input type="checkbox"/>	Other	<input type="checkbox"/>
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If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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## INTRODUCTION

We are registered with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) under the name “Maxeon Solar Technologies, Ltd.”

We were formed in the third quarter of 2019 under the name “Maxeon Solar Technologies, Pte. Ltd.” and converted to a public company under the Companies Act 1967 of Singapore (the “Singapore Companies Act”) under the name of “Maxeon Solar Technologies, Ltd.”

We prepare consolidated and combined financial statements expressed in U.S. dollars. Our consolidated and combined financial statements responsive to Item 17 of this Form 20-F are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”).

The Company has a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal year 2020 is a 53-week fiscal year while fiscal year 2022 and 2021 are 52-week fiscal years. Our fiscal year 2022 ended on January 1, 2023, our fiscal year 2021 ended on January 2, 2022 and our fiscal year 2020 ended on January 3, 2021.

We are a holding company of businesses contributed to Maxeon by SunPower Corporation (“SunPower”) in connection with the spin-off (the “Spin-off”), which completed on August 26, 2020 (the “Distribution Date”). The Spin-off was completed by way of a pro rata distribution of all of the then-issued and outstanding ordinary shares of Maxeon (the “Maxeon shares” or the “ordinary shares”) to holders of record of SunPower’s common stock (the “Distribution”) as of the close of business on August 17, 2020. As a result of the Distribution of the Maxeon shares, on the Distribution Date, Maxeon became an independent, public company and the Maxeon shares started trading on the NASDAQ Global Select Market under the symbol “MAXN”.

MAXEON is a registered trademark of Maxeon Solar Technologies, Ltd. Visit <https://corp.maxeon.com/trademarks> for more information.



## USE OF CERTAIN TERMS

In this annual report, “we,” “us,” “our” and “Maxeon” shall refer to Maxeon Solar Technologies, Ltd. as the context may require.

**Unit of Power** When referring to our solar power systems, our facilities’ manufacturing capacity and total sales in this Form 20-F, the unit of electricity in watts for kilowatts (“KW”), megawatts (“MW”) and gigawatts (“GW”) is direct current (“DC”), unless otherwise noted as alternating current (“AC”).

### **Levelized Cost of Energy (“LCOE”)**

LCOE is an evaluation of the life-cycle energy cost and life-cycle energy production of an energy producing system. It allows alternative technologies to be compared across different scales of operation, investment or operating time periods. It captures capital costs and ongoing system-related costs, along with the amount of electricity produced, and converts them into a common metric. Key drivers for LCOE measures for photovoltaic products include panel efficiency, capacity factors, reliable system performance, and the life of the system.

### **Customer Cost of Energy (“CCOE”)**

Our customers are focused on reducing their overall cost of energy by intelligently integrating solar and other DG sources, energy efficiency, energy management, and energy storage systems with their existing utility-provided energy. The CCOE measurement is an evaluation of a customer’s overall cost of energy, taking into account the cost impact of each individual generation source (including the utility), energy storage systems, and energy management systems. The CCOE measurement includes capital costs and ongoing operating costs, along with the amount of electricity produced, stored, saved, or re-sold, and converts all of these variables into a common metric. The CCOE metric allows customers to compare different portfolios of generation sources, energy storage, and energy management, and to tailor their solution towards optimization.

## MARKET INFORMATION

This Form 20-F contains certain industry and market data that were obtained from third-party sources, such as industry surveys and industry publications, including, but not limited to, publications by *Wood MacKenzie*, *Bloomberg New Energy Finance*, *S&P Global (previously IHS Markit)* and *PV Evolution Labs*. This Form 20-F also contains other industry and market data, including market sizing estimates, growth and other projections and information regarding our competitive position, prepared by our management on the basis of such industry sources and our management's knowledge of and experience in the industry and markets in which we operate (including management's estimates and assumptions relating to such industry and markets based on that knowledge). Our management has developed its knowledge of such industry and markets through its experience and participation in these markets.

In addition, industry surveys and industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that any projections they contain are based on a number of significant assumptions. Forecasts, projections and other forward-looking information obtained from these sources involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section "Special Note About Forward-Looking Statements" below. You should not place undue reliance on these statements.

### SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain statements relating to Maxeon in this Form 20-F or documents incorporated by reference constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding: (a) our expectations regarding pricing trends, demand and growth projections; (b) potential disruptions to our operations and supply chain that may result from epidemics, natural disasters or military conflicts, including the duration, scope and impact on the demand for our products, market disruptions from the war in Ukraine and the pace of recovery from the COVID-19 pandemic; (c) anticipated product launch timing and our expectations regarding ramp, customer acceptance and demand, upsell and expansion opportunities; (d) our expectations and plans for short- and long-term strategy, including our anticipated areas of focus and investment, market expansion, product and technology focus, and projected growth and profitability; (e) our ability to meet short-term and long-term material cash requirements, our ability to complete an equity or debt offering at favorable terms, if at all, and our overall liquidity, substantial indebtedness and ability to obtain additional financing; (f) our technology outlook, including anticipated fab capacity expansion and utilization and expected ramp and production timelines for the Company's Maxeon 6, next-generation Maxeon 7 and Performance line solar panels, expected cost reductions, and future performance; (g) our strategic goals and plans, including partnership discussions with respect to the Company's next-generation technology, and our relationships with existing customers, suppliers and partners, and our ability to achieve and maintain them; (h) our expectations regarding our future performance and revenues resulting from contracted orders, bookings, backlog, and pipelines in our sales channels; and (i) our projected effective tax rate and changes to the valuation allowance related to our deferred tax assets. The forward-looking statements can be also identified by terminology such as "may," "might," "could," "will," "aims," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements.

These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks. The reader should not place undue reliance on these forward-looking statements, as there can be no assurances that the plans, initiatives or expectations upon which they are based will occur. Factors that could cause or contribute to such differences include, but are not limited to: (1) challenges in executing transactions key to our strategic plans, including regulatory and other challenges that may arise; (2) our liquidity, substantial indebtedness, terms and conditions upon which our indebtedness is incurred, and ability to obtain additional financing for our projects, customers and operations; (3) our ability to manage supply chain shortages and cost increases and operating expenses; (4) potential disruptions to our operations and supply chain that may result from damage or destruction of facilities operated by our suppliers, difficulties in hiring or retaining key personnel, epidemics, natural disasters, including impacts of the COVID-19 pandemic, or the war in Ukraine; (5) our ability to manage our key customers and suppliers; (6) the success of our ongoing research and development efforts and our ability to commercialize new products and services, including products and services developed through strategic partnerships; (7) competition in the solar and general energy industry and downward

pressure on selling prices and wholesale energy pricing, including impacts of inflation, economic recession and foreign exchange rates upon customer demand; (8) changes in regulation and public policy, including the imposition and applicability of tariffs; (9) our ability to comply with various tax holiday requirements as well as regulatory changes or findings affecting the availability of economic incentives promoting use of solar energy and availability of tax incentives or imposition of tax duties; (10) fluctuations in our operating results and in the foreign currencies in which we operate; (11) appropriately sizing, or delays in expanding our manufacturing capacity and containing manufacturing and logistics difficulties that could arise; (12) unanticipated impact to customer demand and sales schedules due, among other factors, to the spread of COVID-19, the war in Ukraine, economic recession and environmental disasters; (13) challenges managing our acquisitions, joint ventures and partnerships, including our ability to successfully manage acquired assets and supplier relationships; (14) reaction by securities or industry analysts to our quarterly guidance which, in combination with our results of operations or other factors, may cause them to cease publishing research or reports about us, or adversely change their recommendations regarding our ordinary shares, which may negatively impact the market price of our ordinary shares and volume of our stock trading; and (15) unpredictable outcomes resulting from our litigation activities or other disputes.

Some of these factors are discussed in more detail in this Form 20-F, including under “Item 3.D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects.” Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Form 20-F as anticipated, believed, estimated or expected. We provide the information in this Form 20-F as of the date of its filing. We do not intend, and do not assume any obligation, to update any information or forward-looking statements set out in this Form 20-F as a result of new information, future events or otherwise.

**PART I**

**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

**1.A. DIRECTORS AND SENIOR MANAGEMENT**

Not Applicable.

**1.B. ADVISORS**

Not Applicable.

**1.C. AUDITORS**

Not Applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not Applicable.

**ITEM 3. KEY INFORMATION**

**3.A. [RESERVED]**

**3.B. CAPITALIZATION AND INDEBTEDNESS**

Not Applicable.

**3.C. REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not Applicable.

**3.D. RISK FACTORS**

*You should carefully consider the risks described in this section, together with all of the other information included in this Form 20-F, in evaluating us and our shares. The following risk factors could adversely affect our business, financial condition, results of operations and the price of our shares.*

**Risk Factor Summary**

*The following is a summary of the principal risks discussed in greater detail in the following pages, that could materially and adversely affect our business, financial condition and results of operations, supply chain, intellectual property, cybersecurity, and ownership of our shares:*

**Risks Related to the Maxeon Business Generally**

- If we fail to successfully reduce costs in response to downward pressure on solar panel prices, or fail to develop and introduce new and enhanced products, we may be unable to compete effectively, and our ability to generate revenues, profits and cash flows could suffer.
- Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity.
- Changes in international trade policies, tariffs, or trade disputes, or the reduction, modification, or elimination of government incentives, could significantly and adversely affect our business, revenues, margins, results of operations and cash flows.
- 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.

- We may incur unexpected warranty and product liability claims that could materially and adversely affect our financial condition and results of operations, damage our market reputation, and prevent us from maintaining or increasing our market share.
- Seasonal trends and construction cycles could have an adverse effect on our business.
- We have significant global activities and customers, which subject us to additional business risks, including logistical complexity and political instability.
- The COVID-19 pandemic has had an adverse impact on, and may continue to adversely impact, our business, operations, and financial performance, as well as the business operations and financial performance of suppliers, dealers and customers.

**Risks Related to Our Liquidity**

- We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations or make necessary capital expenditures due to, among other factors, rising input cost and supply chain disruptions, as well as our development of new supplier relationships and the preparation and ramp up of new production capacities, including general economic environment impacted also by the COVID-19 pandemic and international instability due to the war in Ukraine that started in February 2022.
- The existence of substantial indebtedness could adversely affect our business, financial condition, and results of operations, as well as our ability to meet our payment obligations under our debt commitments.
- We may be unable to raise the funds necessary to repurchase the Green Convertible Notes or 2027 Notes, as applicable, for cash following a fundamental change or pursuant to a mandatory redemption, or to pay any cash amounts due upon conversion.
- A significant portion of our assets, including our intellectual property that we hold outside of the United States, have been pledged as collateral.
- We may be classified as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code, which could result in Maxeon being subject to U.S. federal income tax indefinitely.
- Failure to meet hiring, capital spending and other requirements to utilize tax incentives provided to us in Singapore, Malaysia and the Philippines, or to avail ourselves of tax incentives in other jurisdictions, could adversely affect our results.

**Risks Related to Our Supply Chain**

- We will continue to be dependent on a limited number of third-party suppliers, and in some cases, sole suppliers, for certain raw materials, capital equipment and components for our products, and increases in costs, could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments, and loss of market share.

**Risks Related to Our Operations**

- We have significant global activities and customers, which subject us to additional business risks, including logistical complexity and political instability.
- If we do not achieve satisfactory yields or quality in manufacturing our solar products, our sales could decrease and our relationships with our customers and our reputation may be harmed.
- Fluctuations in foreign currency exchange rates and interest rates could materially and adversely affect our business and results of operations.
- We may be unable to successfully implement price increases to offset inflation and, as a result, our businesses and financial position and results of operations could be adversely affected.
- Our manufacturing facilities, as well as the facilities of certain subcontractors and suppliers, are located in regions that are subject to epidemic or pandemic events, earthquakes, floods, and other natural disasters, and climate change and climate change regulation that could have an adverse effect on our operations and financial results.
- We derive a significant portion of our revenues from our largest customers and are subjected to concentration of credit risk.
- Our insurance for certain indemnity obligations we have to our officers and directors may be inadequate, and potential claims could materially and negatively impact our financial condition and results of operations.

- We depend on our Huansheng JV (as defined below) for a portion of our Performance line solar panels and any failure to obtain sufficient volume or competitive pricing could significantly impact our revenues, ability to grow and damage our customer relationships.

#### **Risks Related to Our Intellectual Property and Cybersecurity**

- We may face intellectual property infringement claims that could be time-consuming and costly to defend and could result in significant losses or the ability make, use or sell our products.
- We depend on our intellectual property, and we may not obtain sufficient patent protection on the technology embodied in the solar products we currently or plan to manufacture and market, which could harm our competitive position and increase our expenses.
- We may be subject to breaches of information technology systems utilized by us or our suppliers, vendors, customers and other third parties with whom we conduct business, which could impact or our business data, lead to disclosure of our internal information, damage our reputation or relationships with customers, disrupt access to our online services, and impact our operations. Such breaches could subject us to significant reputational, financial, legal, and operational consequences.

#### **Risks Related to the Ownership of Our Shares**

- TotalEnergies's and TZE's significant ownership of our shares may adversely affect the liquidity and value of our shares.
- If a substantial number of Maxeon shares become available for sale and are sold in a short period of time, the market price for our shares could experience volatility and/or decline.
- The effect of the Physical Delivery Forward and Prepaid Forward, which were entered into in connection with the issuance of our Green Convertible Notes, may affect the value of Maxeon shares and may result in unexpected market activity in Maxeon shares.
- We may issue additional Maxeon shares, other equity or equity-linked or debt securities, which may materially and adversely affect the price of the Maxeon shares.
- Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.
- As a foreign private issuer, we are permitted and expect to follow certain home country corporate governance requirements in lieu of certain NASDAQ requirements applicable to domestic issuers.

#### **Risks Related to the Maxeon Business Generally**

*If we fail to develop and introduce new and enhanced products or expand manufacturing capacity to maintain our current price structure, or fail to successfully reduce costs, we may be unable to compete effectively, and our ability to generate revenues, profits and cash flows could suffer.*

Our solar panels are competitive in the market as compared with lower cost conventional solar cells, such as thin-film, due to our products' higher efficiency, among other things. A principal component of our business strategy is reducing costs to manufacture our products competitively and profitably. If our competitors are able to drive down their manufacturing costs or increase the efficiency of their products faster than we can, or if competitor products are exempted from tariffs and quotas and ours are not or if they benefit from lower tariffs and quotas than us, our products may become less competitive even when adjusted for efficiency. Further, if raw materials costs and other third-party component costs increase, we may not meet our cost reduction targets. If we cannot effectively manage our costs, our competitive position could suffer, we could lose sales and/or market share, and our margins could be adversely affected.

The solar power market is characterized by continually changing technology and improving features, such as increased efficiency, higher power output and enhanced aesthetics. Technologies developed by our direct competitors, including thin-film solar panels, concentrated solar power systems, solar thermal electric and other solar technologies, may provide energy at lower costs than our products. We also face competition in some markets from other energy generation sources, including conventional fossil fuels, wind, biomass, and hydro. In addition, we compete with traditional utilities that supply energy to our potential customers. Such utilities have greater financial, technical, operational and other resources than we do. If electricity rates decrease and our products become less competitive by comparison, our operating results and financial condition could be adversely affected.

Failure to further refine our technology, reduce costs in our manufacturing process, and develop and introduce new solar power products could cause our products or our manufacturing facilities to become less competitive or obsolete, which could reduce our market share, cause our sales to decline, and cause the impairment of our assets. We are required to continually develop new solar power products and enhancements for existing solar power products to keep pace with evolving industry standards, competitive pricing and changing customer preferences, expectations, and requirements. It is difficult to successfully predict the products our customers will demand. If we cannot continually improve the efficiency and prove the reliability of our solar panels as compared with those of our competitors, our pricing will become less competitive, we could lose market share, and our margins would be adversely affected.

As we introduce new or enhanced products or integrate new technology and components into our products or expand our manufacturing capacity, we will face risks relating to new product launches and transitioning to new technologies and / or execution of our expansion plans including, among other things, the incurrence of high fixed costs, competition for equipment, technical challenges which may result in delivery delays, acceptance of products by our customers, disruption in customers' ordering patterns, insufficient supplies of new products to meet customers' demand, possible product and technology defects arising from the integration of new technology and a potentially different sales and support environment relating to any new technology. For example, our Performance line manufacturing operations in Mexicali, Mexico and Malaysia are primarily intended to supply large-scale commercial and utility-scale power plant customers in the United States market, and to the extent we are further delayed in our projected production schedule, or fail to achieve our projected production volumes, or fail to renegotiate with customers on revised delivery schedules, we may suffer significant liquidated damages for the volumes we have contractually committed, face additional risks resulting from our failure to meet customers' demand and significantly impair our plans for entering the large-scale commercial and utility-scale power plant markets in the United States and our plans for growth in that market. Our failure to manage the transition to newer products or the integration of newer technology and components into our products could adversely affect our business's operating results, financial condition and cash flows.

***The increase in the global supply of solar cells and panels, and increasing competition, may cause substantial downward pressure on the prices of such products or result in increased or changing tariff policies and cause us to lose sales or market share, resulting in lower revenues, earnings, and cash flows.***

Global solar cell and panel production capacity has been materially increasing overall, and solar cell and solar panel manufacturers currently have excess capacity, relative to global demand, particularly in China. We believe the solar industry may from time to time experience periods of structural imbalance between supply and demand, and that such periods result in unpredictability (i.e. pressure on pricing or imbalanced supply due to governmental policies). Excess capacity and industry competition have resulted in the past, and may continue to result, in substantial downward pressure on the price of solar cells and panels, including our products. More recently, there has been additional pressure on global demand and increasing average selling prices resulting from fluctuating supply and demand in certain solar markets, as well as increasing supply chain costs. Intensifying competition could also cause us to lose sales or market share. The excess of global supply coupled with the decline in demand in light of a global economic slowdown caused by events such as the COVID-19 pandemic or an economic recession, and the associated decrease in consumer spending, may result in a global price reduction, such as the global price reduction in which occurred in 2020. Fluctuations in supply and demand caused by events such as the COVID-19 pandemic, an economic recession and governmental policies such as the former "dual control of energy consumption policy of China", as well as increased supply chain costs, may result in a global increase in the price of certain supply commodities, such as which occurred in 2021. See "Risk Factors – Risks Related to our Supply Chain - We will continue to be dependent on a limited number of third-party suppliers for certain raw materials and components for our products, and increases in the costs for raw materials and components required for our solar products could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments, and loss of market share." Such price fluctuations and impacts on demand are difficult to plan for and could have a negative impact on our revenue and earnings, and could materially adversely affect our business, financial condition and cash flows. In addition, our internal pricing forecasts may not be accurate in such a market environment, which could cause our financial results to be different than forecasted. Uncertainty with respect to United States, People's Republic of China ("PRC"), European and

other government policies, including trade tariffs, subsidies or other incentives for solar projects, may continue to cause increased, decreased, or volatile supply and/or demand for solar products, which could negatively impact our revenue and earnings. See “*Risk Factors – Risks Related to the Moxeon Business Generally - Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations and cash flows.*”

***Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity.***

A general slowdown in the global economy, including a recession, due to inflation, geopolitics, major central bank policy actions including interest rate increases, public health crises, or other factors, or a tightening of the credit markets, could negatively impact our business, financial condition and liquidity. As credit markets become more challenging, customers may be unable or unwilling to obtain financing for the cost of our products, and the parties that have historically provided this financing may cease to do so, or only do so on terms that are substantially less favorable for our customers, any of which could materially and adversely affect sales of our products and our revenue and growth of our business. Cancellations or rescheduling of customer orders could result in the delay or loss of anticipated sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. In addition, changes in forecasts or the timing of orders from these or other customers expose us to the risks of inventory shortages or excess inventory. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which may adversely affect our business and results of operations. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses, and may make it more difficult to raise or refinance external financing to fund our operations and capital expenditures.

***The solar industry faces competition from other types of renewable and non-renewable power industries.***

The solar industry faces competition from other renewable energy companies and non-renewable power industries, including nuclear energy and fossil fuels such as coal, petroleum and natural gas. Technological innovations in these other forms of energy may reduce their costs or increase their safety. Large-scale new deposits of fossil fuel may be discovered, which could reduce their costs. Local governments may decide to strengthen their support for other renewable energy sources, such as wind, hydro, biomass, geothermal and ocean power, and reduce their support for the solar industry. The inability to compete successfully against producers of other forms of power would reduce our market share and negatively affect our results of operations.

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

Developments in international trade have the potential to adversely impact our business:

*Safeguard measure.* The United States has imposed a safeguard measure on imported solar cells, laminates and modules since February 7, 2018. On February 4, 2022, this safeguard measure was extended for four additional years pursuant to Proclamation 10339, based on recommendations by the U.S. International Trade Commission (the “ITC”) to continue providing relief to U.S. manufacturers. Modules were subjected to a tariff of 14.75% during the first year of the extension (which runs from February 7, 2022 to February 6, 2023), and the tariff rate will decline by 0.25% in each of the three subsequent years, to a final tariff rate of 14%. Cells are subject to a tariff-rate quota (“TRQ”), under which the first 5 GW of cell imports each year are exempt from tariffs; cells imported in excess of the 5 GW quota are subject to the same 14.75% tariff as modules in the first year, with the same 0.25% decline in each of the three subsequent years.

Bifacial modules were initially subject to the safeguard measure, then excluded, then re-covered, then re-excluded pursuant to a November 2021 U.S. Court of International Trade decision; on January 14, 2022, the Biden Administration filed a notice of appeal against the decision before the U.S. Court of Appeals for the Federal Circuit. Proclamation 10339 definitively excluded bifacial panels from the safeguard measure for the 2022-2026 extension period, and that exclusion will not be affected by the outcome of the appeal. Proclamation 10339 also directed the U.S. Trade Representative (“USTR”) to negotiate with Mexico and Canada with a view to exempting them; negotiations have concluded successfully with Canada but have not yet produced a result for Mexico.



For our Performance line, the shipments from Mexico that we are currently making and importing to the United States are bifacial panels and excluded as a result of Proclamation 10339. Importation of mono-facial Performance line modules assembled in Mexico, until February 2026, will be subject to safeguard measure unless and until Mexico is exempted. Solar cells and modules based on our interdigitated back contact (“IBC”) technology, like our Maxeon 2, Maxeon 3, Maxeon 5, Maxeon 6 and related products, have enjoyed an exclusion from the safeguard measure since September 2018 and remain exempt.

*Anti-Circumvention Inquiry.* In February 2022, U.S. module producer Auxin Solar filed an “anti-circumvention” petition asking the U.S. Department of Commerce (“Commerce”) to expand the coverage of the longstanding U.S. antidumping and countervailing duty orders on Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from China (“China AD/CVD Orders”). Specifically, Auxin’s petition (1) alleged that PV cell and module production in Cambodia, Malaysia, Thailand, and Vietnam is circumventing the China AD/CVD Orders through minor alteration of PRC-origin inputs including silicon wafers, and (2) asked Commerce to bring cells and modules imported from those countries within the scope of the China AD/CVD Orders. Commerce initiated an anti-circumvention inquiry (“ACI”) in April 2022 and published an affirmative preliminary determination on December 8, 2022. However, on December 19, 2022, Commerce issued a memorandum clarifying that modules assembled in (and exported to the United States from) third countries, from cells fabricated in Cambodia, Malaysia, Thailand, or Vietnam, are not covered by the preliminary determination and indeed are not “inquiry merchandise” for purposes of the ACI. Accordingly, Maxeon’s modules assembled in Mexico are unaffected by the ACI.

*Section 301 tariffs.* In 2017, the Office of the U.S. Trade Representative (“USTR”) initiated an investigation under Section 301 of the Trade Act of 1974 into the PRC government’s acts, policies and practices related to technology transfer, intellectual property and innovation. Starting in 2018, the USTR imposed additional import duties of up to 25% on certain PRC products; those tariffs remain in effect. Relevant affected products include certain solar power system components and finished products, including those purchased from our suppliers for use in our products and used in our business. The United States and China may continue or even escalate the retaliatory measures implemented during the last four years. No effort is currently underway to negotiate an agreement that would serve as a basis for rolling back the United States’ Section 301 tariffs, but those tariffs are currently undergoing a statutorily-required 4-year review whose results are expected to be announced in mid-2023.

Any future imposition of U.S. tariffs that would apply to our Performance line or Maxeon line modules imported from Mexico could materially and adversely affect our business and results of operations. More broadly, uncertainty surrounding the implications of existing tariffs affecting the U.S. solar market, trade tensions between China and the United States, changes to international trade policies and other trade and national security regulatory actions could cause market volatility, price fluctuations, supply shortages, and project delays, any of which could harm our business, and our pursuit of mitigating actions may divert substantial resources from other projects. In addition, the imposition of additional tariffs or trade controls could result in a wide range of impacts to the global solar industry and manufacturing market, as well as our business in particular. Such tariffs or trade controls could materially increase the price of our solar products and result in significant additional costs to us, our resellers, and our resellers’ customers, which could cause a significant reduction in demand for our solar power products and adversely affect our competitive position. With the uncertainties associated with the tariffs and Section 301 trade case, events and changes in circumstances have indicated that the carrying values of our long-lived assets associated with our manufacturing operations might not be recoverable.

Our Performance line manufacturing operations in Mexicali, Mexico and Malaysia are primarily intended to supply customers in the U.S. market. Changes to tariffs or import regulations could impact our ability to cost effectively import panels into the United States, and we may not be able to find sufficient demand in other markets that would fully utilize our expanded capacity. In this case, the expected returns from our Mexicali, Mexico and Malaysian operations could be negatively affected.

Our plans to expand into domestic manufacturing in the United States depend on several factors which are beyond our control, including our Department of Energy (“DOE”) Loan Guarantee Application which is currently in the due diligence review stage. There is no assurance that we will be successful in obtaining a loan guarantee from the DOE, or that our efforts to develop a manufacturing facility in the United States will be successful. Additionally, various items that Maxeon might need to import in order to equip and operate manufacturing facilities in the United States could encounter trade restrictions or unusual tariffs above and beyond ordinary customs duties. These could result from measures already in place, such as the China/Section 301 tariffs, or from entirely new legislation or newly launched import relief proceedings. If we do not successfully expand into domestic manufacturing into the United States, we will continue to be subject to tariffs or trade controls affecting the U.S. solar market on imports

into the United States, which could materially increase the price of our solar products and adversely affect our competitive position.

***The reduction, modification or elimination of government incentives could cause our revenue to decline and harm our financial results.***

The market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the availability and size of government mandates and economic incentives because, at present, the cost of solar power generally exceeds retail electric rates in many locations and wholesale peak power rates in some locations. Incentives and mandates vary by geographic market. Various government bodies in most of the countries where we do business have provided incentives in the form of feed-in tariffs, rebates, and tax credits and other incentives and mandates, such as renewable portfolio standards and net metering, to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. For example, on August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA consists of several provisions which aims at improving the climate change crisis, among other things, the IRA appropriates approximately \$11.7 billion in total for the Loan Programs Office ("LPO") to support its existing loan programs and add a new loan program, the Energy Infrastructure Reinvestment (EIR) Program (section 1706). In addition, the IRA made a 10-year extension of the Investment Tax Credit (ITC), allowing a 30% tax exemption of the cost of installed equipment which was instrumental in launching the US solar industry. These various forms of support for solar power are subject to change and are expected in the longer term to decline. Even changes that may be viewed as positive can have negative effects if they result, for example, in delaying purchases that otherwise might have been made before expiration or scheduled reductions in such credits. Governmental decisions regarding the provision of economic incentives often depend on political and economic factors that we cannot predict and that are beyond our control. The reduction, modification or elimination of grid access, government mandates or economic incentives in one or more of our customer markets could materially and adversely affect the growth of such markets or result in increased price competition, either of which could cause our revenue to decline and materially adversely affect our financial results.

***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.***

The market for electric generation products is heavily influenced by government laws, regulations and policies concerning the electric utility industry globally, 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 their installation will continue to be subject to oversight and regulation in accordance with regulations relating to construction, safety, environmental protection, utility interconnection and metering, trade, and related matters. It is difficult to track the requirements of local jurisdictions and design equipment to comply with the varying standards. For instance, all states in the U.S. regulate investor-owned utility retail electricity pricing. In addition, there are numerous publicly owned utilities and electric cooperatives that establish their own retail electricity pricing through some form of regulation or internal process. These regulations and policies could deter potential customers from purchasing solar power products. Such rate changes can include changing rates to charge lower volume-based rates—the rates charged for KW hours of electricity purchased by a residential customer—while raising unavoidable fixed charges that a homeowner is subject to when they purchase solar energy from third parties, and levying charges on homeowners based on their point of maximum demand during a month (referred to as "demand charge"). These forms of rate design could adversely impact our business by reducing the value of the electricity our solar energy systems produce compared to retail net metering, and reducing any savings customers

realize by purchasing our solar power products. From April 2023, the state of California in the U.S. will be updating its solar net metering policy and the changes are expected to reduce the savings realized from the export of excess solar energy to the grid which may in turn reduce demand for our solar power products in California. In addition to changes in general rates charged to all residential customers, utilities are increasingly seeking solar-specific charges (which may be fixed charges, capacity-based charges, or other rate charges). Any of these changes could materially reduce the demand for our offerings in the U.S. and could limit the number of markets in which our offerings are competitive with electricity provided by the utilities.

In addition, the U.S., European Union and PRC governments, 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 efforts to reduce costs, which could harm our results of operations and financial condition. Any new regulations or policies pertaining to our solar power products may result in significant additional expenses to us, our resellers and our resellers' customers, which could cause a significant reduction in demand for our solar power products.

***We may incur unexpected warranty and product liability claims that could materially and adversely affect our financial condition and results of operations, damage our market reputation, and prevent us from maintaining or increasing our market share.***

Our standard product warranty for our solar panels and their components includes a 25-year warranty period for defects in materials and for greater than promised declines in power performance. We also provide a 40-year warranty period for certain Maxeon line modules in certain regions, effective for systems installed on or after January 1, 2022. We believe our warranty offering is in line with, or better than, industry practice. These long warranty periods create a risk of extensive warranty claims long after we have shipped product and recognized revenue. We perform accelerated life cycle testing that exposes our products to extreme stress and climate conditions in both environmental simulation chambers and in actual field deployments in order to highlight potential failures that could occur over the 25-year and 40-year warranty periods. We also employ measurement tools and algorithms intended to help us assess actual and expected performance; these attempt to compare actual performance against an expected performance baseline that is intended to account for many factors (like weather) that can affect performance. Although we conduct accelerated testing of our solar panels and components, they have not and cannot be tested in an environment that exactly simulate the 25-year and 40-year warranty periods and it is difficult to test for all conditions that may occur in the field. Further, there can be no assurance that our efforts to accurately measure and predict panel and component performance will be successful. We have sold products under our warranties since the early 2000s and have therefore not experienced the full warranty cycle. As a result of these warranty programs, we bear the risk of product warranty claims long after we have sold our solar modules and recognized revenue from sales.

We maintain reserves to cover the expected costs that could result from these warranties. Increases in the defect rate of our products could cause us to increase the amount of warranty reserves and have a corresponding material and adverse impact on our results of operations. Further, potential future product failures could cause us to incur substantial expense to repair or replace defective products, and we have agreed in some circumstances to indemnify our customers and our distributors against liability from some defects in our solar products. A successful indemnification claim against us could require us to make significant damage payments. Repair and replacement costs, as well as successful indemnification claims, could materially and adversely impact our financial condition and results of operations.

Like other retailers, distributors, and manufacturers of products that are used by customers, we face an inherent risk of exposure to product liability claims in the event that the use of the solar power products into which our solar cells and panels are incorporated results in injury, property damage, or other damages. We may be subject to warranty and product liability claims in the event that our solar power systems fail to perform as expected or if a failure of our solar power systems or any component thereof results, or is alleged to result, in bodily injury, property damage or other damages. Since our solar power products are electricity-producing devices, it is possible that our systems could result in injury, whether by product malfunctions, defects, or other causes. In addition, since we only began selling our solar cells and solar panels in the early 2000s and the products we are developing incorporate new

technologies, we cannot predict the extent to which product liability claims may be brought against us in the future or the effect of any resulting negative publicity on our business. Moreover, we may not have adequate resources, such reserves or insurance, to satisfy a successful claim against us. A successful warranty or product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages. In addition, quality issues can have various other ramifications, including delays in the recognition of revenue, loss of revenue, loss of future sales opportunities, increased costs associated with repairing or replacing products, product recalls and a negative impact on our goodwill and reputation, any of which could adversely affect our business, operating results and financial condition.

***Our business could be adversely affected by seasonal trends and construction cycles.***

Our business is subject to significant industry-specific seasonal fluctuations. There are various reasons for this seasonality, mostly related to economic incentives and weather patterns. For example, in European countries with feed-in tariffs, the construction of solar power systems may be concentrated during the second half of the calendar year, largely due to the annual reduction of the applicable minimum feed-in tariff and the fact that the coldest winter months in the Northern Hemisphere are January through March, which could lead to declining sales in cold-weather months.

***We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing war in Ukraine and our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the war in Ukraine or any other geopolitical tensions.***

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the war in Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the continuing conflict and recent developments for the war in Ukraine, geopolitical events, terrorist or other attacks, and war (or threatened war) or international hostilities, such as between Russia and Ukraine, may lead to armed conflict or acts of terrorism around the world, which may contribute to further economic instability in the global financial markets and international commerce. The war in Ukraine may lead to further regional and international conflicts or armed action. This conflict has disrupted supply chains and cause instability in the energy markets and could lead to further market disruptions, including significant volatility in commodity prices, credit and capital markets on a global scale. The United States and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing war could result in the imposition of further economic sanctions by the United States and the European Union against Russia, with uncertain impacts on the global economy. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, results of operation and cash flows. Furthermore, it is possible that third parties, such as our customers and suppliers may be impacted by the war in Ukraine, which could adversely affect our operations. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

***The COVID-19 pandemic has had an adverse impact on, and may continue to adversely impact, our business, operations, and financial performance, as well as the business operations and financial performance of many of our suppliers, dealers and customers. We are unable to predict the extent to which the pandemic and related impacts may continue to adversely impact our business operations, financial performance, results of operations, financial position, and the achievement of our strategic objectives.***

The continued effects of the COVID-19 pandemic and measures taken in response by governments and businesses worldwide to contain its spread have adversely impacted and may continue to adversely impact our supply chain, manufacturing, logistics, workforce and operations, as well as the operations of our suppliers, dealers and customers. There is continued uncertainty regarding the duration, scope and severity of the pandemic, particularly with the emergence of new variants of COVID-19 and periodic spikes in COVID-19 cases in various geographic regions, and the impacts on our business and the global economy from the effects of the pandemic and response measures. Travel and logistics restrictions, lockdowns, vaccine requirements and other measures from time

to time implemented by foreign and domestic authorities have resulted in, and may continue to result in, supply chain and transportation disruptions, production delays and capacity limitations for the Company and some of our suppliers, dealers and customers, as well as reduced workforce availability or productivity, and additional data, information and cyber security risks associated with an extensive workforce working remotely.

The degree to which the pandemic ultimately impacts our business, financial condition and results of operations and the global economy will depend on future developments beyond our control, which are highly uncertain and difficult to predict, including the severity, duration and any resurgence of the pandemic, the extent, duration and effectiveness of periodic lockdowns and other containment actions, the availability, public adoption and efficacy of COVID-19 vaccines, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of resulting global economic volatility. We believe the most significant elements of uncertainty are the intensity and duration of the impact on project installation by our customers, commercial and consumer spending as well as the ability of our sales channels, supply chain, manufacturing, and distribution to continue to operate with minimal disruption, all of which could negatively impact our financial position, results of operations, cash flows and outlook.

#### **Risks Related to Our Liquidity**

***Our cash flows have been, and may continue to be, negatively impacted by increases in working capital requirements as a result of supply chain disruptions as well as the general economic environment, cumulatively resulting in increased supply and logistics costs, among other implications.***

During the fiscal year 2022 and continuing through the date hereof, we have seen increases in our working capital requirements due to rising input costs, such as logistics and raw materials, and supply chain disruptions, that can be attributed in part to the volatility and disruption caused by the COVID-19 pandemic, as well as the ongoing war in Ukraine. The solar industry in general is volatile, which can be attributed in part to these factors. We also attribute increases in our working capital requirements to our development of new supplier relationships and the preparation and ramp up of new production capacities. Our working capital needs may be greater than we currently anticipate if sales and associated receipt of cash proceeds are delayed, payment terms to vendors are shorter than anticipated, credit facilities which we rely on for short-term working capital funding are terminated or not renewed upon expiry, transit times continue to be extended, our costs of supply and logistics continue to increase or if we decide to hold more buffer stocks or accelerate increases in our manufacturing capacity internally or through capital contributions to joint ventures. Any delays in shipment routes caused by COVID-19, the war in Ukraine or other factors, would also lead to more inventory in transit, which may result in delays in delivering our panels on time to customers which would in turn delay the timing of when we would receive payment for our products. See “Risk Factors – Risks Related to the COVID-19 Pandemic” and “Risk Factors – Risks Related to our Supply Chain.” Such supply chain disruptions which are beyond our control have and may continue to impact our working capital commitments. For instance, we have and may continue to expend additional working capital to accumulate more buffer stocks of raw materials, semi-finished or finished goods to anticipate any delays or disruptions in shipping and meet additional shipping and delivery costs associated with a lengthened supply chain due to shipping delays. In particular, to date, our cost of revenue for IBC modules has been negatively impacted by the increase in logistics rates all along the supply chain and the increase in cost of certain raw materials such as glass, silicon, resin and aluminum, and our cost of revenue for Performance line modules that we have begun shipping out of our Mexicali facility face similar negative impacts. Additionally, the Huansheng JV has experienced similar supply chain cost increases for Performance line modules, which in certain cases have been passed along to us.

These conditions may continue or worsen, which could have a material and adverse effect on our business, results of operations and financial condition.

***We may be unable to obtain access to external financing necessary to make adequate capital expenditures necessary to improve our profitability, remain competitive and grow our business.***

To develop or scale new products, increase our manufacturing capacity, improve profitability, support future growth, achieve operating efficiencies, and maintain product quality, we must make significant capital and other

investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. Our manufacturing and assembly activities have required and will continue to require significant investment of capital and substantial engineering expenditures.

For fiscal 2023, we have planned for capital expenditures mainly relating to preparation for capacity expansion for our Maxeon 7 technology, completion of manufacturing capacity for Performance line panels to be sold in the U.S. market, completion of manufacturing capacity for our Maxeon 6 product platform, further development of Maxeon 7 technology and the operation of a pilot line, as well as various corporate initiatives. These manufacturing capacity expansions and product developments are necessary for us to improve our profitability, grow our business and remain competitive.

We have also announced plans to deploy a multi-GW factory in the United States to manufacture solar products for both the distributed generation (“DG”) and utility-scale power plant markets. This investment plan requires significant expenditures and is contingent upon us securing the necessary financing and depends on several factors which are beyond our control, including the approval of our DOE loan guarantee application. There is no assurance that we will be successful in obtaining a final loan guarantee from the DOE. Even if the DOE loan guarantee is approved, we will still have to secure additional financing or otherwise fund these capital expenditures and there is no assurance that we will be able to do so in a timely manner, on favorable terms, or at all. Any additional debt also would need to be permissible under the terms of the indenture for our 7.5% Convertible First Lien Senior Secured Notes due 2027, which limits our ability incur additional indebtedness. See “—A significant portion of our assets, including our intellectual property that we hold outside of the United States, have been pledged as collateral.” Further, any additional debt would result in increased expenses and collateralization and likely impose new restrictive covenants. As at January 1, 2023, we had incurred \$1.7 million in securing the financing for this investment plan, which we will not be able to recover if we are unable to secure the necessary financing for this investment plan.

Our failure to secure additional financing would affect our ability to continue to make these planned capital expenditures, which we believe are necessary to grow our business and remain competitive, which would materially and adversely affect our business, results of operations and financial condition.

***The existence of substantial indebtedness could adversely affect our business, financial condition, and results of operations, as well as our ability to meet our payment obligations under our debt commitments.***

As of January 1, 2023, we had \$459.2 million of debt outstanding, comprising mainly of \$200.0 million outstanding under the Green Convertible Notes (as defined under “Item 5.B. Liquidity and Capital Resources”), \$50.0 million outstanding under the SCB Agreement and \$207.0 million debt under the 2027 Notes. Our debt obligations could have material consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under our outstanding debt;
- reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared with our competitors that have less debt or have lower leverage ratios.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flows, which, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flows from operations, or that future borrowings will be available to us under our existing or any future debt instruments or otherwise, in an amount sufficient to enable us to meet our payment obligations under our debt obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service our debt obligations, we may need to refinance or restructure our debt or seek to raise additional capital. There can be no assurance that we will be successful in any refinancing or debt restructuring effort.

***A significant portion of our assets, including our intellectual property that we hold outside of the United States, have been pledged as collateral.***

We have pledged a significant portion of our assets, including a significant portion of our intellectual property that we hold outside of the United States, as collateral to secure the 2027 Notes, and may pledge other assets to secure other indebtedness. The 2027 Notes' indenture contains, and other debt instruments we may enter into may contain, covenants that limit our ability to engage in specified types of transactions. These covenants would likely limit our ability to, among other things:

- Incur certain additional indebtedness;
- Make certain investments;
- Sell or dispose of certain assets;
- Grant liens; and
- Consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

A breach of any of these covenants and certain other customary events of default, such as the failure to make principal or interest payment when due, among others, could result in the holders of the 2027 Notes or other indebtedness electing to declare all the outstanding principal amount of 2027 Notes or such other indebtedness, as the case may be, to become immediately due and payable, which could result in a material adverse effect on our financial condition. If we do not have sufficient funds to repay the amounts due under the 2027 Notes or such other indebtedness, the holders thereof may enforce on the relevant collaterals, including potentially the sale or licensing of the intellectual property that we hold outside of the United States, which will likely have a material adverse effect on our business operations and prospects. Events of default under the 2027 Notes or other indebtedness may result in, among other things, restructuring or other insolvency proceedings. In the event of such a proceeding or other reorganization of our debt, our creditors would have priority over our stockholders, and the value of our shares could be eliminated.

***We may be unable to raise the funds necessary to repurchase the Green Convertible Notes or 2027 Notes, as applicable, for cash following a fundamental change or pursuant to a mandatory redemption, or to pay any cash amounts due upon conversion.***

Holders of our Green Convertible Notes or 2027 Notes may require us to repurchase their Green Convertible Notes or 2027 Notes, as applicable, following a fundamental change at a cash repurchase price generally equal to the principal amount of the Green Convertible Notes or 2027 Notes, as applicable to be repurchased, plus accrued and unpaid interest, if any. Furthermore, upon conversion of any Green Convertible Notes or 2027 Notes, as applicable, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in Maxeon shares. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase or redeem the Green Convertible Notes or 2027 Notes, as applicable, or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and any new or amendments to existing agreements governing our other indebtedness may restrict our ability to repurchase or redeem the Green Convertible Notes or 2027 Notes, as applicable, when required or to pay the cash amounts due upon conversion. Our failure to repurchase or redeem Green Convertible Notes or 2027 Notes, as applicable, or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the Green Convertible Notes or 2027 Notes, as applicable. A default under the indentures or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under our debt agreements.

***We may be classified as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code, which could result in Maxeon being subject to U.S. federal income tax indefinitely.***

Section 7874 of the Code may cause a corporation organized outside the United States to be treated as a U.S. corporation (and, therefore, taxable in the United States) unless one or more exceptions apply. The application of Section 7874 of the Code and its various exceptions are complex and subject to factual and legal uncertainties, with respect to some of which the U.S. Internal Revenue Service ("IRS") has yet to issue guidance. Based on facts as they presently exist, we do not expect Section 7874 to apply to us. However, if we were to be treated as a U.S. corporation for U.S. federal income tax purposes, we would be subject to U.S. corporate income tax on our

worldwide income and the income of our non-U.S. subsidiaries would be subject to U.S. tax when deemed recognized under the U.S. federal income tax rules for controlled foreign subsidiaries. See “Item 10.E. Taxation—Material U.S. Federal Income Tax Considerations—Treatment of Maxeon as a U.S. Company for U.S. Federal Income Tax Purposes.”

***Failure to meet hiring, capital spending and other requirements to utilize tax incentives provided to us in Singapore, Malaysia and the Philippines, or to avail ourselves of tax incentives in other jurisdictions, could adversely affect our results.***

As part of establishing our corporate headquarters in Singapore, we were awarded certain incentives from Singapore’s Economic Development Board (“EDB”). These include favorable tax treatment and other forms of financial and operational support. Such incentives are contingent on our meeting employee hiring and capital expenditure requirements in Singapore. Failure to meet any conditions of our incentives in Singapore may result in us losing any tax benefits provided to us by the EDB, which could have an adverse effect on our business, financial condition and results of operations.

We have benefitted from a tax holiday granted by the Malaysian government, subject to certain hiring, capital spending, and manufacturing requirements. The third and final five-year tranche of this incentive was granted a 70% tax exemption and will expire on June 30, 2026. Malaysian Investment Development Authority (“MIDA”) and the Company have been in discussions on additional conditions required to reinstate the full tax exemption that the Company was granted previously. We have agreed to the conditions for such reinstatement with MIDA and are waiting for formal approval from the Malaysian Government. Given the fiscal year 2021 tax returns for our Malaysian subsidiary were due in the third quarter of fiscal year 2022 ended October 2, 2022, and formal approval has not been received, we recorded income tax provisions based on the 70% tax exemption incentive for our Malaysian subsidiary. If we are ever found noncompliant with our final tranche of incentives by MIDA, we could be subject to the 70% tax rate, which could materially and adversely impact our business, financial condition and results of operations.

Our Philippine income tax holiday expired in 2020. However, we continue to qualify for a 5% preferential tax rate on gross income attributable to activities covered by our Philippine Economic Zone Authority (“PEZA”) registration. The Philippine net income attributable to all other activities is taxed at the statutory Philippine corporate income tax rate, which is currently 25%. We need to comply with PEZA requirements and be in good standing to utilize the 5% preferential tax rate on gross income.

More generally, with the ongoing discussions around the Organization for Economic Development and Cooperation’s (“OECD”) Base Erosion and Profit Shifting (“BEPS”) study (“Actions”), many OECD countries and members of the inclusive framework on BEPS have acknowledged their intent to support the Actions. Among the considerations required by the Actions is the need for a global minimum tax rate. Depending on the implementation of the said Actions, the Company’s tax incentives may be affected, which outcome may have a negative effect on our financial position, liquidity and results of operations.

#### **Risks Related to Our Supply Chain**

***We will continue to be dependent on a limited number of third-party suppliers for certain raw materials and components for our products, and increases in the costs for, or shortages in the availability of, raw materials and components required for our solar products could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments, and loss of market share.***

We rely on a limited number of third-party suppliers for certain raw materials and components for our solar cells, panels and power systems, such as polysilicon, silicon wafers, inverters and module material. Costs for raw materials and components required for our solar products have been volatile, as a result of limited polysilicon supply, increase in commodities’ prices globally, for instance of glass, aluminum and copper, the war in Ukraine and COVID-19, which have increased the costs and impacted the overall supply of raw materials and components. Certain extraordinary events have in the past, disrupted also our supply chain and resulted in delays in the delivery



of goods, stoppage of delivery and raised prices for the solar industry at large. For example, in September 2021, pursuant to the implementation of a new political strategy adopted in mainland China known as the “dual control of energy consumption policy of China”, local governments initiated control policies on domestic industrial energy consumption. These policies forced numerous factories and plants that produce aluminum, glass, silicon and related materials to cut their productivity dramatically or stop production altogether. This previously unforeseen shortage of power supply in mainland China led to drastically reduced production and significant cost increases of raw materials for the solar industry. See “Risk Factors – Risks Related to our Operations - We depend on our Huansheng JV for a portion of our Performance line solar panels and any failure to obtain sufficient volume or competitive pricing could significantly impact our revenues, ability to grow and damage our customer relationships.” Changes in government trade policies, including with respect to import and export duties, may also increase our costs or reduce availability. If we are unable to mitigate the impacts of our suppliers’ cost increases or supply shortages, we may be unable to manufacture our products, or our products may be available only at a higher cost or after a delay. We may be unsuccessful in achieving higher prices from our customers to compensate for the increased costs, which could have a material and adverse effect on our businesses, financial condition and results of operation.

Additionally, if we fail to maintain our relationships with our suppliers or to build relationships with new suppliers, or if suppliers fail to perform or are unable to meet demand through industry consolidation, our supply chain could be disrupted.

To the extent the processes, materials or technology that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers. In addition, our suppliers could be unable or unwilling to raise capital if required to expand their production or satisfy their operating capital requirements. As a result, they could be unable to supply necessary raw materials, inventory, finished products, capital equipment or other items required to support our planned sales operations, which could in turn materially and adversely impact our sales volume, profitability, and cash flows. The failure of a supplier to supply raw materials or components at all, on commercially reasonable terms, or according to our quality, quantity, timing, volume and cost requirements could impair our ability to manufacture our products, increase our cost of production or decrease the profitability of our products. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our products to our customers within required timeframes.

Any such delays could result in sales and installation delays, cancellations, inability to retain customers, increased manufacturing costs, penalty payments or loss of revenue and market share, any of which could have a material and adverse effect on our business, financial condition and results of operations.

***Fluctuations in the demand for our products may cause impairment of long-lived assets or cause us to write off equipment or inventory, and each of these events could materially and adversely affect our financial results.***

If the demand for our solar products decreases, our manufacturing capacity could be underutilized, and we may be required to record an impairment of our long-lived assets, including facilities and equipment, which would increase our expenses. In improving our manufacturing processes consistent with our cost reduction roadmap, we may be required to write off equipment that is removed from the manufacturing process. As part of our supply chain management, we may increase inventory levels in an effort to mitigate component shortages or supply chain disruptions. If product demand decreases or we fail to forecast demand accurately, we could be required to write off inventory or record excess capacity charges, which could have a negative impact on our gross margin. Factory-planning decisions may shorten the useful lives of long-lived assets, including facilities and equipment, and cause us to accelerate depreciation. Each of the above events could materially and adversely affect our future financial results.

## Risks Related to Our Operations

### ***Our success depends on the continuing contributions of our key personnel and our ability to attract and retain qualified personnel in our industry.***

We rely heavily on the services of our key executive officers, and the loss of services of any principal member of our management team could adversely affect our operations. We have invested and continue to invest significant resources in recruiting and developing new members of management following the Spin-off. The competition for qualified personnel is intense in our industry. We may not be successful in attracting and retaining sufficient numbers of qualified personnel to support our anticipated growth. We cannot guarantee that any employee will remain employed with us for any definite period of time since many of our employees, including our key executive officers, serve at-will and may terminate their employment at any time for any reason. In addition, recruiting and retaining qualified personnel for our research and development facilities in Singapore and Silicon Valley is vital to our research and development efforts. There is substantial competition for qualified research personnel, and we may not be able to attract or retain qualified research personnel. Any failure by us to efficiently and effectively recruit and retain key personnel could have an adverse effect on our business, financial condition and results of operations.

### ***We derive a significant portion of our revenues from our largest customers and are subjected to concentration of credit risk.***

Historically, we have relied on a limited number of customers for a substantial portion of our revenue. During fiscal year 2022, SunPower accounted for 26.7% of our total revenue and 9.6% of our accounts receivable as of January 1, 2023. Two other customers accounted for at least 10% of accounts receivable as of January 1, 2023 and no other customer accounted for at least 10% of revenue for fiscal year 2022. The loss of any of our significant customers, their inability to perform under their agreements, their default in payment or the renegotiation of any of their agreements, could have a material and adverse effect on our financial results.

Because we rely on key customers for a significant portion of our revenues and accounts receivable, we depend on the creditworthiness of these customers. If the financial condition of our customers declines, our credit risk could increase. Should one or more of our significant customers declare bankruptcy, it could materially and adversely affect the collectability of our accounts receivable and our allowance for credit losses, cash flows and net income.

We entered into a supply agreement with SunPower, effective from February 14, 2022, as amended on January 5, 2023, (the “2022/2023 Supply Agreement”), which terminated and replaced the supply agreement which we entered into with SunPower in connection with the Spin-off pursuant to which we supply SunPower with IBC Modules for use in residential installations in Canada and the United States (excluding Puerto Rico, American Samoa, Guam, the Northern Mariana Islands and the U.S. Virgin Islands) (the “Domestic Territory”). On January 5, 2023, we also entered into a new supply agreement with SunPower (the “2024/2025 Supply Agreement” and together with the 2022/2023 Supply Agreement, the “SunPower Supply Agreements”) pursuant to which we will supply SunPower with Maxeon 6 IBC Modules in the Domestic Territory in 2024 and 2025.

Under the SunPower Supply Agreements, SunPower is required to purchase, and we are required to supply, certain volumes of products during each calendar quarter of their respective terms. The proceeds generated under the SunPower Supply Agreements constitute a material portion of our revenues and margins, and the structure of the SunPower Supply Agreements were negotiated based on prevailing market conditions with volumes established based on SunPower’s forecasted requirements. Should market conditions change prior to the end of term of the respective SunPower Supply Agreement, the performance of our obligations thereunder may materially and adversely affect our revenues and results of operations as compared to terms available in the market with other third parties. We may be under pressure to renegotiate the contract and may be subject to the risk of renegotiation by SunPower. There is also a risk that SunPower may not be able perform its obligations under the SunPower Supply Agreements. Similar to the supply agreement executed at Spin-off, the 2022/2023 Supply Agreement (as amended) also contains fixed pricing for 2022 and 2023 based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. The 2022/2023 Supply Agreement also provides that either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold. There is

no assurance that we will be able to reach an agreement on the pricing in 2023, or that the 2022/2023 Supply Agreement will not be terminated. The 2024/2025 Supply Agreement contains an indexed pricing provision that tracks five production commodities: polysilicon, aluminum, glass, transpacific container freight, and crude oil. Under this provision, the final price paid for the modules may be adjusted if actual commodities' prices as published in the identified indices differ from agreed baseline values. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, we or SunPower, as the case may be, may have a right to elect to terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions. If the parties decide to terminate either SunPower Supply Agreement or not to extend the term of either of these agreements, it may take time for us to rebuild customer demand for such products in the United States.

***We have significant global activities and customers, which subject us to additional business risks, including logistical complexity and political instability.***

Our sales are made to customers in over 100 countries, and similarly a substantial portion of our supply agreements are with supply and equipment vendors distributed globally. We have solar cell and module production lines located at our manufacturing facilities in Malaysia, Mexico, and the Philippines, and at our Huansheng JV, which operates in China.

Risks we face in conducting business on this global scale include:

- difficulty in competing against companies who may have greater financial resources and/or a more effective or established localized business presence and/or an ability to operate with minimal or negative operating margins for sustained periods of time;
- adverse public policies in countries we operate including multiple, conflicting, and changing laws and regulations, export and import restrictions, employment laws, environmental protection, regulatory requirements, international trade agreements, and other government approvals, permits and licenses;
- potential disruptions due to labor disputes;
- difficulties and costs in staffing such as identifying, attracting, training, and retaining qualified sales, technical, research & development and other personnel and managing foreign operations as well as cultural differences;
- relatively uncertain legal systems, including potentially limited protection for intellectual property rights, and laws, changes in the governmental incentives 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 foreign currency fluctuations;
- political, social and economic instability, including wars, such as the war in Ukraine, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions, as well as natural disasters or outbreaks of disease, such as the existing COVID-19 pandemic;
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;

- business climates that may have the effect of putting foreign companies at a disadvantage relative to domestic companies; and
- liabilities associated with compliance with laws (for example, foreign anti-bribery laws).

We have a complex organizational structure involving many 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. If changes in law, regulations or related interpretations occur, this may result in adverse tax or other consequences affecting our 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 could be adversely affected by any violations of anti-bribery laws.***

The countries in which we operate also have anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities. Our policies mandate compliance with these anti-bribery laws. We operate in parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, due to the level of regulation in our industry, our entry into new jurisdictions through internal growth or acquisitions requires substantial government contact where norms can differ from standards that exist in the United States and elsewhere. While we implement policies and procedures and conduct training that require and facilitate compliance with these anti-bribery laws, thereby mitigating the risk of violations of such laws, our employees, subcontractors and agents may take actions in violation of our policies and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material and adverse effect on our business, financial condition, cash flows, and reputation.

***If we experience interruptions in the operation of our solar cell or module production lines or in the execution of our manufacturing expansion plans, our revenue and results of operations may be materially and adversely affected.***

If our solar cell or module production lines suffer problems that cause downtime, or our manufacturing expansion plans encounter delays or difficulties in execution, we might be unable to meet our production or capacity expansion targets, which could materially and adversely affect our business.

In order to expand our capacity to produce Performance line shingled module technology for use in the United States market, aimed at large-scale commercial and utility-scale power plant markets, we have been expanding our Malaysia cell manufacturing facility to add up to 1.8 GW of mono-PERC solar cells and upgrading our assembly facility in Mexico with equivalent module assembly capacity. We expect to ramp up our production capacity of mono-PERC solar cells to 1.8 GW during 2023. To the extent we are further delayed in our projected production schedule, or fail to achieve our projected production volumes, or fail to renegotiate with customers on revised delivery schedules, we may suffer significant liquidated damages for the volumes we have contractually committed, face additional risks resulting from our failure to meet customers' demand and significantly impair our plans for entering the large-scale commercial and utility-scale power plant markets in the United States and our plans for growth in that market. Delays in the ramp up of our production capacity may also delay or prevent us from achieving our target cost reductions.

The Company is considering adding incremental capacity for the manufacture of Maxeon 7 products rather than retrofitting existing lines. The Company is considering adding this incremental capacity at one of its Philippines cell manufacturing facilities that is currently not in use. We are currently in the process of making the necessary preparations for this capacity expansion and have reserved a portion of our 2023 planned capex for that purpose. We have also announced plans to deploy a multi-GW factory in the United States to manufacture solar products for both the DG and utility-scale power plant markets, contingent upon us securing the necessary funding and other factors beyond our control. If we are able to secure the necessary funding, to the extent we are delayed in our projected

production schedule, or fail to achieve our projected production volumes, our plans for the manufacture of Maxeon 7 products or growth in the United States market may be significantly impaired.

Our manufacturing activities and execution of our manufacturing expansion plans require significant management attention, significant capital expenditures and substantial engineering expenditures.

The success of our manufacturing operations and execution of our manufacturing expansion plans is subject to significant risks including:

- cost overruns, delays, supply shortages, equipment problems and other operating difficulties;
- custom-built equipment may take longer or cost more to engineer than planned and may never operate as designed;
- incorporating first-time equipment designs and technology improvements, which we expect to lower unit capital and operating costs, but which may not be successful;
- our ability to obtain or maintain third-party financing to fund capital requirements;
- difficulties in maintaining or improving our historical yields and manufacturing efficiencies;
- difficulties in protecting our intellectual property and obtaining rights to intellectual property developed by our manufacturing partners;
- difficulties in hiring and retaining key technical, management, and other personnel;
- impacts that may arise from, and actions taken in response to, natural disasters, epidemics or pandemics, including the temporary idling of our solar cell and module production lines located at our manufacturing facilities in Malaysia, Mexico and the Philippines, and the facilities of our Huansheng JV in China;
- potential inability to obtain, or obtain in a timely manner, financing, or approvals from governmental authorities for operations;
- increased costs and extended timelines for the upgrades of our cell and module production lines to our next-generation technologies; and
- tariffs imposed on imported solar cells and modules which may cause market volatility, price fluctuations, supply shortages, and project delays.

Any of these or similar difficulties may unexpectedly delay or increase costs of our supply of solar cells or costs of execution of our manufacturing expansion plans or delay or prevent us from achieving target cost reductions.

***A disruption in our supply chain for silicon wafers could interrupt or impair our ability to manufacture solar cells and modules, including for the United States market, and could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments, and loss of market share.***

A key raw material used in our solar cell and module production process is polysilicon. Xinjiang is the source of a significant percentage of the world's supply of polysilicon; however in the United States and certain other countries, laws have been enacted or proposed which effectively prohibit imports of any goods made in, or incorporating material made in, Xinjiang, including for example, the Uyghur Forced Labor Prevention Act which went into effect in the United States on June 21, 2022.

The PRC government has denied the allegations of forced labor in Xinjiang and in June 2021, the PRC government passed the Anti-Foreign Sanctions Law, allowing Chinese authorities to enact countermeasures on entities they believe have harmed China. While the Company is not subject to such countermeasures, this affected

the global supply of polysilicon and silicon wafers as there are a limited number of third-party suppliers globally that are able to supply polysilicon sourced that can be verified as not being associated with inputs from Xinjiang.

The Company purchases silicon wafers for use in the manufacture of its solar cells and modules. See “Item 7.B. Related Party Transactions – Agreements with TZE - Silicon Wafer Master Supply Agreement.” The Company is committed to maintaining compliance with all applicable laws and regulations and hence it is limited to working with third party suppliers of silicon wafers made from polysilicon sourced outside of Xinjiang and not otherwise made with inputs from forced labor.

Given the scarcity of polysilicon which has been sourced from outside of Xinjiang, its price has remained high even though the global supply of polysilicon has increased significantly, and the average price of polysilicon has decreased.

The Company may also experience interruption to its supply of silicon wafers due to, amongst other reasons:

- such third party suppliers may not be able to meet our production needs consistently or on a timely basis;
- compared with us, some of our competitors who also purchase polysilicon or silicon wafers from our suppliers have longer and stronger relationships with, and have greater buying power and bargaining leverage over, some of our key suppliers;
- such third party suppliers of silicon wafers may not be able to themselves source polysilicon from outside of Xinjiang, on commercially reasonable terms or at all;
- such third party suppliers may not be able to provide us sufficient verifiable information for us to be able to prove to authorities in the United States or elsewhere that the sources of our silicon wafers are compliant with applicable laws and regulations; and
- our supply of silicon wafers is subject to the business risk of our suppliers, and one or more of which could go out of business for reasons beyond our control.

Our failure to obtain the required amounts of silicon wafers incorporating polysilicon that meets our requirements, in a timely manner and on commercially reasonable terms, could increase our manufacturing costs and substantially limit our ability to meet our contractual obligations to our customers. Any failure by us to meet such obligations could have a material adverse effect on our reputation, ability to retain customers, market share, business and results of operations and may subject us to claims from our customers and other disputes. Furthermore, our failure to obtain sufficient would result in under-utilization of our production facilities and an increase in our marginal production costs. Any of the above events could have a material adverse effect on our growth, profitability and results of operations.

***If we do not achieve satisfactory yields or quality in manufacturing our solar products, our sales could decrease and our relationships with our customers and our reputation may be harmed.***

The manufacture of solar cells is a highly complex process. Minor deviations in the manufacturing process can cause substantial decreases in yield and in some cases, cause production to be suspended or yield no output. If we do not achieve planned yields, our product costs could increase and product availability could decrease, which could result in lower revenues than expected. In addition, in the process of transforming polysilicon into ingots, a significant portion of the polysilicon is removed in the process. In circumstances where we provide the polysilicon, if our suppliers do not have very strong controls in place to ensure maximum recovery and utilization, our economic yield can be less than anticipated, which could increase the cost of raw materials to us.

Additionally, products as complex as ours may contain undetected errors or defects, especially when first introduced. For example, our solar cells or solar panels may contain defects that are not detected until after they are shipped or are installed because we cannot test for all possible scenarios. These defects could cause us to incur significant warranty, non-warranty, recall and re-engineering costs, divert the attention of our engineering personnel from product development efforts, and significantly affect our customer relations and business reputation. If we deliver solar products with errors or defects, including cells or panels of third-party manufacturers, or if there is a

perception that such solar products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed. We could also be required to implement product recalls under applicable law, which could materially and adversely affect our results of operations and financial condition.

***We obtain certain of our capital equipment used in our manufacturing process from sole suppliers and if this equipment is damaged or otherwise unavailable, our ability to deliver products on time could suffer, which in turn could result in order cancellations and loss of revenue.***

Some of the capital equipment used in the manufacture of our solar power products has been developed and made specifically for us, is not readily available from multiple vendors and would be difficult to repair or replace if it were to become damaged or stop working. If any of these suppliers were to experience financial difficulties or go out of business, or if there were any damage to or a breakdown of our manufacturing equipment, our business could suffer. In addition, a supplier's failure to supply this equipment in a timely manner, with adequate quality and on terms acceptable to us, could delay our future capacity expansion or manufacturing process improvements and otherwise disrupt our production schedule or increase our costs of production.

***Fluctuations in foreign currency exchange rates and interest rates could materially and adversely affect our business and results of operations.***

We have significant sales globally, and we are exposed to movements in foreign exchange rates, primarily related to sales to European customers that are denominated in Euros. Depreciation of the Euro would adversely affect our margins on sales to European customers. In addition, we have manufacturing operations in Malaysia, Mexico and the Philippines, and are subject to the risks of the respective currency fluctuations of these countries as we purchase supplies and incur other operational expenses in local currencies. We also purchase Performance line solar panels from our Huansheng JV in China for which the expenses are denominated in currencies other than the U.S. dollar. When foreign currencies appreciate against the dollar, inventories and expenses denominated in foreign currencies become more expensive. An increase in the value of the dollar relative to foreign currencies could make our solar power products more expensive for international customers, thus potentially leading to a reduction in demand, and impacting our sales and profitability. As a result, substantial unfavorable changes in foreign currency exchange rates could have a material and adverse effect on our financial condition and results of operations. Although we seek to reduce our currency exposure by engaging in hedging transactions where we deem it appropriate, we do not know whether our efforts will be successful. Because we hedge some of our expected future foreign exchange exposure, if associated revenues do not materialize, we could experience losses. In addition, any break-up of the Eurozone could disrupt our sales and supply chain, expose us to financial counterparty risk, and materially and adversely affect our results of operations and financial condition.

We are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems. Additionally, due to recent increases in inflation, certain governmental authorities responsible for administering monetary policy have recently increased, and are likely to continue to increase, applicable central bank interest rates. For example, U.S. Federal Reserve raised various interest rates during 2022 including US Federal Reserve Interest on Reserve Balances to 4.4 percent effective December 15, 2022. An increase in the benchmark rate would result in an increase in market interest rates. An increase in interest rates could make it difficult for our customers to obtain the financing necessary to purchase our solar power systems on favorable terms, or at all, and thus lower demand for our solar power products, reduce revenue and adversely affect our operating results. An increase in interest rates could lower a customer's return on investment in a system or make alternative investments more attractive relative to solar power systems, which, in each case, could cause our customers to seek alternative investments that promise higher returns or demand higher returns from our solar power systems, which could reduce our revenue and gross margin and adversely affect our operating results. Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. If in the future we have a need for significant borrowings and interest rates increase, our cost of capital would increase which may lower our margins. Conversely, lower interest rates have an adverse impact on our interest income.

***We may be unable to successfully implement price increases to offset inflation and, as a result, our businesses and financial position and results of operations could be adversely affected.***

We have experienced rising inflationary pressures since 2021. Cost inflation, including increases in ocean container rates, raw material prices, labor rates, energy and domestic transportation costs threaten to impact our profitability and our ability to recover these cost increases through price increases may continue to lag, resulting in downward pressure on our margins. To date, our cost of revenue for our solar power products has been negatively impacted by the increase in cost of certain raw materials such as glass, silicon, and aluminum. In certain of our supply agreements, including the 2024/2025 Supply Agreement with SunPower, we have introduced an indexed pricing provision that tracks five production commodities: polysilicon, aluminum, glass, transpacific container freight, and crude oil (the “indexed pricing provision”). Under this contractual provision, the final price paid for the modules may be adjusted if actual commodities’ prices as published in the identified indices on the first calendar day of the prior quarter differ from agreed baseline values. Subject to an agreed allowance for any commodity price fluctuations, the negative impact to our cost of revenue by cost inflation would be reduced as higher commodity pricing will require the final module price to be adjusted higher; while lower commodity pricing will require a discount to the final module price. We and our counterparties to these supply agreements have the right to elect to terminate the supply agreement for convenience without penalty or damages if the adjustments to the module price exceed an agreed threshold. We will only be able to realize the benefits of this indexed pricing provision if our costs for the raw materials track the values of such commodities in the identified indices closely. If we incur costs for raw materials that significantly exceed the values of the commodities in the identified indices, we may not be able to recover our costs to the extent that they exceed such values in the identified indices. There can be no assurance that in circumstances where adjustments to the module price exceed an agreed threshold, we will be willing or able to reach an agreement on pricing with our counterparty and avoid termination of the supply agreement. Should any of these supply agreements be terminated, our businesses and financial position and results of operations could be adversely affected.

Under the 2022/2023 Supply Agreement, as amended, fixed pricing was established for 2022 and updated for 2023, and either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold. The 2024/2025 Supply Agreement contains the indexed pricing provision described above. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, we or SunPower, as the case may be, may have a right to elect to terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions. Should this occur, there can be no assurance that we will be able to reach an agreement on pricing with SunPower and should either SunPower Supply Agreement be terminated, our businesses and financial position and results of operations could be adversely affected. See “*Risk Factors – Risks Related to Our Operations - We derive a significant portion of our revenues from our largest customers and are subjected to concentration of credit risk.*” Any price increases we undertake are also limited by the selling prices of our competitors, and as our selling prices are currently already higher than a number of our competitors, it would be challenging to further increase our pricing whilst still maintaining our competitiveness. Any attempts to offset cost increases with price increases may also result in reduced sales, increase customer dissatisfaction or otherwise harm our reputation. Conversely, while any increase in electricity rates as a result of inflationary pressures could cause our products to become more competitive by comparison, there is no assurance that this will result in a corresponding positive impact on our revenue.

***Our use of joint ventures may expose us to risks associated with jointly owned investments.***

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present in investments made solely by us, including:

- we may not control the joint ventures;
- our joint venture partners may not agree to distributions that we believe are appropriate;
- where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration;



- our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner;
- the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved;
- our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests;
- we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments;
- it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason; and
- we may make capital investments in our joint ventures, which may limit our ability to apply our resources to other endeavors that we find attractive, or decide not to participate in capital investments with our joint venture partners which may result in the dilution of our ownership and corresponding impact to our decision-making authority and share of future profits or losses.

Any of the foregoing risks could have a material and adverse effect on our business, financial condition and results of operations. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners.

***We depend on our Huansheng JV for a portion of our Performance line solar panels and any failure to obtain sufficient volume or competitive pricing could significantly impact our revenues, ability to grow and damage our customer relationships.***

We rely upon our Huansheng JV for a portion of our Performance line modules. Huansheng operates as a standalone entity and we have significantly less oversight and control over its assembly and testing capacity, delivery schedules, quality assurance, manufacturing yields and production costs than if we operated as a vertically integrated business. With a single supply source other than our own production, we are more exposed to risks relating to costs, quality control and supply chain management than if we sourced from multiple suppliers. If the operations of our joint venture were disrupted or its financial stability impaired, or if it was unable or unwilling to devote supply to us in a timely manner, or at competitive prices, our costs could be impacted and our business could suffer. Events that disrupt production include the recent polysilicon plant fires, flooding and COVID-19 that impacted the overall supply of raw materials and components. This disruption in the supply chain has resulted in risks of delays in the delivery of goods, stoppage of delivery and raised prices for the solar industry at large. The increase in prices of raw materials such as aluminum, glass and silicon, as well as module-supply from Huansheng as a result of raw materials price increase increased our costs and diminished our profitability, and had a material and adverse effect on our financial condition and results of operation. The impact of this disruption is compounded by the effects of COVID-19 on supply chains generally. See the Risk Factor titled “*The COVID-19 pandemic has had an adverse impact on, and may continue to adversely impact, our business, operations, and financial performance, as well as on the business operations and financial performance of many of our suppliers, dealers and customers. We are unable to predict the extent to which the pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, and the achievement of our strategic objectives.*”. Currently, we are unable to foresee the extent of the impact such measures will have on our business, financial condition and results of operations or for how long such measures will be implemented by the PRC governments. We will continue to assess the situation and take steps as necessary to lessen the impact of these measures on our business. We also risk customer delays resulting from an inability to move module production to an alternate provider, 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 third-party contract manufacturers could expose us to further risk of losing control over our intellectual property and the quality of our solar panels. Any reduction in the supply of solar panels could impair our revenue by significantly delaying our ability to ship products and potentially damage our relationships

with new and existing customers, any of which could have a material and adverse effect on our financial condition and results of operation.

***While we believe we currently have effective internal control over financial reporting, we may identify a material weakness in our internal control over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our shares.***

Our management is responsible for maintaining internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of combined financial statements for external purposes in accordance with GAAP. They are also responsible, in accordance with the Singapore Companies Act, for keeping accounting and other records that will sufficiently explain the transactions and financial position of Maxeon, establishing true and fair financial statements to be prepared from time to time and maintaining that records be kept in such manner as to enable them to be conveniently and properly audited. We need to continuously maintain our internal control processes and systems and adapt them as our business grows and changes. This process is expensive, time-consuming, and requires significant management attention. Furthermore, as we grow our business, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our shares may decline.

Remediation of a material weakness could require us to incur significant expense and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our shares may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or NASDAQ. We may also be required to restate our financial statements from prior periods.

***We may in the future be required to consolidate the assets, liabilities and financial results of certain of our existing or future joint ventures, which could have an adverse impact on our financial position, gross margin, and operating results.***

The Financial Accounting Standards Board has issued accounting guidance regarding variable interest entities (“VIEs”) that could affect our accounting treatment of our existing and future joint ventures. To ascertain whether we are required to consolidate an entity, we determine whether it is a VIE and if we are the primary beneficiary in accordance with the accounting guidance. Factors we consider in determining whether we are the VIE’s primary beneficiary include the decision-making authority of each partner, which partner manages the day-to-day operations of the joint venture and each partner’s obligation to absorb losses or right to receive benefits from the joint venture in relation to that of the other partner. Although we presently do not have any VIE arrangements, other than in Philippines, for which we consolidate SPML Land Inc., there is no assurance that we will not enter into similar VIE arrangements or make other similar forms of equity investments in the future.

Changes in the financial accounting guidance, or changes in circumstances at each of these joint ventures, could lead us to determine that we have to consolidate the assets, liabilities and financial results of such joint ventures. The consolidation of our VIEs could have a material adverse impact on our financial position, gross margin and operating results and could significantly increase our indebtedness. In addition, we may enter into future joint ventures or make other equity investments, which could have an adverse impact on us because of the financial accounting guidance regarding VIEs.

***Our manufacturing facilities, as well as the facilities of certain subcontractors and suppliers, are located in regions that are subject to epidemic or pandemic events, earthquakes, floods, and other natural disasters, and climate change and climate change regulation that could have an adverse effect on our operations and financial results.***

Our manufacturing facilities are located in Malaysia, Mexico and the Philippines, and our Huansheng JV operates in China. Any significant epidemic or pandemic (including the ongoing COVID-19 pandemic), earthquake,

flood, or other natural disaster in these countries or countries where our suppliers are located could materially disrupt our operations and/or our production capabilities, could result in damage or destruction of all or a portion of our facilities and could result in our experiencing a significant delay in delivery, or substantial shortage, of our products and services. For example, ash and debris from volcanic activity at the Taal Volcano in the Philippines forced closures and evacuations of nearby areas in January 2020 and impacted our employees. In addition, certain modified business practices taken in response to the COVID-19 pandemic have affected our ability to conduct our business operations around the globe. Over the course of 2022, different variants of COVID-19, including the Delta variant and the Omicron variant of the COVID-19 virus, have led to increased incidence of COVID-19 around the world prompting continued quarantine measures. Given that our Huansheng JV operates in China, we have been subject to disruptions in our operations and supply chain as a result of COVID-19 related disruptions in China. There is no assurance that future outbreaks of COVID-19 will not materially impact our manufacturing operations in the future. See the Risk Factor titled *“The COVID-19 pandemic has had an adverse impact on, and may continue to adversely impact, our business, operations, and financial performance, as well as on the business operations and financial performance of many of our suppliers, dealers and customers. We are unable to predict the extent to which the pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, and the achievement of our strategic objectives.”*

In addition, legislators, regulators, and non-governmental organizations, as well as companies in many business sectors, are considering ways to reduce green-house gas emissions. Further regulation could be forthcoming with respect to green-house gas emissions. Such regulations could result in regulatory or product standard requirements for our global business, including our manufacturing operations. Furthermore, the potential physical impacts of climate change on our operations may include changes in weather patterns (including floods, tsunamis, drought and rainfall levels), water availability, storm patterns and intensities, and temperature levels. These potential physical effects may materially and adversely affect the cost, production, sales and financial performance of our operations.

***Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines.***

We use, generate and discharge toxic, volatile, and otherwise hazardous chemicals and wastes in our research and development and manufacturing activities and are subject to extensive environment laws and regulations at the international level. These environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management, and disposal of hazardous materials and wastes, the cleanup of contaminated sites, and occupational health and safety. As we operate in jurisdictions worldwide, our environmental compliance burden may continue to increase both in terms of magnitude and complexity. We have incurred and may continue to incur significant costs in complying with these laws and regulations if we cannot secure a waiver therefrom. Any failure by us to control the use of, or to restrict adequately the discharge of, hazardous substances could subject us to, among other matters, potentially significant monetary damages and fines or liabilities or suspensions in our business operations. In addition, if more stringent laws and regulations are adopted (and we cannot get a waiver therefrom), the costs of compliance with these new laws and regulations could be substantial. For example, the U.S. Securities and Exchange Commission has proposed climate change disclosure rules that, if adopted, would impact disclosures U.S. publicly listed companies would have to make in accordance with Sections 13(a) and 15(d) of the Exchange Act. If we fail to comply with present or future environmental laws and regulations, we may be required to pay substantial fines, suspend production or cease operations, or be subjected to other sanctions.

***Our insurance for certain indemnity obligations we have to our officers and directors may be inadequate, and potential claims could materially and negatively impact our financial condition and results of operations.***

Pursuant to our constitution (the “Constitution”), and to the extent permitted by the Singapore Companies Act and applicable laws, we will indemnify our officers and directors for certain liabilities that may arise in the course of their service to us. Although we currently maintain director and officer liability insurance for certain potential third-party claims for which we are legally or financially unable to indemnify them, such insurance may be inadequate to cover certain claims, or may prove prohibitively costly to maintain in the future. In addition, we may choose to primarily self-insure with respect to potential third-party claims. If we were required to pay a significant amount on account of these liabilities for which we self-insured, our business, financial condition, and results of operations could be materially harmed.

## **Risks Related to Our Intellectual Property**

***We depend on our intellectual property, and we 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, our customers, or our 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 or other intellectual property rights. Additionally, we are required by contract to indemnify some of our customers and our 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 our customers and our 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, unpredictable 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. 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 making, using, selling, importing or exporting products or technology that contain the allegedly infringing intellectual property, remove such products or technology from use, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Any judgments requiring equitable or legal remedies 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 our business, financial condition and results of operations.

***We may file or continue to pursue claims against other parties for infringing our intellectual property that may be very costly and may not be resolved in our favor.***

To protect our intellectual property rights and to maintain our competitive advantage, we may file or continue to pursue suits against parties who we believe infringe or misappropriate our intellectual property. Intellectual property litigation is very expensive, unpredictable 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. Moreover, our enforcement efforts may not be successful and may not result in anticipated outcomes. 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.

***Our business is subject to a variety of U.S. and foreign data protection regulations regarding personal data, privacy, and related matters.***

We are subject to U.S. and foreign data protection regulations, including laws, rules, policies, and other obligations, relating to the collection, use, retention, security, and transfer of the personal data or personally identifiable information (collectively, "PII") of data subjects, including our customers, end-users of our products, employees and other third parties with whom we interact. We are subject to a variety of data protection regulations, including the European Union's General Data Protection Regulation ("GDPR"), the California Consumer Privacy Act ("CCPA"), the Personal Data Protection Act of Singapore, the Data Privacy Act in the Philippines, the Personal Data Protection act in Malaysia, and the Privacy Act in Australia.

These data protection regulations apply to various activities relating to the PII, including third-party transactions, international transfers, transfers between one company and its subsidiaries, and transfers among the subsidiaries and other parties with which we have commercial relations. The introduction of new products or expansion of our activities, including PII data processing, in certain jurisdictions may subject us to additional requirements under the data protection regulations. Some data protection regulations, such as the GDPR, can be more restrictive than others. Data protection regulations are constantly evolving and can be subject to significant change, and we may be subject to future data protection regulations. In addition, the application and interpretation of the data protection regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently by data protection authorities and inconsistently with our current policies and practices. Existing, proposed and future data protection regulations could be costly to

comply with and could delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, require significant changes to our products or business activities, and subject us to inquiries or investigations, claims or other remedies, including fines, which may be significant, or demands that we modify or cease existing business practices, including subject product or service offerings.

A failure by us, our suppliers, or other parties with whom we do business to comply with data protection regulations, data processing agreements, or privacy policies could result in proceedings against us by governmental entities, individual data subjects or others, which could have a material and adverse effect on our business, results of operations, and financial condition.

***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, profit and cash flows could suffer.***

We seek to protect our proprietary manufacturing processes, documentation, and other written materials primarily under trade secret and copyright laws. We also typically require employees, consultants, and third parties, such as our suppliers, vendors and customers, with access to our proprietary information to execute confidentiality agreements. The steps we take to protect our proprietary information may not be adequate to prevent misappropriation of our technology. Our systems may be subject to intrusions, security breaches, or targeted theft of our trade secrets. In addition, our proprietary rights may not be adequately protected because:

- others may not be deterred from misappropriating our technologies despite the existence of laws or contracts prohibiting such misappropriation and information security measures designed to deter or prevent misappropriation of our technologies;
- policing unauthorized use of our intellectual property may be difficult, expensive, and time-consuming, the remedy obtained may be inadequate to restore protection of our intellectual property, and moreover, we may be unable to determine the extent of any unauthorized use; and
- the laws of other countries in which we market our solar products, such as some countries in the Asia/Pacific region, may offer little or no protection for our proprietary technologies.

Reverse engineering, unauthorized copying, or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without compensating us for doing so. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. We cannot ensure that the outcome of such potential litigation will be in our favor, and such litigation may be costly and may divert management attention and other resources away from our business.

An adverse determination in any such litigation may impair our intellectual property rights and may harm our business, prospects, and reputation. Our joint ventures, partners and suppliers may not be deterred from misappropriating our proprietary technologies despite contractual and other legal restrictions. Legal protection in countries where our joint ventures, partners and suppliers are located may not be robust and enforcement by us of our intellectual property rights may be difficult. As a result, our joint ventures, partners and suppliers could directly compete with our business. Any such activities or any other inability to adequately protect our proprietary rights could harm our ability to compete, to generate revenue, profit and cash flows, and to grow our business.

***We may not obtain sufficient patent protection on the technology embodied in the solar products we currently or plan to manufacture and market, which could harm our competitive position and increase our expenses.***

Although we substantially rely on trade secret laws and contractual restrictions to protect the technology in the solar products we currently manufacture and market, our success and ability to compete in the future may also depend to a significant degree upon obtaining patent protection for our proprietary technology. We currently own multiple patents and patent applications which cover aspects of the technology in the solar cells and solar panels that

we currently manufacture and market. We intend to continue to seek patent protection for those aspects of our technology, designs, and processes that we believe provide significant competitive advantages.

Our patent applications may not result in issued patents, and even if they result in issued patents, the patents may not have claims of the scope we seek or we may have to refile patent applications due to newly discovered prior art. In addition, any issued patents may be challenged, invalidated, or declared unenforceable, or even if we obtain an award of damages for infringement by a third party, such award could prove insufficient to compensate for all damages incurred as a result of such infringement, and we may not be able to secure an injunction to prevent the third party from continuing such infringement.

The term of any issued patent is generally 20 years from its earliest filing date and if our applications are pending for a long time period, we may have a correspondingly shorter term for any patent that may issue. Our present and future patents may provide only limited protection for our technology and may be insufficient to provide competitive advantages to us. For example, competitors could develop similar or more advantageous technologies on their own or design around our patents. Also, patent protection in certain non-U.S. countries may not be available or may be limited in scope and any patents obtained may not be readily enforceable because of insufficient judicial effectiveness or evidence gathering, making it difficult for us to aggressively protect our intellectual property from misuse or infringement by other companies in these countries. Our inability to obtain and enforce our intellectual property rights in some countries may harm our business. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations in general or in specific geographies that later turn out to be important.

***We may not be able to prevent others from using trademarks in connection with their solar power products, which could adversely affect the market recognition of our name and our revenue, profits and cash flows.***

We hold registered trademarks for MAXEON, SUNPOWER and other marks in certain countries, including, in the case of MAXEON, the United States. We have not registered, and may not be able to register, trademarks in important or valuable countries. In jurisdictions where we are unable to obtain or have not tried to obtain registrations, others may sell or advertise products (or engage in other activities) using trademarks or brands that compromise, mimic, copy, incorporate or are similar to our trademarks or brands, which could lead to customer confusion and impact our business. In addition, if there are jurisdictions where another proprietor has already established trademark rights that conflict with our rights, interests or activities, then we may face trademark disputes and we may have to market our products with other trademarks or without our existing brands or trademarks, which may undermine our marketing efforts. In addition, we may have difficulty in establishing strong brand recognition with consumers if others use similar marks for similar products.

Pursuant to a brand framework agreement with SunPower, SunPower assigned to us the non-U.S. SUNPOWER trademarks and SunPower retained ownership of its SUNPOWER trademarks in the U.S. and a limited license to the SUNPOWER trademarks in Canada. We market solar panels under the SUNPOWER or MAXEON brand based on our trademark rights and agreements with SunPower. We face risks of such products being negatively associated with the SUNPOWER or MAXEON brand if any negative publicity were to be incurred against these brands, including negative publicity that is not within our control or based on our activities.

#### **Risks Related to Cybersecurity**

***We may be subject to breaches of information technology systems utilized by us or our suppliers, vendors, customers and other third parties with whom we conduct business, which could impact our business or our business data, lead to disclosure of our internal information, damage our reputation or relationships with suppliers or customers, disrupt access to our online services, and impact our operations. Such breaches could subject us to significant reputational, financial, legal, and operational consequences.***

Our business requires us to use, store, and share with certain third parties with whom we conduct business confidential and proprietary information, intellectual property, commercial banking information, information and personal data concerning customers, end users, 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.

In many instances, we use encryption and authentication technologies to secure the transmission and storage of data, and multi-factor authentication to access certain systems. 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 our data.

We devote resources to network security, data encryption, access control, 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, social engineering, 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 have experienced breaches of our systems in the past, and 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 or the systems or facilities of third parties with whom we conduct business through fraud, trickery or other forms of deceiving team members, contractors and temporary staff. If we or a third party with whom we conduct business 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 also share information with contractors and third-party providers to conduct our business. In particular, we rely on cloud service providers and face the risks of security breaches emanating from these platforms and interruptions to 24/7 access and the operational availability of such platforms, which will disrupt key business processes. 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 affect our business, results of operations, and financial condition as discussed above.

As a result of the COVID-19 pandemic, the vast majority of our employees who are capable of performing their function remotely have adopted a hybrid work arrangement, which may exacerbate the aforementioned cybersecurity risks. See the Risk Factor titled *“The COVID-19 pandemic has had an adverse impact on, and may continue to adversely impact, our business, operations, and financial performance, as well as on the business operations and financial performance of many of our suppliers, dealers and customers. We are unable to predict the extent to which the pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, and the achievement of our strategic objectives.”*

***We may be subject to information technology system failures or network disruptions that could damage our business operations, financial conditions, or reputation.***

We may be subject to information technology system failures and network disruptions. These may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could result in delayed or canceled orders. System failures and disruptions could also impede the manufacturing and shipping of products, delivery of online services, transactions processing, and financial reporting.

## Risks Related to the Separation from SunPower

***Our historical financial information is not necessarily representative of the results we would have achieved as a standalone public company and may not be a reliable indicator of our future results.***

Our historical financial statements for the periods prior to the Spin-off on August 26, 2020 have been derived (carved out) from SunPower consolidated financial statements and accounting records, and these financial statements and the other historical financial information of Maxeon included in this Form 20-F are presented on a combined basis. This combined information does not necessarily reflect the financial position, results of operations and cash flows we would have achieved as a standalone public company during the period presented, or those that we will achieve in the future.

This is primarily because of the following factors:

- For the period covered by our combined financial statements, our business was operated within legal entities which hosted portions of other SunPower businesses.
- Income taxes attributable to our business were determined using the separate return approach, under which current and deferred income taxes are calculated as if a separate tax return had been prepared in each tax jurisdiction. Actual outcomes and results could differ from these separate tax return estimates, including those estimates and assumptions related to realization of tax benefits within certain SunPower tax groups.
- Our combined financial statements include an allocation and charges of expenses related to certain SunPower functions such as those related to financial reporting and accounting operations, human resources, real estate and facilities services, procurement and information technology. However, the allocations and charges may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly traded company for the period presented therein.
- Our combined financial statements include an allocation from SunPower of certain corporate-related general and administrative expenses that we would incur as a publicly traded company that we have not previously incurred. The allocation of these additional expenses, which are included in the combined financial statements, may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly traded company for the period presented therein.
- Our combined financial statements include an allocation of interest expense from SunPower of \$12.2 million, related to SunPower's 4.00% debentures due 2023 for which the proceeds were used to finance our solar cell manufacturing facility in the Philippines which relates to our historical business. This cost may not be indicative of the actual expense that would have been incurred had we operated as an independent, public company for the period presented nor for future periods, with interest expenses arising from our own debt facilities.
- In connection with the Spin-off, we incurred one-time costs after the consummation of the Spin-off relating to the transfer of information technology systems from SunPower to us.

Therefore, our historical financial information may not necessarily be indicative of our future financial position, results of operations or cash flows, and the occurrence of any of the risks discussed in this "Risk Factors" section, or any other event, could cause our future financial position, results of operations or cash flows to materially differ from our historical financial information.

***SunPower could suffer significant tax liability as a result of the Spin-off, and in certain circumstances, we could be required to indemnify SunPower for material taxes pursuant to indemnification obligations under the Tax Matters Agreement. In addition, we have agreed to certain restrictions designed to preserve the tax treatment of the Spin-off that may reduce our strategic and operating flexibility.***

In connection with the Spin-off, SunPower received a written opinion from SunPower's counsel (the "Tax Opinion") to the effect that the distributions of shares made in connection with the Spin-off should not result in any



recognition of gain and loss to (and no amount should be includible in the income of) SunPower shareholders under Section 355 of the Code.

The Tax Opinion was based on certain facts, assumptions and representations from, and undertakings by, SunPower and us and other relevant parties. The failure of any factual representation or assumption to be true, correct, and complete, or any undertaking to be fully complied with, could affect the validity of the Tax Opinion. The Tax Opinion will not be binding in any court, and there can be no assurance that the relevant tax authorities or any court will not take a contrary position. In addition, the Tax Opinion was based on current law, and cannot be relied upon if current law changes with retroactive effect.

If the Spin-off distribution is determined not to qualify for the treatment described in the Tax Opinion, or if any conditions in the Tax Opinion are not observed, then SunPower could suffer adverse U.S. withholding tax consequences and, under certain circumstances, we could have an indemnification obligation to SunPower with respect to some or all of the resulting tax to SunPower under the tax matters agreement we entered into with SunPower.

In addition, under the tax matters agreement, we have agreed to certain restrictions designed to preserve the tax-free nature of the distribution for U.S. federal income tax purposes to SunPower shareholders. These restrictions may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that might be beneficial and could discourage or delay strategic transactions that our shareholders may consider favorable.

#### **Risks Related to the Ownership of Our Shares**

##### ***TotalEnergies's and TZE's significant ownership of our shares may adversely affect the liquidity and value of our shares.***

As of January 1, 2023, TotalEnergies (as defined under "Item 4.A. History and Development of the Company") and its affiliates own approximately 24.4% of the voting power of outstanding Maxeon shares and TZE owns approximately 24.0% of the voting power of outstanding Maxeon shares. At their current shareholding, TotalEnergies and TZE possess significant influence and control over our affairs. On August 17, 2022, we issued our 2027 Notes, all of which were initially purchased by TZE. To the extent TZE converts the 2027 Notes held by it into Maxeon shares, then its voting power of the outstanding Maxeon shares, and its already significant influence over our affairs, in particular, will increase. TotalEnergies and/or TZE may have different interests than other Maxeon shareholders on matters which may affect our operational and financial decisions. As long as each of TotalEnergies and TZE own a significant percentage of our shares, the ability of our other shareholders to influence matters requiring shareholder approval will be limited. On November 1, 2022, TotalEnergies filed a Schedule 13D/A indicating that they have classified the Maxeon shares which they hold as "held-for-sale" for financial reporting purposes based on, among other things, TotalEnergies' management's plan to sell such shares in one or more transactions within twelve months of the issuance of the financial statements of the TotalEnergies' group (the "TotalEnergies' Future Share Divestment"). In the event that TotalEnergies elects to sell its shares to a single purchaser, that purchaser would possess similarly significant influence and control over our affairs. Among other things, TotalEnergies and/or TZE's influence could delay, defer or prevent a sale of Maxeon that other shareholders support, or, conversely, this influence could result in the consummation of such a transaction that other shareholders do not support. This concentrated influence could discourage potential investors from seeking to acquire Maxeon shares and, as a result, might harm the market price of Maxeon shares.

##### ***If a substantial number of Maxeon shares become available for sale and are sold in a short period of time, the market price for our shares could experience volatility and/or decline.***

Each of TotalEnergies and TZE have the ability to sell a substantial number of Maxeon shares. We filed a registration statement on Form F-3 (File No. 333-268309), which was declared effective on November 23, 2022, pursuant to which each of TotalEnergies and TZE may offer and re-sell the Maxeon shares which they own and the Maxeon shares which may be issued on conversion of the 2027 Notes including ordinary shares issuable upon conversion of any PIK Notes (as defined herein) or, subject to certain conditions, by directly issuing ordinary shares in lieu of cash payment of interest ("Interest Payment Ordinary Shares"), assuming payment of all amounts due

with respect to the remaining 4.0% of interest payable as payable-in-kind interest or as Interest Payment Ordinary Shares. If our existing significant shareholders sell substantial amounts of Maxeon shares in the market, including pursuant to the TotalEnergies' Future Share Divestment, the market price of Maxeon shares could decrease significantly. The disclosure of the TotalEnergies' Future Share Divestment and any perception in the market that our other existing significant shareholders might sell shares could also depress our share price. A decline in the price of Maxeon shares may impede our ability to raise capital through the issuance of additional shares or other equity securities.

***Your percentage ownership in Maxeon may be diluted in the future.***

In the future, we may issue additional shares in connection with capital markets transactions, acquisitions or otherwise, including equity awards that we will be granting to our directors, officers and employees and conditional capital we hold for purposes of our employee participation plans. For instance, in April 2021, pursuant to the TZE Private Placement (as defined under "Item 4.A. History and Development of the Company"), Maxeon sold to TZE 1,870,000 ordinary shares at \$18.00 per share. See "Item 5.B. Liquidity and Capital Resources - Current Sources of Liquidity and Capital Resources."

The conversion of some or all of the Green Convertible Notes and the 2027 Notes will dilute the ownership interests of existing shareholders. In particular, to the extent TZE SG continues to hold all or a portion of the 2027 Notes, upon the conversion of such notes, TZE SG may receive additional Maxeon shares pursuant to the terms of 2027 Notes thereby increasing its ownership interests and voting power, which will consequently dilute the ownership interests of other, existing shareholders. See "—TotalEnergies's and TZE's significant ownership of our shares may adversely affect the liquidity and value of our shares." Additionally, in connection with the Green Convertible Notes, Maxeon granted to TZE SG an option to purchase an amount of Maxeon shares that would allow TZE SG to maintain its percentage ownership of outstanding Maxeon shares following any conversion of the Green Convertible Notes as compared to its percentage ownership existing immediately prior to any such conversion. See "Item 7.B. Related Party Transactions—Dilution Protection Agreement." Any sales in the public market of the shares issuable upon conversion of the Green Convertible Notes and the 2027 Notes could adversely affect prevailing market prices of our shares. In addition, the existence of the Green Convertible Notes and the 2027 Notes may encourage short selling by market participants because the conversion of the Green Convertible Notes and/ or the 2027 Notes could depress the price of our shares.

Furthermore, the Compensation Committee of the Maxeon Board has and it is anticipated that it will continue to grant equity awards to our employees and directors, from time to time, under our employee benefits plans. These additional awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our shares.

***The effect of the Physical Delivery Forward and Prepaid Forward, which were entered into in connection with the issuance of our Green Convertible Notes, may affect the value of Maxeon shares and may result in unexpected market activity in Maxeon shares.***

In connection with the issuance of the Green Convertible Notes, we entered into a Physical Delivery Forward with a Physical Delivery Forward Counterparty with respect to the Physical Delivery Maxeon Shares (all defined terms under "Note 11. Debt and Credit Sources" to our consolidated and combined financial statements"). Pursuant to the Physical Delivery Forward, the Physical Delivery Forward Counterparty agreed to deliver such Physical Delivery Maxeon Shares to us or a third-party trustee designated by us for no consideration at or around the maturity of the Green Convertible Notes. The delivery of such Physical Delivery Maxeon Shares is subject to the conditions set forth in the agreements governing the Physical Delivery Forward, including receipt of required shareholder approvals on an annual basis and subject under Singapore law to an aggregate limit of 20% as of the date of the annual shareholder purchase approval (calculated together with the number of ordinary shares to be purchased in connection with the Prepaid Forward).

In connection with the issuance of the Green Convertible Notes, we entered into a Prepaid Forward (as defined under "Item 5.B. Liquidity and Capital Resources – Current Sources of Liquidity and Capital Resources") with an affiliate of one of the initial purchasers, pursuant to which we will repurchase 2.5 million Maxeon shares, subject to

the conditions set forth in the agreements governing the Prepaid Forward, including receipt of required shareholder approvals on an annual basis. Under the terms of the Prepaid Forward, the Prepaid Forward Counterparty (as defined under “Note 11. *Debt and Credit Sources*” to our consolidated and combined financial statements) will be obligated to deliver the number of Maxeon shares underlying the transaction to us, or pay cash to the extent we fail to provide to Prepaid Forward Counterparty evidence of a valid shareholder authorization, on or shortly after the maturity date of the Green Convertible Notes, subject to the ability of the Prepaid Forward Counterparty to elect to settle all or a portion of the transaction early.

We may not be able to obtain requisite shareholder approvals to take back the shares under the Physical Delivery Forward or Prepaid Forward at the maturity date or earlier subject to noteholders’ request for conversion of the Green Convertible Notes.

In addition, the Prepaid Forward Counterparty (or its affiliates) are likely to modify their hedge positions in respect of the Prepaid Forward by entering into or unwinding various derivative transactions with respect to Maxeon shares and/or by purchasing Maxeon shares or other securities of us in secondary market transactions prior to maturity of the Prepaid Forward.

The effect, if any, of any of these transactions, events and activities on the market price of Maxeon shares will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of Maxeon shares.

***We are subject to counterparty risk with respect to the Prepaid Forward and the Physical Delivery Forward.***

Each of the Prepaid Forward Counterparty and the Physical Delivery Forward Counterparty is a financial institution, and we will be subject to the risk that either or both might default under the Prepaid Forward and/or the Physical Delivery Forward. Our exposure to the credit risk of the Prepaid Forward Counterparty and/or the Physical Delivery Forward Counterparty is not secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions, including the bankruptcy filing by Lehman Brothers Holdings Inc. and its various affiliates. If the Prepaid Forward Counterparty or the Physical Delivery Forward Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with the Prepaid Forward Counterparty or the Physical Delivery Forward Counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated with increases in the market price or the volatility of Maxeon shares. In addition, upon a default by the Prepaid Forward Counterparty or the Physical Delivery Forward Counterparty, we may suffer adverse tax consequences and may experience more dilution than currently anticipated with respect to Maxeon shares. We can provide no assurances as to the financial stability or viability of the Prepaid Forward Counterparty or the Physical Delivery Forward Counterparty.

***We do not intend to pay dividends on our shares and no assurance can be given that we will pay or declare dividends in the future.***

For the foreseeable future, we intend to retain any earnings to finance the development of our business, and we do not anticipate paying any cash dividends on our shares, and no assurance can be given that we will pay or declare dividends in the future. The Maxeon Board may, in its discretion, recommend the payment of a dividend in respect of a given fiscal year. However, the declaration, timing, and amount of any dividends to be paid by us following the Spin-off will be subject to the approval of our shareholders at the relevant Annual General Meeting of shareholders. The determination of the Maxeon Board as to whether to recommend a dividend and the approval of any such proposed dividend by our shareholders, will depend upon many factors, including our financial condition, earnings, corporate strategy, capital requirements of our operating subsidiaries, covenants, legal requirements and other factors deemed relevant by the Maxeon Board and shareholders. See “Item 10.B. Memorandum and Articles of Association—Dividends” for more information.

***We may issue additional Maxeon shares, other equity or equity-linked or debt securities, which may materially and adversely affect the price of the Maxeon shares.***

We may issue additional equity, equity-linked or debt securities for a number of reasons, including to finance our operations and business strategy (including in connection with expansion of our manufacturing capacity, acquisitions, strategic collaborations or other transactions), to satisfy our obligations for the repayment of existing indebtedness, to adjust our ratio of debt to equity, or for other reasons. Any future issuances of equity securities or equity-linked securities could substantially dilute the interests of our existing shareholders and may materially and adversely affect the price of Maxeon shares. We cannot predict the timing or size of any future issuances or sales of equity, equity-linked or debt securities, or the effect, if any, that such issuances or sales, may have on the market price of Maxeon shares. Market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

***The market price for Maxeon shares has been, and may in the future continue to be, volatile.***

The market price for Maxeon shares has been highly volatile and subject to wide fluctuations. During the period from August 26, 2020, the first day on which Maxeon shares were listed on NASDAQ, until January 1, 2023, the market price of Maxeon shares ranged from \$7.48 to \$57.97 per share. The market price of Maxeon shares may continue to be volatile and subject to wide fluctuations in response to a wide variety of factors, including the factors discussed in this risk factors section and the following:

- announcements of new products by us or our competitors;
- technological breakthroughs in the solar and other renewable power industries;
- reduction or elimination of government subsidies and economic incentives for the solar industry;
- news regarding any gain or loss of customers by us;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- the impacts of the COVID-19 pandemic on us and the national and global economies;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- announcements regarding patent litigation or the issuance of patents to us or our competitors;
- announcements of studies and reports relating to the conversion efficiencies of our products or those of our competitors;
- actual or anticipated fluctuations in our quarterly results of operations;
- changes in financial projections or estimates about our financial or operational performance by securities research analysts;
- changes in the economic performance or market valuations of other solar power technology companies;
- release or expiry of lock-up or other transfer restrictions on our outstanding shares;
- sales or perceived sales of additional shares or Green Convertible Notes or 2027 Notes;
- commencement of, or our involvement in, litigation;

- speculative trading practices by certain market participants;
- actual or purported “short squeeze” trading activity;
- trading of our shares, which can have an outsized impact on our stock price given the limited public float;
- fluctuations in the exchange rates;
- inflation;
- rising interest rates;
- general market conditions or other developments affecting us or our industry; and
- changes in the general condition of the global economy and credit markets.

Any of these factors may result in large and sudden changes in the volume and price at which our shares will trade.

On some occasions, our stock price may be, or may be purported to be, subject to “short squeeze” activity. A “short squeeze” is a technical market condition that occurs when the price of the stock increases substantially, forcing market participants who have taken a position that its price would fall (i.e. who had sold the stock “short”), to buy it, which in turn may create significant, short-term demand for the stock not for fundamental reasons, but rather due to the need for such market participants to acquire the stock in order to forestall the risk of even greater losses. A “short squeeze” condition in the market for a stock can lead to short-term conditions involving very high volatility and trading that may or may not track fundamental valuation models. Market disruptions such as the various U.S. key market-wide circuit breakers since March 9, 2020 triggered by concerns over economic slowdown led to historic drops for the U.S. capital markets. These market fluctuations may also have a material adverse effect on the market price of our shares. In the past, following periods of volatility in the market price of their stock, many companies have been the subject of securities class action litigation. If we become involved in similar securities class action litigation in the future, it could result in substantial costs and diversion of our management’s attention and resources and could harm our stock price, business, prospects, financial condition and results of operations.

In addition, the stock market in general, and NASDAQ and the securities of technology companies and solar companies in particular, have experienced severe price and volume fluctuations. These trading prices and valuations, including our own market valuation and those of companies in our industry generally, may not be sustainable. These broad market and industry factors may decrease the market price of our shares, regardless of our actual operating performance. Because the Green Convertible Notes and 2027 Notes are convertible into our shares (and/or cash equivalent to the value of our shares), volatility or depressed share prices could have a similar effect on the trading price of the Green Convertible Notes and 2027 Notes.

***Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.***

The trading market can be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a foreign private issuer, the analysts who publish information about Maxeon shares may have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline and result in the loss of all or a part of your investment in us.

***We are a foreign private issuer and, as a result, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.***

Since the consummation of the Spin-off, we have been reporting under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each financial year, while U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation FD, aimed at preventing issuers from making selective disclosures of material information. In addition, as a foreign private issuer, we are also entitled to rely on exceptions from certain corporate governance requirements of the NASDAQ.

As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

***As a foreign private issuer, we are permitted and expect to follow certain home country corporate governance requirements in lieu of certain NASDAQ requirements applicable to domestic issuers.***

As a foreign private issuer, we are permitted to, and intend to, follow certain home country corporate governance requirements in lieu of certain NASDAQ requirements. Following our home country corporate governance requirements, as opposed to the requirements that would otherwise apply to a U.S. company listed on the NASDAQ, may provide less protection than is afforded to investors under the NASDAQ rules applicable to domestic issuers.

In particular, we follow home country requirements instead of NASDAQ requirements otherwise applicable to U.S. companies regarding:

- NASDAQ's requirement that a majority of the Maxeon Board be "independent" as defined by the NASDAQ rules. Singapore law does not impose a similar requirement.
- NASDAQ's requirement that an issuer provide for a quorum as specified in its bylaws for any meeting of the holders of ordinary shares, which quorum may not be less than 33 1/3% of the outstanding shares of an issuer's voting ordinary shares. Singapore law does not impose a similar requirement and our Constitution provides that two members of Maxeon present shall constitute a quorum for a general meeting.
- NASDAQ's requirement that all members of our Compensation Committee be "independent" as defined in the NASDAQ rules. While the Maxeon Board has established a Compensation Committee, Singapore law does not require us to maintain such a committee and does not require a majority of such committee to be independent directors. Similarly, Singapore law does not require that we disclose information regarding third-party compensation of our directors or director nominees.
- NASDAQ's requirement that our Nominating and Corporate Governance Committee be "independent" as defined in the NASDAQ rules. Singapore law does not require a Nominating and Corporate Governance Committee to be comprised entirely of independent directors, and nominations of persons for election to the Maxeon Board will be recommended by our Nominating and Corporate Governance Committee whose members are not all independent directors as defined by the NASDAQ rules.

- NASDAQ’s requirement that issuers obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions, changes of controls or private placements of securities, or the establishment or amendment of certain stock option, purchase or other compensation plans. Under Singapore law, new shares may be issued only with the prior approval of our shareholders in a general meeting. Approval, if granted, shall continue in force until the earlier of:
  - the conclusion of the next annual general meeting after the date on which the approval was given; and
  - the expiration of the period within which the next annual general meeting after that date is required by law to be held.

Any such approval may be revoked or varied by the company in a general meeting.

***We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act’s domestic reporting regime and cause us to incur significant additional legal, accounting and other expenses.***

We became a foreign private issuer as of the date of the Spin-off and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. In order to maintain our status as a foreign private issuer, either (a) a majority of our shares must be directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. If pursuant to the TotalEnergies Future Share Divestment or sales of our shares by any of our other existing significant shareholders, the majority of our shares are no longer directly or indirectly owned of record by non-residents of the United States, and we are unable to meet any of the other requirements to qualify as a foreign private issuer, then we will lose our foreign private issuer status.

If we were to lose our foreign private issuer status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. For instance, we would be required to make changes in our corporate governance practices in accordance with various SEC and NASDAQ rules. The regulatory and compliance costs to us under U.S. securities laws when we would be required to comply with the reporting requirements applicable to a U.S. domestic issuer could be significantly higher than the costs we will incur as a foreign private issuer. As a result, a loss of foreign private issuer status could increase our legal and financial compliance costs and could make some activities highly time-consuming and costly. If we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it could make it more difficult and expensive for us to obtain director and officer liability insurance, and we could be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of the Maxeon Board.

***New rules and regulations impacting public companies may strain our resources, divert management’s attention and affect our ability to attract and retain qualified board members.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of NASDAQ on which Maxeon shares are traded and other applicable securities rules and regulations. The Securities and Exchange Commission (the “SEC” or the “Commission”) and other regulators have and continue to propose and adopt new rules and regulations and make additional changes to existing regulations that require our compliance. Shareholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate. For example on December 14, 2022, the SEC adopted amendments to Rule 10b5-1 under the Exchange Act. The amendments add new conditions for the availability of the affirmative defense to insider trading liability provided by the use of 10b5-1 plans. In addition, on March 21, 2022 the SEC proposed rule changes that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably

likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements. Finally, NASDAQ listed companies are now required to comply with the NASDAQ board diversity disclosure rules. We anticipate that we will incur considerable costs and expenses associated with complying with the proposed climate-related rules if they are adopted by the SEC, as well as other rules and regulations implemented by the SEC and the NASDAQ, particularly if we no longer qualify as a “foreign private issuer.” We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, while also diverting some of management’s time and attention from revenue-generating activities. Furthermore, these rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. If we fail to comply with these rules and regulations, we could be subject to a number of penalties, including the delisting of our Maxeon shares, fines, sanctions or other regulatory action or civil litigation.

***We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our shares.***

Based upon, among other things, the nature of our business, the current and anticipated valuation of our assets and the composition of our income and assets, we do not believe we were a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes for the taxable year ended January 1, 2023 and we do not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects. In addition, a separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Accordingly, we cannot assure you that we will not be a PFIC for our current, or any future, taxable year. A non-U.S. corporation will generally be a PFIC for any taxable year if either (i) at least 75.0% of its gross income for such year is passive income or (ii) at least 50.0% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. For this purpose, we will be treated as owning our proportionate share of the businesses and earning our proportionate share of the income of any other business in which we own, directly or indirectly, at least 25.0% (by value) of the stock. Because the value of our assets for purposes of the PFIC test will generally be determined in part by reference to the market price of our shares, fluctuations in the market price of the shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. As a result, dispositions of operating companies could increase the risk that we become a PFIC. If we are a PFIC for any taxable year during which a U.S. Holder holds our shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For further information on such U.S. federal income tax implications, see “Item 10.E. Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company.”

### **Risks Related to Doing Business in China**

***Uncertainties with respect to the PRC legal system, which continues to evolve, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice, could materially and adversely affect us.***

We participate in panel manufacturing operations through our Huansheng JV in China with TZE. These operations are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises and joint venture companies. In addition, the corporate governance and business activities of Huansheng JV are subject to the general PRC company law and contract law, respectively.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the PRC legal system is still developing, the implementation and enforcement of many laws, regulations and rules may be inconsistent, which may limit legal protections available to us, especially under the international



legal framework. Changes in PRC law could negatively affect our current agreements and important business rights including use of our intellectual property, our capacity allocation rights and our exclusive territorial sales rights. In addition, any litigation in China may be protracted and may result in substantial costs and divert our resources and the attention of our management.

Even though, currently, we and our Huansheng JV are not subject to PRC laws relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data, these laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities. For example, the Cybersecurity Law, the Cybersecurity Review Measures and the PRC's Data Security Law impose regulations, review and conditions on the storage, security, purchase, collection and use of personal information and important data collected and generated by a critical information infrastructure operator ("CIIO") in the course of its operations in China, including on the purchase of data affecting national security. While we believe our business and the business of our Huansheng JV do not currently include the type of activities subject to this regulation, uncertainty remains about the final content of these and other regulations, interpretation and implementation, and various other implications. It also remains uncertain whether any future regulatory changes would impose additional restrictions on companies like us and our Huansheng JV.

We conduct limited operations in China with about 45 employees as of January 1, 2023, and participate in panel manufacturing operations through our Huansheng JV with TZE, and generated revenues from sales in PRC of \$20.3 million for the fiscal year ended January 1, 2023, which represents 1.9% of our total revenue for the period. There is a risk that the PRC government may intervene or negatively influence our operations at any time. While we believe that the recent statements or regulatory actions by the relevant organs of the PRC government, including statements relating to the PRC Data Security Law, the Draft Measures, the PRC Personal Information Protection Law, guidance related to capital raising outside of the PRC through VIEs as well as the anti-monopoly enforcement actions, should not have any material adverse impact on our ability to conduct our existing business operations, there is no guarantee that this will continue to be the case or that the PRC government will not seek to intervene or negatively influence the operations of our Huansheng JV or our operations at any time. If certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future, were to become applicable to a company such as us in the future, the application of such laws and regulations may have a material adverse impact on our business, financial condition and results of operations. We cannot predict the extent of such impact if such events were to occur.

***Changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could materially and adversely affect our competitive position.***

We conduct operations in China through our participation in panel manufacturing operations through our Huansheng JV in China with TZE. In addition, a portion of our sales are made in China and our revenue generated from sales in China was \$20.3 million for the fiscal year ended January 1, 2023, representing 1.9% of our total revenue for period.

Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The PRC economy differs from the economies of most developed countries in many respects, including:

- the level of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the PRC economy has grown significantly in the past 30 years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may have a negative effect on us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government, including at both the national and local levels, has exercised and continues to exercise substantial control over virtually every sector of the PRC economy via regulation and state ownership. The PRC government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, limiting financing options of private businesses, controlling energy consumption and providing preferential treatment to particular industries or companies. With respect to the COVID-19 pandemic, the PRC Government implemented stringent containment measures in an effort to control the outbreak in line with its "Dynamic Zero-COVID" policy, including businesses and public service closures, transport suspension and periodic lockdowns in various cities and regions across China. More recently, the PRC Government has relaxed its "Dynamic Zero-COVID" policy and a relaxation of these containment measures has led to a spike in infection in the community. These changes in implementation of the PRC Government's "Dynamic Zero-COVID" policy have led to fluctuations of labor due to infections and previously, travel and other restrictions and shipment delays due to transportation interruptions. See *"We depend on our Huansheng JV for our Performance line solar panels and any failure to obtain sufficient volume or competitive pricing could significantly impact our revenues, ability to grow and damage our customer relationships."*

Future governmental actions, including any decision not to continue to support recent economic reforms and/or to return to a more centrally planned economy, regional or local variations in the implementation of such economic policies, or new, stricter regulations or interpretations of existing regulations could significantly affect economic conditions in China and materially impair our ability to conduct our panel manufacturing through our Huansheng JV within China or conduct sales into China, which could have a material adverse effect on our results of operations. We cannot predict whether changes in China's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our current or future business, financial condition and results of operations.

***Allegations of forced labor, the implementation of laws both recently enacted and proposed against the use of forced labor, and customer sentiment as a result of this issue, could have an adverse impact on our business.***

Measures addressing the use of forced labor in the global solar supply chain by the United States and other countries are disrupting global solar supply chains and our operations could be adversely impacted. The Uyghur Forced Labor Prevention Act, in effect in the United States from June 21, 2022 creates a rebuttable presumption that imports of any goods made either wholly or in part in Xinjiang have been produced with forced labor. That presumption is rebuttable if the U.S. Customs and Border Protection ("CBP") determines, based on "clear and convincing evidence", that the goods in question were not produced "wholly or in part by forced labor", and submits a report to the U.S. Congress setting out its findings. Polysilicon has been identified as a high priority for the CBP, with other critical inputs including aluminum coming under scrutiny.

Other jurisdictions have also been enacting similar legislation, or are in the process of doing so. For instance, Germany's Supply Chain Due Diligence Act forbidding forced labor in supply chains went into effect on January 1, 2023. The European Union and Australia both have legislative initiatives to ban importation of goods produced with forced labor underway, with the European Commission publishing a legislative proposal to ban products made with forced labor on September 14, 2022 and Australia expected to update its Modern Slavery Act in 2023.

Maxeon maintains policies and procedures, including conducting due diligence and audits on suppliers (and their suppliers throughout the supply chain to the original source of the raw materials to the extent practicable) to maintain compliance with all relevant laws and regulations, and is, to its knowledge, in compliance with all applicable laws. Our supply chain mapping has not identified any source or supplier from the Xinjiang region.

However, these laws may impact Maxeon's imports into the United States and elsewhere as the standards applied are evolving, raising new challenges for traceability and compliance throughout complex supply chains.

Allegations of forced labor may also affect customer sentiment and tarnish the reputation of the solar industry as a whole and thereby have an adverse effect on our business. Our due diligence procedures for our suppliers are regularly reviewed, and form the basis of our belief that our solar products are not produced with forced labor. If, despite these procedures, allegations of forced labor are made against our solar products, this may impact Maxeon's imports into the United States and elsewhere, tarnish our reputation and adversely impact our business.

#### **Risks Related to Being a Singapore Company**

*It may be difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us, our directors or officers in Singapore.*

We are incorporated under the laws of Singapore and certain of our officers and directors are or will be residents outside of the United States. Moreover, most of our assets are located outside of the United States. Although we are incorporated outside of the United States, we have agreed to accept service of process in the United States through our agent designated for that specific purpose.

There is no treaty in force between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, such that a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. Additionally, there is doubt whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. Accordingly, it may be difficult for investors to enforce against us, our directors or our officers in Singapore, judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

*We are incorporated in Singapore and our shareholders may have greater difficulty in protecting their interests than they would as shareholders of a corporation incorporated in the United States.*

Our corporate affairs are governed by our Constitution and by the laws governing companies incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of the Maxeon Board under Singapore law are different from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interest in connection with actions taken by our management or members of the Maxeon Board than they would as shareholders of a corporation incorporated in the United States.

*Singapore corporate law may impede a take-over of our company by a third party, which could adversely affect the value of our shares.*

The Singapore Code on Take-overs and Mergers (the "Singapore Take-overs Code") and Sections 138, 139 and 140 of the Securities and Futures Act 2001 of Singapore contain certain provisions that may delay, deter or prevent a future takeover or change in control of our company for so long as we remain a public company with more than 50 shareholders and net tangible assets of S\$5 million (approximately \$4 million USD) or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with such person, between 30% and 50% (both inclusive) of our voting shares, and such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council of Singapore, extend a mandatory take-over offer for all the remaining voting shares in accordance with the provisions of the Singapore Take-overs Code.

On January 30, 2020, the Securities Industry Council of Singapore waived the application of the Singapore Take-overs Code to us, subject to certain conditions. Pursuant to the waiver, for as long as we are not listed on a securities exchange in Singapore, and except in the case of a tender offer (within the meaning of U.S. securities laws) where the Tier 1 Exemption set forth in Rule 14d-1(c) under the Exchange Act (the “Tier 1 Exemption”) is available and the offeror relies on the Tier 1 Exemption to avoid full compliance with the tender offer regulations promulgated under the Exchange Act, the Singapore Take-overs Code shall not apply to us. In connection with receipt of the waiver, the SunPower Board submitted to the Securities Industry Council of Singapore a written confirmation to the effect that it is in the interests of SunPower shareholders who will become holders of Maxeon shares as a result of the Spin-off that a waiver of the provisions of the Singapore Take-overs Code is obtained. However, if the conditions for the waiver are no longer applicable, the Singapore Take-overs Code will be applicable and while the primary objective of the Singapore Take-overs Code is fair and equal treatment of all shareholders in a take-over or merger situation, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our company. These legal requirements may impede or delay a take-over of our company by a third party, and thereby have a material adverse effect on the value of our shares. In addition, as the Green Convertible Notes are convertible into our ordinary shares, under the Singapore Take-overs Code (where the Singapore Take-overs Code may be applicable), if a take-over offer is made for the Maxeon shares, a comparable offer has to be made for the Green Convertible Notes (so long as the Green Convertible Notes are outstanding) in accordance with the provisions of the Singapore Take-overs Code.

***Under Singapore law, our directors have general authority to allot and issue new shares on terms and conditions and with any preferences, rights or restrictions as may be determined by the Maxeon Board in its sole discretion.***

Under Singapore law, we may only allot and issue new shares with the prior approval of our shareholders in a general meeting. Subject to the general authority to allot and issue new shares provided by our shareholders, the provisions of the Singapore Companies Act and our Constitution, the Maxeon Board may allot and issue new shares on terms and conditions and with the rights (including preferential voting rights) and restrictions as they may think fit to impose. Any additional issuances of new shares by our directors could adversely impact the market price of our shares.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **4.A. HISTORY AND DEVELOPMENT OF THE COMPANY**

###### **General Corporate Information**

We are incorporated under the laws of Singapore in accordance with the Singapore Companies Act. We are currently registered with ACRA under the name “Maxeon Solar Technologies, Ltd.” We were formed by SunPower in connection with our separation from SunPower, for an unlimited duration, effective as of the date of our incorporation with ACRA on October 11, 2019.

We are domiciled in Singapore and our registered office is currently located at 8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore, which also currently serves as our principal executive offices, and our telephone number is +65 6338 1888. Our agent for service of process in the United States is CSC Global and its address is 251 Little Falls Drive, Wilmington, Delaware 19808.

###### **General Development of Business**

On the Distribution Date, SunPower completed the previously announced Spin-off of Maxeon. The Spin-off was completed by way of a Distribution of all of the Maxeon shares. As a result of the Distribution of the Maxeon shares on the Distribution Date, Maxeon became an independent, public company and the Maxeon shares started trading on the NASDAQ Global Select Market under the symbol “MAXN.”

In connection with the Spin-off, Maxeon and SunPower entered into a number of agreements providing for the framework of the relationship between the two companies following the Spin-off.

Immediately after the Distribution and pursuant to the terms of the Investment Agreement dated November 8, 2019 (the “Investment Agreement”), Maxeon and TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.), a PRC joint stock limited company (“TZE”), completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZE SG”) and an affiliate of TZE, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZE Investment”). TZE Investment, TotalEnergies Solar INTL SAS (“TotalEnergies Solar”), TotalEnergies Gaz Electricité Holdings France SAS, (“TotalEnergies Gaz”, with TotalEnergies Solar, each an affiliate of TotalEnergies SE and collectively “TotalEnergies”), as holders of record of SunPower’s common stock, were issued Maxeon’s shares by way of pro rata distribution.

In connection with the TZE Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZE SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of TotalEnergies and TZE SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZE SG to buy, sell or vote their Maxeon shares. At the closing of the TZE Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZE SG, granting each of the shareholders certain registration rights with regard to their Maxeon shares.

On July 17, 2020, Maxeon issued \$200.0 million aggregate principal amount of its Green Convertible Notes (as defined under “Item 5.B. Liquidity and Capital Resources”). Upon satisfaction of the relevant conditions, the Green Convertible Notes will be convertible into Maxeon shares at an initial conversion price of \$18.19 per share and an initial conversion rate of 54.9611 Maxeon shares per \$1,000 principal amount of Green Convertible Notes. The conversion rate and conversion price will be subjected to adjustment in specified circumstances. We will settle conversions by paying or delivering, as applicable, cash, Maxeon shares or a combination of cash and Maxeon shares, at our election. For more information, see “Item 5.B. Liquidity and Capital Resources - Current Sources of Liquidity and Capital Resources”.

In April 2021, the Company completed an offering of \$125.0 million of ordinary shares at a public offering price of \$18.00 per share. In April 2021, pursuant to a stock purchase agreement, dated April 13, 2021, with an affiliate of TZE, the Company also sold to TZE 1,870,000 ordinary shares at a price of \$18.00 per share, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the “TZE Private Placement”). As of January 1, 2023, TotalEnergies’s and TZE SG’s ownership of the Maxeon outstanding shares was approximately 24.4% and 24.0%, respectively.

On August 17, 2022, we issued our 2027 Notes, all of which were initially purchased by TZE SG. To the extent some or all of the 2027 Notes held by TZE SG are converted into Maxeon shares or we directly issue ordinary shares in lieu of interest cash payment in accordance with the terms of the 2027 Notes, TZE has a beneficial ownership interest in 19,734,322 ordinary shares which includes 10,785,692 outstanding ordinary shares beneficially owned by TZE following the consummation of the Spin-Off and the TZE SG Private Placement, and 8,948,630 ordinary shares issuable upon conversion of the 2027 Notes. The maximum number of ordinary shares issuable upon conversion of the 2027 Notes is 10,908,331 ordinary shares including 8,948,630 ordinary shares issuable upon conversion of the 2027 Notes and an additional 1,959,701 ordinary shares issuable upon conversion of PIK Notes or Interest Payment Ordinary Shares issuable in lieu of cash payment of interest, assuming payment of all amounts due with respect to the remaining 4.0% of interest payable as PIK Notes or as Interest Payment Ordinary Shares.

#### **Principal Capital Expenditures**

Our capital expenditures amounted to \$63.3 million, \$154.2 million and \$27.7 million during fiscal years 2022, 2021 and 2020, respectively, primarily consisting of expenditures related to the expansion of our solar cell manufacturing and assembly capacity as well as our technology conversions. Our manufacturing and assembly activities have required and will continue to require significant investment of capital and substantial engineering expenditures. Our capital expenditures, which are subject to obtaining necessary board consents, are expected to be funded with cash from operations, financing, or other available sources of liquidity. We expect total capital expenditures ranging from \$100 million to \$120 million in fiscal year 2023. As of January 1, 2023, we had committed to capital expenditures of \$54.8 million. The capital expenditures mainly relate to preparation for

capacity expansion for our Maxeon 7 technology, completion of manufacturing capacity for Performance line panels to be sold in the U.S. market, completion of manufacturing capacity for our Maxeon 6 product platform, further developing Maxeon 7 technology and operating a pilot line, as well as various corporate initiatives. The above excludes capital expenditures in connection to the investment plan to deploy a multi-GW factory in the United States to manufacture solar products for both the DG and utility-scale power plant markets

#### **Significant Acquisitions, Dispositions and other Events**

In fiscal year 2017, SunPower entered into our Huansheng JV with TZE to manufacture Performance line products in China that constitute a part of the Maxeon Business and in 2021, we made certain amendments to the original transaction documents. For more information, see “Item 7.B. Related Party Transactions—Agreements with TZE—Agreements with TZE in Connection with the Huansheng JV.”

In September 2021, TZE made a capital injection of RMB270.0 million (equivalent to \$41.6 million) to Huansheng JV to facilitate the capacity expansion of Huansheng JV. The Company did not make a proportionate injection based on its equity interest in Huansheng JV which resulted in a dilution of the Company's equity ownership from 20.0% to 16.3%. Consequently, we recorded a gain of \$3.0 million related to the deemed disposal of the equity ownership, including \$0.03 million relating to the recycling of other comprehensive income to profit or loss. The gain is presented within “Other, net” in our Consolidated and Combined Statements of Operations. As of January 1, 2023, TZE owns a 83.7% equity stake and we own a 16.3% equity stake in Huansheng JV.

In addition, we have made significant investments in certain of our manufacturing facilities to enhance our production capabilities. For more information, see “Item 4.D. Property, Plants and Equipment—Major Facilities.”

#### **More Information**

All inquiries to us should be directed at the address and telephone number of our principal executive office set forth above. Our website is <https://www.maxeon.com/>. The information contained on or accessible through our website does not form part of this annual report. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, such as we, that file electronically, with the SEC at [www.sec.gov](http://www.sec.gov).

### **4.B. BUSINESS OVERVIEW**

#### **Overview**

Maxeon is one of the world's leading global manufacturers and marketers of premium solar power technology. We have developed and maintained this leadership position through decades of technological innovation and investment, in addition to the development of sales and distribution channels across six continents. Headquartered in Singapore, we manufacture our solar cells in Malaysia and the Philippines, assemble solar cells into panels in Mexico, Malaysia and China (through our Huansheng JV), and sell our products across more than 100 countries.

#### **Our Markets**

Solar has become one of the fastest growing renewable energy sources over the last few decades. According to a report from Wood Mackenzie dated December 7, 2022, through effective investments and projects, the solar market has achieved more than 1,100 GW of global installed capacity as of 2022, representing a compound annual growth rate of 30% since 2009.

As solar technology has developed, manufacturing costs have declined and performance has improved, although there were increases in manufacturing costs driven by higher freight rates and material costs over the course of 2021 and in the first half of 2022. Today, solar power, together with enhanced balance of system technology, has among the lowest levelized cost of energy (“LCOE”) of all major energy sources.

In the long term, market growth is expected to continue and even accelerate. According to a November 30, 2022 report by Bloomberg New Energy Finance (“BNEF”), by 2050, solar technology is expected to represent from

28% (net zero scenario) to 29% (economic transition scenario) of global electricity generation, with a balanced distribution among key regions worldwide—a significant increase compared to its current penetration of approximately 6% of global generation.

We believe the following factors have driven and will continue to drive demand in the global solar power industry, including demand for our products:

- solar generation costs have fallen to the point where solar power is one of the lowest-cost electricity sources on an LCOE basis in certain regions and is even considered by BNEF to be the lowest cost source in countries such as China, India, France, Japan, Australia, or Spain;
- renewable energy is one of the most relevant topics and targets of government incentives and policies as a result of increased concerns regarding climate change;
- solar power is at the center of public discussion, which helps to grow public awareness of its advantages, such as peak energy generation, significantly smaller fuel and supply chain risk, sustainability from an environmental perspective, scalability and reliability;
- structural limitations for fossil fuel supply and issues around energy security increasing the long-term demand for alternative sources of energy;
- significant secular increase in electricity demand; and
- solar energy as a viable option to generate energy in developing countries, rural areas, and regions without indigenous fuel resources.

## **Our Business**

We are one of the world's leading global manufacturers and marketers of premium solar technology. We have developed and maintained this leadership position through decades of technological innovation and investment, in addition to the development of sales and distribution channels supplying customers in more than 100 countries on six continents. We own and operate solar cell and panel manufacturing facilities located in Malaysia, Mexico and the Philippines and we participate in a joint venture for panel manufacturing in China with TZE. During fiscal year 2022, 40.3% of our revenue was attributable to the United States and Canada, 45.3% to EMEA, 13.5% to Asia Pacific and 0.9% to other markets.

Our primary products are the Maxeon line of interdigitated back contact (“IBC”) solar cells and panels, and the Performance line (formerly, “P-Series”) of shingled solar cells and panels. We believe the Maxeon line of solar panels are the highest-efficiency solar panels on the market with an aesthetically pleasing design, and the Performance line of solar panels offers a high-value and cost-effective solution. The Maxeon line is primarily targeted at residential and small-scale commercial customers across the globe. The Performance line was initially targeted at the large-scale commercial and utility-scale power plant markets, but has proven to be attractive to our customers in the distributed generation (which we refer to as “DG”) markets as well. During fiscal year 2022, 54.1% of our revenue was attributable to products in our Maxeon line and the other 45.9% was attributable to products in our Performance line. 84.9% of our revenue was attributable to DG applications and 15.1% attributable to power plant applications.

Our proprietary technology platforms, including the Maxeon line and Performance line, target distinct market segments, serving both the DG and power plant markets. This ability to address the full market spectrum allows us to benefit from a range of diverse industry drivers and retain a balanced and diversified customer base.

We believe that our Maxeon line of IBC technology stands apart from the competition in key categories which our customers value, including product efficiency, energy yield, reliability, safety and aesthetics. We believe the combination of these characteristics enables the delivery of an unparalleled product and value proposition to our customers. Our Maxeon line products use a unique cell architecture and advanced module materials to deliver nearly

20% more energy in any given amount of roof space over the first 25 years, as compared to conventional front-contact mono-PERC panels, and come with a leading warranty in the industry.

Our Performance line technology is designed to deliver higher performance compared with conventional panels. This is possible due to several patented features and improvements we have employed in our product. Some of the main differentiators from the competition for our shingled design is that in our design, standard mono-PERC cells are interconnected using electrically conductive adhesive instead of soldered metal ribbons. This technique greatly improves long-term durability, increases efficiency from reduced electrical resistance and less inactive white space between cells, and – when combined with novel electrical bussing – improves shade performance. In addition, our Performance line’s robust shingled cells and advanced encapsulant are highly resistant to thermal stresses, humidity, light and temperature-induced degradation (“LeTID”) and potential-induced degradation (“PID”).

We have begun manufacturing our high efficiency bifacial Performance line solar panels for the United States large-scale commercial and utility-scale power plant markets through conversion of our Malaysia and Mexico facilities. Our cumulative bookings to supply our Performance line solar panels for the United States large-scale commercial and utility-scale power plant markets is 4.2 GW extending into 2025 and uses substantially all of our Performance Line manufacturing capacity. In addition, one of our customers has the option, secured with a deposit, to purchase an additional 1.5 GW through 2027.

In December 2020, we introduced an AC version of our Maxeon product to the international marketplace. We already produce a similar product for SunPower’s use in North America. These modules combine a microinverter with the module to create an integrated unit that is ready to connect to the low voltage power grid. These “AC modules” provide significant installation and energy production advantages versus traditional systems and allow us to capture an additional portion of the value of a solar installation. In 2021 we introduced an AC version of our Performance line to complement the AC version of our Maxeon line. Since the introduction, there has been increasing demand for these AC modules.

In May 2021, we also announced the commercialization of our new Maxeon Air™ technology platform, which is the result of five years of research, development and testing. This new technology platform enables the production of Maxeon Air solar panels, which are conformable, ultra-light, robust and fire-certified panels that can be adhered directly to the roof without the need for racking or other mounting systems. Maxeon Air panels were tested during the first half of 2022 with selected membrane suppliers and the product availability is scheduled to begin in 2023.

In May 2022, we introduced SunPower One, an integrated ecosystem of clean energy products and services that builds on our industry-leading panels and leverages our global distribution channels. As part of the initial launch of SunPower One, we announced a battery storage system, SunPower Reserve, an electric vehicle charger, SunPower Drive, and a consumer experience that helps homeowners better understand and manage their photovoltaic battery, and EV charging devices, view detailed information on their energy consumption, and receive personalized tips on how to maximize the most savings from their investment. The roll-out of SunPower Reserve will commence in 2023.

## **Our Strengths**

We believe the following strengths of our business distinguish us from our competitors, enhance our leadership position in our industry and position us to capitalize on the expected continued growth in our market:

- *Leading provider of premium solar technology.* Our established leadership position in solar technology is grounded in over 35 years of experience. Over that time, our solar technology has been awarded over 1,300 patents. We have also made substantial investments in research and development, having invested more than \$593 million since 2007 which is more than any other crystalline panel manufacturer. Together, these factors have allowed us to create truly differentiated products which have maintained 20% relative lifetime energy density advantage over the industry average solar panel efficiency since 2012.



- *Established differentiated sales, marketing, and distribution channels in each of our key markets.* We have built relationships with dealer/installers, distributors, and white label partners globally to ensure reliable distribution channels for our products. As examples, we have over 750 sales and installation partners in the Asia Pacific region, over 1,000 in the Europe, Middle East and Africa region, and over 50 in Latin America. In North America, we have supply contracts with SunPower through 2025 for our products to be used in its residential business. Please see “Item 7.B Related Party Transactions.”
- *Well-positioned to capture growth across solar markets.* We believe solar growth will be driven by strong expansion in both DG and power plant applications. Over the past four years we grew our total MW deployed by a multiple of approximately two in EU DG markets and Australia. We also believe that our technology, with superior efficiency and lower degradation rates, provides significant advantages to customers in the DG markets.
- *Unique cutting-edge innovative technology.* Our Maxeon 3 and Maxeon 6 panels have the highest rated efficiency among panels currently in commercial production. We also believe that our current technology stands apart from the competition on every meaningful performance metric, including efficiency, energy yield, reliability and aesthetics. Additionally, our Performance line shingled cell technology delivers up to 7% more energy compared to conventional panels, allowing us to achieve a diverse sales base across both DG and the utility power plant markets.
- *Strategic partnerships with top tier companies worldwide.* Our strategic relationship with SunPower provides valuable access to a leading solar distribution business in North America and a market-leading brand platform for international market growth. We have a supply relationship with TotalEnergies S.E., which is active in the global downstream solar market. We also seek to have strategic partnerships across the business chain, as exemplified by our relationship with TZE, which provides valuable connections in Asia’s supply chain and distribution channels, as well as research and development collaboration between companies pushing the technological frontier.
- *Unmatched investment in research and development, translating into next-generation leading products.* Our superior technology has been key to our leadership position. Through efficient, disciplined and business-oriented investments, we were able to develop patent-protected technology which we expect to leverage in our next-generation products. Our Maxeon 7 panels are expected to achieve an even higher efficiency while allowing for reduced costs given their significantly simplified manufacturing process. We expect this next-generation solar panel to achieve superior performance at reduced costs, unlocking mass market adoption and commercialization through multiple pathways.
- *Experienced management team.* We have a strong and experienced management team with combined experience in the manufacturing and/or solar and semiconductor sectors of over 151 years complemented by expertise in technology and product innovation.

## **Our Strategy**

We are strategically positioned to deploy advanced solar technologies at scale. We draw on over 35 years of technology innovation around high-performance solar products and have well-established global channels available to market our products. Our primary focus includes:

- *Commercializing Maxeon 7 Technology.* Maxeon 7 is the latest in a series of innovative IBC product technologies developed by Maxeon (and our predecessor company SunPower) over the past 20 years. We believe that Maxeon 7 and future technologies based on this innovative new cell architecture will offer higher performance levels than our current IBC products. We have been operating a pilot line in our Philippines cell manufacturing facility for over a year to demonstrate process control and product performance. Given our expectations related to the value proposition of Maxeon 7 and heightened demand for solar panels, we are considering adding incremental capacity for the manufacture of Maxeon 7 products at one of our Philippines cell manufacturing facilities that is currently not in use. We are currently in the

process of making the necessary preparations for such a capacity expansion and have reserved a portion of our 2023 planned capex for that purpose.

- *Enhancing our access to the low-cost Asia-centric supply chain and expanding our global channels to market.* We benefit from our strategic partner TZE's knowledge of and access to the upstream supply markets and distribution channels in Asia. In addition, we leverage access to TZE's silicon wafers for our Performance line technologies.
- *Addressing the United States solar market with Performance Line.* We are in the process of ramping up our expanded solar cell and module capacity in our Malaysia and Mexico facilities manufacturing Performance line shingled module technology for use in the United States market.
- *Expanding our manufacturing footprint into the United States.* We have announced plans to build a multi-GW factory in the United States to supply both the DG and utility-scale markets, contingent upon us securing the necessary funding and other factors beyond our control.
- *Leveraging our established distributed generation channels to drive continued growth.* As a leading DG player, we have a robust sales and marketing platform to access key markets around the world. The expansion of this network is a vital element for future growth, as is the inclusion of additional product lines such as AC modules which expand our share of wallet with our existing channel partners.
- *Adding value "Beyond the Panel" for increased revenue and margin.* Our strong channels to market in the DG business offer an opportunity for Moxeon to bundle adjacent products together with our panel sales. We have already begun adding microinverters to certain of our panels for sale, and are further expanding our product portfolio to include battery storage systems, EV chargers and customer focused services.
- *Enhancing our financial performance through our superior technology, manufacturing processes and strategy.* We believe we have the ability to translate our superior technology into strong financial returns as we couple our premium average selling prices with enhanced manufacturing processes and a scalable low-cost footprint, resulting in rapidly expanding margins and cash generation.

With our corporate headquarters in Singapore and existing manufacturing facilities in Malaysia, the Philippines, and China (through our Huansheng JV), we believe our significant Asian presence will help strengthen relationships and sourcing arrangements across our supply chain. We have added Performance line capacity to our own manufacturing facilities in Malaysia and Mexico and have converted our Malaysia manufacturing facility to produce our Moxeon 6 modules. Our Huansheng JV and its affiliates also plan to increase its Performance line capacity. As of January 1, 2023, we had the majority of our targeted 1.8 GW of Performance line cell capacity in operation, and contractual access to over 7.3 GW of Performance line supply from our Huansheng JV.

## **Our Industry**

The solar power industry manufactures and deploys solar panels and systems across a range of end-use applications. With estimated 2022 annual shipment volumes of 206 GW to 266 GW according to Q4'22 PV Installations Tracker from S&P Global (previously IHS Markit) and Wood Mackenzie Global Solar Outlook - Q4 2022, solar power comprises the largest fraction of newly installed global electric power generation equipment. The two primary application segments are DG, mainly for residential and commercial rooftops systems, and utility-scale for large ground-mounted power generation systems. During 2022, total industry shipment volume mix was approximately 41% DG and 59% utility-scale according to Q4 '22 PV Installations Tracker from S&P Global compiled on November 25, 2022.

The market for electric generation products is heavily influenced by national, state/provincial and local government laws, regulations and policies concerning the electric utility industry globally, as well as policies promulgated by electric utilities. The market for electric generation equipment is also influenced by trade and local content laws, regulations and policies. In addition, on-grid applications depend on access to the grid, which is also regulated by government entities.

## **Our Products**

### **Maxeon Solar Panels**

Maxeon offers a comprehensive panel portfolio ensuring maximum flexibility to address all customers' energy needs. Our flagship Maxeon solar panels are the highest efficiency panels available on the market and deliver maximum energy production and unmatched reliability, while providing leading environmental sustainability and aesthetics.

Maxeon panels lead the solar industry in panel efficiency and deliver more savings by generating the most solar energy in a given amount of roof space. Over time, the advantage grows, because Maxeon panels also have the lowest degradation rate in the solar industry. While third party studies show that most standard panels tend to degrade around 0.7% per year, Maxeon panels degrade at a significantly lower rate of 0.2% per year. To translate into real results – that means a Maxeon panel delivers nearly 20% more energy from the same footprint as standard panels over the first 25 years. When combined with our 40-year warranty period for certain products, which is the industry's longest warranty, that advantage grows to 80% more guaranteed energy over the lifetime of the system. In addition, based on third party reliability validation by PV Evolution Labs, Maxeon panels are one of the top performers. The reliability test subjected solar panels to various weather condition conditions, including but not limited to temperature change, damp heat and wind pressure.

The innovation behind Maxeon panels is protected by patents globally covering cell and panel design, as well as key manufacturing tools and processes. Maxeon panels feature a unique ribbon-less back-contact cell structure utilizing a metal foundation that minimizes the impact of climatic stresses as well as shading and cell cracks. Through this, Maxeon panels produce up to 30% more energy under shaded conditions from the same footprint as standard panels over their first 25 years and are not reliant on a bypass diode in the junction box to prevent hotspots – the cells are intrinsically resistant to the formation of hotspots. When Maxeon back-contact cells are cracked from impacts, the metal foundation maintains electrical connections to any broken sections, maintaining module power. The lower risk is conveyed to our customers through a leading panel warranty which, unlike most conventional warranties, is based on actual field-testing data. The power warranty guarantees no more than 0.25% per year power drop – the lowest rate in the solar industry. Field data shows that only 0.005% or 1 in 20,000 Maxeon panels have been returned under warranty.

Maxeon has pioneered sustainability efforts in solar manufacturing, and our Maxeon panels have been recognized with the prestigious Cradle to Cradle Certified™ designation for DC panels. The Cradle to Cradle designation demonstrates the products' quality based on rankings of material health, material reutilization, renewable energy use, water stewardship, and social fairness. Maxeon discloses its ingredients through the Declare label – available for all Maxeon panels. Our Mexicali, Mexico manufacturing facility is certified by NSF Sustainability as Zero Waste to Landfill. The certification means that this facility diverts more than 99% of its waste, with 1% or less going to landfills.

Finally, the back-contact cell design of Maxeon panels provides an uncluttered and elegant design aesthetic – with panels available in black and white backsheets. This has made Maxeon panels the panel of choice for architects and designers for decades.

Our latest technology, Maxeon 6, utilizes a similar design to Maxeon 3 but with larger silicon wafers, further increasing solar cell power. When fully ramped, we expect Maxeon technology on larger wafers to be less expensive to manufacture than Maxeon 3 technology. In fiscal year 2022, we completed the conversion of our Fab 3 Malaysia facility from Maxeon 5 to Maxeon 6 production capacity. This results in close to 500 MW of Maxeon 6 production capacity.

### **Performance Solar Panels**

Our Performance line of solar panels utilize high efficiency mono-PERC cells to deliver higher reliability and efficiency than conventional panels. With more than 15 GW deployed across more than 80 countries to date, Performance line solar panels are the industry's most deployed shingled cell panel technology.

The innovation behind Performance line solar panels is protected by patents in the U.S. and foreign jurisdictions covering cell and panel designs, as well as key manufacturing tools and processes. These products utilize a proprietary manufacturing process to assemble conventional silicon solar cells into panels with increased energy yield and reliability compared with conventional panels. Similar to Maxeon panels, the cell interconnects used in conventional panels are “designed out” to provide high reliability. The unique inter-cell bussing is robust under shading and cell cracking stresses, to maximize energy production and lifetime reliability.

Performance line solar panels are produced by Huansheng JV, an Yixing, China based joint venture in which we own a 16.3% equity stake as of January 1, 2023 and its affiliates. Huansheng JV (including its affiliates) currently has a capacity to supply approximately 12 GW per year of Performance line solar panels, with plans for expansion of capacity in 2023 to 20 GW. We have the right, but not the obligation, to take up to 33% of this capacity for sale directly into global DG markets outside of China and power plant markets in the United States and Mexico regions, and a further 33% for sale into global power plant markets with the exception of China, the United States and Mexico through a marketing joint venture in which we own an 80% stake. In 2022, we also began deliveries of Performance line solar panels from our facility in Mexico, which is in the process of ramping up to its planned capacity of 1.8 GW. We have announced plans to build a multi-GW factory in the United States to supply both the DG and utility-scale markets, contingent upon us securing the necessary funding and other factors beyond our control.

In late 2020 we introduced a new line of Maxeon AC Modules and, in 2021, Performance line AC Modules, for sale in Europe and Australia. These AC modules are built based on prior experiences from shipping AC modules for sale in the United States since 2012. These products are versions of our DC panels with factory-attached microinverters. These modules integrate an inverter with each PV module in a controlled factory environment, creating a single unit that is ready to connect to the low voltage power grid. AC Modules provide significant installation and energy production advantages versus traditional systems and allow us to capture an additional portion of the value of a solar installation. For example, our average selling prices in Europe have increased more than 5 percent sequentially due to an increase in demand for AC modules.

We generally provide a 25-year warranty for the solar panels that we manufacture for defects in materials and workmanship and for greater than promised declines in power performance, subject to certain conditions. Effective from January 1, 2022, this has been extended to a 40-year warranty for certain Maxeon line modules in certain countries. Conventional panels generally provide 10-12 years of product warranty coverage, exposing claimants to potential issues making claims after the product warranty has expired; but, before the power warranty has expired. We generally provide a power warranty guaranteeing a certain minimum level of power output over time. Our warranty for Maxeon panels leads the industry with 0.25 percent per year maximum degradation, while our warranty for Performance line panels provides 0.45 percent per year. The warranty provides that we will elect to either (a) repair; (b) replace; or (c) refund the customer based on the computation stipulated in the warranty agreement.

### **Beyond the Panel**

In 2022, we introduced SunPower One, an integrated ecosystem of clean energy products and services that builds on our industry-leading panels and leverages our global distribution channels. As part of the initial launch of SunPower One, we announced a battery storage system, SunPower Reserve, an electric vehicle charger, SunPower Drive, and a consumer experience that helps homeowners better understand and manage their photovoltaic battery and EV charging devices, view detailed information on their energy consumption, and receive personalized tips on how to maximize the savings from their investment. The roll-out of SunPower Reserve will commence in 2023.

### **Principal Markets**

During fiscal year 2022, 40.3% of our revenue was attributable to North America, 45.3% to EMEA, 13.5% to Asia Pacific and 0.9% to other markets. While we expect that North America will continue to represent a key market for us, we anticipate continuing to sell the majority of our products outside of North America in the future.

The Maxeon line, which includes our Maxeon 3, Maxeon 6 and Maxeon 7 solar panels, is primarily targeted at residential and commercial customers across the globe. The Performance line was initially targeted at the large-scale

commercial and utility-scale power plant markets, but has proven to be attractive to our customers in the DG markets as well.

## **Research and Development**

We engage in extensive research and development efforts to improve solar cell efficiency and solar panel performance through the enhancement of our existing products, development of new techniques, and reductions in manufacturing cost and complexity. Our research and development group works closely with our manufacturing facilities, equipment suppliers and customers to improve solar cell design and to lower solar cell, solar panel and system product manufacturing and assembly costs.

In addition, we work closely with our current and potential suppliers of crystalline silicon, a key raw material used in the manufacture of solar cells, to develop specifications that meet our standards and ensure high quality while at the same time controlling costs. In the past, prior to us establishing our own research and development teams in Singapore and Silicon Valley, we relied on SunPower to perform research and development work under a Product Collaboration Agreement, with work conducted in SunPower's Silicon Valley research and development lab. In 2022, we established our own Silicon Valley research and development lab in anticipation of the expiration of the Product Collaboration Agreement with SunPower in 2022. We expect that the combination of our two global innovation teams in Singapore and Silicon Valley will increase the speed at which Maxeon can bring new technologies and products to market in the coming years.

## **Manufacturing and Supplies**

### *Manufacturing*

We currently operate solar cell manufacturing facilities in the Philippines and Malaysia and solar module assembly facilities in Mexico and Malaysia. We regularly evaluate our manufacturing capabilities in support of anticipated demand for our products and from time to time may determine to upgrade and expand, relocate or to shut down one or more facilities as opportunities to streamline our manufacturing operations become apparent.

As part of the solar panel manufacturing process, polysilicon is melted and grown into crystalline ingots and sliced into wafers by business partners specializing in those processes. The wafers are processed into solar cells in our manufacturing facilities located in the Philippines and Malaysia.

The Maxeon 3 solar cell manufacturing facility that we own and operate in the Philippines has an annual capacity of approximately 560 MW. In fiscal year 2022, we completed the conversion of our Fab 3 Malaysia facility from Maxeon 5 to Maxeon 6 production capacity. This results in close to 500 MW of Maxeon 6 production capacity.

In order to expand our capacity to produce Performance line shingled module technology for use in the United States market, aimed at large-scale commercial and utility-scale power plant markets, we are expanding our Malaysia cell manufacturing facility to add up to 1.8 GW of mono-PERC solar cells production and upgraded our assembly facility in Mexico with equivalent module assembly capacity. Product deliveries commenced in first half of 2022. We expect to complete our production capacity ramp of mono-PERC solar cells to 1.8 GW during 2023. We have also announced plans to deploy a multi-GW factory in the United States to manufacture solar products for both the DG and utility-scale power plant markets, contingent upon us securing the necessary funding and other factors beyond our control.

### *Supplies*

We source the materials and components for our solar cells and panels both internally and from third-party suppliers based on quality, performance, and cost considerations. We typically assemble proprietary components, while we purchase generally available components from third-party suppliers. In a few cases, proprietary components are only available from a sole supplier. While we secure supply of these specific components, we may face production disruptions if the supplier is not fulfilling its obligations, and adoption of new tariffs between different countries may negatively affect the cost of some materials.

We purchase a portion of our Performance line solar panels from our Huansheng JV which currently has capacity to supply approximately 12 GW of Performance line solar panels. We have the right, but not the obligation, to take up to 33% of this capacity for sale directly into global DG markets outside of China and power plant markets in the United States and Mexico regions, and a further 33% for sale into global power plant markets with the exception of China, the United States and Mexico through a marketing joint venture in which we own an 80% stake.

We purchase wafers and, prior to the expiration of the long-term fixed supply agreement for polysilicon in fiscal year 2022, we also purchased polysilicon from various manufacturers on both a contracted and a purchase order basis. We work with our suppliers and partners along all steps of the value chain to reduce costs by improving manufacturing technologies and expanding economies of scale. Crystalline silicon is the principal commercial material for solar cells and is used in several forms, including single-crystalline, or monocrystalline silicon, multi-crystalline, or polycrystalline silicon, ribbon and sheet silicon, and thin-layer silicon. With the expiration of the long-term fixed supply agreement for polysilicon, our solar cell value chain starts with silicon wafers which are produced from polysilicon.

Silicon wafers are a critical raw material used in the production of our photovoltaic products. To maintain competitive manufacturing operations, we depend on our suppliers to timely deliver polysilicon in sufficient quantities and of appropriate quality. See “Risk Factors - Risks Related To Our Operations - A disruption in our supply chain for silicon wafers could interrupt or impair our ability to manufacture solar cells and modules, including for the United States market, and could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments, and loss of market share.”

In 2008, due to a polysilicon shortage and to match its estimated customer demand forecasts and growth strategy, SunPower entered into long-term fixed supply agreements for polysilicon. In connection with the Spin-off, we entered into an agreement with SunPower pursuant to which we effectively received SunPower’s rights under the continuing long-term fixed supply agreements (including SunPower’s deposits and advanced payments thereunder) and, in return, we performed all of SunPower’s existing and future obligations under the agreements (including all take-or-pay obligations). Maxeon was not permitted to cancel or exit the agreements prior to their expiration. The agreements were structured as “take or pay” agreements that specify future quantities of polysilicon to be purchased up to the end of fiscal year 2022 and the pricing of polysilicon required to be supplied and purchased. The agreements also provided for penalties or forfeiture of advanced deposits in the event Maxeon terminated the arrangement. Additionally, under the agreements, Maxeon had made prepayments to the suppliers. During fiscal year 2022, our supplier communicated to us that they believed certain price escalation clauses for silicon metal have been triggered under the agreements and therefore increased pricing would apply to our purchases of polysilicon for the then remaining deliveries in 2022. We did not agree that these inflationary price escalation clauses applied, and agreed to make a one-off and final settlement payment of \$15.2 million to the supplier in equal monthly installments from August 2022 until January 2023. As of January 1, 2023, we have made five of the six installment payments with the remaining amount owed being recorded under “Accounts payable” in our Consolidated Balance Sheets as of January 1, 2023. This long-term fixed supply agreement for polysilicon has now expired in accordance with its terms.

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd (“TZE HK”), a subsidiary of TZE for the purchase of P-Type G12 wafers which are intended to be incorporated into the Company’s Performance line modules planned for manufacture in Malaysia and Mexico and sale into the United States. The Company expects TZE HK to be its primary wafer supplier for Performance line modules and deliveries commenced in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to with TZE HK for the Company to reserve specified volumes in advance. The master supply agreement also sets out a general framework and customary operational and legal terms which govern the purchases of silicon wafer from TZE by the Company and its subsidiaries, including engineering changes, supply chain management, inspection, representations and warranties and legal compliance. Throughout 2022, we entered into addendums to the master supply agreement, pursuant to which TZE HK will supply us with wafers to meet our volume requirements for calendar year 2023.

As of January 1, 2023, future purchase obligations under our long-term fixed supply agreements for silicon wafer totaled \$118.9 million and advance payment obligations to suppliers totaled \$2.1 million is classified as “Advances to suppliers, current portion” in our Consolidated Balance Sheets. See “Note 9. *Commitments and Contingencies*” for outstanding future purchase commitments.

During fiscal year 2022, we recognized charges of \$8.3 million related to losses incurred as a result of ancillary sales to third parties of excess polysilicon procured under our long-term fixed supply agreements. In addition, we estimate that we paid \$11.3 million above the market price for polysilicon utilized in our manufacturing process, which is the difference between our contractual cost under the long-term fixed supply agreements and the price of polysilicon available in the market as derived from publicly available information, multiplied by the volume of polysilicon we have consumed.

For more information about risks related to our supply chain and risks related to the Maxeon Business generally, see “Item 3.D. Risk Factors”.

### **Key Corporate Functions**

In connection with the Spin-off, we have created standalone corporate and support functions for our business and operations. Key corporate functions include tax, treasury, accounting, internal audit, investor relations, human resources, communications, legal and corporate governance, information technology, facilities, and administrative support services.

In connection with the Spin-off, we and SunPower agreed to provide and/or make available various administrative services and assets to each other pursuant to the Transition Services Agreement. Services provided include, among others, certain services related to finance, accounting, business technology, human resources, facilities, document management and record retention, relationship and strategy management, module operations, and technical and quality support. The services provided under the Transition Services Agreement have been largely wound down.

### **Intellectual Property**

We rely on a combination of patent, copyright, trade secret, trademark, and contractual protections to establish and protect our proprietary rights. We typically require our business partners to enter into confidentiality and non-disclosure agreements before we disclose any sensitive aspects of our solar cells, technology, or business plans. We typically enter into proprietary information agreements with employees, consultants, vendors, customers, and joint venture partners.

We own multiple patents and patent applications that cover aspects of the technology in the solar cells and panels that we currently manufacture and market. We continue to file for and receive new patent rights on a regular basis. The lifetime of a utility patent typically extends for 20 years from the date of filing with the relevant government authority. We assess appropriate opportunities for patent protection of those aspects of our technology, designs, methodologies, and processes that we believe provide significant competitive advantages to us, and for licensing opportunities of new technologies relevant to our business. As of January 1, 2023, we held 1,483 patents and 412 pending patent applications across all jurisdictions including the United States. While patents are an important element of our intellectual property strategy, our business as a whole is not dependent on any one patent or any single pending patent application. We additionally rely on trade secret rights to protect our proprietary information and know-how. We employ proprietary processes and customized equipment in our manufacturing facilities. We therefore require employees and consultants to enter into confidentiality agreements to protect them.

When appropriate, we enforce our intellectual property rights against other parties. For more information about risks related to our intellectual property, see “Item 3.D. Risk Factors.”

### **Competition**

The market for solar electric power technologies is competitive and continually evolving, resulting in price reductions in the market and reduced margins which may continue and could lead to loss of market share. Our solar

power products and systems compete with many competitors in the solar power market, including, but not limited to: Canadian Solar Inc., First Solar Inc., Hanwha QCELLS Corporation, JA Solar Holdings Co., Jinko Solar, LONGi Solar, REC Solar, Risen Energy and Trina Solar Ltd.

In addition, universities, research institutions, and other companies have brought to market alternative technologies, such as thin-film solar technology, which compete with our photovoltaic technology in certain applications. Furthermore, the solar power market in general competes with other energy providers such as electricity produced from conventional fossil fuels supplied by utilities and other sources of renewable energy, including wind, hydro, biomass, solar thermal, and emerging DG technologies such as micro-turbines, sterling engines and fuel cells.

In the large-scale on-grid solar power systems market, we face direct competition from a number of companies, including those that manufacture, distribute, or install solar power systems as well as construction companies that have expanded into the renewable sector. In addition, we will occasionally compete with DG equipment suppliers.

We believe that the key competitive factors in the market for solar power systems include:

- total system price;
- LCOE evaluation;
- customer cost of energy evaluation;
- sunlight to electricity conversion efficiency and energy yield;
- aesthetic appearance of solar panels and systems;
- interface with standard mounting systems;
- strength of distribution relationships;
- commercial payment terms;
- established sales channels to customers;
- timeliness of new product introductions; and
- warranty protection, quality, and customer service.

We believe that we can compete favorably with respect to each of these elements, although we may be at a disadvantage in comparison to larger companies with broader product lines, greater technical service and support capabilities, and financial resources. See “Item 3.D. Risk Factors” for more details.

#### **Seasonality**

See “Item 5.A. Operating Results” for more details.

#### **Government Regulation**

##### ***Public Policy Considerations***

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 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, it should be noted the United Nations has adopted Sustainable Development Goals ("SDGs"), which are being promoted by governments, corporations and civil society. Achieving several of the SDGs requires mass adoption of clean energy by 2030 and this is driving government policies. In Europe, for instance, the European Commission has harmonized its target date with the SDGs and mandated that its member states adopt integrated national climate and energy plans aimed at increasing their renewable energy targets to be achieved by 2030. At the 2021 UN Climate Change Conference (known as COP26) held in Glasgow, United Kingdom in October to November 2021, many nations around the world updated their national commitments to reduce carbon. By the end of COP26, 151 countries had submitted new climate plans (known as nationally determined contributions, or NDCs) to reduce emissions by 2030. At the subsequent UN Climate Change Conference in Egypt in November 2022, these national commitments remained in place. These developments could benefit the deployment of solar.

#### ***Environmental Regulations***

We use, generate, and discharge toxic, volatile, or otherwise hazardous chemicals and wastes in our research and development, manufacturing, and construction activities. We are subject to a variety of laws and regulations related to the purchase, storage, use, and disposal of hazardous materials in jurisdictions where we operate. We believe that we have all environmental permits necessary to conduct our business and expect to obtain all necessary environmental permits for future activities. We believe that we have properly handled our hazardous materials and wastes and have appropriately remediated any contamination at any of our premises. For more information about risks related to environmental regulations, see "Item 3.D. Risk Factors."

#### **Legal Proceedings**

We are a party to various litigation matters and claims that arise from time to time in the ordinary course of our business. While we believe the ultimate outcome of such matters will not have a material adverse effect on us, the outcomes of these litigation matters are not determinable and negative outcomes may adversely affect our financial position, liquidity, or results of operations.

In addition, in connection with the separation, we entered into a Separation and Distribution Agreement pursuant to which SunPower has agreed to indemnify us for certain litigation claims in which we or one of our subsidiaries is named as a defendant or party. While we expect to suffer no material financial liability because these matters are indemnified, it may drain our resources to cooperate with SunPower to defend these claims and our reputation with key stakeholders may be affected.

### **4.C. ORGANIZATIONAL STRUCTURE**

#### **Organizational Structure**

Following the Spin-off, we are a separate, standalone company independent of SunPower. SunPower does not retain any ownership interest in us. See "Item 4.A. History and Development of the Company" for additional information.

## Significant Subsidiaries

Below is a list of our significant subsidiaries as of January 1, 2023:

Name	Country of Incorporation	% of Equity Interest
Maxeon Solar Pte. Ltd	Singapore	100
SunPower Malaysia Manufacturing Sdn. Bhd.	Malaysia	100
SunPower Systems Sarl	Switzerland	100
SunPower Corporation Mexico, S. de R.L. de C.V.	Mexico	100
Maxeon Americas, Inc.	United States	100

## 4.D. PROPERTY, PLANTS AND EQUIPMENT

Our corporate headquarters is located in Singapore. The principal office for our international operations, which is also our registered office, is located in Singapore.

To ensure that we have sufficient manufacturing capacity to meet future production needs, we regularly review the capacity and utilization of our manufacturing facilities. The Malaysia Atomic Energy Licensing Board, Malaysian Investment Development Authority, Malaysia Department of Environment, Department of Occupational Safety & Health, Fire and Rescue Department of Malaysia, Mexico Secretaria de Proteccion al Ambiente, Philippines Department of Environment and Natural Resources, Laguna Lake Development Authority, PEZA, Philippines Department of Health/Food and Drugs Authority, European Agency for Safety and Health at Work and other regulatory agencies regulate the approval for use of manufacturing facilities for photovoltaic products and equipment, and compliance with these regulations may require a substantial amount of validation time prior to start-up and approval. Accordingly, it is important to our business that we plan ahead to ensure we have sufficient manufacturing capacity to meet our future production needs.

### Major Facilities

The following table sets forth our most significant facilities as of January 1, 2023:

Location	Size of Site (in square feet)	Held	Lease Term	Major Activity
France	27,000	Leased	2023	Global support office
France	42,000	Owned	NA	Former solar assembly facility
France	36,000	Owned	NA	Former solar assembly facility
Malaysia	883,000	Owned	NA	Solar manufacturing facility
Mexico	186,000	Leased	2027	Solar module assembly facility
Mexico	320,000	Leased	2026	Solar module assembly facility
Mexico	124,000	Leased	2027	Storage facility
Philippines	641,000	Owned	NA	Former solar cell manufacturing facility
Philippines	118,000	Owned	NA	Former solar module assembly facility
Philippines	163,000	Leased	2024	Solar cell manufacturing support and storage facility
Philippines	389,000	Owned	NA	Solar cell manufacturing facility
Philippines	65,000	Owned	NA	Global support offices
Singapore	37,000	Leased	2025	Global support offices and research and development facility

We believe that we have satisfactory title to our plants and facilities in accordance with standards generally accepted in our industry. We believe that all of our current production facilities are in good operating condition.

For information concerning our material plans to the facilities, see “Item 4.A. History and Development of the Company—Principal Capital Expenditures”.

### **Environmental, Social and Governance (“ESG”) Matters**

We integrate core values of ESG into our business strategy to protect the environment, to add value to the business, manage risk and enhance our reputation. As a leader in the solar industry, we believe that setting a high standard for the entire solar industry is essential in protecting the environment. We intend to make a meaningful and positive impact on the environment, for the communities we serve, the energy industry, our stakeholders and beyond. Our sustainability approach is grounded in our purpose of Powering Positive Change. In 2022, we introduced our industry-leading 40 year solar panel warranty to support long term energy production and sustainability. We also completed an Energy Payback Time assessment for our solar panels (measuring the electricity put into our panels as compared to the energy produced), launched our Modern Slavery Statement. We also released our second annual Sustainability Report, which is available on our website at <https://www.maxeon.com/>, prepared in accordance to the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards, Core option, aligned to the Sustainability Accounting Standards Board (“SASB”), Singapore Exchange (“SGX”) Sustainability Reporting requirement and the United Nations Sustainable Development Goals (“SDGs” or “Global Goals”). The information contained on or accessible through our website does not form part of this annual report.

Our ESG strategy centers around three main pillars, namely environmental, social and governance, across 14 key material topics divided across each of these three pillars, and aligned to the SDGs, with focus on the four key SDGs most we have chosen to focus on as a company:

- SDG7: Affordable and Clean Energy
- SDG10: Reduce Inequalities
- SDG12: Responsible Consumption and Production
- SDG16: Peace, Justice and Strong Institutions

### **Environmental**

As a testament to our commitment to producing solar panels that are as sustainable as the energy they produce, our SunPower Maxeon solar panels have been Cradle to Cradle certified since 2014, which is a globally recognized measure of product sustainability from the Cradle to Cradle Products Innovation Institute. To achieve the certification, products are assessed across five categories: material health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness. The certification recognizes products that are creating a positive impact on the environment and society by promoting a circular economy through their design and manufacturing. In 2022, we achieved Cradle to Cradle Silver certification from the Cradle to Cradle Products Innovation Institute for our Maxeon 3, 5 and 6 panels sold in the United States as X-Series, M-Series and A-Series, respectively.

To better understand the efficiency and performance of our products, we have engaged an external consultant to perform an assessment of our solar panels' energy payback time (EPBT) in 2022. In the assessment performed on Maxeon's energy usage data, the energy requirements for the production of Maxeon solar panels were determined to be exceptionally low, as compared to the solar energy these panels produced with an overall result providing an EPBT of less than a year. Therefore, energy produced over our technology's lifetime far exceeds the energy required in its production.

We also recognize the importance of reducing our operational carbon footprint and strive to lower our own energy consumption, greenhouse gas (“GHG”) emissions, water consumption and waste. The following are some examples of our environmental ESG efforts:

- **Managing our carbon footprint:** We are committed to managing our footprint throughout our value chain, working collaboratively with suppliers, distribution partners and customers to drive holistic results across the lifecycle of our products and our operations. For instance, we implemented our ‘Supplier

Sustainability Guidelines' which require our suppliers to actively work to reduce the consumption of natural resources, including material sourcing such as polysilicon, and include sustainability criteria to track this environmental impact. In 2022, Maxeon embarked on a partnership with STACS on ESGpedia to enhance supplier sustainability monitoring.

- **Waste management:** We continue to strengthen our waste recycling programs across our factories. We were the first company in Mexico to be third party verified as Landfill-free since 2015, which we maintain. This certification stipulates that less than 1% of waste materials can be sent to a landfill and less than 10% of waste materials can be sent to a waste-to-energy facility, as verified through an external audit process management by NSF International, an independent organization that oversees the Landfill-Free standard for companies around the world. To achieve this certification, we adopted a lifecycle focused approach across our supply chain, including focusing on contracting with downstream waste vendors through a selection process to reduce our waste in the initial stages of sourcing, and implementing a range of waste reduction procedures during the manufacturing process, including the segregation of waste. In 2022, we have also made incremental progress on improving the sustainable packaging of our solar cells and modules to reduce waste.
- **Creating a circular economy:** Through our environmental sustainability initiatives in energy, water and waste management, we seek to move from a linear economy to a circular economy approach across our operations and to support the efforts of our customers to do the same. We strive to ensure that our facilities are built as sustainably as possible, adopting the principles of Leadership in Energy and Environmental Design ("LEED") certification, developed by the U.S. Green Building Council for the design, construction, operation and maintenance of environmentally sustainable structures. Five of our manufacturing facilities are LEED-certified, with three LEED Gold manufacturing facilities and two LEED Platinum administrative buildings.

### **Social**

The safety and well-being of our employees is paramount. Occupational Health and Safety ("OHS") is embedded in our day-to-day operations, from the product design stage through the review stage. For 2022, we report zero work related fatalities and a Total Recordable Incident Rate (TRIR) of 1.14.

During the COVID-19 pandemic, to safeguard the health of our employees and support the communities where we operate, we implemented an immediate, holistic COVID-19 response across the organization. We established health and safety policies, implemented business practices to minimize transmission of COVID-19 within our premises.

In addition to creating a safe workplace for our employees, we strive to integrate our purpose of Powering Positive Change throughout our business operations and supply chain. For example, we are committed to fair labor and respect for human right practices. We have established our Global Human Rights Policy which sets standards for our global business conduct related to human rights and labor for employees, suppliers and any other business partners. We also implemented our Conflicts Minerals Policy to avoid the use of conflict minerals.

Maxeon understands the importance of supporting the communities where we live and work. We believe access to healthy environmental conditions is a fundamental human right. We aim to help correct inequities through our Maxeon Gives program which we launched in 2022. We also partnered with non-profits and government agencies on Corporate Social Responsibility (CSR) programmes globally to contribute back to the communities.

Furthermore, we believe in diversity and inclusion in our workforce and the communities we serve as reflected in our zero-tolerance policy towards all forms of discrimination and harassment in the workplace, and also demonstrated in our Board Diversity statement, which is available on our website at <https://www.maxeon.com/>, under the heading "Investor Relations – Governance" and our hiring statement, which is available in our sustainability report which stipulates that employment decisions are made on merit. See "Board Diversity." The information contained on or accessible through our website does not form part of this annual report.

## **Governance**

We believe that good governance is essential to creating and preserving value for our customers, shareholders and other stakeholders. This includes a sound approach to corporate governance that complies with all applicable laws, rules, regulations and policies as well as adherence to our values. We have an extensive set of corporate governance policies that include a Global Anti-Corruption Compliance Policy, an Insider Trading Policy, a Whistleblower Policy, a Global Human Rights Policy, a Modern Slavery Statement and a Conflict Minerals Policy as well as our Code of Ethics and Business Conduct.

We have established a governance structure to drive ESG strategies, initiatives and performance. Our ESG progress is supervised by our Executive Leadership Team (ELT) and further governed by our Nominating and Corporate Governance Committee, which consists of two independent directors and two directors appointed by our shareholders, TotalEnergies and TZE. As we strive towards remaining abreast of macro ESG trends, opportunities and risks, our Global ESG team and Chief Legal Officer, who is also our Global ESG Executive Leader, provide quarterly updates and presentations to the Committee on global ESG shifts, as well as our own ESG initiatives and progress. Our Global ESG Lead is based in the Singapore headquarters alongside our legal team, to effectively solidify our sustainability approach, framework and efforts. As a result, we can effectively cross-collaborate within the organization to execute our ESG ambitions and track our progress. Maxeon has embedded sustainability into its company culture, as reflected in its corporate key results (Maxeon's version of "Key Performance Indicators"). Employees are asked to align their individual objectives to Maxeon's corporate key results in which ESG was identified as critical to achieving broader company goals, during the annual performance review exercise.

We also strive to maintain the integrity of our products and services. We have a Quality Policy which sets standards with regard to product quality and reliability. In addition to implementing comprehensive quality management systems, we provide our customers with a long-term warranty. All of our manufacturing plants and research and development facilities are certified to internationally recognized standards, such as ISO 9001:2015 Quality Management System, ISO45001: 2018 Occupational Safety and Health Management System and ISO14001: 2015 Environmental Management System.

We are subject to laws and regulations concerning the environment, safety matters, regulation of chemicals and product safety in the countries where we manufacture and sell our products or otherwise operate our business. As a result, we have established internal policies and standards that aid our operations in systematically identifying relevant hazards, assessing and mitigating risks and communicating risk information. These internal policies and standards are in place to ensure our operations comply with relevant environmental, health and safety laws and regulations. In addition, we conduct periodic audits of our operations. The potential risks we identify are integrated into our business planning, including investments in reducing safety and health risks to our associates and reducing our impact on the environment. We have also dedicated resources to monitor legislative and regulatory developments and emerging issues to anticipate future requirements and undertake policy advocacy when strategically relevant.

## **Reporting**

A notable part of our commitment to sustainable development and operations is our commitment to transparent reporting of ESG performance indicators, as we recognize the importance of this information to investors, lenders and others in understanding how we assess sustainability information and evaluate risks and opportunities. We publish an annual sustainability report (the "Sustainability Report") prepared in accordance to the GRI Sustainability Reporting Standards, Core option, aligned to the SASB, SGX Sustainability Reporting requirement and the United Nations SDGs, which includes our strategy, key performance indicators and achievements. Our historical sustainability reports are available on our website at <https://www.maxeon.com/> under the heading "ESG and Sustainability".

On July 17, 2020, Maxeon issued \$200.0 million of Green Convertible Notes and received total net proceeds of \$176 million. We published our first Eligible Green Expenditures Progress Report in July 2021 for the period from July 17, 2020 to June 30, 2021, disclosing the use of \$176 million in net proceeds to finance or refinance, in whole or in part, existing and new "Eligible Green Expenditures", which is defined as capital expenditures and research and development expenditures related to the development or manufacture of products, key components and

machinery primarily dedicated to solar energy generation by us or any of our subsidiaries. Specifically, the amounts were allocated to patents and other intellectual property, manufacturing equipment capital expenditures, international research and development operating expenditures and operating and capital expenditures associated with our Product Collaboration Agreement with SunPower. See “Item 7.B. Related Party Transactions – Agreements with SunPower – Product Collaboration Agreement.” In August 2022, we published our final Eligible Green Expenditures Progress Report for the period July 1, 2021 through June 30, 2022 to report the allocation of the remaining net proceeds from the issuance together with our Green Bond Assurance report. In addition, we also published our Green Bond Framework in August 2022. The Eligible Green Expenditures Progress Reports and our Green Bond Framework are available on our website at <https://www.maxeon.com/>, under the heading “ESG and Sustainability.”

Nothing on our website, including our Sustainability Report, Eligible Green Expenditures Progress Report, Green Bond Framework, Modern Slavery Statement and/or sections thereof, is deemed incorporated by reference into this Form 20-F.

#### **ITEM 4.A. UNRESOLVED STAFF COMMENTS**

Not Applicable.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

##### **5.A. OPERATING RESULTS**

This operating and financial review should be read together with the section captioned “Item 4.B. Business Overview” and the consolidated and combined financial statements of Maxeon and the related notes to those statements included elsewhere in this Form 20-F. Among other things, those financial statements include more detailed information regarding the basis of preparation for the following information. The consolidated and combined financial statements of Maxeon have been prepared in accordance with GAAP. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under “Risk Factors” and elsewhere in this Form 20-F, our actual results may differ materially from those anticipated in these forward-looking statements. Please see discussion under “Special Note About Forward-Looking Statements” in this Form 20-F.

The discussion and analysis of the financial condition and results of operations of certain items for the fiscal year ended January 3, 2021, and year-to-year comparison between fiscal year ended January 2, 2022, and January 3, 2021, that are not included in this Form 20-F can be found in “Item 5. Operating And Financial Review And Prospects” of our Form 20-F for the fiscal year ended January 2, 2022 filed on March 24, 2022, which is incorporated by reference herein.

##### **Overview**

We manufacture and supply solar cells and panels, and have begun bundling adjacent products such as microinverters, to resellers and commercial and residential end customers. We sell our solar panels and “Beyond the Panel” products primarily to dealers, project developers, system integrators and distributors, and recognize revenue at a point in time when control of such products transfers to the customer, which generally occurs upon shipment or delivery depending on the terms of the contracts with the customer. There are no rights of return. Other than standard warranty obligations, there are no significant post-shipment obligations (including installation, training or customer acceptance clauses) with any of our customers that could have an impact on revenue recognition. Our revenue recognition policy is consistent across all geographic areas. See “Note 5. Revenue from Contracts with Customers” to our consolidated and combined financial statements.

Our consolidated and combined financial statements have been derived (i) from the consolidated financial statements and accounting records of SunPower as if we had operated on our own prior to the Spin-off, for the periods prior to August 26, 2020 and (ii) subsequent to August 26, 2020, the consolidated financial statements of the Company and its subsidiaries with the Company as an independent public company.

During fiscal years 2022 and 2021, we had sales of \$283.3 million and \$225.9 million, respectively, to SunPower representing the sale of solar modules to SunPower. The pricing term prior to the Spin-off was made at transfer prices determined based on management's assessment of market-based pricing terms. Subsequent to the Spin-off, pricing was based on the Supply Agreement with SunPower, as amended. As of February 14, 2022, we entered into the 2022/2023 Supply Agreement which terminates and replaces the Supply Agreement, pursuant to which the Company is supplying SunPower with IBC Modules for use in residential installations in the Domestic Territory. We amended the 2022/2023 Supply Agreement on January 5, 2023 to increase minimum product volumes, update the pricing of IBC Modules for 2023 and extend exclusivity provisions that prohibit us from selling Maxison 6 IBC Modules to anyone other than SunPower for use in the Domestic Territory until December 31, 2023. The 2022/2023 Supply Agreement continues until December 31, 2023, subject to customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party. The pricing of our modules sold to SunPower is fixed for 2022 and 2023, based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. Additionally, either party may terminate undelivered volumes of Maxison 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold.

The Company and SunPower entered into the 2024/2025 Supply Agreement with an effective date of December 31, 2022. Under the 2024/2025 Supply Agreement, in 2024 and 2025 the Company will supply certain volumes of Maxison 6 IBC Modules to SunPower for use in residential installations in the Domestic Territory. The 2024/2025 Supply Agreement continues until December 31, 2025, subject to customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party. Following the entry into the 2024/2025 Supply Agreement, the pricing of our sales to SunPower contains an indexed-pricing provision for certain production commodities. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, either party may terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions.

See "Item 7.B. Related Party Transactions."

### **Basis of Presentation**

Standalone financial statements have not been historically prepared for our business. Our consolidated and combined financial statements have been derived (i) from the consolidated financial statements and accounting records of SunPower as if we had operated on our own prior to the Spin-off, for the periods prior to August 26, 2020 and (ii) subsequent to August 26, 2020, the consolidated financial statements of the Company and its subsidiaries with the Company as an independent public company. All periods presented have been accounted for in conformity with GAAP and pursuant to the regulations of the SEC.

For further information on the basis of presentation of the combined financial statements see "Note 1. *Background and Basis of Presentation*" to our consolidated and combined financial statements included elsewhere in this Form 20-F.

### **Trends and Uncertainties**

#### ***Demand***

Our business is subject to industry-specific seasonal fluctuations including changes in weather patterns and economic incentives that are based on tax credits, among other factors that drive demand in the latter half of the year. Sales have historically reflected these seasonal trends with the largest percentage of total revenues realized during the last two quarters of a fiscal year.

Volatility in the applied trade and tariff policies of the United States has created market challenges for us, and for our supplier and customer bases, since the beginning of 2018. Safeguard tariffs imposed in February 2018

pursuant to Section 201 of the Trade Act of 1974 had significant market effects during the four ensuing years. While a technology-based exclusion for IBC products muted the impact on us, our solar products based on other technologies were and remain subject to the safeguard tariffs. The safeguard measure was extended in February 2022 for an additional four-year period. Bifacial cells and modules were initially subject to the safeguard measure, then excluded, then re-covered, then re-excluded pursuant to a November 2021 U.S. Court of International Trade Decision, and on January 14, 2022, the Biden Administration filed a notice of appeal against the decision before the U.S. Court of Appeals for the Federal Circuit. During the same timeframe, tariffs imposed on goods of PRC origin pursuant to Section 301 of the Trade Act of 1974 significantly affected trade in solar power system components and finished products. The Section 301 tariffs remain in force and have no specified expiration date.

During 2021, a distinct set of challenges arose for the U.S. solar market as a result of a “withhold release order” (“WRO”) imposed pursuant to Section 307 of the Tariff Act of 1930 on products whose upstream silicon materials are sourced, or suspected of being sourced, from Hoshine Silicon Industry Co. Ltd. and its affiliates. The basis for this WRO was a finding that Hoshine and its affiliates utilize and benefit from forced labor in China’s Xinjiang Province. U.S. Customs and Border Protection detained numerous incoming shipments of silica-based products (including PV solar modules) at ports of entry and subjected importers to a lengthy and arduous process of proving that no forced labor was involved at the furthest upstream stages of their supply chains. In response, some companies altogether stopped trying to ship solar products to the United States; at a number of under-construction U.S. solar projects, expected module deliveries did not materialize. The WRO remains in force and has been expanded legislatively via the Uyghur Forced Labor Prevention Act (“UFLPA”), signed into law on December 23, 2021, which establishes a presumption that all goods processed in Xinjiang Province utilize forced labor and are therefore ineligible for entry into the U.S. market. Given Xinjiang Province’s major role in global production of polysilicon and upstream silica materials such as MGSI, and given China’s current pre-eminence as a location for polysilicon ingoting and wafering, these developments necessitate and are triggering a significant re-configuration of many manufacturers’ supply chains for the U.S. market.

These regulatory disruptions—on top of longstanding anti-dumping and countervailing duties on Chinese and Taiwanese solar cells and modules—have resulted and may continue to result in a wide range of impacts to the U.S. solar industry, global manufacturing market and our business, including market volatility, price fluctuations, and demand suppression.

Aside from the effects on our suppliers, customers, partners, and projects, we did not incur tariff charges for fiscal years 2022 and 2021.

### **Supply**

We continue to focus on the sale of our lower cost, high efficiency Performance line of solar panels to the United States market, and plan to add up to 1.8 GW of Performance line capacity, with cells produced in our Fab 3 Malaysia facility, and module production in Mexico. Sales of these products are designated for the United States market. In addition, our Huansheng JV and its affiliates in China have expanded capacity from 5 GW in 2020 to more than 12 GW in 2022, with plans for expansion of capacity in 2023 to 20 GW. Maxeon maintains up to 66% off-take rights of this expanded capacity for our international markets which includes the capacity made available through the Temporary HSTJ Agreement (refer to Item 7.B. Related Party Transaction - Agreements with TZE in Connection with the Huansheng JV).

In April 2022, Department of Commerce (“Commerce”) initiated an anti-circumvention inquiry (“ACI”) on Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from China (“China AD/CVD Orders”) and published an affirmative preliminary determination for the scope on December 8, 2022. However, on December 19, 2022, Commerce issued a memorandum clarifying that modules assembled in (and exported to the United States from) third countries, from cells fabricated in Cambodia, Malaysia, Thailand, or Vietnam, are not covered by the preliminary determination and indeed are not “inquiry merchandise” for purposes of the ACI. Accordingly, Maxeon’s modules assembled in Mexico are unaffected by the ACI.

We continue to see significant and increasing opportunities in technologies and capabilities adjacent to our core product offerings that can significantly reduce our customers’ CCOE, including the integration of energy storage and EV charging, managed by a whole home digital energy experience complemented by value-add services. We have



made investments to realize those opportunities, resulting in the launch of SunPower One – our integrated home energy management solution, enabling our customers to make intelligent energy choices by addressing how they buy energy, how they use energy, and when they use it. SunPower One represents the next major step in our “Beyond the Panel” initiative, which started with integrating advanced module-level control electronics to our portfolio of technology designed to enable longer series strings and significant balance of system components cost reductions in large arrays. We currently offer solar panels that use microinverters designed to eliminate the need to mount or assemble additional components on the roof or the side of a building and enable optimization and monitoring at the solar panel level to ensure maximum energy production by the solar system.

We continue to improve our unique, differentiated solar cell and panel technology. We emphasize improvement of our solar cell efficiency and LCOE and CCOE performance through enhancement of our existing products, development of new products and reduction of manufacturing cost and complexity in conjunction with our overall cost-control strategies.

We previously reduced our overall solar cell manufacturing output in an ongoing effort to match profitable demand levels, with increasing bias toward our highest efficiency Maxeon 3 and Maxeon 6 products, which utilize our latest solar cell technology, and our Performance line of solar panels, which utilize conventional cell technology. In fiscal year 2022, we completed the conversion of our Fab 3 Malaysia facility from Maxeon 5 to Maxeon 6 production capacity. This results in close to 500 MW of Maxeon 6 production capacity. In addition, we have started operating our pilot line for our new Maxeon 7 technology. Given our expectations related to the value proposition of Maxeon 7 and heightened demand for solar panels, we are considering adding incremental capacity for the manufacture of Maxeon 7 products at one of our Philippines cell manufacturing facilities that is currently not in use. We are currently in the process of making the necessary preparations for such a capacity expansion and have reserved a portion of our 2023 planned capex for that purpose.

The supply chain within the solar industry has met many challenges since the COVID-19 global pandemic commenced. Logistics costs have been volatile, and critical raw materials, such as polysilicon, have experienced cost surges for various reasons such as the China Energy Rationalization, import requirements such as UFLPA and the Covid-19 global pandemic.

We work with our suppliers and partners to ensure the reliability of our supply chain. We have contracted with a supplier for multi-year supply agreements, under which we have annual minimum purchase obligations. For more information about our purchase commitments and obligations, see “Item 5.B Liquidity and Capital Resources— Material Cash Requirements” and “Note 9. *Commitments and Contingencies*” to our consolidated and combined financial statements included elsewhere in this Form 20-F.

We currently believe our supplier relationships and various short- and long-term contracts will afford us the volume of material and services required to meet our planned output; however, we face the risk that the pricing of critical material may not be competitive, resulting in a higher manufacturing cost which we may be unable to pass on.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled “Risk Factors” included elsewhere in this Form 20-F.

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

Our significant accounting policies are set out in “Note 2. *Summary of Significant Accounting Policies*” to our consolidated and combined financial statements included elsewhere in this Form 20-F, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our audited consolidated and combined financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and which could potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies.

Due to the macro-economic trends such as the continued effects of the COVID-19 pandemic and continued heightened geopolitical tensions, there has been continued uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require updates to our estimates and judgments or require us to revise the carrying value of our assets or liabilities as of the date of issuance of this Form 20-F. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

There were no other significant changes in our critical accounting estimates during fiscal year 2022 compared to those described below.

The following paragraphs describe the significant estimates and assumptions applied by management in the preparation of the consolidated and combined financial statements.

### **Revenue Recognition**

We sell our solar panels and balance of system components primarily to dealers, project developers, system integrators and distributors, and recognize revenue at a point in time when control of such products transfers to these customers, which generally occurs upon shipment or delivery depending on the terms of the contracts with the customer. In determining the transaction price for revenue recognition, the Company evaluates whether the price is subject to refund or adjustment in determining the consideration to which the Company expects to be entitled. There are no rights of return; however, the Company may be required to pay consideration to the customer in certain instances of delayed delivery. The Company then allocates the transaction price to each distinct performance obligation based on their relative standalone selling price, when applicable. Other than standard warranty obligations, there are no significant post-shipment obligations (including installation, training or customer acceptance clauses) with any of our customers that could have an impact on revenue recognition. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less. In the case of the existence of a significant financing component, the amount of the consideration is adjusted to reflect what the cash selling price of the promised service would have been if payments had occurred as control of the service was transferred to the customer. The discount rate used in determining the significant financing component is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. Our revenue recognition policy is consistent across all geographic areas.

### **Allowance for Credit losses**

For fiscal years 2022 and 2021, we maintained allowances for credit losses for estimated losses resulting from the inability of our customers to make required payments. A considerable amount of judgment is required to assess the likelihood of the ultimate realization of accounts receivable. We make our estimates of the collectability of our accounts receivable by analyzing historical bad debts, specific customer creditworthiness and current economic trends.

Accounting Standards Codification No. 326, *Financial Instruments – Credit Losses* (“ASC 326”) requires measurement and recognition of expected credit losses for financial assets held. We recognize an allowance for credit loss at the time a receivable is recorded based on our estimate of expected credit losses and adjust this estimate over the life of the receivable as needed. An account receivable is written off against the allowance for credit loss made after all collection effort has ceased. We evaluate the aggregation and risk characteristics of a receivable pool and develop loss rates that reflect historical collections, current forecasts of future economic conditions over the time horizon we are exposed to credit risk, and payment terms or conditions that may materially affect future forecasts. Historically, credit losses have been within our estimates.

### ***Inventories valuation***

Inventories are accounted for on a first-in-first-out basis and requires judgment in determining the realizability and the valuation of inventories. We evaluate the realizability of our inventories based on assumptions about expected demand and market conditions. Our assumption of expected demand is developed based on our analysis of bookings, sales backlog, sales pipeline, market forecast, and competitive intelligence. Our assumption of expected demand is compared to available inventory, production capacity, future polysilicon purchase commitments, available third-party inventory, and growth plans. Our factory production plans, which drive materials requirement planning, are established based on our assumptions of expected demand. We respond to reductions in expected demand by temporarily reducing manufacturing output and adjusting expected valuation assumptions as necessary. In addition, expected demand by geography has changed historically due to changes in the availability and size of government mandates and economic incentives. We do not expect that there will be material change in future on estimates or assumptions that we used to record inventory at the lower of cost and net realizable value. However, if estimates or assumptions change based on unforeseen manner, we may be exposed to losses that could be material.

### ***Long-Lived Assets***

We evaluate our long-lived assets, including property, plant and equipment, and definite-lived intangible assets, for impairment whenever events or changes in circumstances arise. This evaluation includes consideration of technology obsolescence that may indicate that the carrying value of such assets may not be recoverable. The assessments require significant judgment in determining whether such events or changes have occurred. Factors considered important that could result in an impairment review include significant changes in the manner of use of a long-lived asset or in its physical condition, a significant adverse change in the business climate or economic trends that could affect the value of a long-lived asset, significant under-performance relative to expected historical or projected future operating results, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

For purposes of the impairment evaluation, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We exercise judgment in assessing such groupings and levels. We then compare the estimated future undiscounted net cash flows expected to be generated by the asset group (including the eventual disposition of the asset group at residual value) to the asset group's carrying value to determine if the asset group is recoverable. If our estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the asset group, we record an impairment loss in the amount by which the carrying value of the asset group exceeds the fair value. Fair value is generally measured based on (i) internally developed discounted cash flows for the asset group, (ii) third-party valuations, and (iii) quoted market prices, if available. If the fair value of an asset group is determined to be less than its carrying value, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Apart for the impairment charge of \$0.4 million as a result of the exit activity in connection to the closure of our module factory in Porcellette, France, we have not recorded any impairment charges for fiscal year 2022.

### ***Product Warranties***

We generally provide a 25-year standard warranty for the solar panels that we manufacture for defects in materials and workmanship and for greater than promised declines in power performance. Effective from January 1, 2022, this has been extended to a 40-year standard warranty for certain Maxeon line modules in certain countries. The warranty provides that we will repair or replace any defective solar panels during the warranty period. In addition, we pass through to customers long-term warranties from the original equipment manufacturers of certain system components, such as inverters. Warranties of 25 years from solar panel suppliers are standard in the solar industry, while certain system components carry warranty periods ranging from 5 to 20 years.

The warranty excludes system output shortfalls attributable to force majeure events, customer curtailment, irregular weather, and other similar factors. In the event that the system output falls below the warranted performance level during the applicable warranty period, and provided that the shortfall is not caused by a factor that

is excluded from the performance warranty, the warranty provides that we will elect to either (a) repair; (b) replace; or (c) pay the customer a liquidated damage based on the computation stipulated in the warranty agreement.

We maintain reserves to cover the expected costs that could result from these warranties. Our expected costs are generally in the form of product replacement or repair. Warranty reserves are based on our best estimate of such costs and are recognized as a cost of revenue. We continuously monitor product returns for warranty failures and maintain a reserve for the related warranty expenses based on various factors including historical warranty claims, results of accelerated lab testing, field monitoring, vendor reliability estimates, and data on industry averages for similar products. Due to the potential for variability in these underlying factors, the difference between our estimated costs and our actual costs could be material to our combined financial statements. If actual product failure rates or the frequency or severity of reported claims differ from our estimates or if there are delays in our responsiveness to outages, we may be required to revise our estimated warranty liability. Historically, warranty costs have been within our expectations

#### ***Investments in Equity Interests***

Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for under the equity method. We record our share of the results of these entities as “Equity in losses of unconsolidated investees” on the Consolidated and Combined Statements of Operations. We monitor our investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the entities and record reductions in carrying values when necessary. The fair value of privately-held investments is estimated using the best available information as of the valuation date, including current earnings trends, discounted projected future cash flows, and other company specific information, including recent financing rounds.

#### ***Accounting for Income Taxes***

The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized which depends on the ability to generate sufficient taxable income in the related jurisdiction in the future. In evaluating our ability to recover our deferred tax assets, we consider the available evidence, including the accumulated losses, timing and amount of reversal of taxable temporary differences, and our forecast future taxable income.

The Company records accruals for uncertain tax positions when the Company believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes include the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

As applicable, interest and penalties on tax contingencies are included in “Provision for income taxes” in the Consolidated and Combined Statements of Operations and such amounts were not material for the period presented. In addition, foreign exchange gains (losses) may result from estimated tax liabilities, which are expected to be settled in currencies other than the U.S. dollar.

#### ***Variable Interest Entities (“VIE”)***

We regularly evaluate our relationships and involvement with unconsolidated VIEs and our other equity and cost method investments, to determine whether we have a controlling financial interest in them or have become the primary beneficiary, thereby requiring us to consolidate their financial results into our financial statements. If we determine that we hold a variable interest, we then evaluate whether we are the primary beneficiary. If we determine that we are the primary beneficiary, we will consolidate the VIE. The determination of whether we are the primary beneficiary is based upon whether we have the power to direct the activities that most directly impact the economic performance of the VIE and whether we absorb any losses or receive any benefits that would be potentially significant to the VIE.

### ***Basis of Preparation of the Combined Financial Statements Prior to Spin-off***

For the purpose of the combined financial statements prior to the Spin-off, management believes that all allocations have been performed on a reasonable basis and reflect the services received by the Company, the cost incurred on behalf of the Company and the assets and liabilities of the Company. Although, the combined financial statements reflect management's best estimate of all historical costs related to the Company, this may, however, not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate entity, nor the future results of the Company as it will exist upon completion of the proposed separation.

### **Components of Results of Operations**

#### ***Revenue***

We recognize revenue from the sale of solar panels and related solar system components, primarily to dealers, system integrators and distributors, and in some cases on a multi-year, firm commitment basis. For a discussion of how and when we recognize revenue, see "Critical Accounting Policies and Significant Estimates—Revenue Recognition."

#### ***Cost of Revenue***

We generally recognize our cost of revenue in the same period that we recognize related revenue. Cost of revenue includes actual cost of material, labor and manufacturing overhead incurred for revenue-producing units shipped. Cost of revenue also includes associated warranty costs and other costs. The cost of solar panels is the single largest cost element in our cost of revenue. Our cost of solar panels consists primarily of: (i) polysilicon, silicon ingots and wafers used in the production of solar cells, (ii) other materials and chemicals including glass, frame, and backing, and (iii) direct labor costs and assembly costs. Other factors that contribute to our cost of revenue include salaries and personnel-related costs, depreciation, facilities related charges, freight, as well as charges related to sales of raw materials inventory and write-downs.

#### ***Gross Loss***

Our gross loss is affected by a number of factors, including average selling prices for our solar power components, our product mix, our actual manufacturing costs, the utilization rate of our solar cell manufacturing facilities, inventory net realizable value charges, losses on third party polysilicon sales, and actual overhead costs.

#### ***Research and Development***

Our research and development activities are undertaken by our team in Singapore, together with our Silicon Valley research and development lab established in fiscal year 2022. Prior to the expiration of the Product Collaboration Agreement with SunPower in fiscal year 2022, SunPower performed research and development work in collaboration with Maxeon in SunPower's Silicon Valley research and development labs. Research and development expense consists of salaries and related personnel costs, overheads for the labs and equipment, and the cost of solar panel materials, various prototyping materials, and services used for the development and testing of products. Research and development expense is reported inclusive of payments made under collaborative arrangements. Please refer to "Item 7.B Related Party Transactions."

#### ***Sales, General and Administrative***

Sales, general and administrative expense consists primarily of salaries and related personnel costs, professional fees, bad debt expenses, and other selling and marketing expenses.

#### ***Restructuring***

Restructuring expense of \$2.1 million in fiscal year 2022 consists of mainly costs associated with the Company's June 2022 restructuring plan to reduce costs and focus on improving cash flow, the majority of which is related to the closure of our module factory in Porcelette, France. Restructuring expense of \$8.1 million in fiscal year 2021 consists primarily of costs associated with the Company's May 2021 restructuring plan to reduce costs and focus on improving cash flow, the majority of which related to the closure of a manufacturing facility in Toulouse, France. See "Note 8. *Restructuring*" to our consolidated and combined financial statements.

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

Interest expense primarily relates to the Green Convertible Notes, 2027 Notes and other debt facilities.

Other, net includes primarily loss on extinguishment of debt, gains or losses on foreign exchange and remeasurement of the Prepaid Forward associated with our Green Convertible Notes.

#### ***Income Taxes***

Deferred tax assets and liabilities are recognized for temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are provided against deferred tax assets when management cannot conclude that it is more likely than not that some portion or all deferred tax assets will be realized.

We currently benefit from a preferential tax rate of 5% in the Philippines in accordance with our registration with the PEZA. We also benefit from a tax holiday granted by the Malaysian government to our former joint venture AUOSP (now our wholly owned subsidiary, SunPower Malaysia Manufacturing Sdn. Bhd.) subject to certain hiring, capital spending, and manufacturing requirements. The third and final five-year tranche of this incentive was granted a 70% tax exemption and will expire on June 30, 2026. Malaysian Investment Development Authority ("MIDA") and the Company have been in discussions on additional conditions required to reinstate the full tax exemption that the Company was granted previously. We have agreed to the conditions for such reinstatement with MIDA and are waiting for formal approval from the Malaysian Government. As the formal approval have not been received, we recorded the tax provision based on the 70% tax exemption status for our Malaysian subsidiary. Our Swiss entity, SunPower Systems Sarl is subject to the statutory tax rate after the 2019 Switzerland tax reform that eliminated the auxiliary company designation starting fiscal year 2020. For additional information see "Note 2. *Summary of Significant Accounting Policies*" and "Note 13. *Income Taxes*" to our consolidated and combined financial statements.

#### ***Equity in Losses of Unconsolidated Investees***

Equity in losses of unconsolidated investees represents our reportable share of losses generated from entities in which we own an equity interest accounted for under the equity method.

#### ***Net Loss Attributable to Noncontrolling Interests***

We determined that we hold controlling interests in certain less-than-wholly owned entities and have fully consolidated these entities as a result. Noncontrolling interests represent the portion of net assets in these consolidated subsidiaries that are not attributable, directly or indirectly, to us. Net losses attributable to the noncontrolling interests represent the portion of our net loss allocated to the noncontrolling interests.

## Results of Operations

Set forth below is a discussion of our results of operations for the periods indicated and the summary of selected financial results derived from our consolidated and combined financial statements and related notes appearing elsewhere in this Form 20-F:

	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
<b>(In thousands)</b>		
<b>Selected Consolidated and Combined Statements of Operations Data:</b>		
Revenue	\$ 1,060,113	\$ 783,279
Cost of revenue	1,108,061	812,293
Gross loss	(47,948)	(29,014)
Operating expenses	152,346	143,433
Operating loss	(200,294)	(172,447)
Other expense, net	(25,589)	(66,616)
Loss before income taxes and equity in losses of unconsolidated investees	(225,883)	(239,063)
Provision for income taxes	(32,191)	(203)
Equity in losses of unconsolidated investees	(9,072)	(16,480)
Net loss	(267,146)	(255,746)
Net loss attributable to the stockholders	\$ (267,424)	\$ (254,520)

## Revenue and Cost of Revenue

	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
<b>(In thousands)</b>		
Revenue	\$ 1,060,113	\$ 783,279
Cost of revenue	1,108,061	812,293
Gross loss percentage	(5)%	(4)%

During fiscal year 2022, we recognized revenue of \$1,060.1 million from sales of modules and components with shipments of 2,348MW, of which \$283.3 million, or 26.7% of total revenue, represented sales of solar modules to SunPower. The pricing term for the sale of solar modules to SunPower was based on the Supply Agreement with SunPower, which was mutually terminated in February 2022 and replaced with the 2022/2023 Supply Agreement. Maxeon's cost of revenue for IBC Modules had historically been negatively impacted by the increase in logistics rates all along the supply chain and the increase in cost of certain raw materials such as glass, silicon, and aluminum. Under the Supply Agreement, Maxeon was unable to pass through cost increases to SunPower because the Supply Agreement contained fixed prices established in 2020 that were not subject to market-based adjustment. The 2022/2023 Supply Agreement also contains fixed pricing for 2022 and 2023 based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. The 2022/2023 Supply Agreement also provides that either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold. Refer to "Item 7.B. Related Party Transactions."

For fiscal year 2022, except for revenue transactions with SunPower, we had no other customer that accounted for more than 10% of revenue. The increase of \$276.8 million in revenue as compared to fiscal year 2021 was

primarily due to higher sales for the DG business in the United States, Europe and Australia, and was mainly attributable to a combination of higher volume and better prices as a result of various factors including the 2022/2023 Supply Agreement, a higher proportion of sales involving newer technology and price recovery for increasing costs. The increase was also attributable to sales for the utility-scale business into the United States, for which the first shipment took place in April 2022, accounting for \$131.1 million in fiscal year 2022. This was partially offset by a decrease of \$93.0 million in lower utility-scale revenue from other countries, primarily driven by lower volume, consistent with the selective profitability-based approach given the highly competitive market and rising input costs.

During fiscal year 2021, we recognized revenue from sales of modules and components of \$783.3 million with shipments of 1,956MW, of which \$225.9 million, or 28.8% of total revenue, represented sales of solar modules to SunPower. For fiscal year 2021, except for revenue transactions with SunPower, we had no customers that accounted for more than 10% of revenue. Cost of revenue was \$1,108.1 million in fiscal year 2022. The increase of \$295.8 million in cost of revenue compared to fiscal year 2021 was primarily due to higher volumes and higher materials costs. Our cost of revenue for Maxeon line and Performance line solar modules have continued to be impacted by the increase in raw materials cost such as glass, polysilicon, and aluminum, as well as Performance line module-supply from our Huansheng JV. We estimate that we paid \$11.3 million above the market price for polysilicon, as we were bound by our long-term fixed supply agreements for polysilicon utilized in our manufacturing process, which is the difference between our contractual cost under the long-term fixed supply agreements and the price of polysilicon available in the market as derived from publicly available information, multiplied by the volume of polysilicon we have consumed. The higher cost was also driven by higher inventory reserves and higher under-utilization cost, mainly arising from the Performance line module supply to United States utility-scale business, a one-off settlement of \$15.2 million with a polysilicon supplier to resolve a contract dispute regarding the applicability of a price escalation clause and incremental expense of \$1.3 million in connection with the re-evaluation of our Maxeon 7 capacity growth plan. Included in cost of revenue is \$8.3 million relating to losses incurred as a result of ancillary sales to third parties of excess polysilicon procured under the long-term fixed supply agreements.

Cost of revenue was \$812.3 million in fiscal year 2021 and includes \$14.3 million related to losses incurred as a result of ancillary sales to third parties of excess polysilicon procured under the long-term fixed supply agreements. In addition, we estimated that we paid \$47.2 million above the market price for polysilicon, as we were bound by our long-term fixed supply agreements for polysilicon utilized in our manufacturing process, which is the difference between our contractual cost under the long-term fixed supply agreements and the price of polysilicon available in the market as derived from publicly available information, multiplied by the volume of polysilicon we have consumed.

### Revenue by Geography

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
United States	\$ 427,111	\$ 227,499
France	80,872	88,454
Italy	126,195	83,957
Rest of world <sup>(1)</sup>	425,935	383,369
Total revenue	\$ 1,060,113	\$ 783,279

<sup>(1)</sup> Revenue included under "Rest of the world" comprise of countries that are individually less than 10% for the periods presented.

Revenues are attributed to U.S. and international geographies primarily based on the destination of the shipments. The increase in sales attributed to the U.S by 87.7% or \$199.6 million compared to fiscal year 2021 was mainly due to sales for the utility-scale business into the United States, for which the first shipment took place in



April 2022, accounting for \$131.1 million in fiscal year 2022. In addition, there was higher sales to SunPower of \$283.3 million for fiscal year 2022 as compared to \$227.5 million for fiscal year 2021.

### Operating Expenses

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
Operating expenses:		
Research and development	\$ 49,682	\$ 46,500
Sales, general and administrative	100,546	88,800
Restructuring charges	2,118	8,000
Total operating expenses	\$ 152,346	\$ 143,400

### Research and Development Expenses

Research and development expenses were \$49.7 million in fiscal year 2022, primarily associated with expenditures on our Maxeon 6 and Maxeon 7 cell and panel technology, comprised primarily of compensation expense (including stock-based compensation) of \$30.0 million, as well as facilities expense of \$6.0 million, research and development materials of \$3.9 million, expenses for leased equipment of \$3.1 million, external services of \$2.4 million and depreciation and amortization expense of \$1.5 million. Included in these expenses is \$16.4 million related to the Product Collaboration Agreement with SunPower, which has now expired. Please refer to “Item 7.B Related Party Transactions.” The increase in research and development expenses of \$3.2 million as compared to fiscal year 2021 is mainly due to more research and development personnel and higher compensation charges of \$4.3 million, and higher depreciation charge of \$0.7 million as the Company has more assets with the expiration of the Product Collaboration Agreement. This was offset by a lower expenses for leased equipment of \$2.0 million

Research and development expenses were \$46.5 million in fiscal year 2021, primarily associated with expenditures on our Maxeon 5, Maxeon 6 and Maxeon 7 cell and panel technology comprised primarily of compensation expense (including stock-based compensation) of \$25.7 million, as well as facilities expense of \$5.2 million, expenses for leased equipment of \$5.1 million, research and development materials of \$4.1 million, external consulting of \$2.4 million and depreciation and amortization expense of \$0.8 million. Included in these expenses is \$30.9 million related to the Product Collaboration Agreement with SunPower. Please refer to “Item 7.B Related Party Transactions.”

### Sales, General and Administrative Expenses

Sales, general and administrative expenses were \$100.5 million in fiscal year 2022 and were comprised primarily of \$47.7 million of compensation expense (including stock-based compensation) and \$23.6 million of professional fees and outside services, as well as \$7.6 million of equipment related expenses, \$5.8 million of insurance expense, \$2.8 million of facilities related costs including rent, utilities and maintenance, and \$1.5 million of depreciation expense. Included in these expenses is a net credit of \$3.0 million related to the transition services agreement with SunPower. The increase of sales, general and administrative expenses of \$11.7 million as compared to 2021 is primarily driven by higher compensation expenses of \$7.1 million due to increase headcount resulting in higher remuneration, lower net release from bad debt reserve of \$1.9 million due to one-off reversal in fiscal year 2021 and \$2.4 million from higher marketing investments on roadshows and exhibition as well as travel expenses due to ease of travel restrictions

Sales, general and administrative expenses were \$88.8 million in fiscal year 2021 and comprised primarily of \$40.6 million of compensation expense (including stock-based compensation), \$25.3 million of professional fees and outside services, \$6.5 million of insurance expense, \$6.1 million of equipment related expenses, \$3.9 million of

facilities related costs including rent, utilities and maintenance, and \$1.4 million of depreciation expense. Included in these expenses is a net charge of \$5.2 million related to the transition services agreement with SunPower.

#### **Restructuring charges**

Restructuring expense for fiscal year 2022 was \$2.1 million. The majority of the cost relates to our June 2022 restructuring plan on the planned closure of our module factory in Porcelette, France. Restructuring expense was \$8.1 million in fiscal year 2021. The majority of the cost relates to our May 2021 restructuring plan on the planned closure of our module factory in Toulouse, France

See “Note 8. *Restructuring*” to the consolidated and combined financial statements for further information regarding our restructuring plans.

#### **Other expense, net**

	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
<b>(In thousands)</b>		
Other expense, net		
Interest expense, net	\$ (27,812)	\$ (27,848)
Loss on extinguishment of debt	—	(5,075)
Other, net	2,223	(33,693)
Other expense, net	\$ (25,589)	\$ (66,616)

Of the total \$27.8 million in interest expense incurred during fiscal year 2022, \$16.4 million relates to the Green Convertible Notes due 2025 and \$7.1 million relates to the 2027 Notes. The remaining interest expense relates to the Company’s other outstanding debt arrangements.

Of the total \$27.8 million in interest expense incurred during fiscal year 2021, \$23.7 million relates to the Green Convertible Notes due 2025, \$3.5 million relates to our term loan and working capital facilities that were terminated during the year. The remaining interest expense relates to the Company’s other outstanding debt arrangements.

Loss on extinguishment of debt of \$5.1 million arose from the write-off of unamortized debt issuance cost following the termination of our \$50.0 million working capital facility in September 2021 and the expiration of the availability period for draw down of our \$75.0 million term loans in August 2021.

Other, net for fiscal year 2022 primarily comprised of a \$2.4 million gain on the remeasurement of Prepaid Forward associated with the Green Convertible Notes and \$1.0 million gain arising from the recognition of reimbursement of litigation cost, partially offset by a foreign exchange loss of \$0.4 million and loss of \$1.5 million on derivative instruments.

Other, net for fiscal year 2021 primarily comprised of \$34.5 million loss on remeasurement of the Prepaid Forward associated with the Green Convertible Notes and a loss of \$3.5 million on derivative instruments, partially offset by foreign exchange gain of \$1.4 million and a gain of \$3.0 million related to the deemed disposal of our equity ownership in Huansheng JV. There was a capital injection of RMB270.0 million (equivalent to \$41.6 million) by TZE into Huansheng JV in September 2021 which diluted our equity ownership of the joint venture from 20.0% to 16.3%.

**Income Taxes**

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
Provision for income taxes	\$ (32,191)	\$ (203)

In fiscal year 2022, our income tax expense of \$32.2 million was primarily due to the tax expense in jurisdictions that were profitable, provision of higher unrecognized tax benefit and an increase in valuation allowance on our deferred tax assets.

In fiscal year 2021, our income tax expense of \$0.2 million was primarily due to tax expenses in jurisdictions that were profitable and an increase in unrecognized tax benefits.

**Equity in Losses of Unconsolidated Investees**

For the fiscal years 2022 and 2021, our unconsolidated investee, Huansheng JV, experienced a loss for which we recorded our reportable share of \$9.1 million and \$16.5 million, respectively. The decrease of \$7.4 million in equity in losses of unconsolidated investee was primarily due to lower losses attributable to Huansheng JV and a lower share of losses by the Company due to dilution of shareholdings that happened in September 2021.

**Net (Income) Loss Attributable to Noncontrolling Interests**

For the fiscal years 2022 and 2021, we attributed \$0.3 million of net income and \$1.2 million of net loss, respectively, to noncontrolling interests. The change from a net loss to net income attributable to noncontrolling interests was a result of more profitable operations from our consolidated investee during fiscal year 2022.

**Reconciliation of Non-GAAP Financial Measures**

We present certain non-GAAP measures such as non-GAAP gross loss, non-GAAP operating expenses and earnings before interest, taxes, depreciation and amortization (“EBITDA”) adjusted for stock-based compensation, restructuring charges and fees, remeasurement (gain) loss on prepaid forward and physical delivery forward, loss on extinguishment of debt, impairment, equity in losses of unconsolidated investees and related gains and loss related to settlement of price escalation dispute (“Adjusted EBITDA”) to supplement our consolidated and combined financial results presented in accordance with GAAP. Non-GAAP gross loss is defined as gross loss excluding stock-based compensation and loss related to settlement of price escalation dispute. Non-GAAP operating expenses is defined as operating expenses excluding stock-based compensation and restructuring charges and fees.

We believe that non-GAAP gross loss, non-GAAP operating expenses and Adjusted EBITDA provide greater transparency into management’s view and assessment of the Company’s ongoing operating performance by removing items management believes are not representative of our continuing operations and may distort our longer-term operating trends. We believe these measures are useful to help enhance the comparability of our results of operations across different reporting periods on a consistent basis and with our competitors, distinct from items that are infrequent or not associated with the Company’s core operations as presented above. We also use these non-GAAP measures internally to assess our business, financial performance and current and historical results, as well as for strategic decision-making and forecasting future results. Given our use of non-GAAP measures, we believe that these measures may be important to investors in understanding our operating results as seen through the eyes of management. These non-GAAP measures are neither prepared in accordance with GAAP nor are they intended to be a replacement for GAAP financial data, should be reviewed together with GAAP measures and may be different from non-GAAP measures used by other companies.

Each of the non-GAAP financial measures excludes one or more of the following items in arriving to the non-GAAP measures:

- *Stock-based compensation expense.* Stock-based compensation relates primarily to equity incentive awards. Stock-based compensation is a non-cash expense that is dependent on market forces that are difficult to predict and is excluded from non-GAAP gross loss, non-GAAP operating expense and Adjusted EBITDA. Management believes that this adjustment for stock-based compensation expense provides investors with a basis to measure our core performance, including the ability to compare our performance with the performance of other companies, without the period-to-period variability created by stock-based compensation.
- *Restructuring charges and fees.* We incur restructuring charges and fees related to reorganization plans aimed towards realigning resources consistent with our global strategy and improving its overall operating efficiency and cost structure. Restructuring charges and fees are excluded from non-GAAP operating expenses and Adjusted EBITDA because they are not considered core operating activities. Although we have engaged in restructuring activities and initiatives, past activities have been discrete events based on unique sets of business objectives. As such, management believes that it is appropriate to exclude restructuring charges and fees from our non-GAAP financial measures as they are not reflective of ongoing operating results nor do these charges contribute to a meaningful evaluation of our past operating performance.
- *Remeasurement (gain) loss on prepaid forward and physical delivery forward.* This relates to the mark-to-market fair value remeasurement of privately negotiated prepaid forward and physical delivery transactions. The transactions were entered into in connection with the issuance on July 17, 2020 of the 6.50% Green Convertible Senior Notes due 2025 for an aggregate principal amount of \$200.0 million. The prepaid forward is remeasured to fair value at the end of each reporting period, with changes in fair value booked in earnings. The fair value of the prepaid forward is primarily affected by the Company's share price. The physical delivery forward was remeasured to fair value at the end of the Note Valuation Period on September 29, 2020, and was reclassified to equity after remeasurement, and will not be subsequently remeasured. The fair value of the physical delivery forward was primarily affected by the Company's share price. The remeasurement (gain) loss on prepaid forward and physical delivery forward is excluded from Adjusted EBITDA because it is not considered core operating activities. As such, management believes that it is appropriate to exclude these mark-to-market adjustments from our Adjusted EBITDA as they are not reflective of ongoing operating results nor do the (gain) loss contribute to a meaningful evaluation of our past operating performance.
- *Loss on extinguishment of debt.* This relates to the loss that arose from the termination of our \$50.0 million working capital facility in September 2021 and the expiration of the availability period for draw down of our \$75.0 million term loans in August 2021. Loss on debt extinguishment is excluded from Adjusted EBITDA because it is not considered part of core operating activities. Such activities are discrete events based on unique sets of business objectives. As such, management believes that it is appropriate to exclude the loss on extinguishment of debt from our non-GAAP financial measures as it is not reflective of ongoing operating results nor do these charges contribute to a meaningful evaluation of our past operating performance.
- *Impairment.* This relates to the impairment of assets recorded by our equity method investee, Huansheng JV. Asset impairment is excluded from our Adjusted EBITDA financial measure as it is non-cash in nature and not reflective of ongoing operating results. As such, management believes that it is appropriate to exclude such charges as they do not contribute to a meaningful evaluation of our past operating performance.
- *Equity in losses of unconsolidated investees and related gains.* This relates to the loss on our unconsolidated equity investment Huansheng JV and gains on such investment. This is excluded from our Adjusted EBITDA financial measure as it is non-cash in nature and not reflective of our core operational performance. As such, management believes that it is appropriate to exclude such charges as they do not contribute to a meaningful evaluation of our performance.

- *Loss related to settlement of price escalation dispute.* This relates to loss arising from the settlement of price escalation dispute with a polysilicon supplier related to our long-term, firm commitment polysilicon supply agreement. This is excluded from our Adjusted EBITDA financial measure as it is non-recurring and not reflective of ongoing operating results. As such, management believes that it is appropriate to exclude such charges as the loss does not contribute to a meaningful evaluation of our past operating performance.

**Reconciliation of Non-GAAP Financial Measures**

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
<b>Gross loss<sup>(1)</sup></b>	<b>\$ (47,948)</b>	<b>\$ (29,014)</b>
Stock-based compensation	1,535	1,250
Loss related to settlement of price escalation dispute	15,170	—
<b>Non-GAAP Gross loss<sup>(1)</sup></b>	<b>(31,243)</b>	<b>(27,764)</b>
<b>GAAP Operating expenses</b>	<b>152,346</b>	<b>143,433</b>
Stock-based compensation	(13,045)	(5,981)
Restructuring charges and fees	(5,632)	(8,084)
<b>Non-GAAP Operating expenses</b>	<b>133,669</b>	<b>129,368</b>
<b>GAAP Net loss attributable to the stockholders<sup>(1)</sup></b>	<b>(267,424)</b>	<b>(254,520)</b>
Interest expense, net	27,812	27,848
Provision for income taxes	32,191	203
Depreciation	56,470	41,827
Amortization	272	383
EBITDA <sup>(1)</sup>	(150,679)	(184,259)
Impairment	—	5,058
Stock-based compensation	14,580	7,231
Loss related to settlement of price escalation dispute	15,170	—
Restructuring charges and fees <sup>(2)</sup>	5,632	7,156
Remeasurement (gain) loss on physical delivery forward and prepaid forward	(2,411)	34,468
Equity in losses of unconsolidated investees and related gain	9,072	8,447
Loss on extinguishment of debt	—	5,075
<b>Adjusted EBITDA<sup>(3)</sup></b>	<b>(108,636)</b>	<b>(116,824)</b>

<sup>(1)</sup> The Company's GAAP and Non-GAAP results were impacted by the effects of certain items. Refer to supplementary information in the table below.

<sup>(2)</sup> Amount represents restructuring charges and fees related to reorganization plans, excluding accelerated depreciation amounting to \$0.9 million included in the depreciation line for fiscal year 2021.

<sup>(3)</sup> The Adjusted EBITDA for fiscal year 2021 did not contain an adjustment for equity in losses of unconsolidated investees and related gain on such equity investment. For a reconciliation of Adjusted EBITDA to GAAP Net loss attributable to the stockholders for fiscal year 2021, please refer to our Form 20-F filed with the SEC on March 24, 2022.

Supplementary information affecting GAAP and Non-GAAP results

(In thousands)	Financial statements item impacted	Fiscal Year Ended	
		January 1, 2023	January 2, 2022
Incremental cost of above market polysilicon <sup>(1)</sup>	Cost of revenue	\$ 11,329	\$ 47,188
Loss on ancillary sales of excess polysilicon <sup>(2)</sup>	Cost of revenue	8,328	14,264

<sup>(1)</sup> Relates to the difference between our contractual cost for the polysilicon under the long-term fixed supply agreements with our supplier and the price of polysilicon available in the market as derived from publicly available information at the beginning of each quarter, multiplied by the volume of modules sold within the quarter.

<sup>(2)</sup> In order to reduce inventory and improve working capital, we had periodically elected to sell polysilicon inventory procured under the long-term fixed supply agreements in the market at prices below our purchase price, thereby incurring a loss.

## 5.B. LIQUIDITY AND CAPITAL RESOURCES

### Current Sources of Liquidity and Capital Resources

As of January 1, 2023, we had unrestricted cash and cash equivalents of \$227.4 million, restricted cash of \$40.5 million and short-term securities representing a 4-month time deposit of \$76.0 million as compared to \$166.5 million of unrestricted cash and cash equivalents, \$25.7 million of restricted cash and nil short-term securities as of January 2, 2022.

We have collected material customer advances in connection with certain of our supply agreements we have entered into. The customer advances are amortized based on the contractually agreed upon utilization schedule at the point of transfer of control of goods to the customer. Refer to “Note 5. Revenue from contracts with customers” to our consolidated and combined financial statements for more details on the amortization of the customer advances and details on secured assets made for some of the supply agreements.

### 2027 Notes

On August 17, 2022, the Company completed the sale of \$207,000,000 in aggregate principal amount of 7.50% first lien senior secured convertible notes due 2027 (“2027 Notes”) to Zhonghuan Singapore Investment and Development Pte. Ltd (“TZE SG”), a wholly owned subsidiary of TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.) (“TZE”) and an existing shareholder of the Company, at a purchase price equivalent to 97% of the principal amount of the 2027 Notes. This resulted in aggregate net proceeds of \$187.2 million after giving effect to the discount and estimated issuance costs. The 2027 Notes were issued pursuant to an indenture (the “Indenture”) dated August 17, 2022, among the Company, certain subsidiaries of the Company party thereto as guarantors, Deutsche Bank Trust Company Americas, as trustee, and DB Trustees (Hong Kong) Limited, as collateral trustee (the issuance of the 2027 Notes, the “Issuance”). The Issuance of the 2027 Notes was made pursuant to the exemption from registration provided by Regulation D under the Securities Act of 1933, as amended.

The 2027 Notes will mature on August 17, 2027, the fifth anniversary of Closing. Interest on the 2027 Notes will be paid semi-annually and it can take the following forms: (a) a portion shall be paid in cash and (b) the remainder may be paid, at the Company’s election, (i) in cash, (ii) by increasing the principal amount of the outstanding 2027 Notes or issuing additional 2027 Notes in a corresponding amount (the “PIK Notes”), (iii) subject to certain conditions, in ordinary shares of the Company (the “Shares”), and/or (iv) a combination of any two or more forms of payment as described in (i) through (iii). The 2027 Notes are convertible, at the option of the holder of the 2027 Notes, from and after the date of Closing until the fifth scheduled trading day immediately preceding the maturity date of the 2027 Notes, in accordance with the terms and conditions set forth in the Indenture. Upon the

conversion of any 2027 Note, the Company shall have the option to settle such conversion by way of cash and/or newly issued Shares, at an initial conversion price of \$23.13 per Share, subject to adjustments to be set forth in the Indenture (the "Conversion Price"). The Company may redeem the 2027 Notes (a) on or after August 17, 2024, the second anniversary of the Closing if the closing sale price per Share exceeds 130% of the Conversion Price then in effect on at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date of the redemption notice and (b) at any time upon the occurrence of certain changes in relevant tax laws, at a redemption price equal to 100% of the principal amount of the 2027 Notes plus accrued and unpaid interest, in accordance with the terms and conditions to be set forth in the Indenture. In the event all of the 2027 Notes were to be fully converted into Shares by the Investor on the basis of the Conversion Price in effect as of Closing and in accordance with the terms and conditions of the Indenture, the Investor would hold approximately 36.8% of the outstanding shares of the Company (inclusive of its existing 24.1% ownership). This potential increase in the Investor's ownership of the Company's shares would not result in a change to the Investor's existing governance rights under the terms of the shareholders agreement dated August 26, 2020 (the "Shareholders Agreement") entered into by and among the Investor, the Company and TotalEnergies Solar INTL SAS and TotalEnergies Gaz Electricité Holdings France SAS (collectively referred to as "TotalEnergies").

#### *Revolving Credit Facility*

In June 2018, SunPower entered into a Revolving Credit agreement which entitles us to an uncommitted, on demand import and export combined financing of \$50.0 million through Standard Chartered Bank Malaysia Berhad at a 1.5% per annum over LIBOR interest rate over a maximum financing tenor of 90 days. The interest rate for the Revolving Credit agreement was updated to 1.5% per annum over SOFR interest rate over a maximum financing tenor of 90 days in August 2022. In October 2021, Standard Chartered Bank Malaysia Berhad reduced the facility limit under the SCB Agreement (as defined below) to \$25.0 million. The facility limit was reinstated to \$50.0 million in December 2021, and the terms of the agreement remain unchanged. As of January 1, 2023 and January 2, 2022, the outstanding amount was \$50.0 million and \$24.7 million respectively.

#### *2025 Green Convertible Notes*

On July 17, 2020, Maxeon issued \$200.0 million aggregate principal amount of its 6.50% Green Convertible Senior Notes due 2025 (the "Green Convertible Notes") pursuant to an indenture (the "Indenture"), dated July 17, 2020 between Maxeon and Deutsche Bank Trust Company Americas, as trustee.

The Green Convertible Notes are senior, unsecured obligations of Maxeon and accrue regular interest at a rate of 6.50% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. Additional interest may accrue on the Green Convertible Notes in certain circumstances. The Green Convertible Notes will mature on July 15, 2025, unless earlier repurchased, redeemed or converted, and are subject to the terms and conditions set forth in the Indenture. The Green Convertible Notes will be also redeemable, in whole or in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option at any time, and from time to time, on or after July 17, 2023 and on or before the 60th scheduled trading day immediately before the maturity date, but only if the last reported sale price per ordinary share of Maxeon exceeds 130% of the conversion price for a specified period of time. In addition, the Green Convertible Notes will be redeemable, in whole and not in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option in connection with certain changes in tax law. Upon the occurrence of a fundamental change (as defined in the Indenture), noteholders may require Maxeon to repurchase their Green Convertible Notes for cash. The repurchase price will be equal to the principal amount of the Green Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

Upon satisfaction of the relevant conditions, the Green Convertible Notes will be convertible into Maxeon shares at an initial conversion price of \$18.19 per share and an initial conversion rate of 54.9611 Maxeon shares per \$1,000 principal amount of Green Convertible Notes. The conversion rate and conversion price will be subjected to adjustment in specified circumstances. We will settle conversions by paying or delivering, as applicable, cash, Maxeon shares or a combination of cash and Maxeon shares, at our election.

In connection with the issuance of the Green Convertible Notes, the Company entered into a privately negotiated forward-starting physical delivery forward transaction (the "Physical Delivery Forward") of \$60.0 million worth of Maxeon shares and a forward-starting forward share purchase transaction of \$40.0 million (the "Prepaid Forward") with Merrill Lynch International.

See also "Note 11. *Debt and Credit Sources*" to our consolidated and combined financial statements included in "Item 18. Financial Statements" in this Form 20-F.

## Cash Flows

A summary of the sources and uses of cash, cash equivalents, restricted cash and restricted cash equivalents is as follows:

	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
<b>(In thousands)</b>		
Net cash provided by (used in) operating activities	\$ 3,437	\$ (4,866)
Net cash used in investing activities	(139,301)	(154,448)
Net cash provided by financing activities	211,474	141,808

## Operating Activities

Net cash provided by operating activities in fiscal year 2022 was \$3.4 million and was primarily driven by (i) non-cash charges of \$89.2 million related to depreciation and amortization, stock-based compensation, excess or obsolete inventories and other non-cash charges; (ii) \$7.1 million non-cash interest expense primarily attributable to amortization of stock lending fees and accretion associated with the Green Convertible Note and 2027 Notes; (iii) non-cash equity in losses of unconsolidated investee of \$9.1 million; and (iv) a favorable change in working capital of \$158.8 million. This was offset by a net loss of \$267.1 million, adjusted for non-cash remeasurement gain on Prepaid Forward of \$2.4 million.

The favorable working capital movement arose from \$195.7 million increase in contract liabilities arising from advance collections from customers for certain contracts entered during the year and partially offset by utilization, an increase of \$70.6 million in accounts payable and other accrued liabilities due to timing of settlement of invoices and a \$49.6 million decrease in advance payments to suppliers. This was offset by \$106.6 million increase in inventories, \$35.69 million increase in prepaid expenses and other assets and increase in accounts receivables of \$15.3 million, primarily attributable to billing and collection cycles.

Net cash used in operating activities in fiscal year 2021 was \$4.9 million and was primarily the result of a net loss of \$255.7 million of which \$47.2 million relates to out-of-market polysilicon cost. Net cash used in operating activities is also adjusted for (i) non-cash charges of \$60.8 million related to depreciation and amortization, stock-based compensation and other non-cash charges; (ii) non-cash remeasurement gain on the Prepaid Forward of \$34.5 million; (iii) a \$13.4 million non-cash interest expense primarily attributable to amortization of stock lending fees and accretion associated with the Green Convertible Note and Convertible Notes 2027; (iv) non-cash equity in losses of unconsolidated investee of \$16.5 million; and (v) a favorable change in working capital of \$129.1 million.

The significant cash movements within the working capital are, a \$72.5 million increase in contract liabilities arising from advance collections from customers, a \$41.1 million decrease in advance payments to suppliers, an increase in accounts payable and other accrued liabilities of \$41.1 million due to timing of settlement of invoices, and a decrease in accounts receivables of \$38.3 million, primarily attributable to billing and collection cycles. This



was offset by a \$43.2 million increase in inventories primarily due to slower shipment resulting from COVID-19 and a \$20.5 million increase in prepaid expenses and other assets.

#### **Investing Activities**

Net cash used in investing activities in fiscal year 2022 was \$139.3 million. Out of which, \$63.3 million pertains to capital expenditures and \$76.0 million pertains to the purchase of a time deposit.

Net cash used in investing activities in fiscal year 2021 was \$154.4 million, which was primarily capital expenditures. See “Item 4.A. History and Development of the Company – Principal Capital Expenditures” for more information.

#### **Financing Activities**

Net cash provided by financing activities in fiscal year 2022 was \$211.5 million. The significant cash activities were the proceeds from the issuance 2027 Notes of \$187.2 million and the net proceeds of \$25.3 million from other debts arrangement. The gross inflows and outflows for the year were \$258.4 million and \$233.1 million respectively.

Net cash provided by financing activities in fiscal year 2021 was \$141.8 million. The significant cash activities were the proceeds from the issuance of ordinary shares of \$169.7 million, and the net payment of \$22.9 million to a bank under the Revolving Credit agreement. The gross inflows and outflows for the year were \$170.3 million and \$193.2 million respectively.

#### **Material Cash Requirements**

As of January 1, 2023 and January 2, 2022, our outstanding debt was \$459.2 million and \$225.6 million, respectively.

We expect total capital expenditures ranging from \$100 million to \$120 million in fiscal year 2023. As of January 1, 2023, we had committed to capital expenditures of \$54.8 million through the issuance of purchase orders. The capital expenditures mainly relate to preparation for capacity expansion for our Maxeon 7 technology, completion of manufacturing capacity for Performance line panels to be sold in the U.S. market, completion of manufacturing capacity for our Maxeon 6 product platform, further developing Maxeon 7 technology and operating a pilot line, as well as various corporate initiatives. The above excludes capital expenditures in connection to the investment plan to deploy a multi-GW factory in the United States to manufacture solar products for both the DG and utility-scale power plant markets.

Inflationary price increases impacting the cost of raw materials, manufacturing equipment, labor, electricity, and logistics services have had and could continue to have the effect of increasing our capital requirements. Additionally, shortages and shipping delays may require us to expend additional working capital to accumulate more buffer stocks of raw materials, semi-finished or finished goods.

Additionally, from time-to-time, we are required to provide financial and performance assurance to third parties and in connection with such obligations we procure letters of credit, bank guarantees, and surety bonds. The additional debt supporting these instruments results in increased expenses, collateralization and would likely impose new restrictive covenants.

#### **Anticipated Sources of Funds**

We believe that our current cash and cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations over the next 12 months. We expect that we will address our working capital requirements and fund our committed and uncommitted capital expenditures through our current cash and cash equivalents, cash generated from operations, customer prepayments, available funds to the extent available to us

under our existing debt facility and additional debt or equity financing to the extent we are able to raise such funding on acceptable terms.

We expect our long-term cash requirements to be largely driven by capital expenditures and working capital requirements necessary to improve our profitability and business growth. The dynamic nature of the markets we operate in, the volatility in the capital markets, the current status of our business, rising inflation and interest rates, supply chain challenges, as well as the worldwide uncertainty created by the war in Ukraine and the potential for impacts as a result of any new outbreaks of COVID-19 or other health crises on our business operations make it difficult to quantify with certainty our long-term capital requirements and our ability to fully meet our long-term liquidity needs. Our long-term liquidity needs would be further negatively impacted if the macro conditions set forth above worsen or last a sustained period of time. See also Risk Factor “*We may be unable to obtain access to external financing necessary to make adequate capital expenditures necessary to improve our profitability, remain competitive and grow our business.*”

The Company will continue to pursue opportunities to seek additional funding, which may include the offering of debt and equity securities, to fund future capital expenditures and to better position it for execution on its strategy and to weather the challenges facing the industry. However, the Company can make no assurance that it will be able to successfully obtain additional financing. The current economic environment and market conditions could limit our ability to raise capital on acceptable terms or at all, and lenders may be unwilling to lend funds on acceptable terms or at all in the amounts that would be required to supplement cash flows to support our funding needs. The sale of additional equity or convertible debt securities would result in dilution to our stockholders and additional debt would also result in increased expenses, collateralization and would likely impose new restrictive covenants.

In addition to pursuing financing opportunities, we continue to focus on improving our overall operating performance and liquidity by assessing and evaluating different options that may be available to us, such as selling raw materials inventory to third parties, liquidating certain investments, evaluating additional restructuring plans or strategic options and renegotiating for more favorable payment terms with customers and vendors. From time to time, we evaluate our staffing levels in response to changes in our business needs and demand for our products in order to manage costs and improve performance which may result in restructuring of our workforce and associated costs. We cannot, however, assure you that any such options will materialize or be available to us on commercially acceptable terms or at all.

Our liquidity is subject to various risks including the risks identified in “Risk Factors” and market risks identified in “Item 11. Quantitative and Qualitative Disclosures about Market Risk”.

#### **Liabilities Associated with Uncertain Tax Positions**

Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement will be made for our liabilities associated with uncertain tax positions in other long-term liabilities. As of January 1, 2023, total liabilities associated with uncertain tax positions was \$16.8 million, included within “Other long-term liabilities” in our Consolidated Balance Sheets. As of January 2, 2022, the liabilities associated with uncertain tax position was \$13.5 million of which \$3.7 million and \$9.8 million were included within “Accrued liabilities” and “Other long-term liabilities” in our Consolidated Balance Sheets, respectively. The long-term unrecognized tax benefits are not expected to be paid within the next twelve months.

#### **Foreign Currency Exchange Risk**

Maxeon’s reporting and functional currency is the U.S. dollar for most entities. Generally, we minimize the foreign currency exposure and its gains and losses with natural matching of inflows and outflows. In addition, we use hedging strategies including consolidated balance sheet hedge with foreign currency forwards contract and participating forwards in order to mitigate foreign currency risk other than the functional currency.

Our exposure to movements in foreign currency exchange rates is primarily related to sales to European customers that are denominated in Euros. Revenue generated from these European customers represented 41% and

39% of our total revenue in fiscal years 2022 and 2021, respectively. A 10% change in the Euro exchange rate would have impacted our revenue by approximately \$43.7 million and \$30.9 million in fiscal years 2022 and 2021, respectively.

In the past, we have experienced an adverse impact on our revenue, gross margin and profitability as a result of foreign currency fluctuations. When foreign currencies appreciate against the U.S. dollar, inventories and expenses denominated in foreign currencies become more expensive. An increase in the value of the U.S. dollar relative to foreign currencies could make our solar power products more expensive for international customers, thus potentially leading to a reduction in demand, our sales and profitability. Furthermore, many of our competitors are foreign companies that could benefit from such a currency fluctuation, making it more difficult for us to compete with those companies.

As at January 1, 2023, we had designated outstanding cash flow hedge option contracts with a notional value of \$213.3 million to hedge the exposure of Euro and Australian dollar against U.S. dollar. Because we hedge some of our expected future foreign exchange exposure, if associated revenues do not materialize we could experience a reclassification of gains or losses into earnings. Such a reclassification could adversely impact our revenue, margins and results of operations. We cannot predict the impact of future exchange rate fluctuations on our business and operating results.

We conduct hedging activities which involve the use of forward currency contracts that are designed to hedge our balance sheet exposure to changes in the foreign exchange rate between the U.S. dollar and other currencies although these contracts are not designated as hedging instruments. As at January 1, 2023 and January 2, 2022, we had outstanding forward currency contracts with aggregate notional values of \$14.9 million and \$53.6 million, respectively.

#### **Credit Risk**

We have certain financial and derivative instruments that subject us to credit risk. These consist primarily of cash and cash equivalents, restricted cash and cash equivalents, short-term securities, investments, accounts receivable and advances to suppliers, and derivative financial instruments. We are exposed to credit losses in the event of nonperformance by the counterparties to our financial and derivative instruments. Our investment policy requires cash and cash equivalents, restricted cash and cash equivalents, and investments to be placed with high-quality financial institutions and limits the amount of credit risk from any one issuer. We additionally perform ongoing credit evaluations of our customers' financial condition whenever deemed necessary and generally do not require collateral.

We entered into agreements with a vendor that specify future quantities and pricing of silicon wafers to be supplied through fiscal year 2023. As of January 1, 2023, we have remaining advances to this supplier totaling \$2.1 million.

We enter into foreign currency derivative contracts with high-quality financial institutions and limit the amount of credit exposure to any single counterparty. As of January 1, 2023, the foreign currency derivative contracts are limited to a time period of seven months or less. We regularly evaluate the credit standing of our counterparty financial institutions.

#### **Interest Rate Risk**

We are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems. An increase in interest rates could make it difficult for our customers to obtain the financing necessary to purchase our solar power systems on favorable terms, or at all, and thus lower demand for our solar power products, reduce revenue and adversely impact our operating results. An increase in interest rates could lower a customer's return on investment in a system or make alternative investments more attractive relative to solar power systems, which, in each case, could cause our customers to seek alternative investments that promise higher returns or demand higher returns from our solar power systems, thereby reducing gross margin and adversely impacting our operating results. This risk is significant to our business because our sales model is highly sensitive to

interest rate fluctuations and the availability of credit, and would be adversely affected by increases in interest rates or liquidity constraints.

We do not believe that an immediate 10% increase in interest rates would have a material effect on our financial statements under potential future borrowings. In addition, lower interest rates would have an adverse impact on our interest income. Due to the relatively short-term nature of our investment portfolio, we do not believe that an immediate 10% decrease in interest rates would have a material effect on the fair market value of our money market funds. Since we believe we have the ability to liquidate substantially all of this portfolio, we do not expect our operating results or cash flows to be materially affected to any significant degree by a sudden change in market interest rates on our investment portfolio.

#### **Equity Price Risk Involving Minority Investments in Joint Ventures and Other Non-Public Companies**

Our investments held in our joint ventures and other non-public companies expose us to equity price risk. As of January 1, 2023 and January 2, 2022, investments of \$3.1 million and \$11.2 million, respectively, are accounted for using the equity method. As of January 1, 2023 and January 2, 2022, investments of \$4.0 million and \$4.0 million, respectively, are accounted for using the measurement alternative method.

These strategic equity investments in third parties are subject to risk of changes in market value and could result in realized impairment losses. We generally do not attempt to reduce or eliminate our market exposure in equity investments. We monitor these investments for impairment and record reductions in the carrying values when necessary. Circumstances that indicate an other-than-temporary decline include the valuation ascribed to the issuing company in subsequent financing rounds, decreases in quoted market prices and declines in operations of the issuer. There can be no assurance that our equity investments will not face risks of loss in the future.

#### **Quantitative and Qualitative Disclosures About Market Risk**

See “Item 11. Quantitative and Qualitative Disclosures About Market Risk.”

#### **5.C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.**

Our research and development spending totaled \$49.7 million and \$46.5 million for the fiscal years 2022 and 2021, respectively. As described in the “Risk Factors” section and elsewhere in this Form 20-F, government regulations and policies can make developing or marketing new technologies expensive or uncertain due to various restrictions on trade and technology transfers. See “Item 3.D. Risk Factors.” For further information on our research and development policies and additional product information, see “Item 4.B. Business Overview.”

#### **5.D. TREND INFORMATION**

Please see “Item 5.A. Operating Results—Trends and Uncertainties” and “Item 4.B. Business Overview—Our Markets” for trend information.

#### **5.E. CRITICAL ACCOUNTING ESTIMATES**

Please see “Item 5.A. Operating Results—Critical Accounting Policies and Significant Estimates” for critical accounting estimates information.

### **ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

#### **6.A. DIRECTORS AND SENIOR MANAGEMENT**

##### **Board of Directors**

Our Constitution provides that, subject to the regulations of Maxeon contained in the Constitution for the time being in force, the minimum number of directors is two and the maximum number is ten. We may vary the maximum number of directors by ordinary resolution from time to time. In accordance with the terms of the

Shareholders Agreement, the Maxeon Board consists of ten directors, including three TotalEnergies designees, three TZE designees, three independent directors and Maxeon's chief executive officer.

Director	Age	Appointment Date
William Mulligan, Chief Executive Officer	62	January 23, 2023
Kris Sennesael, Independent Director	54	June 6, 2022
Donald Colvin, Independent Director	70	August 13, 2020
Steve Leonard, Independent Director	60	June 7, 2021
Gavin Adda, TotalEnergies designee	47	May 24, 2022
Erick Chabanne, TotalEnergies designee	58	August 27, 2020
Nikita Taldykin, TotalEnergies designee	43	October 25, 2021
Xu Luo Luo, TZE designee	40	January 18, 2023
Zhang Changxu, TZE designee	47	August 27, 2020
Sean Wang, TZE designee	59	October 17, 2022

## Biographies

### **William Mulligan, Chief Executive Officer**

William Mulligan is our Chief Executive Officer and a member of Maxeon's Board. Before joining Maxeon, he served as the Chief Operating Officer for Sila Nanotechnologies, a battery materials company. Prior to that, Dr. Mulligan held senior leadership positions at SunPower Corporation from May 1998 to August 2010 and again from November 2014 to March 2019, including Executive Vice President of Global Operations, Vice President Technology Strategy and Vice President Research and Development. He was also a Board Member and then President and Chief Executive Officer at SolarBridge Technologies, a micro inverter company from June 2011 to November 2014. Before that he has held engineering roles at AstroPower and Fairchild/National Semiconductor. Dr. Mulligan has almost 30 years of solar industry experience and over 30 technical publications relating to solar technology to his credit. Dr. Mulligan holds a B.A. in History and a B.S. in Chemistry from the University of Washington, a M.S.E. in Chemical Engineering from the University of Michigan, and a Ph.D. in Materials Science from Colorado School of Mines.

### **Donald Colvin**

Donald Colvin serves as an independent director and Chairman of Maxeon's Board, Chairman of its Compensation Committee, member of its Audit Committee and member of its Nominating and Corporate Governance Committee. Mr. Colvin also serves as an independent director and chairman of the audit committee for Viavi Solutions and Agilysys. Mr. Colvin has served on other boards throughout his career, including as an independent director on the audit committee for Applied Micro Circuits Corporation and Isola and an advisory board member for Conexant Systems. Mr. Colvin was interim Chief Financial Officer for Isola during 2015 and 2016, appointed by their Board to restructure the company, and prior to this was Chief Financial Officer of Caesars Entertainment Corporation from November 2012 to January 2015. Mr. Colvin has also served as Chief Financial Officer for ON Semiconductor Corp., Amtel Corporation and European Silicon Structures. Mr. Colvin has also held a number of financial leadership positions for multinational companies. Mr. Colvin holds a B.A. in economics and an M.B.A. from the University of Strathclyde in Scotland.

### **Kris Sennesael**

Kris Sennesael serves as an independent director on Maxeon's Board of Directors, Chairman of its Audit Committee, and member of the Compensation and Coordination Committees. Mr. Sennesael is currently the Senior Vice President and Chief Financial Officer of Skyworks Solutions, an innovator of high performance analog semiconductors with over \$5 billion in revenues. Previously, Mr. Sennesael served as Chief Financial Officer for Enphase Energy, a semiconductor-based renewable energy solutions provider, from September 2012 to August

2016. Earlier, he served as Chief Financial Officer for Standard Microsystems Corporation, a global fabless semiconductor company, from January 2009 to August 2012, prior to which he held financial positions at ON Semiconductor, AMI Semiconductor, and Alcatel Microelectronics. Mr. Sennesael graduated from the University of Ghent, Belgium, with a Bachelor of Economics and Master of Economics, and from the Vlerick Management School with a Master in Business Administration.

***Steve Leonard***

Steve Leonard serves as an independent non-executive director on Maxeon's Board of Directors, as Chairman of its Nominating and Corporate Governance Committee and its Coordination Committee, and as a member of its Audit Committee. Mr. Leonard also currently serves as an independent non-executive director of Singapore Post Ltd. (SingPost), an international leader in e-commerce logistics and services; of AsiaSat, a privately held Hong Kong-based satellite operator; and of SC Bank Solutions (Singapore) Ltd., a digital-banking joint venture between Standard Chartered Bank and NTUC Enterprise. Mr. Leonard serves on the advisory board of Cambridge Innovation Capital, a deep-tech venture capital firm with strong links to the University of Cambridge in England, and on the advisory board of SDG Impact Japan, a sustainability-focused investment platform based in Tokyo. Mr. Leonard has 30 years of experience in the private sector building information technology companies, and seven years of experience in the public sector working for the Singaporean government leading various national programs.

***Gavin Adda***

Gavin Adda serves as a director designated by TotalEnergies on Maxeon's Board of Directors and member of its Coordination Committee. Mr. Adda has served as the Chief Executive Officer of TotalEnergies Renewables Distributed Generation (DG) Asia since 2017. TotalEnergies DG Asia was created when TotalEnergies acquired Mr. Adda's company. He also serves as Co-Chairman of the European Chamber of Commerce (Sustainability Committee) in Singapore and he serves on the TotalEnergies Executive Management Committee for Asia. Previously, he served as Chief Executive Officer and Founder of CleantechEnergy Private Limited in India, which was acquired by Shell and Keppel. Prior to that, Mr. Adda held various executive level positions at REC Solar Limited and Samsung Group. Mr. Adda graduated from Cambridge University in 1996 with a Bachelor of Arts and a Master of Arts, and from INSEAD in 2006 with a Master in Business Administration.

***Erick Chabanne***

Erick Chabanne serves as a director designated by TotalEnergies on Maxeon's Board of Directors and member of its Compensation Committee. Mr. Chabanne is the Vice President Corporate Affairs of Marketing & Services for Asia-Pacific & Middle East for TotalEnergies, located in Singapore. He has held various positions within TotalEnergies since 1990 in the downstream division, including Chief Financial Officer in Cameroon and Kenya, Managing Director of the subsidiaries in Zambia and Réunion, Director of Safety/Health/Environment and Sustainable Development for Africa and Middle East Division, Vice President Corporate Affairs of Totalgaz in France and Head of Department of Management Control for the Marketing & Services Division. Mr. Chabanne graduated with a Master of Business Administration from the University of Ottawa and E.S.L.S.C.A Business School.

***Nikita Taldykin***

Nikita Taldykin serves as a director designated by TotalEnergies on Maxeon's Board of Directors and member of its Nominating and Corporate Governance Committee. Since 2022, Mr. Taldykin has been the Vice President - Business Development and Strategy of TotalEnergies E&P USA, Inc., located in Houston, Texas. In this role, he sits on various management committees and boards of directors and is responsible for the development and implementation of new business strategies both in the traditional and new energies in the United States. He joined TotalEnergies in 2010 and has since held several business development and legal roles, including the previous role of Vice President and General Counsel - Upstream and Corporate Services in which he was responsible for managing legal and compliance affairs for TotalEnergies' upstream affiliates in the United States. Mr. Taldykin began his career in private practice at Vinson & Elkins LLP, where he focused on domestic and cross-border energy transactions across Asia-Pacific, Europe, North America, Africa, Latin America and the Caribbean. Mr. Taldykin

obtained a Bachelor of Arts in Government and Economics from Georgetown University and a Juris Doctor from Georgetown University Law Center, located in Washington, D.C..

***Xu Luo Luo***

Xu Luo Luo serves as a director designated by TZE on Maxeon's Board of Directors and member of Maxeon's Nominating and Corporate Governance Committee. Mr. Xu is the Associate President of TCL Group since 2018, in this role, he is responsible for corporate development, merger and acquisition, partnership, strategic investment and capitalization, he sits on several management committees including TCL Group investment committee and TCL Capital, and he has held various management positions within TCL Group since 2012. Mr. Xu also currently serves as vice-chairman at Printronics Circuit, a specialized PCB manufacturer listed on Shenzhen Stock Exchange, director at Homa, a refrigerator ODM manufacturer listed on Shenzhen Stock Exchange; he has served on other boards throughout his career, including as Chairman of Highly, a consumer electronics distributor listed on Beijing Stock Exchange. Previously, he has held various management position at BAIC/Foton Motor, a commercial vehicle manufacturer listed on Shanghai Stock Exchange, and AVL, a world's leading mobility technology provider for development, simulation and testing of powertrain. At TCL, he has led numerous growth and transformation initiatives, including spin-off of TCL Industries (incl. TCL Electronics, the world's leading TV manufacturer listed on Hong Kong Stock Exchange, and Tonly, a leading audio and video ODM manufacturer) from TCL Group, TCL acquisition of Zhonghuan, one of the world's top solar ingot and wafer manufacturer listed on Shenzhen Exchange, Printronics Circuit, and Homa. Mr. Xu holds a bachelor degree in computer science, and postgraduate degree in excellence management from University of Warwick.

***Zhang Changxu***

Zhang Changxu serves as a director designated by TZE on Maxeon's Board of Directors and member of its Compensation Committee. Ms. Zhang is currently a Board Director and the Chief Operations Officer and Chief Financial Officer of TZE and a board director of Huansheng Photovoltaic (Jiangsu) Co., Ltd. From 2012, she served in various leadership roles for TZE, including as Chief Financial Officer of Inner Mongolia Zhonghuan Photovoltaic Material Co. Ltd., and CFO and General Manager of Tianjin Huanou Semiconductor Materials and Technology Co., Ltd. Ms. Zhang has extensive experience in corporate management from her management roles in finance, sales and marketing, supply chain and comprehensive planning. She has a Master's Degree in software engineering from Tongji University and a Bachelor's Degree in business administration from Shanxi University of Finance and Economics.

***Sean Wang***

Sean Wang serves as a director designated by TZE on Maxeon's Board of Directors and member of its Coordination Committee. Mr. Wang is the Executive President of International Operations for TZE. Prior to his role at TZE, he was Chairman of Shanghai E-Talent Digitech Investment from October 2019 to June 2022. Earlier, Mr. Wang served as the Senior Vice President and Chief Investment Director of ENN Group from March 2018 to September 2019 and has held senior management roles at ENN Energy Holdings Limited. Prior to this, Mr. Wang was a managing partner at Sino-Sin Investment Fund and an Executive Director and Chief Financial Officer at China Rongsheng Heavy Industries Group, and has held various other executive leadership roles during his career. Mr. Wang graduated from Hamline University in 1986 with a Bachelor of Economics and from the Carlson School of Management at the University of Minnesota with a Master of Business Administration in 1989.

**Senior Management**

The following table sets forth information regarding our senior management as of the date of this Form 20-F. William Mulligan serves as our Chief Executive Officer.

<b>Name</b>	<b>Age</b>	<b>Title</b>	<b>Appointment Date</b>
Mark Babcock	52	Chief Revenue Officer	December 15, 2020
Kai Strohbecke	52	Chief Financial Officer	March 15, 2021
Lindsey Roon Wiedmann	45	Chief Legal Officer	August 21, 2020
Philippe Costemale	56	Chief Operating Officer	August 15, 2022
Peter Aschenbrenner	67	Chief Strategy Officer	August 21, 2020
Tiffany See	47	Chief Human Resources Officer	August 21, 2020
Ralf Elias	52	Chief Product Officer	July 1, 2021

**Biographies*****Mark Babcock, Chief Revenue Officer***

Mark Babcock is our Chief Revenue Officer and is responsible for all revenue generating processes, accelerating our expansion strategy and international growth, and ensuring the best experience to installation partners, distributors and customers globally. Before joining Maxeon, Mr. Babcock led Eurogility, a market entry consultancy. Prior to that, he held senior positions in the distributed generation solar businesses of Flex, SunEdison and SunPower Corporation, with regional and global responsibilities. He has also held management roles at Carrier Corporation and United Technologies Fire and Security. Mr. Babcock holds a Bachelor of Arts degree from Sewanee - The University of the South, and a Master of Business Administration from Vanderbilt University.

***Kai Strohbecke, Chief Financial Officer***

Kai Strohbecke is our Chief Financial Officer and is responsible for our activities and processes in the areas of Accounting, Tax, Financial Reporting, Financial Planning & Analysis, Treasury, Investor Relations and Information Technology. Prior to joining Maxeon, Mr. Strohbecke served as the Vice President Finance and Global Operations Controller for Micron Technology in Singapore. Until 2013, he served for ten years as CFO at Inotera Memories, a memory semiconductor manufacturing company located in Taiwan that he helped list on the Taiwan Stock Exchange in 2006. Before joining Inotera, Mr. Strohbecke worked in various management roles with increasing responsibility at Infineon and Siemens Semiconductor Group in Germany, Taiwan and the United States. Mr. Strohbecke holds a bachelor's degree in Business Administration from Berufsakademie Mannheim, Germany and a joint EMBA degree from Tsinghua University (Beijing) and INSEAD.

***Lindsey Roon Wiedmann, Chief Legal Officer***

Lindsey Wiedmann is our Chief Legal Officer and leads our global legal and sustainability teams. During her decade with SunPower before continuing with Maxeon in 2020, she has provided legal expertise in the areas of project finance and development, mergers and acquisitions, joint ventures, corporate governance, compliance, disputes and other significant matters in support of the residential, commercial and power plant business units globally with legal teams in France, Mexico and the United States. Ms. Wiedmann was also the lead SunPower attorney for 8point3 Energy Partners LP's initial public offering in 2015 and nearly three years of acquisitions and operational activity as a public company. Prior to joining SunPower, Ms. Wiedmann spent six years practicing project finance at Latham & Watkins LLP in San Francisco and Singapore. Ms. Wiedmann received her Bachelor of Science degree from University of California, San Diego and her Juris Doctor degree from Columbia Law School.



***Philippe Costemale, Chief Operating Officer***

Philippe Costemale is our Chief Operating Officer and is responsible for manufacturing, quality, supply chain, cell technology deployment and EHS globally. Mr. Costemale brings to Maxeon over 20 years' experience in smart manufacturing transformation, consolidating global and regional supply chain, and accelerating new business models. An industry executive with wide and varied knowledge in growing B2B business, Mr. Costemale has worked across Europe, Asia and North America, most recently as Vice President Global Manufacturing and Supply Chain for Technicolor based in Hong Kong. He spent 14 years at global manufacturing giant Jabil leading the business and operations for Europe, heading up a team of 11 GMs and delivering strategies that significantly boosted annual revenue, ensured world-class quality and strengthened customer partnerships. Mr. Costemale graduated from the European Business School Paris-London-Madrid and is an ASQ Certified Six Sigma Black Belt from the American Society for Quality.

***Peter Aschenbrenner, Chief Strategy Officer***

Peter Aschenbrenner is our Chief Strategy Officer. Prior to joining Maxeon he served as SunPower's Executive Vice President of Corporate Strategy and Business Development, responsible for driving SunPower's strategy, mergers and acquisition and business activities. Previously, he was SunPower's Vice President of Marketing and Sales, where he established the SunPower brand and oversaw development of the industry's first dealer network program. Prior to joining SunPower in 2003, Mr. Aschenbrenner served as Senior Vice President of Global Operations at AstroPower, Inc., a solar product manufacturing company. He has more than 40 years of solar industry experience, including management positions at Siemens Solar, PV Electric GmbH and ARCO Solar. Mr. Aschenbrenner graduated from Stanford University in 1978 with a Bachelor of Arts degree in product design.

***Tiffany See, Chief Human Resources Officer***

Tiffany See is our Chief Human Resources Officer and is responsible for developing and executing human resource strategy in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, training and development, and compensation. Before joining Maxeon, since November 2018, she was Head of Asia - Human Resources at BHP, a global resources company. Prior to BHP, Ms. See was Executive Director, Human Resources (Asia), for Dell Technologies, where she spent 17 years in a variety of human resources leadership positions. Ms. See holds a bachelor's degree in Commerce from the University of Newcastle (Australia), and a Bachelor of Laws from University of New England (Australia). Ms. See is also a Certified Solution Focused Coach.

***Ralf Elias, Executive Vice President and Global Head of Distributed Generation ("DG") Products***

Mr. Elias brings more than two decades of executive experience to Maxeon, including serving as Global Vice President IoT/Global Business Development and Partnerships at Samsung Electronics. Prior to that, Mr. Elias worked for 14 years in various management roles with increasing responsibility at Vodafone Group, where he became Group Head of Products and Innovation, and General Manager Product Development. At Vodafone he led numerous innovative engineering and commercial projects for add-on services culminating in the development of the global SMART HOME and Consumer IoT strategy. Mr. Elias holds a bachelor's degree in mechanical engineering from the University of Essen, and an MBA from the Technical University of Munich.

**6.B. COMPENSATION**

**Non-Employee Director Compensation**

In August 2020, our Board adopted a policy for cash and equity-based compensation that shall be payable to eligible non-employee members of the Board who are not nominated representatives of TotalEnergies and TZE, or their corporate affiliates ("Outside Directors").

Under the cash-based compensation, an annual compensation of \$100,000 in the form of cash shall be payable to each eligible Outside Director and up to \$150,000 shall be payable to the chairman of the Board. Under the

equity-based compensation, an annual fee of \$200,000 in the form of restricted stock units (“RSUs”) awards shall be payable to each eligible Outside Director, including the chairman of the Board. RSUs will vest immediately upon grant.

A stock ownership guidelines policy was adopted by the Company in June 2021, requiring Outside Directors to hold Maxeon shares equal or greater than 3x annual cash retainer fees. Outside Directors have five years to achieve compliance.

For fiscal year 2022, we paid and accrued fees and compensation of approximately \$0.3 million and granted 46,999 RSUs to our Outside Directors.

### **Executive Officer Compensation**

Our Executive Compensation program for fiscal year 2022 include the following:

- A Corporate Bonus Plan (“CBP”) payable annually in the form of cash. The payouts are dependent on meeting a number of corporate and individual objectives, including Maxeon’s financial performance and achievement of key results, as well as individual performance;
- Time-based RSUs that generally vest over three years;
- Performance-based restricted stock units (“PSUs”) that generally vest over three years after achieving performance targets as determined from time-to-time; and
- Transformation Incentive Plan (“TIP”) with a number of restricted stock units to be granted after achieving performance targets over a three-year performance period (“TIP Grant”). 50% of the TIP Grant will vest immediately upon grant and the remaining 50% will vest one year after grant.

A stock ownership guidelines policy was adopted by the Company in June 2021, requiring the Chief Executive Officer to hold Maxeon shares equal or greater than 3x annual base salary and other Executive Officers to hold Maxeon shares equal or greater than 1x annual base salary. Executive officers have five years to achieve compliance.

For fiscal year 2022, we paid and accrued compensation of approximately \$9.8 million and granted 383,168 RSUs and 258,564 PSUs to our Executive Officers. The amount of compensation paid include benefits-in-kind such as insurance premiums, retirement plans and other benefits as the Company deems suitable.

Our Singapore subsidiaries are required by the laws and regulations of Singapore to make contributions, as employers, to the Central Provident Fund for all employees working in Singapore who are Singapore citizens or permanent residents and employed by our Singapore subsidiaries as prescribed under the Central Provident Fund Act 1953 of Singapore. The contribution rates vary, depending on the age of the executive officers.

### **6.C. BOARD PRACTICES**

#### **General**

The composition of the Maxeon Board and committees of the Maxeon Board are governed by our Constitution, together with the Shareholders Agreement.

#### **Composition of the Maxeon Board**

The Maxeon Board consists of 10 directors, including three TotalEnergies designees, three TZE designees, three independent directors and our Chief Executive Officer. Mr. Colvin is the Chairman of the Maxeon Board. The Chairman is entitled to a casting vote in the case of an equality of votes.

The Shareholders Agreement includes provisions adjusting the rights of each of TotalEnergies and TZE to designate a particular number of directors depending on changes in their share ownership, including a provision

allowing either shareholder, if they acquire at least 50% of our shares, to designate a majority of the directors. Each of TotalEnergies and TZE will lose the right to designate any directors if they hold less than 10% of our outstanding shares.

#### **Committees of the Maxeon Board**

So long as TotalEnergies or TZE have the right to designate at least one director to the Maxeon Board, each committee of the Maxeon Board other than the Audit Committee will contain a board designee of such shareholder. Generally, if the other shareholder also has a right to designate at least one director, then the number of appointees to each committee for each shareholder shall be equal. All committees will have at least two independent directors and the Audit Committee will be composed entirely of independent directors.

The Maxeon Board delegates certain of its responsibilities to the following committees: the Audit Committee, the Compensation Committee, the Coordination Committee, and the Nominating and Corporate Governance Committee, the purpose and responsibilities of each which are described further below.

#### ***Audit Committee***

Messrs. Sennesael (Chair), Leonard and Colvin are members of the Audit Committee.

The purpose of the Audit Committee is primarily to:

- oversee our accounting and financial reporting processes;
- oversee the audit of our financial statements and internal controls by our independent public registered accounting firm;
- assist the Maxeon Board in the oversight of our compliance with legal and regulatory requirements and performance of the internal audit function;
- oversee management's identification, evaluation, and mitigation of major risks to us;
- oversee our privacy and data security risk exposures and mitigations; and
- provide to the Maxeon Board such information as it may deem necessary to make the Maxeon Board aware of the financial matters requiring its attention.

#### ***Compensation Committee***

Messrs. Colvin (Chair), Sennesael, Chabanne and Ms. Zhang are members of the Compensation Committee.

The purpose of the Compensation Committee is primarily to:

- implement, review and modify the compensation of the Maxeon Board and senior management;
- oversee our compensation philosophy; and
- administer our equity incentive plans.

#### ***Coordination Committee***

Messrs. Leonard (Chair), Sennesael, Adda and Wang are members of the Coordination Committee.

The purpose of the Coordination Committee is primarily to discuss our business opportunities and our performance against targets set forth in our approved annual budget.

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

Messrs. Leonard (Chair), Colvin, Taldykin and Xu are members of the Nominating and Corporate Governance Committee.

The purpose of the Nominating and Corporate Governance Committee is primarily to:

- select and recommend candidates for members of the Maxeon Board;
- evaluate whether incumbent directors should be nominated for re-election to the Maxeon Board upon expiration of such directors' terms; and
- oversee the Company's environmental, social and governance ("ESG") programme.

Except by an ordinary resolution of the shareholders (which may be general or specific to a transaction or contractual arrangement), a director and the chief executive officer (or person(s) holding an equivalent position), are not permitted to vote in respect of any contract or proposed contract or arrangement with us in which he or she has directly or indirectly a personal material interest and if he or she does so his or her vote will not be counted nor, except where present in the capacity of a proxy, will he or she be counted in the quorum present at the meeting. Neither of these prohibitions will apply to: (i) any arrangement for giving any director or chief executive officer (or person(s) holding an equivalent position) any security or indemnity in respect of money lent by him or her to or obligations undertaken by him or her for the benefit of our company, (ii) any arrangement for the giving by our company of any security to a third party in respect of a debtor obligation of our company for which the director or chief executive officer (or person(s) holding an equivalent position) himself or herself has assumed responsibility in whole or in part under a guarantee or indemnity by the deposit of security or (iii) any contract by a director or chief executive officer (or person(s) holding an equivalent position) to subscribe for or underwrite shares or debentures of our company.

There is no age limit requirement for directors to retire.

### **Board Diversity**

Maxeon is committed to a policy of inclusion and follows the guiding principle that our Board of Directors composition should reflect diversity of experience and perspectives.

In furtherance of this commitment, when considering candidates to fill an open seat on the Board of Directors, the Nominating & Corporate Governance Committee will request that the pool of potential candidates to be considered by the Nominating & Corporate Governance Committee for nomination to the Board of Directors include a diverse group of qualified candidates in terms of experience and skills, age and tenure, gender, ethnic and social background.

In addition, the Nominating & Corporate Governance Committee shall review periodically the composition of the Board of Directors to ensure it reflects the knowledge, experience, skills and diversity required for the Board of Directors to fulfil its duties.

The table below provides certain highlights of the composition of our directors. Each of the categories listed in the below table has the meaning as it is used in Nasdaq Rule 5605(f).

**Board Diversity Matrix (As of February 24, 2023)**

Country of Principal Executive Offices	Singapore			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	10			
	<b>Female</b>	<b>Male</b>	<b>Non-Binary</b>	<b>Did Not Disclose Gender</b>
<b>Part I: Gender Identity</b>				
Directors	1	9	0	0
<b>Part II: Demographic Background</b>				
Underrepresented Individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

**Corporate Governance Differences**

The NASDAQ allows a foreign private issuer, such as Maxeon, to follow its home country practices in lieu of certain NASDAQ corporate governance standards. We rely on a number of these exemptions, which are described below:

- We rely on an exemption from the requirement that a majority of the Maxeon Board be “independent” as defined by the NASDAQ rules.
- We rely on an exemption from the requirement that an issuer provide for a quorum as specified in its bylaws for any meeting of the holders of ordinary shares, which quorum may not be less than 33 1/3% of the outstanding shares of an issuer’s voting ordinary shares. In compliance with Singapore law, our Constitution provides that two members of Maxeon present shall constitute a quorum for a general meeting.
- We rely on an exemption from the requirement that all members of our Compensation Committee be “independent” as defined in the NASDAQ rules. While the Maxeon Board established a Compensation Committee, Singapore law does not require us to maintain such a committee nor does it impose a requirement that all members are independent. Similarly, Singapore law does not require that we disclose information regarding third-party compensation of our directors or director nominees.
- We rely on an exemption from the requirement that our Nominating and Corporate Governance Committee be “independent” as defined in the NASDAQ rules. Singapore law does not require a Nominating and Corporate Governance Committee to be comprised entirely of independent directors, and nominations of persons for election to the Maxeon Board will be recommended by our Nominating and Corporate Governance Committee whose members are not all independent directors as defined by the NASDAQ rules.
- We rely on an exemption from the requirement that issuers obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions, changes of controls or private placements of securities, or the establishment or amendment of certain stock option, purchase or other compensation plans. Under Singapore law, new shares may be issued only with the prior approval of our shareholders in a general meeting. Approval, if granted, shall continue in force until the earlier of:
  - the conclusion of the next annual general meeting after the date on which the approval was given; and
  - the expiration of the period within which the next annual general meeting after that date is required by law to be held.

Any such approval may be revoked or varied by the company in a general meeting.

#### Code of Conduct and Business Ethics

The Maxeon Board has adopted a written Code of Business Conduct and Ethics reinforcing our guiding principles to act with the highest level of integrity and ethical standards and setting forth our expectations regarding personal and corporate conduct for all of our directors, officers, employees and representatives.

#### Related Party Transactions Policy

The Maxeon Board has adopted a written Related Party Transactions Policy governing the notification, review, approval and ratification of related party transactions involving Company's directors, officers, and significant shareholders. Under such policy, the Company will enter into or ratify related party transactions only when the Audit Committee determines that the related party transaction in question is in, or is not inconsistent with, the best interests of the Company and the shareholders.

#### 6.D. EMPLOYEES

The table below sets forth the breakdown of the total year-end number of our full-time equivalent employees by main category of activity for the past three fiscal years.

	As of		
	January 1, 2023	January 2, 2022	January 3, 2021
	(full-time equivalents)		
Marketing & Sales	131	96	83
Production & Supply	4,788	3,788	4,296
Research & Development	197	112	96
General & Administrative	228	206	134
<b>Total</b>	<b>5,344</b>	<b>4,202</b>	<b>4,609</b>

The table below sets forth the breakdown of the total year-end number of our full-time equivalent employees by geography for the past three fiscal years.

	As of		
	January 1, 2023	January 2, 2022	January 3, 2021
	(full-time equivalents)		
Australia	28	22	15
China	45	40	28
Europe	111	127	147
Japan	10	8	10
Malaysia	1,773	1,408	1,529
Mexico	2,068	1,397	1,719
Philippines	1,081	1,105	1,115
Singapore	97	74	30
South Africa	10	10	12
United Kingdom	6	3	3
United States	115	8	1
<b>Total</b>	<b>5,344</b>	<b>4,202</b>	<b>4,609</b>

Although in certain countries we have works councils and statutory employee representation obligations, our employees are generally not represented by labor unions on an ongoing basis. We have never experienced a work stoppage, and we believe our relations with our employees to be good.

**6.E. SHARE OWNERSHIP**

The following sets forth the total amount of Maxeon shares directly or indirectly owned by Maxeon’s directors and executive officers as of February 24, 2023. This is based on 45,067,059 Maxeon shares outstanding as of February 24, 2023.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that such person has the right to acquire within 60 days of February 24, 2023, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

Holder	Maxeon Shares	Percentage Ownership
William Mulligan	3,563	*
Donald Colvin	31,205	*
Steve Leonard	24,201	*
Kris Sennesael	8,774	*
Gavin Adda <sup>(1)</sup>	—	*
Erick Chabanne <sup>(2)</sup>	—	*
Nikita Taldykin <sup>(3)</sup>	—	*
Sean Wang <sup>(4)</sup>	—	*
ZHANG Changxu <sup>(5)</sup>	—	*
XU Luo Luo <sup>(6)</sup>	—	*
Kai Strohbecke <sup>(7)(13)</sup>	14,197	*
Lindsey Roon Wiedmann <sup>(8)(13)</sup>	59,012	*
Philippe Costemale	—	*
Peter Claus Aschenbrenner <sup>(9)(13)</sup>	71,117	*
Mark Babcock <sup>(10)(13)</sup>	25,437	*
Tiffany See <sup>(11)(13)</sup>	38,429	*
Ralf Elias <sup>(12)(13)</sup>	12,786	*

\* Less than 1%.

<sup>(1)</sup> Mr. Adda is an executive officer of TotalEnergies and may be deemed to have beneficial interests in the shares beneficially owned by TotalEnergies, but he disclaims beneficial ownership of such shares.

<sup>(2)</sup> Mr. Chabanne is an executive officer of TotalEnergies and may be deemed to have beneficial interests in the shares beneficially owned by TotalEnergies, but he disclaims beneficial ownership of such shares.

<sup>(3)</sup> Mr. Taldykin is an executive officer of TotalEnergies and may be deemed to have beneficial interests in the shares beneficially owned by TotalEnergies, but he disclaims beneficial ownership of such shares.

<sup>(4)</sup> Mr. Wang is a director of TZE and may be deemed to have beneficial interests in the shares beneficially owned by TZE, but he disclaims beneficial ownership of such shares.

<sup>(5)</sup> Ms. Zhang is a director of TZE and may be deemed to have beneficial interests in the shares beneficially owned by TZE, but she disclaims beneficial ownership of such shares.

- <sup>(6)</sup> Mr. Xu is an executive officer of TZE and may be deemed to have beneficial interests in the shares beneficially owned by TZE, but he disclaims beneficial ownership of such shares.
- <sup>(7)</sup> Represents 14,197 ordinary shares issuable upon vesting of RSUs held by Mr. Strohbecke within 60 days from February 24, 2023.
- <sup>(8)</sup> Represents (i) 33,704 ordinary shares held or beneficially owned by Ms. Wiedmann, and (ii) 25,308 ordinary shares issuable upon vesting of RSUs and PSUs held by Ms. Wiedmann within 60 days from February 24, 2023.
- <sup>(9)</sup> Represents (i) 45,586 ordinary shares held or beneficially owned by Mr. Aschenbrenner, and (ii) 25,531 ordinary shares issuable upon vesting of RSUs and PSUs held by Mr. Aschenbrenner within 60 days from February 24, 2023
- <sup>(10)</sup> Represents (i) 15,802 ordinary shares held or beneficially owned by Mr. Babcock, and (ii) 9,891 ordinary shares issuable upon vesting of RSUs held by Mr. Babcock within 60 days from February 24, 2023
- <sup>(11)</sup> Represents (i) 26,470 ordinary shares held or beneficially owned by Ms. See, and (ii) 11,959 ordinary shares issuable upon vesting of RSUs and PSUs held by Ms. See within 60 days from February 24, 2023
- <sup>(12)</sup> Represents (i) 4,308 ordinary shares held or beneficially owned by Mr. Elias, and (ii) 8,478 ordinary shares issuable upon vesting of RSUs held by Mr. Elias within 60 days from February 24, 2023
- <sup>(13)</sup> The amount of Maxeon shares owned does not include shares that may be vested as PSUs in the 60 days following February 24, 2023 as the vesting of such shares are subject to determination of whether performance targets have been achieved and such determination has not been made as of February 24, 2023.

None of our shareholders have different voting rights from other shareholders as of the date of this annual report on Form 20-F.



**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****7.A. MAJOR SHAREHOLDERS**

The information below describes the beneficial ownership of our shares by each person or entity that beneficially own 5% or more of our shares, as of February 24, 2023.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that such person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

As of February 24, 2023, we believe that there were 479 record holders in the United States and no more than 46.73% of our outstanding shares are held of record by residents of the United States.

<b>Holder</b>	<b>Maxeon Shares</b>	<b>Percentage Ownership</b>
TotalEnergies SE <sup>(1)(3)</sup>	10,994,431	24.4 %
Zhonghuan Singapore Investment and Development Pte. Ltd. <sup>(2)(4)</sup>	19,734,322	36.5 %

<sup>(1)</sup> Based on the information contained in a Schedule 13D/A filed with the SEC on October 27, 2022 by TotalEnergies SE. TotalEnergies Solar INTL SAS is a direct wholly owned subsidiary of TotalEnergies Gaz Electricité Holdings France SAS, which is an indirect wholly owned subsidiary of TotalEnergies SE. Each of TotalEnergies SE, TotalEnergies Gaz Electricité Holdings France SAS and TotalEnergies Solar INTL SAS have shared voting and dispositive power over 10,994,431 Maxeon shares.

<sup>(2)</sup> Based on the information contained in a Schedule 13D filed with the SEC on August 18, 2022 by Zhonghuan Singapore Investment and Development Pte. Ltd. Zhonghuan Singapore Investment and Development Pte. Ltd. is a direct wholly owned subsidiary of TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.) (“TZE”). TZE has shared voting and dispositive power over 10,785,692 ordinary shares. TZE is deemed to be a beneficial owner of, and has shared voting and dispositive power over, an additional 8,948,630 ordinary shares issuable upon conversion of the 2027 Notes, TZE is also deemed to be a beneficial owner of up to an additional 1,959,701 ordinary shares issuable upon conversion of PIK Notes or Interest Payment Ordinary Shares issuable in lieu of cash payment of interest, assuming payment of all amounts due with respect to the remaining 4.0% of interest payable as PIK Notes or as Interest Payment Ordinary Shares.

<sup>(3)</sup> Based on a denominator equal to the sum of 45,067,059 ordinary shares outstanding on February 24, 2023.

<sup>(4)</sup> Based on a denominator equal to the sum of (a) 45,067,059 ordinary shares outstanding on February 24, 2023, and (b) the number of ordinary shares issuable upon exercise or conversion of convertible securities within 60 days of February 24, 2023 beneficially owned by the applicable major shareholder.

Following the Spin-off, the shares owned by TZE increased pursuant to the TZE Private Placement where we sold 1,870,000 ordinary shares at \$18.00 per share to TZE on April 14, 2021. See “Item 5.B. Liquidity and Capital Resources – Current Sources of Liquidity and Capital Resources.”

The voting rights of our major shareholders do not differ from the voting rights of holders of our shares who are not major shareholders.

We are not aware of any arrangement that may, at a subsequent date, result in a change of our control.

## 7.B. RELATED PARTY TRANSACTIONS

### Agreements with SunPower, TZE and TotalEnergies in Connection with the Spin-off

On August 26, 2020 (the “Distribution Date”), SunPower completed the previously announced spin-off (the “Spin-off”) of Maxeon. The Spin-off was completed by way of a pro rata distribution of all of the then-issued and outstanding ordinary shares, no par value, of Maxeon (the “Maxeon shares”) to holders of record of SunPower’s common stock (the “Distribution”) as of the close of business on August 17, 2020. As a result of the Distribution of the Maxeon shares, on the Distribution Date, we became an independent, public company and the Maxeon shares started trading on the NASDAQ Global Select Market under the symbol “MAXN.”

In connection with the Spin-off, we entered into a number of agreements with SunPower providing for the framework of the relationship between the two companies following the Spin-off. On November 8, 2019, we entered into the Separation and Distribution Agreement with SunPower. The Separation and Distribution Agreement sets forth our agreements with SunPower regarding the principal actions to be taken in connection with the separation and distribution.

We also entered into certain ancillary agreements that govern the relationships between SunPower and us following the Distribution, including: a tax matters agreement, employee matters agreement, transition services agreement, back-to-back agreement, brand framework agreement, cross license agreement, collaboration agreement, and supply agreement (collectively, the “Ancillary Agreements”), each as previously described in our Registration Statement for fiscal year 2019 on Form 20-F filed on July 2, 2020 and filed as exhibits to our Form 20-F for fiscal year 2020 filed on April 6, 2021 (as incorporated by reference to the exhibits filed on Form 6-K on August 26, 2020).

Under the transition services agreement, we and SunPower provided various administrative services and assets to each other through August 26, 2021 with an option to extend for up to additional 180 days. Services provided include, among others, certain services related to finance, accounting, business technology, human resources, facilities, document management and record retention, relationship and strategy management, module operations, and technical and quality support. The services provided under the Transition Services Agreement have been largely wound down. During fiscal years 2022, we recorded \$0.7 million of income associated with the transition services agreement. In addition, there was a credit from SunPower of \$2.3 million in connection to charges made in a prior period. During fiscal year 2021, we recorded \$2.5 million of income associated with the transition services agreement and \$7.7 million of expense for services provided by SunPower to us. This resulted in a net decrease of operating expenses of \$3.0 million in fiscal year 2022 and increase in a net operation expense of \$5.2 million in fiscal year 2021, presented separately within operating expenses on the Consolidated and Combined Statement of Operations.

Pursuant to the terms of the Investment Agreement (the “Investment Agreement”) entered into on November 8, 2019 between Maxeon and TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.), a PRC joint stock limited company (“TZE”), Maxeon and TZE completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZE SG”) and an affiliate of TZE, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZE Investment”), representing approximately 29.5% of the outstanding Maxeon shares after giving effect to the Spin-off and the TZE Investment. Following the TZE Investment, TotalEnergies Solar INTL SAS (“TotalEnergies Solar”, formerly “Total Solar”), TotalEnergies Gaz Electricité Holdings France SAS, (“TotalEnergies Gaz”, formerly “Total Gaz”, with TotalEnergies Solar, each an affiliate of TotalEnergies SE and collectively “TotalEnergies”, a controlling shareholder of SunPower) held approximately a 36.4% beneficial ownership of Maxeon’s ordinary shares.

In connection with the TZE Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZE SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of Total and TZE SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZE SG to buy, sell or vote their Maxeon shares. At the closing of the TZE Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZE SG, granting each of the shareholders certain registration rights with regard to their Maxeon shares. Copies of

each of these agreements have been filed, or incorporated by reference, as exhibits to the Form 20-F for fiscal year 2020 filed on April 6, 2021.

#### ***Dilution Protection Agreement***

In connection with the Green Convertible Notes, Maxeon granted to TZE SG an option to purchase an amount of Maxeon shares that would allow TZE to maintain its percentage ownership of outstanding Maxeon shares following any conversion of the Green Convertible Notes as compared to its percentage ownership existing immediately prior to any such conversion.

#### **Agreements with SunPower**

##### ***Product Collaboration Agreement and Ancillary Agreements***

Following the Spin-off, on August 26, 2020, we entered into a Product Collaboration Agreement with SunPower that was anticipated to expire in 2022. The Product Collaboration Agreement established a framework for the development of next-generation Maxeon 7 panels, flex panels, shingled solar panels, and any other products that are agreed to by the parties. Each project under the agreement is governed by a written plan agreed to by the parties. Each plan includes agreed-upon budgets, cost allocations and resource responsibilities of the parties. Any new intellectual property arising from the agreement is owned by us and subject to a limited license to SunPower.

During fiscal year 2022, we entered into an amendment to the scope of the Cross-License Agreement with SunPower. In connection to the amendment and in anticipation of the expiration of the Product Collaboration Agreement, we have taken steps to develop our own research and development team globally, including hiring employees to perform research and development operations in San Jose, CA., and entering into ancillary agreements with SunPower to sublease the research and development facility located in San Jose, CA, which is subject to landlord consent, and transfer certain assets. We also entered into a new plan under the Product Collaboration Agreement to end existing plans and provide transition support for the Company to develop the research and development team globally. The Product Collaboration Agreement is anticipated to end in 2023.

During fiscal years 2022 and 2021, we recorded charges of \$17.0 million and \$32.9 million respectively that we reimbursed SunPower under the Product Collaboration Agreement.

##### ***Supply Agreement, 2022/2023 Supply Agreement and, 2024/2025 Supply Agreement***

*Supply Agreement (August 2020 – February 2022)*

In connection with the Spin-off, on August 26, 2020 we entered into the Supply Agreement with SunPower pursuant to which SunPower purchased, and we sold, certain designated products for use in the Territory. On February 25, 2021, we entered into an amendment to the Supply Agreement that updated and amended 2021 volumes and pricing. This amendment also extended the exclusivity term for the Direct Market Segment (as defined in the Supply Agreement) from August 26, 2021 to June 30, 2021 and provided for optional sales by Maxeon and purchases by SunPower of additional product types, including Performance line panels.

*2022/2023 Supply Agreement (February 2022 – Present)*

As of February 14, 2022, we entered into a new master supply agreement with SunPower (the “2022/2023 Supply Agreement”) which terminates and replaces the previous Supply Agreement. We amended the 2022/2023 Supply Agreement on January 5, 2023 to increase minimum product volumes, update the pricing of Maxeon 6 IBC Modules for 2023 and extend exclusivity provisions that prohibit us from selling Maxeon 6 IBC Modules to anyone other than SunPower for use in the Domestic Territory until December 31, 2023. Under the 2022/2023 Supply Agreement, as amended, SunPower is required to purchase, and Maxeon is required to supply, specified amounts of Maxeon 6 IBC Modules (marketed in the U.S. and Canada under the SunPower brand as M-series) on an exclusive basis for the residential market in the Territory through the end of 2023. For 2022, the minimum volumes were specifically enumerated for each purchased product. For 2023, SunPower may purchase certain minimum volumes based on its forecasted requirements, subject to certain limitations. The pricing of our modules sold to SunPower is

fixed for 2022 and 2023, based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. Additionally, either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold. The 2022/2023 Supply Agreement continues until December 31, 2023, subject to customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party.

Maxeon's exclusivity to SunPower for Maxeon 3 panels (marketed in the U.S. and Canada under the SunPower brand as X-series) for the residential market in the Territory concluded at the end of 2022.

Maxeon's cost of revenue for IBC Modules has historically been negatively impacted by the increase in logistics rates all along the supply chain and the increase in cost of certain raw materials such as glass, silicon, and aluminum. Under the original Supply Agreement, Maxeon was unable to pass through cost increases to SunPower because the original Supply Agreement contained fixed prices established in 2020 that were not subject to market-based adjustment. The 2022/2023 Supply Agreement also contains fixed pricing for 2022 and 2023 based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. The Master Supply Agreement also provides that either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold.

The IBC Modules to be sold under the 2022/2023 Supply Agreement will be covered with a 25-year product warranty and are subject to serial defects coverage. Except with respect to tariffs (for which Maxeon is responsible), in the event there is a change in law in the Domestic Territory and the parties fail to agree to equitable adjustments to schedule or price, as applicable, Maxeon is permitted to terminate future delivery and exclusivity obligations. The 2022/2023 Supply Agreement contains a mutual non-solicitation provision, a non-circumvention provision with respect to SunPower dealers, as well as limitation of liability, capped delay liquidated damages, termination for cause and force majeure provisions customary within the solar industry.

#### *2024-2025 Supply Agreement*

On December 31, 2022, Maxeon and SunPower also agreed to enter into a new Master Supply Agreement, that will govern module sales beginning in 2024 through 2025 (the "2024/2025 Supply Agreement"). Under the 2024/2025 Supply Agreement, SunPower is required to purchase, and the Company is required to supply, certain volumes of Maxeon 6 IBC Modules during 2024 and 2025. The 2024/2025 Supply Agreement contains customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party.

The 2024/2025 Supply Agreement also contains an exclusivity provision that requires, subject to certain exceptions, Maxeon to sell its Maxeon 6 panels (marketed in the U.S. and Canada under the SunPower brand as M-series) exclusively to SunPower and also prohibits SunPower from purchasing certain high-efficiency modules for use in the residential market from other parties. This exclusivity provision is applicable until December 31, 2024 and, if extended by SunPower, through December 31, 2025. The 2024/2025 Supply Agreement also includes an option for the Company to elect to sell (and whereby SunPower would accordingly be required to purchase) additional volumes of Maxeon 6 IBC Modules during the applicable exclusivity period, subject to a certain cap.

The 2024/2025 Supply Agreement contains an indexed pricing provision that tracks five production commodities: polysilicon, aluminum, glass, transpacific container freight, and crude oil. Under this provision, the final price paid for the modules may be adjusted if actual commodities' prices as published in the identified indices differ from agreed baseline values. Subject to an agreed allowance for certain commodity price fluctuations, higher commodity pricing will require the final module price to be adjusted higher; while lower commodity pricing will require a discount to the final module price. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, the Company or SunPower, as the case may be, may have a right to elect to terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions.

The Maxeon 6 IBC Modules will be covered with a 25-year product warranty and are subject to serial defects coverage. Except with respect to tariffs outside of the Territory (for which the Company is responsible), in the event there is a change in tariffs or law in the Territory, such changes are shared equally amongst the Company and SunPower up to an agreed threshold. SunPower may elect to pay the full costs of any change in tariffs or change in law in the Territory in excess of the agreed threshold. If SunPower elects not to pay such additional change in tariff or change in law costs, and the parties fail to agree to equitable adjustments to the 2024/2025 Supply Agreement, either party may terminate remaining contractual obligations without penalty or damages, subject to certain terms and conditions. The 2024/2025 Supply Agreement contains a mutual non-solicitation provision, a non-circumvention provision with respect to SunPower dealers, as well as limitation of liability, capped delay liquidated damages, termination for cause and force majeure provisions customary within the solar industry.

## **Agreements with TZE**

### ***Agreements with TZE in Connection with the Huansheng JV***

In 2016 and 2017, SunPower entered into two joint ventures with TZE and other former partners, Huansheng JV, which is based in China and focused on sales of Performance line products within China, and SunPower Systems International Limited (“SPSI”), which is based in Hong Kong and focused on international sales. In September 2021, TZE made a capital injection of RMB270.0 million (equivalent to \$41.6 million) to Huansheng JV to facilitate the capacity expansion of Huansheng JV. The Company did not make a proportionate injection based on its equity interest in Huansheng JV which resulted in a dilution of the Company’s equity ownership from 20.0% to 16.3%. Consequently, we recorded a gain of \$3.0 million related to the deemed disposal of the equity ownership, including \$0.03 million relating to the recycling of other comprehensive income to profit or loss. The gain is presented within “Other, net” in our Consolidated and Combined Statements of Operations. As of January 1, 2023, TZE owns a 83.7% equity stake and we own a 16.3% equity stake in Huansheng JV while TZE owns a 20% interest and we own 80% equity stake in SPSI.

In 2020, Huansheng JV made investments in Huansheng New Energy (Jiangsu) Co., Ltd. (“HSNE”), in order to ramp up the manufacturing capacity of Performance line products in China, concurrent with investments by TZE and certain local partners in China. Following additional capital investment by other shareholders into HSNE subsequent to the initial investment, TZE currently owns 71.4% of HSNE directly and indirectly through its 83.7% ownership of Huansheng JV. As of January 1, 2023, through our 16.3% equity stake of Huansheng JV, our effective ownership of HSNE is 3.9%.

In February 2021, we and SPSI entered into an offshore master supply agreement with Huansheng JV and HSNE (the “Offshore Master Supply Agreement”) pursuant to which we will purchase and Huansheng JV and HSNE will supply us with Performance line products. The Offshore Master Supply Agreement provides that the pricing of Performance line products is subject to segmented pricing principles and most favored nation pricing favorable to us, with the specific price and volume to be determined in a quarterly volume commitment letter subject to approvals from our Board.

In February 2021, we and SPSI also entered into an amended and restated business activities framework agreement with Huansheng JV, HSNE, and TZE (the “Amended and Restated Business Activities Framework Agreement”). Under the initial business activities framework agreement entered into in 2017, we have the right, but not the obligation, to take up to 33% of Huansheng JV’s capacity for sale directly into global DG markets outside of China and power plant markets in the United States and Mexico regions, while SPSI has the right, but not the obligation, to take up to 33% of Huansheng JV’s capacity (in addition to the 33% to which we are entitled) for sale into global power plant markets with the exception of China, the United States and Mexico. The Amended and Restated Business Activities Framework Agreement maintains our rights in the initial agreement while also allowing Huansheng JV and HSNE to sell directly into global power plant markets outside of China under their own brand if approved on a case-by-case basis by us or SPSI depending on which entity shares the market with Huansheng JV or HSNE, subject to a royalty payment for our license. In connection with these agreements, we also entered into intellectual property license agreements with Huansheng JV and HSNE.

In November 2021, we and SPSI entered into an amendment to the Amended and Restated Business Activities Framework Agreement (“BAFA Amendment”) and an amendment to the Offshore Master Supply Agreement (the “MSA Amendment”). The BAFA Amendment and the MSA Amendment are aimed at providing more predictability to transfer pricing applicable to Performance line modules.

Under the MSA Amendment, for the Company’s DG sales channels, a pricing mechanism has been agreed to with Huansheng JV for P5 and P6 products based on prices set forth in a specified index for the month of scheduled delivery of the relevant products. The parties further agreed to review the pricing mechanism for P5 and P6 products at specified intervals and augment such pricing mechanism upon mutual agreement. Under the MSA Amendment, the P3 generation of products will have a fixed pricing mechanism that will be reviewed by the parties at specified intervals. These pricing arrangements have been in effect since July 6, 2021, although the MSA Amendment was not formally signed until November 2021. For the Company’s utility-scale projects, a profit-sharing pricing mechanism will continue to be applied. The pricing process will be based on a forecast of recurring manufacturing and financing costs upon which binding quotes will be sought and booked, provided that the binding quote is not higher than the price contracted for products or bindings offers made by Huansheng JV and HSNE for the delivery of Performance line modules in China in the same period.

The BAFA Amendment does not change the Company’s right to purchase up to 33% of Huansheng JV’s and HSNE’s annual production capacity for the sale of Performance line modules directly into global DG markets outside of China and utility-scale markets in the United States and Mexico regions, and SPSI’s right to take up to 33% of Huansheng JV’s and HSNE’s annual production capacity for the sale of Performance line modules into global utility-scale markets with the exception of China, the United States and Mexico.

In October 2022, we entered into a temporary agreement with Huansheng New Energy (Tianjin) Co., Ltd. (“HSTJ”) (the “Temporary HSTJ Agreement”), a company which HSPV and its local partner have invested in, which included HSTJ as a party to the existing arrangements under the BAFA Amendment and the MSA Amendment and enabled HSTJ to manufacture and sell Performance Line products. The Temporary HSTJ Agreement is valid for 6 months and may be extended for a further 3 months with the Company’s consent.

#### ***Silicon Wafer Master Supply Agreement***

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd (“TZE HK”), a subsidiary of TZE for the purchase of P-Type G12 wafers which are intended to be incorporated into the Company’s Performance line modules planned for manufacture in Malaysia and Mexico and sale into the United States. The Company expects TZE HK to be its primary wafer supplier for Performance line modules and deliveries commenced in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to with TZE HK for the Company to reserve specified volumes in advance. The master supply agreement also sets out a general framework and customary operational and legal terms which govern the purchases of silicon wafer from TZE by the Company and its subsidiaries, including engineering changes, supply chain management, inspection, representations and warranties and legal compliance. In March 2022, we entered into an addendum to the master supply agreement, pursuant to which TZE HK will supply the Company with wafers to meet the Company’s volume requirements for calendar year 2023. In connection with the supply agreement, we made a deposit of \$2.1 million and \$2.5 million as of January 1, 2023 and January 2, 2022, respectively, to reserve specified volumes in advance for delivery up to fiscal year 2023. As of January 1, 2023, the full prepayment of \$2.1 million is recorded in “Advances to suppliers, current portion” on the Consolidated Balance Sheets. As of January 2, 2022, prepayment of \$1.8 million and \$0.7 million is recorded in “Advances to suppliers, current portion” and “Advances to suppliers, non-current portion”, respectively, on the Consolidated Balance Sheets.

#### ***Hohhot Huanju New Energy Development Co., Ltd.***

We were a party to a joint venture with TZE and another partner to develop and operate a large-scale solar power plant in Hohhot, Inner Mongolia, called Hohhot Huanju New Energy Development Co., Ltd. (“Huanju”). In fiscal year 2020, we disposed our equity stake in Huanju to TZE with a consideration of \$3.2 million. Accordingly,

we have recorded a gain on disposal of investment of \$0.5 million in Others, net in our Consolidated and Combined Statements of Operations.

## **Agreements with TotalEnergies**

### ***Total Solarization Agreement***

In November 2016, SunPower and TotalEnergies entered into a four-year, up to 200 MW supply agreement to support the solarization of certain TotalEnergies facilities. This agreement covers the supply of 150 MW of Maxeon 2 panels with an option to purchase up to another 50 MW of Performance line solar panels. In March 2017, SunPower received a prepayment totaling \$88.5 million. The prepayment is secured by certain of Maxeon's assets located in Mexico. In August 2020, SunPower, TotalEnergies and Maxeon signed an assignment and assumption agreement, consent and release whereby SunPower assigned its rights and obligations under the original agreements to us as part of the Spin-off and we agreed with TotalEnergies and SunPower to make certain commercial amendments to the original agreements. On February 22, 2021, TotalEnergies, Maxeon and its affiliate SunPower System Sarl entered into a Second Amended and Restated Initial Implementing Agreement (the "Amendment to the Solarization Agreement") replacing the existing agreement, for the supply to TotalEnergies, until December 31, 2025, of approximately 70 MW of PV modules (out of the above mentioned 150 MW volume committed by TotalEnergies). The Amendment to the Solarization Agreement also (i) updates the list of PV modules available for ordering by TotalEnergies, (ii) amends the pricing conditions (including the price adjustment mechanism of the existing agreement) of certain of those PV modules to reflect PV market-based pricing, (iii) provides the terms for the repayment in 12 installments by Maxeon, between the first quarter of 2023 and the fourth quarter of 2025, of the difference between the \$88.5 million prepayment and the actual price of the 150 MW initial volume as at December 31, 2025 once the remaining 70 MW of PV modules will have been fully ordered by TotalEnergies; and (iv) provides for the release of SunPower System Sarl from the Mexican pledge of its assets upon full repayment of that difference.

### ***Framework Agreement***

In October 2021, the Company, through its subsidiary Maxeon Solar Pte. Ltd. ("MSPL"), executed a master contract for the supply of goods and/or services (the "Framework Agreement") with TotalEnergies Global Procurement ("TotalEnergies GP"), an affiliate of TotalEnergies. The Framework Agreement will remain effective for a three-year term unless earlier terminated or extended for a maximum of two terms of one year each. The Framework Agreement generally provides the terms and conditions pursuant to which the Company will sell and deliver Performance line modules for utility power plant projects upon the issuance of purchase orders by TotalEnergies GP or any of its affiliates and acceptance by the Company. The Framework Agreement also sets out detailed quality, inspection, testing and performance specifications. All solar panels delivered under the Framework Agreement will be covered by a 12-year product warranty, a 25-year power warranty, and are subject to serial defects coverage. The Framework Agreement also contains limitation of liability, capped delay-liquidated damages, termination for cause, and force majeure provisions that are customary within the solar industry, as well as traceability provisions.

In November 2021, the Company executed an order request from Danish Fields Solar LLC, a wholly-owned subsidiary by TotalEnergies SE for the sale of Performance line modules, that is governed by the Framework Agreement. In connection with this order request, after the provision of security in certain assets located in Mexico, the Company received total prepayment of \$57.1 million. The delivery of the modules is expected to be completed by the third quarter of fiscal year 2023. In March 2022, the order request was amended to change the timing of the utilization of the prepayment. As of January 1, 2023, after adjusting for the significant financing component, we have \$58.8 million of such prepayment in "Contract liabilities, current portion" on our Consolidated Balance Sheets related to the aforementioned supply agreement.

As of January 1, 2023, total advance payments from TotalEnergies, inclusive of the order with Danish Fields Solar LLC, was \$63.2 million, of which \$58.9 million was classified as short-term in our Consolidated Balance Sheets, based on projected shipment dates.

### **Solar Power Purchase Agreement**

In February 2022, the Company, through its subsidiary SunPower Malaysia Manufacturing Sdn Bhd (“SPMY”) entered into a long-term solar power purchase agreement (“PPA”) with TotalEnergies Renewables Malaysia Sdn Bhd (“TotalEnergies Malaysia”), a wholly-owned subsidiary by TotalEnergies SE. Under the PPA, TotalEnergies Malaysia will install and maintain a solar PV system at SPMY’s rooftop for 20 years at a fixed price per kWh with a guaranteed annual energy output ranging from 10.8 GW to 11.9 GW to the SPMY. SPMY has the option to purchase the PV system at any time for a fixed price, which goes down to zero after 20 years. The PV system will be constructed and installed using the Company’s Performance line modules. As of January 1, 2023, TotalEnergies is awaiting for approval from a regulatory body in Malaysia before commencing work in connection with the PPA.

### **7.C. INTERESTS OF EXPERTS AND COUNSEL**

Not Applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **8.A. CONSOLIDATED AND COMBINED STATEMENTS AND OTHER FINANCIAL INFORMATION**

Please refer to “Item 18. Financial Statements.”

#### **Export Sales**

Export sales outside of Singapore constituted 99% of the Company’s total sales during the fiscal years 2022. Such sales accounted for 100% of the Company’s total sales during the fiscal year 2021 and 2020.

#### **Legal Proceedings**

We are a party to various litigation matters and claims that arise from time to time in the ordinary course of our business and in enforcing or defending our intellectual property rights. While we believe that the ultimate outcome of such matters will not have a material adverse effect on us, their outcomes are unpredictable, and negative outcomes may adversely affect our financial position, liquidity, or results of operations.

In addition, under the Separation and Distribution Agreement we entered into with SunPower in connection with the Spin-off, SunPower has agreed to indemnify us for certain litigation claims to which certain of our subsidiaries are named the defendant or party. The liabilities related to these legal claims are reflected on our Consolidated Balance Sheets as of January 1, 2023. While we expect to suffer no material financial liability because these matters are indemnified, it may drain our resources to cooperate with SunPower to defend these claims and our reputation with key stakeholders may be affected.

#### **Dividend policy**

Please refer to “Item 10.B. Constitution—Dividends” for the Company’s dividend policy.

### **8.B. SIGNIFICANT CHANGES**

A discussion of significant changes in our business can be found under “Item 4.A. History and Development of the Company”, “Item 4.B. Business Overview” and “Item 5.A. Operating Results—Results of Operations.”

## **ITEM 9. THE OFFER AND LISTING**

### **9.A. OFFER AND LISTING DETAILS**

The ordinary shares of Maxeon are listed on the NASDAQ under the symbol “MAXN”.



#### **9.B. PLAN OF DISTRIBUTION**

Not Applicable.

#### **9.C. MARKETS**

The ordinary shares of Maxeon are listed on the NASDAQ under the symbol “MAXN” and the ISIN code SGXZ25336314 and CUSIP code Y58473102.

#### **9.D. SELLING SHAREHOLDERS**

Not Applicable.

#### **9.E. DILUTION**

Not Applicable.

#### **9.F. EXPENSES OF THE ISSUE**

Not Applicable.

### **ITEM 10. ADDITIONAL INFORMATION**

#### **10.A. SHARE CAPITAL**

Not Applicable.

#### **10.B. CONSTITUTION**

The following description of our Constitution is a summary and is qualified by reference to the Constitution, a copy of which was included as Exhibit 99.1 to our Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020 and incorporated by reference herein. See also “Item 6.C. Board Practices.”

##### **New Shares**

Under Singapore law, new shares may be issued only with the prior approval of our shareholders in a general meeting. General approval may be sought from our shareholders in a general meeting for the issue of shares. Approval, if granted, will lapse at the earlier of:

- the conclusion of the next annual general meeting;
- the expiration of the period within which the next annual general meeting is required by law to be held (i.e., within six months of our financial year end); and
- any subsequent revocation or variation of such approval by our shareholders in a general meeting.

Subject to this and the provisions of the Singapore Companies Act, our Constitution and the Shareholders Agreement, all new shares are under the control of the Maxeon Board who may allot and issue new shares to such persons on such terms and conditions and with the rights and restrictions as they may think fit to impose.

##### **Preference Shares**

Under the Singapore Companies Act, different classes of shares in a public company may be issued only if (a) the issue of the class or classes of shares is provided for in the constitution of the public company and (b) the constitution of the public company sets out in respect of each class of shares the rights attached to that class of shares. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Maxeon Board may determine from time to time, and

that such shares may be issued which are, or at the option of the Company are, liable to be redeemed (on such terms and manner of redemption as determined by the Maxeon Board) provided that the terms of such preference shares are set out in the Constitution, and is approved by special resolution at a general meeting of our shareholders.

We may, subject to the Singapore Companies Act and the prior approval in a general meeting of our shareholders, issue preference shares which are, or at our option, subject to redemption provided that such preference shares may not be redeemed out of capital unless:

- all the directors have made a solvency statement in relation to such redemption; and
- we have lodged a copy of the solvency statement with ACRA.

Further, the shares must be fully paid-up before they are redeemed.

### **Register of Members**

Persons who are registered in our register of members will be recognized as members of the Company with the corresponding rights of members under applicable law and the Constitution. We will not, except as required by applicable law, recognize any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share. We may close our register of members for any time or times, provided that our register of members may not be closed for more than 30 days in the aggregate in any calendar year. We typically will close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

Maxeon shares listed and traded on NASDAQ, are held through The Depository Trust Company ("DTC"). Accordingly, DTC or its nominee, Cede & Co., will be the shareholder on record registered in our register of members. The holders of Maxeon shares held in book-entry interests through DTC or its nominee may become a registered shareholder by exchanging its interest in such shares for certificated ordinary shares and being registered in our register of members in respect of such shares. The procedures by which a holder of book-entry interests held through the facilities of the DTC may exchange such interests for certificated ordinary shares are determined by DTC (including the broker, bank, nominee or other institution that holds the shares within DTC) and Computershare, which will act as our transfer agent, in accordance with their internal policies and guidelines regulating the withdrawal and exchange of book-entry interests for certificated ordinary shares.

If (a) the name of any person is without sufficient cause entered in or omitted from the register of members; or (b) default is made or there is unnecessary delay in entering in the register of members the fact of any person having ceased to be a member, the person aggrieved or any member of the company or the company, may apply to the Singapore courts for rectification of the register of members. The Singapore courts may either refuse the application or order rectification of the register of members, and may direct the company to pay any damages sustained by any party to the application. The Singapore courts will not entertain any application for the rectification of a register of members in respect of an entry which was made in the register of members more than 30 years before the date of the application.

### **Transfer of Ordinary Shares**

Subject to applicable securities laws in relevant jurisdictions and our Constitution, our shares are freely transferable, fully paid and are not subject to further capital calls. Shares may be transferred by a duly signed instrument of transfer in any usual or common form or in a form acceptable to our directors and any applicable stock exchange. The Maxeon Board may decline to register any transfer unless, among other things, evidence of payment of any stamp duty payable with respect to the transfer is provided together with other evidence as the directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his or her behalf, the authority of the person to do so. We will replace lost or destroyed certificates for shares upon notice to us and upon, among other things, the applicant furnishing evidence and indemnity as the directors may require and the payment of all applicable fees.

Shareholders who hold Maxeon shares electronically in book-entry form through the facilities of the DTC and that wish to become registered shareholders must contact the broker, bank, nominee or other institution that holds their shares and complete a transfer of these shares from DTC to themselves (by transferring such shares to an account maintained by Computershare, our transfer agent and registrar) according to the procedures established by DTC, such broker, bank, nominee or other institution and Computershare.

#### **Election and Re-election of Directors**

Under our Constitution, our shareholders by ordinary resolution, or the Maxeon Board, may appoint any person to be a director as an additional director or to fill a casual vacancy, provided that any person so appointed by the Maxeon Board shall hold office only until the next annual general meeting, and shall then be eligible for re-election, subject to the Shareholders Agreement. See also "Item 6.C. Board Practices".

#### **Shareholders' Meetings**

We are required to hold an annual general meeting within six months after the end of each financial year. Our previous financial year ended on January 1, 2023 and subsequent financial years will end on the last day of a period of 12 months after the end of the previous financial year. The Maxeon Board may convene an extraordinary general meeting whenever they think fit and they must do so upon the written request of shareholders holding not less than one-tenth of the paid-up shares as at the date of deposit carries the right to vote at general meetings (disregarding paid-up capital held as treasury shares). In addition, two or more shareholders holding not less than one-tenth of our total number of issued shares (excluding our treasury shares) may call a meeting of our shareholders. The Singapore Companies Act requires not less than:

- 14 days' written notice to be given by us of a general meeting to pass an ordinary resolution; and
- 21 days' written notice to be given by us of a general meeting to pass a special resolution,

to every member. Our Constitution further provides that in computing the notice period, both the day on which the notice is served, or deemed to be served, and the day on which the meeting is to be held shall be excluded.

The Singapore Companies Act provides that a shareholder is entitled to attend any general meeting and speak on any resolution put before the general meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring the affirmative vote of a simple majority of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution. An ordinary resolution suffices, for example, for appointments of directors. A special resolution, requiring an affirmative vote of not less than three-fourths of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution, is necessary for certain matters under Singapore law, such as an alteration of our Constitution.

#### **Voting Rights**

Voting at any meeting of shareholders is by a show of hands unless a poll is required by the rules and regulations of any applicable stock exchange or duly demanded before or on the declaration of the result of the show of hands. If voting is by a show of hands, every shareholder who is entitled to vote and who is present in person or by proxy at the meeting has one vote. On a poll, every shareholder who is present in person or by proxy or by attorney, or in the case of a corporation, by a representative, has one vote for every share held by such shareholder or which such shareholder represents. Proxies need not be shareholders.

Only those shareholders who are registered in our register of members will be entitled to vote at any meeting of shareholders. Where our shares are held through the facilities of the DTC, DTC will grant an omnibus proxy to DTC participants holding Maxeon shares in book-entry form through a broker, bank, nominee, or other institution that is a direct or indirect participant of DTC. Such shareholders will have the right to instruct their broker, bank, nominee or other institution holding these shares on how to vote such shares by completing the voting instruction form provided by the applicable broker, bank, nominee, or other institution. Whether voting is by a show of hands or by a poll, DTC's vote will be voted by the chairman of the meeting according to the results of the votes of the

DTC participants (which results will reflect the instructions received from shareholders that own Maxeon shares electronically in book-entry form). In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

### **Dividends**

All of our shareholders have the right to participate in any dividends. We have no current plans to pay annual or semi-annual cash dividends. However, although we have no plan to do so, in the event that we divest a portion of, or our entire equity interest in, any of our businesses, we may distribute such cash proceeds or declare a distribution-in-kind of shares in our businesses. Under Singapore law, no dividend may be paid except out of profits. Any dividends would be limited by the amount of available distributable reserves, which, under Singapore law, will be assessed on the basis of our standalone unconsolidated accounts (which will be based upon the Singapore Financial Reporting Standards (International)). Under Singapore law, it is possible to effect a capital reduction exercise to return cash and/or assets to our shareholders. The completion of a capital reduction exercise can be effected in several ways, including by a special resolution of shareholders and the signing of a solvency statement by the directors and pursuant to such other conditions as set out in the Singapore Companies Act or pursuant to the approval of the Singapore Courts, and we may not be successful in our attempts to obtain such approval.

Additionally, because we are a holding company, our ability to pay cash dividends, or declare a distribution-in-kind of the ordinary shares of any of our businesses, may be limited by restrictions on our ability to obtain sufficient funds through dividends from our businesses, including restrictions under the terms of the agreements governing the indebtedness of our businesses. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of the Maxeon Board and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, our overall financial condition, available distributable reserves and any other factors deemed relevant by the Maxeon Board. Generally, a final dividend is declared out of profits disclosed by the accounts presented to the annual general meeting, and requires approval of our shareholders. However, the Maxeon Board may declare interim dividends without approval of our shareholders.

### **Reserves**

The Maxeon Board may from time to time set aside out of the profits of Maxeon and reserve such sums as they think proper which, at the discretion of the Maxeon Board, shall be applicable for any purpose to which the profits of Maxeon may properly be applied and pending such application may either be employed in the business of Maxeon or be invested. The Maxeon Board may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided or, without placing the same to reserve, carry forward any profits, subject to applicable laws.

### **Bonus and Rights Issues**

In a general meeting, our shareholders may, upon the recommendation of the directors, capitalize any reserves or profits and distribute them as fully paid bonus shares to the shareholders in proportion to their shareholdings.

### **Singapore Code on Take-Overs and Mergers**

The Singapore Take-overs Code regulates, among other things, the acquisition of voting shares of Singapore-incorporated public companies with more than 50 shareholders and net tangible assets of S\$5.0 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on the person's own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on the person's own or together with parties acting in concert with such person, between 30% and 50% (both amounts inclusive) of our voting shares, and if such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council of Singapore, extend a mandatory take-over offer for all the remaining voting shares in accordance with the provisions of the Singapore Take-overs Code.

Responsibility for ensuring compliance with the Singapore Take-overs Code rests with parties (including company directors) to a take-over or merger and their advisors.

Under the Singapore Take-overs Code, “parties acting in concert” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its parent company, subsidiaries or fellow subsidiaries (together, the related companies), the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- a financial or other professional advisor, including a stockbroker, and its clients in respect of shares held by the advisor and persons controlling, controlled by or under the same control as the advisor;
- directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and such person’s close relatives, related trusts, any person who is accustomed to act in accordance with such person’s instructions and companies controlled by the individual, such person’s close relatives, related trusts or any person who is accustomed to act in accordance with such person’s instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months prior to its commencement.

Under the Singapore Take-overs Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. In the case where our company has more than one class of equity share capital, a comparable take-over offer must be made for each class of shares in accordance with the Singapore Take-overs Code and the Securities Industry Council of Singapore should be consulted in advance in such cases. In addition, an offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to enable them to make an informed decision on the offer. These legal requirements may impede or delay a take-over of our company by a third party.

The Singapore Take-overs Code generally provides that the board of directors of the offeree company should bring an offer to its shareholders in accordance with the Singapore Take-overs Code and refrain from an action which will deny the shareholders from the possibility to decide on the offer.

On January 30, 2020, the Securities Industry Council of Singapore waived application of the Singapore Take-overs Code to us, subject to certain conditions. Pursuant to the waiver, for as long as we are not listed on a securities exchange in Singapore, and except in the case of a tender offer (within the meaning of U.S. securities laws) where

the Tier 1 Exemption is available and the offeror relies on the Tier 1 Exemption to avoid full compliance with the tender offer rules promulgated under the Exchange Act, the Singapore Take-overs Code shall not apply to us. In connection with receipt of the waiver, the SunPower Board submitted to the Securities Industry Council of Singapore a written confirmation to the effect that it is in the interests of SunPower shareholders who will become holders of Maxeon shares as a result of the Spin-off that a waiver of the provisions of the Singapore Take-overs Code is obtained.

#### **Liquidation or Other Return of Capital**

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares and preferential rights under law, holders of shares will be entitled to participate in any surplus assets in proportion to their shareholdings.

#### **Limitations on Rights to Hold or Vote Ordinary Shares**

Except as discussed above under “—Singapore Code on Take-overs and Mergers,” there are no limitations imposed by the laws of Singapore or by our Constitution on the right of non-resident shareholders to hold or vote with respect to ordinary shares, nor does our Constitution discriminate against any existing or prospective shareholder as a result of such shareholder owning a substantial number of Maxeon shares.

#### **Limitations of Liability and Indemnification Matters**

Pursuant to the Singapore Companies Act, any provision (whether in the constitution, a contract with the company or otherwise) that purports to exempt or indemnify the officers of a company (including directors) (to any extent) against any liability which by law would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust, of which they may be guilty in relation to the company is void. However, the Singapore Companies Act specifically provides that we are allowed to:

- purchase and maintain for any officer insurance against any liability which by law would otherwise attach to such officer in respect of any negligence, default, breach of duty or breach of trust of which such officer may be guilty in relation to us;
- indemnify any officer against liability incurred by the officer to a person other than the company, except when the indemnity is against: (a) any liability of the officer to pay: (i) a fine in criminal proceedings; or (ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or; (b) any liability incurred by the officer: (i) in defending criminal proceedings in which the officer is convicted; (ii) in defending civil proceedings brought by the company or a related company in which judgment is given against the officer; or (iii) in connection with an application for relief under Sections 76A(13) or 391 of the Singapore Companies Act in which the court refuses to grant the officer relief;
- indemnify any auditor against any liability incurred or to be incurred by such auditor in defending any proceedings (whether civil or criminal) in which judgment is given in such auditor’s favor or in which such auditor is acquitted; or
- indemnify any auditor against any liability incurred or to be incurred by such auditor in connection with any application under Sections 76A(13) or 391 of the Singapore Companies Act in which relief is granted to such auditor by the court.

Our Constitution provides that, subject to the provisions of the Singapore Companies Act and any other applicable law, every director, chief executive officer, auditor, secretary or other officer of our company shall be entitled to be indemnified by our company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him or her in the execution and discharge of his or her duties or in relation thereto and in particular and without prejudice to the generality of the foregoing, no director, secretary or other officer of our company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to our company through the insufficiency or deficiency of

title to any property acquired by order of the directors for or on behalf of our company or for the insufficiency or deficiency of any security in or upon which any of the moneys of our company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen to or be incurred by our company in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.

The limitation of liability and indemnification provisions in our Constitution may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our shareholders. A shareholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

#### **Comparison of Shareholder Rights**

The information in this section has been included previously in our registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020 and has not changed since, and therefore is incorporated by reference to that registration statement.

#### **10.C. MATERIAL CONTRACTS**

For information concerning our material contracts, see "Item 4. Information On The Company", "Item 5. Operating And Financial Review And Prospects" and "Item 7.B. Related Party Transactions."

#### **10.D. EXCHANGE CONTROLS**

There are currently no exchange control restrictions in effect in Singapore.

#### **10.E. TAXATION**

The following summary of the U.S. federal income tax and Singapore tax consequences of receipt, ownership and disposition of our shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this registration statement. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the descriptions and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of our shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of our shares. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the receipt, disposition and ownership of our shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this registration statement, and of any actual changes in applicable tax laws after such date.

#### **Material U.S. Federal Income Tax Considerations**

The following summarizes certain U.S. federal income tax considerations to U.S. Holders (as defined below), of owning and disposing of our shares, as well as certain considerations relating to the Spin-off. This summary applies only to U.S. Holders that hold our shares as capital assets (generally, property held for investment).

This summary is based on the Code, its legislative history, Treasury regulations promulgated under the Code and on judicial and administrative interpretations of the Code and the Treasury regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not purport to be a complete description of the consequences of the transactions described in this registration statement, nor does it address the application of estate, gift or non-income U.S. federal tax laws, the Medicare tax on net investment

income or any state, local or foreign tax laws. The tax treatment of a holder of our shares may vary depending upon that holder's particular situation. Moreover, this summary does not address certain holders that may be subject to special rules not discussed below, such as (but not limited to):

- persons that are not U.S. Holders (as defined below);
- persons that are subject to alternative minimum taxes;
- insurance companies;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- banks and other financial institutions;
- real estate investment companies and regulated investment companies;
- U.S. expatriates;
- broker-dealers;
- persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to our shares as a result of such income being recognized on an applicable financial statement;
- partnerships (or other entities classified as partnerships for U.S. federal income tax purposes) and other pass-through entities and persons that hold our shares through partnerships (or other entities classified as pass-through entities for U.S. federal income tax purposes);
- a U.S. Holder that owns shares through a non-U.S. broker or other non-U.S. intermediary;
- holders whose functional currency is not the U.S. dollar;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock;
- persons owning our shares in connection with a trade or business conducted outside of the United States;
- traders in securities that elect to apply a mark-to-market method of accounting,
- holders that hold our shares as part of a "hedge," "straddle," "conversion," "constructive sale," "wash sale," or other risk reduction transaction, an integrated transaction or other similar transaction for U.S. federal income tax purposes; and
- individuals who receive our shares upon the exercise of compensatory options or otherwise as compensation.

Moreover, no advance rulings have been or will be sought from the U.S. Internal Revenue Service (the "IRS") regarding any matter discussed in this registration statement.

**U.S. Holders and prospective investors should consult their tax advisors regarding the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non U.S. and other tax consequences to them of the receipt, ownership and disposition of our shares.**

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;



- a corporation (or other entity taxable 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;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) holds our shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our shares, you should consult your tax advisor.

#### ***Tax Matters in Connection with the Spin-off***

SunPower received a Tax Opinion providing that the distribution of Maxeon shares should not result in any recognition of gain or loss for U.S. federal income tax as to (and no amount should be includible in the income of) SunPower shareholders. The Tax Opinion is subject to qualifications and limitations. See “Item 3.D. Risk Factors—Risks Related to the Separation from SunPower.” In connection with the Spin-off, we have also entered into a tax matters agreement with SunPower, which restricts us from taking certain actions that could affect the qualification of the distribution as tax-free to SunPower shareholders.

If it were determined that the distribution did not so qualify, we could be required to indemnify SunPower for taxes resulting therefrom. This could occur if, notwithstanding our intentions, we take or fail to take any action we are prohibited from taking or required to take by the terms of the tax matters agreement to preserve the intended tax treatment of the transaction, a representation or covenant we made that serves as the basis for the Tax Opinion is determined to be false or as a result of the application of legal rules that depend in part on facts outside our control. For example, U.S. tax law requires that both SunPower and we continue to remain engaged in our respective active trades and businesses. If we cease to so engage in our active trades and businesses in a manner that causes the distributions under the Spin-off to become taxable, we would be required to indemnify SunPower for any taxes and related costs resulting from our actions. Our indemnification obligations to SunPower in these circumstances are set forth in the tax matters agreement referenced above in “Item 7.B. Related Party Transactions—Agreements with SunPower, TZE and TotalEnergies in Connection with the Spin-off.” If we are required to indemnify SunPower, we may be subject to substantial liabilities that could materially adversely affect our financial position.

#### ***Taxation of Dividends and Other Distributions on the Shares***

We have no current plans to pay annual or semi-annual cash dividends (see “Item 10.B. Memorandum and Articles of Association—Dividends.”). If, however, we do pay dividends and subject to the discussion below under “—Passive Foreign Investment Company”, the gross amount of any such distribution made to a U.S. Holder with respect to our shares, generally will be includible in income on the day on which the distribution is actually or constructively received by a U.S. Holder as dividend income to the extent the distribution is paid out of our current or accumulated earnings and profits. Such dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, thereby reducing the U.S. Holder’s adjusted tax basis in our shares (but not below zero), and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder held our shares for more than one year as of the time such distribution is actually or constructively received. Because we do not prepare calculations of our earnings and profits using U.S. federal income tax principles, it is expected that distributions generally will be taxable to U.S. Holders as dividends.

Distributions treated as dividends that are received by a non-corporate U.S. Holder (including an individual) from “qualified foreign corporations” generally qualify for a reduced tax rate so long as certain holding period and other requirements are met. Dividends paid on our shares should qualify for the reduced rate if we are treated as a

“qualified foreign corporation” by virtue of our stock with respect to which such dividend was paid being readily tradable on NASDAQ. The United States does not currently have a comprehensive income tax treaty with Singapore, therefore, if our shares are not considered to be readily tradable on an established securities market in the United States (such as NASDAQ), we will not be treated as a “qualified foreign corporation” and dividends with respect to our shares will not qualify for the reduced rate.

Dividends on our shares received by a U.S. Holder will generally be treated as foreign source income for U.S. foreign tax credit purposes and generally will be treated as “passive category income” for U.S. foreign tax credit purposes. The creditability of non-U.S. income taxes is subject to limitations, including some that vary depending on a U.S. Holder’s circumstances. In addition, recently issued U.S. Treasury regulations require non-U.S. income tax laws to meet certain requirements in order for taxes imposed under such laws to be eligible for credit. We have not determined whether these requirements have been met with respect to Singapore withholding taxes. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Singapore taxes withheld with respect to the shares generally and in their particular circumstances.

#### ***Taxation of Dispositions of the Shares***

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of our shares in an amount equal to the difference between the amount realized on such sale or other taxable disposition and such U.S. Holder’s adjusted tax basis in our shares. Such gain or loss generally will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders) or loss if, on the date of sale or disposition, such shares were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source gain or loss, as the case may be for foreign tax credit purposes.

If any Singaporean tax is imposed on the sale or other disposition of our shares, a U.S. Holder’s amount realized will include the gross amount of the proceeds of the sale or other disposition before deduction of the Singaporean tax. See “—Material Singapore Tax Considerations—Income Taxation Under Singapore Law—Capital Gains upon Disposition of Shares” for a description of when a disposition may be subject to taxation by Singapore. U.S. Holders should consult their own tax advisors concerning the creditability or deductibility of any Singaporean income tax imposed on the disposition of shares in their particular circumstances.

**U.S. Holders should consult their tax advisors regarding the particular tax considerations to them of the ownership and disposition of our shares under the laws of the United States (federal, state and local) or any other relevant taxation jurisdiction.**

#### ***Passive Foreign Investment Company***

In general, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which either (i) 75% or more of its gross income consists of certain types of “passive” income or (ii) 50% or more of the fair market value of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For this purpose, “gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. For this purpose, cash is categorized as a passive asset and our unbooked intangibles will be taken into account and generally treated as non-passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the shares. As a publicly traded foreign corporation we intend for this purpose to treat the aggregate fair market value of our gross assets as being equal to the aggregate value of our outstanding stock (“market capitalization”) plus the total amount of our liabilities and to treat the excess of the fair market value of our assets over their book value as a non-passive asset to the extent attributable to our nonpassive income

Based on the nature of our business, the composition of our income and assets, and the value of our shares, we do not believe we were a PFIC for the taxable year ended January 1, 2023 and do not anticipate being a PFIC for our current taxable year or in the foreseeable future. Nevertheless, because PFIC status is a factual determination made

annually after the close of each taxable year on the basis of the composition of our income and assets, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our shares, the U.S. Holder will generally be subject to imputed interest taxes, characterization of any gain from the sale or exchange of our shares as ordinary income, and other disadvantageous tax treatment with respect to our shares unless the U.S. Holder makes a mark-to-market election (as described below). Further, if we are classified as a PFIC for any taxable year during which a U.S. Holder holds our shares and any of our non-U.S. subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC (each such subsidiary, a lower tier PFIC) for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. holder of “marketable stock” in a PFIC may make a mark-to-market election. A mark-to-market election may be made with respect to our shares, provided they are actively traded, defined for this purpose as being traded on a “qualified exchange,” other than in de minimis quantities, on at least 15 days during each calendar quarter. We anticipate that our shares should qualify as being actively traded, but no assurances may be given in this regard. If a U.S. Holder of our shares makes this election, the U.S. Holder will generally (i) include as income for each taxable year the excess, if any, of the fair market value of our shares held at the end of the taxable year over the adjusted tax basis of such shares and (ii) deduct as a loss the excess, if any, of the adjusted tax basis of our shares over the fair market value of such shares held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in our shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. In addition, any gain such U.S. Holder recognizes upon the sale or other disposition of our shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. In the case of a U.S. Holder who has held our shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such shares (or any portion thereof) and has not previously made a mark-to-market election, and who is considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such shares. Because a mark-to-market election cannot be made for any lower tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide the information necessary for U.S. Holders of our shares to make a qualified electing fund election, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our shares during any taxable year that we are a PFIC, such U.S. Holder may be subject to certain reporting obligations with respect to our shares, including reporting on IRS Form 8621.

Each U.S. Holder should consult its tax advisor concerning the U.S. federal income tax consequences of receiving, holding, and disposing of our shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election.

#### ***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds from a sale, exchange or other taxable disposition (including redemption) of our shares that are made within the United States, by a U.S. payor or through certain U.S.-related financial intermediaries to a U.S. Holder generally are subject to information reporting, unless the U.S. Holder is a corporation or other exempt recipient. In addition, such payments may be subject to backup withholding, unless (1) the U.S. Holder is a corporation or other exempt recipient or (2) the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding in the manner required.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will generally be allowed as a credit against the U.S. Holder's U.S. federal income tax liability or may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

#### ***Foreign Financial Asset Reporting***

Certain U.S. Holders who are individuals or certain specified entities that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 (and in some circumstances, a higher threshold) may be required to report information relating to our shares by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets (which requires U.S. Holders to report "foreign financial assets," which generally include financial accounts held at a non-U.S. financial institution, interests in non-U.S. entities, as well as stock and other securities issued by a non-U.S. person), to their tax return for each year in which they hold our shares, subject to certain exceptions (including an exception for our shares held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their acquisition, ownership, and disposition of our shares.

#### ***Treatment of Maxeon as a U.S. Company for U.S. Federal Income Tax Purposes***

Under current U.S. federal income tax law, a corporation is generally considered a tax resident in the jurisdiction of its organization or incorporation. Thus, as a corporation organized under the laws of Singapore, we expect to be classified as a non-U.S. corporation (and therefore a non-U.S. tax resident) for U.S. federal income tax purposes. In certain circumstances, however, Section 7874 of the Code may cause a corporation organized outside the United States to be treated as a U.S. corporation (and, therefore, taxable in the United States) unless one or more exceptions apply. The application of Section 7874 of the Code and its various exceptions is complex and subject to factual and legal uncertainties, with respect to some of which the IRS has yet to issue guidance. Moreover, changes to Section 7874 of the Code or the U.S. Treasury regulations promulgated thereunder (or other relevant provisions of U.S. federal income tax law), which may be given prospective or retroactive effect, could adversely affect our status as a non-U.S. corporation for U.S. federal income tax purposes. As a result, there can be no assurance that the IRS will agree with the position that we should not be treated as a U.S. corporation for U.S. federal income tax purposes; however, we expect that Section 7874 of the Code will not apply to treat us as a U.S.-resident corporation for U.S. federal income tax purposes. The foregoing discussion assumes that we are not treated as a U.S. corporation for U.S. federal income tax purposes.

If we were to be treated as a U.S. corporation for U.S. federal income tax purposes, we would be subject to U.S. corporate income tax on our worldwide income and the income of our non-U.S. subsidiaries would be subject to U.S. tax when deemed recognized under the U.S. federal income tax rules for controlled foreign subsidiaries. The gross amount of any dividends paid by us to a non-U.S. shareholder would be subject to U.S. withholding tax at a rate of 30% unless the non-U.S. shareholder were to be eligible for an exemption or reduced withholding rate under an applicable income tax treaty. However, the application of income tax treaties and relief thereunder to foreign corporations re-characterized as U.S. corporations pursuant to Section 7874 of the Code is subject to substantial uncertainty. In the event Section 7874 were to apply to an investment in our shares, non-U.S. investors in our shares should consult their advisors as to the potential application of any income tax treaty provisions to income received with respect to our shares. Also, in the event we were to be re-characterized as a U.S. corporation under Section 7874 of the Code, dividends paid by us to a U.S. Holder would be subject to U.S. reporting and backup withholding requirements as if we were a U.S. corporation.

#### ***Material Singapore Tax Considerations***

The following discussion is a summary of Singapore income tax, goods and services tax ("GST") and stamp duty considerations relevant to the acquisition, ownership and disposition of our shares by an investor who is not tax resident or domiciled in Singapore and who does not carry on business or otherwise have a presence in Singapore. The statements made herein regarding taxation are general in nature and based upon certain aspects of the current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date hereof and are subject to any changes in such laws or administrative guidelines or the interpretation of such laws or guidelines occurring after such date, which changes could be made on a retrospective basis. The statements made

herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to acquire, own or dispose of our shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective shareholders are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of our shares, taking into account their own particular circumstances. The statements below are based upon the assumption that we are a tax resident in Singapore for Singapore income tax purposes and we (including our subsidiaries) do not own any Singapore residential properties. It is emphasized that neither us nor any other persons involved in this registration statement accepts responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposal of our shares.

### ***Income Taxation Under Singapore Law***

#### *Dividends or Other Distributions with Respect to Shares*

Singapore does not impose withholding tax on dividend distributions. Under the one-tier corporate tax system, dividends paid by a Singapore tax resident company will be tax exempt in the hands of a shareholder, whether or not the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

#### *Capital Gains upon Disposition of Shares*

Under current Singapore tax laws, there is no tax on capital gains while gains of an income nature would be subject to tax at the prevailing corporate income tax rate of 17.0%. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from activities which the Inland Revenue Authority of Singapore (“IRAS”) regards as the carrying on of a trade or business in Singapore. Such gains, even if they do not arise from an activity in the ordinary course of trade or business or from an ordinary incident of some other business activity, may also be considered gains or profits of an income nature if the investor had the intention or purpose of making a profit at the time of acquisition of our shares. However, under Singapore tax laws, there is a temporary safe harbor rule where any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally exempt from tax if immediately prior to the date of the relevant disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. The safe harbor rule is only applicable if the divesting company, at the time of lodgment of its income tax return in Singapore relating to the period in which the disposal of ordinary shares occurred, provides such information and documentation as may be specified by the IRAS.

#### *Goods and Services Tax*

Issuance and transfer of our shares to investors belonging in Singapore is exempt from GST and to investors belonging outside Singapore is zero-rated (i.e., charged at 0% GST). Consequently, investors should not incur any GST on the subscription of our shares. The subsequent disposal of our shares by investors is similarly exempt from GST or zero-rated, as the case may be. Services such as brokerage and handling services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase or transfer of our shares will be subject to GST at the prevailing standard-rate (currently of 8.0%). Similar services rendered contractually to and directly for the benefit of an investor belonging outside Singapore should be zero-rated (i.e., charged at 0% GST) provided that the investor is not physically present in Singapore at the time the services are performed.

#### ***Stamp Duty***

Where our shares evidenced in certificated forms are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration or market value of our shares, whichever is higher.

Where an instrument of transfer (including electronic documents) is executed outside Singapore, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. An electronic instrument that is executed outside Singapore is considered received in Singapore if (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

On the basis that any transfer instruments in respect of our shares traded on the NASDAQ are executed outside Singapore through our transfer agent and share registrar in the United States for registration in our branch share register maintained in the United States, no stamp duty would be payable in Singapore on such transfers to the extent that the instruments of transfer (including electronic documents) are not received in Singapore.

As the relevant deeming provisions under Section 60F of the Singapore Stamp Duty Act are quite broad, registered shareholders of our shares may wish to note that electronic document executed outside Singapore may still be deemed to be received in Singapore if the branch records is accessed/retrieved in Singapore. As it may not be practical to anticipate the circumstances where an instrument may be considered received in Singapore, investors should consult their tax advisors regarding the particular Singapore stamp duty implications for them.

#### ***Tax Treaties Regarding Withholding Taxes***

There is no comprehensive avoidance of double taxation agreement between the United States and Singapore.

#### **10.F. DIVIDENDS AND PAYING AGENTS**

Not Applicable.

#### **10.G. STATEMENT BY EXPERTS**

Not Applicable.

#### **10.H. DOCUMENTS ON DISPLAY**

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. You may read any reports or other information that we file through EDGAR system through the SEC's website on the Internet at [www.sec.gov](http://www.sec.gov). The information on that website is not part of this annual report and is not incorporated by reference herein. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our financial statements have been prepared in accordance with GAAP. We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated and combined financial statements prepared in conformity with GAAP.

#### **10.I. SUBSIDIARY INFORMATION**

Not Applicable.

#### **10.J. ANNUAL REPORT TO SECURITY HOLDERS**

Not Applicable.

#### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The major financing risks faced by us will be managed by our treasury function. For information about the effects of currency and interest rate fluctuations and how we manage currency and interest risk, see "Item 5.B. Liquidity And Capital Resources". Please also see the information set forth under "Note 12. *Derivative Financial*

*Instruments*” of our consolidated and combined financial statements and related notes included elsewhere in this Form 20-F.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**12.A. DEBT SECURITIES**

Not Applicable.

**12.B. WARRANTS AND RIGHTS**

Not Applicable.

**12.C. OTHER SECURITIES**

Not Applicable.

**12.D. AMERICAN DEPOSITARY SHARES**

Not Applicable.

**PART II**

**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not Applicable.

**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not Applicable.

**ITEM 15. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

The Company maintains “disclosure controls and procedures,” as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure control and procedure also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 20-F, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of January 1, 2023.

### **Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO"). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of January 1, 2023 based on the criteria described in Internal Control-Integrated Framework issued by COSO. Management reviewed the results of its assessment with our Audit Committee.

### **Attestation Report of the Registered Public Accounting Firm**

The effectiveness of the Company's internal control over financial reporting as of January 1, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 20-F.

### **Changes in Internal Control over Financial Reporting**

We regularly review our system of internal controls over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new and more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting during fiscal year 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 16. [RESERVED]**

### **ITEM 16A. AUDIT COMMITTEE AND FINANCIAL EXPERT**

Our board of directors has determined that each of Kris Sennesael and Donald Colvin qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F. Each member of the Audit Committee is an "independent director" as defined in the NASDAQ Marketplace Rules.

### **ITEM 16B. CODE OF ETHICS**

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. Our code of business conduct and ethics is filed as Exhibit 11.1 to this Form 20-F. The information contained on our website is not incorporated by reference in this Annual Report on Form 20-F. We will disclose on our website any amendments to, or waivers from, a provision of our code of business conduct and ethics that applies to our directors or executive officers to the extent required under the rules of the SEC or Nasdaq.



**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth the aggregate fees billed by Ernst & Young LLP in Singapore, our independent registered public accounting firm, during the period indicated.

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
Audit fees	\$ 1,541	\$ 1,677
Audit-related fees <sup>(1)</sup>	408	371
Others <sup>(2)</sup>	297	338
	<u>\$ 2,246</u>	<u>\$ 2,386</u>

<sup>(1)</sup> Relates to the aggregate fees for services with respect to review of interim financial information and other professional services rendered related to the audit of our financial statements that are not reported under “audit fees.”

<sup>(2)</sup> Fees for fiscal year 2022 relates to the fees billed for the 2027 Notes issuance and professional services rendered for system implementation. Fees for fiscal year 2021 primarily relates to the aggregate fees billed for the ordinary shares issuance for fiscal year ended January 3, 2021.

The policy of our Audit Committee is to pre-approve all audit and non-audit services provided by Ernst & Young LLP, our independent registered public accounting firm, including audit services, audit-related services and tax services as described above, other than those for de minimis services which are approved by the Audit Committee prior to the completion of the audit.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not Applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Not Applicable.

**ITEM 16F. CHANGE IN CERTIFYING ACCOUNTANT**

Not Applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

We are subject to NASDAQ corporate governance standards. However, NASDAQ rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in Singapore, which is our home country, may differ significantly from NASDAQ corporate governance standards. Other than the home country practice described in the section “Item 6.C Board Practices—Corporate Governance Differences”, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the NASDAQ listing rules. See “Item 3.D Risk Factors—Risks Related to the Ownership of Our Shares— As a foreign private issuer, we are permitted and expect to follow certain home country corporate governance requirements in lieu of certain NASDAQ requirements applicable to domestic issuers.”

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not Applicable.

**ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not Applicable.

**PART III****ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

**ITEM 18. FINANCIAL STATEMENTS**

The consolidated and combined financial statements of Maxeon are included at the end of this annual report.

**ITEM 19. EXHIBITS**

We have filed the following documents as exhibits to this Form 20-F:

<b>Exhibit Number</b>	<b>Description</b>
1.1	<a href="#">Maxeon Solar Technologies, Ltd.'s Constitution (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
2.1	<a href="#">Form of Specimen Share Certificate for Maxeon Solar Technologies, Ltd.'s Ordinary Shares (incorporated by reference to Exhibit 2.1 from our registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020)</a>
2.2	<a href="#">Separation and Distribution Agreement, dated November 8, 2019, by and between SunPower Corporation and Maxeon Solar Technologies, Pte. Ltd. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by SunPower Corporation on November 12, 2019)</a>
2.3	<a href="#">Registration Rights Agreement, dated August 26, 2020, by and among Maxeon Solar Technologies, Ltd., Zhonghuan Singapore Investment and Development Pte. Ltd., Total Gaz Electricité Holdings France SAS and Total Solar INTL SA (incorporated by reference to Exhibit 99.10 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
2.4	<a href="#">Shareholders Agreement, dated August 26, 2020, by and among Maxeon Solar Technologies, Ltd., Zhonghuan Singapore Investment and Development Pte. Ltd., Total Gaz Electricité Holdings France SAS and Total Solar INTL SAS (incorporated by reference to Exhibit 99.11 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
2.5	<a href="#">Indenture, dated as of July 17, 2020, between Maxeon Solar Technologies, Ltd. and Deutsche Bank Trust Company Americas, as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by SunPower Corporation on July 20, 2020)</a>
2.6	<a href="#">Form of Global Note, representing Maxeon Solar Technologies, Ltd.'s 6.50% Green Convertible Senior Notes due 2025 (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by SunPower Corporation on July 20, 2020)</a>
2.7	<a href="#">Description of Securities registered under Section 12 of the Exchange Act</a>
4.1	<a href="#">Tax Matters Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.2	<a href="#">Employee Matters Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.3 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.3	<a href="#">Transition Services Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.4 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.4	<a href="#">Back-to-Back Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.6 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>

<u>Exhibit Number</u>	<u>Description</u>
4.5	<a href="#">Brand Framework Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.7 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.6	<a href="#">Cross-License Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.8 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.7	<a href="#">Collaboration Agreement, dated August 26, 2020, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation (incorporated by reference to Exhibit 99.9 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 27, 2020)</a>
4.8	<a href="#">Investment Agreement, dated November 8, 2019, among SunPower Corporation, Maxeon Solar Technologies, Pte. Ltd., Tianjin Zhonghuan Semiconductor Co., Ltd. and, for the limited purposes set forth therein, Total Solar INTL SAS (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by SunPower Corporation on November 12, 2019)</a>
4.9	<a href="#">Consent and Waiver Relating to Replacement Financing and Certain Other Matters, dated July 9, 2020, among SunPower Corporation, Maxeon Solar Technologies, Pte. Ltd. and Tianjin Zhonghuan Semiconductor Co., Ltd.† (incorporated by reference to Exhibit 4.10 from our registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020)</a>
4.10	<a href="#">Side Letter, dated July 31, 2020, among SunPower Corporation, Maxeon Solar Technologies, Ltd. and Tianjin Zhonghuan Semiconductor Co., Ltd. (incorporated by reference to Exhibit 4.11 from our registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020)</a>
4.11	<a href="#">Prepaid Forward Share Purchase Confirmation, dated as of July 17, 2020, by and between Maxeon Solar Technologies, Ltd. and Merrill Lynch International (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by SunPower Corporation on July 20, 2020)</a>
4.12	<a href="#">Physical Delivery Forward Confirmation, dated as of July 17, 2020, by and between Maxeon Solar Technologies, Ltd. and Merrill Lynch International (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by SunPower Corporation on July 20, 2020)</a>
4.13	<a href="#">P-Series Products Offshore Master Supply Agreement, dated as of February 8, 2021, by and among Huansheng Photovoltaic (Jiangsu) Co., Ltd, Huansheng New Energy (Jiangsu) Co., Ltd, Maxeon Solar Technologies, Ltd. and SunPower Systems International Limited (incorporated by reference to Exhibit 4.19 of our Form 20-F for the fiscal year ended January 3, 2021 (File No. 001-39368) filed with SEC on April 6, 2021)</a>
4.14	<a href="#">Business Activities Framework Agreement, dated as of February 8, 2021, by and among Huansheng Photovoltaic (Jiangsu) Co., Ltd, Huansheng New Energy (Jiangsu) Co., Ltd, Maxeon Solar Technologies, Ltd, Tianjin Zhonghuan Semiconductor Co., Ltd. and SunPower Systems International Limited (incorporated by reference to Exhibit 4.20 of our Form 20-F for the fiscal year ended January 3, 2021 (File No. 001-39368) filed with SEC on April 6, 2021)</a>
4.15	<a href="#">Underwriting Agreement, dated as of April 15, 2021, by and between Maxeon Solar Technologies, Ltd., BofA Securities, Inc. and Morgan Stanley &amp; Co. LLC (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with SEC on April 20, 2021)</a>
4.16	<a href="#">Ordinary Share Purchase Agreement, dated April 13, 2021, by and between Maxeon Solar Technologies Ltd. and Zhonghuan Singapore Investment and Development Pte. Ltd. (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with SEC on April 16, 2021)</a>
4.17	<a href="#">Amendment to the Offshore Master Supply Agreement, dated as of November 15, 2021, by and among Huansheng Photovoltaic (Jiangsu) Co., Ltd, Huansheng New Energy (Jiangsu) Co., Ltd, Maxeon Solar Technologies, Ltd. and SunPower Systems International Limited (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with SEC on November 17, 2021)</a>
4.18	<a href="#">Amendment to the Business Activities Framework Agreement, dated as of November 15, 2021, by and among Huansheng Photovoltaic (Jiangsu) Co., Ltd, Huansheng New Energy (Jiangsu) Co., Ltd, Maxeon Solar Technologies, Ltd, Tianjin Zhonghuan Semiconductor Co., Ltd. and SunPower Systems International Limited (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with SEC on November 17, 2021)</a>

<b>Exhibit Number</b>	<b>Description</b>
4.19	<a href="#">Master Contract for the Supply of Goods and/or Services, dated as of October 27, 2021, by and between Maxeon Solar Pte. Ltd. and TotalEnergies Global Procurement (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with SEC on November 17, 2021)</a>
4.20	<a href="#">Silicon Wafer Master Supply Agreement dated as November 16, 2021, by and between Maxeon Solar Pte. Ltd. and Zhonghuan Hong Kong Holdings Limited, (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with SEC on November 17, 2021)</a>
4.21	<a href="#">Master Supply Agreement, dated as of February 14, 2022, by and between, SunPower Corporation, and Maxeon Solar Technologies, Ltd.</a>
4.22†	<a href="#">Convertible Notes Purchase Agreement, dated August 12, 2022, by and between Maxeon Solar Technologies, Ltd. and Zhonghuan Singapore Investment and Development Pte. Ltd. (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 12, 2022)</a>
4.23†	<a href="#">Indenture, dated August 17, 2022, by and among Maxeon Solar Technologies, Ltd., the Guarantors party thereto, Deutsche Bank Trust Company Americas and DB Trustees (Hong Kong) Limited (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 17, 2022)</a>
4.24	<a href="#">Form of Global Note, representing Maxeon Solar Technologies, Ltd.'s 7.50% Convertible First Lien Senior Secured Notes due 2027 (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 17, 2022)</a>
4.25	<a href="#">Registration Rights Agreement, dated August 17, 2022, by and between Maxeon Solar Technologies, Ltd. and Zhonghuan Singapore Investment and Development Pte. Ltd. (incorporated by reference to Exhibit 99.3 from our report on Form 6-K (File No. 001-39368) filed with the SEC on August 17, 2022)</a>
4.26	<a href="#">Supplemental Indenture No. 1, dated September 30, 2022, by and among Maxeon Solar Technologies, Ltd., Deutsche Bank Trust Company Americas and DB Trustees (Hong Kong) Limited (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with the SEC on October 4, 2022)</a>
4.27	<a href="#">Supplemental Indenture No. 2, dated October 14, 2022, by and among the Maxeon Solar Technologies, Ltd., SunPower Systems Srl, Deutsche Bank Trust Company Americas and DB Trustees (Hong Kong) Limited (incorporated by reference to Exhibit 99.1 from our report on Form 6-K (File No. 001-39368) filed with the SEC on October 18, 2022)</a>
4.28	<a href="#">Supplemental Indenture No. 3, dated October 14, 2022, by and among the Maxeon Solar Technologies, Ltd., SunPower Philippines Manufacturing Ltd., Deutsche Bank Trust Company Americas, DB Trustees (Hong Kong) Limited and Rizal Commercial Banking Corporation – Trust and Investments Group (incorporated by reference to Exhibit 99.2 from our report on Form 6-K (File No. 001-39368) filed with the SEC on October 18, 2022)</a>
4.29	<a href="#">First Amendment to Master Supply Agreement dated February 14, 2022, dated December 31, 2022, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation</a>
4.30	<a href="#">Master Supply Agreement, dated December 31, 2022, by and between Maxeon Solar Technologies, Ltd. and SunPower Corporation</a>
8.1	<a href="#">List of Subsidiaries</a>
11.1	<a href="#">Code of Business Conduct and Ethics</a>
12.1*	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>

<u>Exhibit Number</u>	<u>Description</u>
13.2**	<a href="#">Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Ernst &amp; Young LLP</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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\* Filed herewith.

\*\* Furnished herewith.

† Portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K because the Company customarily and actually treats the redacted information as private or confidential and the omitted information is not material.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MAXEON SOLAR TECHNOLOGIES, LTD.

By: /s/ William Mulligan  
Name: William Mulligan  
Title: Director and Chief Executive Officer

Date: March 7, 2023

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

***To the Stockholders and the Board of Directors of Maxeon Solar Technologies, Ltd.***

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Maxeon Solar Technologies, Ltd. (the Company) as of January 1, 2023 and January 2, 2022, the related consolidated and combined statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended January 1, 2023, and the related notes (collectively referred to as the “consolidated and combined financial statements”). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2023 and January 2, 2022, and the results of its operations and its cash flows for each of the three years in the period ended January 1, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 1, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 7, 2023 expressed an unqualified opinion thereon.

***Adoption of ASU No. 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***

As discussed in Note 2 to the consolidated and combined financial statements, the Company has changed its method for accounting for convertible notes due to the adoption of ASU No. 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.

***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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. 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.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

*To the Stockholders and the Board of Directors of Maxeon Solar Technologies, Ltd.*

***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated and combined financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Warranty Valuation***

***Description of the Matter***

As discussed in Notes 2 and 9 to the consolidated and combined financial statements, the Company provides a 25-year standard warranty for its manufactured solar panels, for defects in materials and workmanship and for greater than promised declines in power performance. The Company also provides a 40-year standard warranty period for certain Maxeon line modules in certain countries, effective for systems installed on or after January 1, 2022. The Company's warranty reserves, which totaled \$28.3 million (Short Term + Long Term Product Warranty) as of January 1, 2023, are generally computed using a statistical model that incorporates assumptions based on management's best estimate of expected costs that could result from these warranties. This estimate considers a variety of factors, including historical warranty claims, results of accelerated lab testing, field monitoring, vendor reliability estimates, and industry data for similar products.

Auditing the Company's warranty accrual involved a high degree of subjectivity due to significant measurement uncertainty associated with the estimate given the relatively short period of available historical data in relation to the contractual warranty period, and the sensitivity of the Company's estimation of required reserves to changes in significant assumptions, including management's projection of future failure rates and expected product repair or replacement costs.

***How We Addressed the Matter in Our Audit***

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the warranty reserve process. This included controls over the development and review of the significant assumptions and data underlying the warranty reserve computation.

Our audit procedures included, among others, evaluating the significant assumptions used by the Company in estimating warranty reserve. We assessed the historical accuracy of management's estimates, obtained support to evaluate repair or replacement cost estimates and failure rate assumptions, and performed sensitivity analyses to evaluate the effect of potential changes in assumptions that were most significant to the estimate. We also involved specialist to assist in the evaluation of the methodology applied, including the recalculation of management's assumptions, within the Company's statistical model.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Stockholders and the Board of Directors of Maxeon Solar Technologies, Ltd.**

**Critical Audit Matters (cont'd)**

*Inventory Reserve Valuation*

*Description of the Matter*

The Company's net inventories totaled \$303.2 million as of January 1, 2023, which included \$21.3 million of inventory reserves. As explained in Note 2 to the consolidated and combined financial statements, the Company computed inventory cost on a first-in first-out basis, and applied judgment in determining the realizability and the valuation of inventories. Excess and obsolete inventories and inventories with unfavorable pricing and cost fluctuations were written down to the estimated net realizable value if less than cost. The determination of the net realizable value associated with the eventual disposition of inventory involved significant judgments that considered several factors affected by market and economic conditions outside the Company's control. In particular, the significant assumptions applied were sensitive to the expected demand for the Company's products in relation to industry supply and demand and competitive pricing environments.

Auditing management's assessment of net realizable value for inventory was challenging because it involved subjective auditor judgment to evaluate management's assessment of the factors that are affected by market and economic conditions outside the Company's control.

*How We Addressed the Matter  
in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the inventory valuation process. This included controls over the determination and calculation of the inventory's expected lower of cost or net realizable value, including related estimated selling prices, and the Company's excess and obsolete inventory reserve process, including the determination of product demand forecasts, as well as reserve process for inventories with unfavorable pricing and cost fluctuations, and how factors outside of the Company's control might affect management's judgment related to the valuation of excess and obsolete inventory and inventories with unfavorable pricing and cost fluctuations.

Our substantive audit procedures included, among others, evaluating the significant assumptions, including the Company's estimated selling prices and product demand forecasts, and testing the underlying data used in management's inventory valuation assessment. We evaluated inventory levels compared to forecasted product demand, historical sales, and specific product considerations. We also compared the demand forecast to business plans and previous forecasts to actual results and industry and economic trends to evaluate management's estimates and performed sensitivity analyses to evaluate the changes in inventory valuation that would result from changes in the significant assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

Singapore  
March 7, 2023

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

*To the Stockholders and the Board of Directors of Maxeon Solar Technologies, Ltd.*

***Opinion on Internal Control Over Financial Reporting***

We have audited Maxeon Solar Technologies, Ltd.'s internal control over financial reporting as of January 1, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Maxeon Solar Technologies, Ltd. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 1, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 1, 2023 and January 2, 2022, the related consolidated and combined statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended January 1, 2023, and the related notes and our report dated March 7, 2023 expressed an unqualified opinion thereon.

***Basis for Opinion***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Singapore  
March 7, 2023

**MAXEON SOLAR TECHNOLOGIES, LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except for shares data)

	January 1, 2023	January 2, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 227,442	\$ 166,542
Short-term securities	76,000	—
Restricted short-term marketable securities	968	1,079
Accounts receivable, net <sup>(1)</sup>	54,301	39,730
Inventories	303,230	212,820
Advances to suppliers, current portion <sup>(1)</sup>	2,137	51,045
Prepaid expenses and other current assets <sup>(1)</sup>	126,971	61,904
<b>Total current assets</b>	<b>\$ 791,049</b>	<b>\$ 533,120</b>
Property, plant and equipment, net	380,468	386,630
Operating lease right of use assets	17,844	15,397
Intangible assets, net	291	420
Advances to suppliers, net of current portion <sup>(1)</sup>	—	716
Deferred tax assets	10,348	5,183
Other long-term assets <sup>(1)</sup>	60,418	115,077
<b>Total assets</b>	<b>\$ 1,260,418</b>	<b>\$ 1,056,543</b>
<b>Liabilities and Equity</b>		
Current liabilities		
Accounts payable <sup>(1)</sup>	\$ 247,870	\$ 270,475
Accrued liabilities <sup>(1)</sup>	135,157	78,680
Contract liabilities, current portion <sup>(1)</sup>	139,267	44,059
Short-term debt	50,526	25,355
Operating lease liabilities, current portion	3,412	2,467
<b>Total current liabilities</b>	<b>\$ 576,232</b>	<b>\$ 421,036</b>
Long-term debt	1,649	213
Contract liabilities, net of current portion <sup>(1)</sup>	161,678	58,994
Operating lease liabilities, net of current portion	15,603	13,464
Convertible debt <sup>(1)</sup>	378,610	145,772
Deferred tax liabilities	14,913	1,150
Other long-term liabilities <sup>(1)</sup>	63,663	61,039
<b>Total liabilities</b>	<b>\$ 1,212,348</b>	<b>\$ 701,668</b>
Commitments and contingencies (Note 9)		
Equity		
Common stock, no par value (45,033,027 and 44,246,603 issued and outstanding as of January 1, 2023 and January 2, 2022, respectively)	\$ —	\$ —
Additional paid-in capital	584,808	624,261
Accumulated deficit	(520,263)	(262,961)
Accumulated other comprehensive loss	(22,108)	(11,844)
Equity attributable to the Company	42,437	349,456
Noncontrolling interests	5,633	5,419
Total equity	48,070	354,875
<b>Total liabilities and equity</b>	<b>\$ 1,260,418</b>	<b>\$ 1,056,543</b>

- <sup>(1)</sup> We have related-party balances for transactions with TCL Zhonghuan Renewable Energy Technology Co. Ltd (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd), SunPower Corporation (“SunPower”) and TotalEnergies S.E. and its affiliates as well as unconsolidated entities in which we have a direct equity investment. These related-party balances are recorded within the “Accounts receivable, net,” “Advances to suppliers, current portion,” “Advances to suppliers, net of current portion,” “Prepaid expenses and other current assets,” “Other long-term assets,” “Accounts payable,” “Accrued liabilities,” “Contract liabilities, current portion,” “Contract liabilities, net of current portion,” “Convertible debt,” and “Other long-term liabilities” financial statement line items in our Consolidated Balance Sheets (see Note 3, Note 4, Note 6, Note 10 and Note 11).

The accompanying notes are an integral part of these consolidated and combined financial statements.

**MAXEON SOLAR TECHNOLOGIES, LTD.**  
**CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Revenue <sup>(1)</sup>	\$ 1,060,113	\$ 783,279	\$ 844,836
Cost of revenue <sup>(1)</sup>	1,108,061	812,293	854,617
Gross loss	(47,948)	(29,014)	(9,781)
Operating expenses			
Research and development <sup>(1)</sup>	49,682	46,527	34,194
Sales, general and administrative <sup>(1)</sup>	100,546	88,822	86,202
Restructuring charges	2,118	8,084	—
Total operating expenses	152,346	143,433	120,396
Operating loss	(200,294)	(172,447)	(130,177)
Other (expense) income, net			
Interest expense <sup>(1)</sup>	(27,812)	(27,848)	(31,859)
Loss on extinguishment of debt	—	(5,075)	—
Other, net	2,223	(33,693)	36,349
Other (expense) income, net	(25,589)	(66,616)	4,490
Loss before income taxes and equity in losses of unconsolidated investees	(225,883)	(239,063)	(125,687)
Provision for income taxes	(32,191)	(203)	(12,127)
Equity in losses of unconsolidated investees	(9,072)	(16,480)	(3,198)
Net loss	(267,146)	(255,746)	(141,012)
Net (income) loss attributable to noncontrolling interests	(278)	1,226	(1,619)
Net loss attributable to stockholders	\$ (267,424)	\$ (254,520)	\$ (142,631)
Loss per share:			
Basic and diluted	\$ (6.54)	\$ (6.79)	\$ (5.82)
Weighted average shares used in loss per share computation:			
Basic and diluted	40,920	37,457	24,502

<sup>(1)</sup> We have related-party transactions with TCL Zhonghuan Renewable Energy Technology Co. Ltd (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd), SunPower and TotalEnergies S.E. and its affiliates as well as unconsolidated entities in which we have a direct equity investment. These related-party transactions are recorded within the “Revenue,” “Cost of revenue,” “Operating expenses: Research and development and Sales, general and administrative,” and “Other expense, net: Interest expense” financial statement line items in our Consolidated and Combined Statements of Operations (see Note 3, Note 4 and Note 10).

The accompanying notes are an integral part of these consolidated and combined financial statements.



**MAXEON SOLAR TECHNOLOGIES, LTD.**  
**CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE LOSS**  
**(In thousands)**

	<b>Fiscal Year Ended</b>		
	<b>January 1, 2023</b>	<b>January 2, 2022</b>	<b>January 3, 2021</b>
Net loss	\$ (267,146)	\$ (255,746)	\$ (141,012)
Components of other comprehensive loss, net of taxes			
Currency translation adjustment	(2,954)	(5,461)	(3,818)
Net (loss) gain in derivatives (Note 12)	(8,207)	3,165	782
Net gain on long-term pension liability adjustment	897	843	263
Total other comprehensive loss	(10,264)	(1,453)	(2,773)
Total comprehensive loss	(277,410)	(257,199)	(143,785)
Comprehensive (income) loss attributable to noncontrolling interests	(278)	1,226	(1,619)
Comprehensive loss attributable to stockholders	\$ (277,688)	\$ (255,973)	\$ (145,404)

The accompanying notes are an integral part of these consolidated and combined financial statements.

**MAXEON SOLAR TECHNOLOGIES, LTD.**  
**CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY**  
(In thousands)

	Shares	Amount	Additional paid-in Capital	Net Parent Investment	Accumulated Deficit	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Noncontrolling Interests	Total Equity
<b>Balance at December 29, 2019</b>	—	\$ —	\$ —	\$ 369,837	\$ —	\$ (7,618)	\$ 362,219	\$ 5,304	\$ 367,523
Net (loss) income	—	—	—	(134,190)	(8,441)	—	(142,631)	1,619	(141,012)
Issuance of common stock, net of issuance cost	8,930	—	297,541	—	—	—	297,541	—	297,541
Issuance of Physical Delivery Forward	3,797	—	58,466	—	—	—	58,466	—	58,466
Reclassification of Physical Delivery Forward	—	—	(64,089)	—	—	—	(64,089)	—	(64,089)
Issuance of convertible debt, net of issuance cost	—	—	52,189	—	—	—	52,189	—	52,189
Conversion of Net parent investment into common stock, net of issuance cost	21,268	—	105,285	(106,061)	—	—	(776)	—	(776)
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(278)	(278)
Recognition of share-based compensation	—	—	2,082	—	—	—	2,082	—	2,082
Other comprehensive loss	—	—	—	—	—	(2,773)	(2,773)	—	(2,773)
Net parent distribution	—	—	—	(129,586)	—	—	(129,586)	—	(129,586)
<b>Balance at January 3, 2021</b>	33,995	—	451,474	—	(8,441)	(10,391)	432,642	6,645	439,287
Net loss	—	—	—	—	(254,520)	—	(254,520)	(1,226)	(255,746)
Issuance of common stock, net of issuance cost	9,916	—	169,684	—	—	—	169,684	—	169,684
Issuance of common stock for stock-based compensation, net of tax withheld	336	—	(4,245)	—	—	—	(4,245)	—	(4,245)
Recognition of stock-based compensation	—	—	7,348	—	—	—	7,348	—	7,348
Other comprehensive loss	—	—	—	—	—	(1,453)	(1,453)	—	(1,453)
<b>Balance at January 2, 2022</b>	44,247	\$ —	\$ 624,261	\$ —	\$ (262,961)	\$ (11,844)	\$ 349,456	\$ 5,419	\$ 354,875

	Shares	Amount	Additional paid-in Capital	Net Parent Investment	Accumulated Deficit	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Noncontrolling Interests	Total Equity
Effect of adoption of ASU 2020-06	—	—	(52,188)	—	10,122	—	(42,066)	—	(42,066)
Net (loss) income	—	—	—	—	(267,424)	—	(267,424)	278	(267,146)
Issuance of common stock for stock-based compensation, net of tax withheld	786	—	(257)	—	—	—	(257)	—	(257)
Distribution to non-controlling interests	—	—	—	—	—	—	—	(64)	(64)
Recognition of stock-based compensation	—	—	12,992	—	—	—	12,992	—	12,992
Other comprehensive loss	—	—	—	—	—	(10,264)	(10,264)	—	(10,264)
<b>Balance at January 1, 2023</b>	<b>45,033</b>	<b>\$ —</b>	<b>\$ 584,808</b>	<b>\$ —</b>	<b>\$ (520,263)</b>	<b>\$ (22,108)</b>	<b>\$ 42,437</b>	<b>\$ 5,633</b>	<b>\$ 48,070</b>

The accompanying notes are an integral part of these consolidated and combined financial statements.

**MAXEON SOLAR TECHNOLOGIES, LTD.**  
**CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
<b>Cash flows from operating activities</b>			
Net loss	\$ (267,146)	\$ (255,746)	\$ (141,012)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	56,219	42,210	47,328
Stock-based compensation	14,580	7,231	7,250
Non-cash interest expense	7,078	13,361	19,851
Gain from dilution of interest in joint venture	—	(2,975)	—
Equity in losses of unconsolidated investees	9,072	16,480	3,198
Loss on debt extinguishment	—	5,075	—
Loss (Gain) on retirement of property, plant and equipment	243	2,442	(641)
Loss on impairment of property, plant and equipment	417	—	—
Deferred income taxes	8,598	5,587	(1,330)
Gain on equity investments	—	—	(1,822)
Remeasurement loss (gain) on Physical Delivery Forward and Prepaid Forward	(2,411)	34,468	(38,236)
Provision for (utilization of) excess or obsolete inventories	16,342	(319)	(3,470)
Other, net	1,607	(1,765)	3,078
Changes in operating assets and liabilities			
Accounts receivable	(15,332)	38,268	71,231
Inventories	(106,622)	(43,174)	28,682
Prepaid expenses and other assets	(35,685)	(20,529)	(7,396)
Operating lease right-of-use assets	3,192	2,449	2,264
Advances to suppliers	49,624	41,147	28,473
Accounts payable and other accrued liabilities	70,567	41,098	(143,462)
Contract liabilities	195,650	72,488	(61,344)
Operating lease liabilities	(2,556)	(2,662)	(1,804)
Net cash provided by (used in) operating activities	<u>3,437</u>	<u>(4,866)</u>	<u>(189,162)</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(63,337)	(154,194)	(27,689)
Proceeds from disposal of restricted short-term marketable securities	958	1,318	6,572
Purchase of restricted short-term marketable securities	(968)	(1,094)	(1,340)
Purchase of short-term securities	(76,000)	—	—
Proceeds from (cash paid for) disposal of property, plant and equipment	189	(417)	1,283
Purchases of intangibles	(143)	(61)	—
Installment payment for acquisition of subsidiary	—	—	(30,000)
Proceeds from sale of unconsolidated investee	—	—	3,220

	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Proceeds from dividends and partial return of capital by an unconsolidated investee	—	—	2,462
Net cash used in investing activities	(139,301)	(154,448)	(45,492)
<b>Cash flows from financing activities</b>			
Proceeds from debt	258,426	170,311	236,446
Repayment of debt	(233,138)	(193,237)	(226,664)
Payment for tax withholding obligations for issuance of common stock upon vesting of restricted stock units	(257)	(4,245)	—
Net proceeds from issuance of convertible debt	187,232	—	190,330
Net proceeds from issuance of common stock	—	169,684	296,765
Payment for realized amount on underwriting physical delivery forward	—	—	(1,606)
Payment for prepaid forward	—	—	(40,000)
Distribution to noncontrolling interest	(64)	—	(278)
Repayment of finance lease obligations and other debt	(725)	(705)	(651)
Net parent distribution	—	—	(133,996)
Net cash provided by financing activities	211,474	141,808	320,346
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	119	166	77
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	75,729	(17,340)	85,769
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	192,232	209,572	123,803
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	\$ 267,961	\$ 192,232	\$ 209,572
<b>Non-cash transactions</b>			
Property, plant and equipment purchases funded by liabilities	35,264	\$ 58,562	\$ 27,736
Right-of-use assets obtained in exchange for lease obligations	5,639	5,029	4,791
Cost from issuance of common stock paid in shares	—	1,078	—
Property, plant and equipment obtained through capital lease	2,127	—	—
Interest expense financed by SunPower	—	—	11,333
Aged supplier financing balances reclassified from accounts payable to short-term debt	—	—	23,933
<b>Supplemental cash flow information</b>			
Cash paid for interest	\$ 12,910	\$ 15,159	\$ 3,443
Cash paid for income taxes	6,454	9,584	12,486

The accompanying notes are an integral part of these consolidated and combined financial statements.

The following table reconciles our cash and cash equivalents and restricted cash and restricted cash equivalents reported on our Consolidated Balance Sheets and the cash, cash equivalents, restricted cash and restricted cash equivalents reported on our Consolidated and Combined Statements of Cash Flows for fiscal years 2022, 2021 and 2020:

<b>(In thousands)</b>	<b>January 1, 2023</b>		<b>January 2, 2022</b>		<b>January 3, 2021</b>	
Cash and cash equivalents	\$	227,442	\$	166,542	\$	206,744
Restricted cash and restricted cash equivalents, current portion, included in prepaid expenses and other current assets		37,974		1,661		2,483
Restricted cash and restricted cash equivalents, net of current portion, included in other long-term assets		2,545		24,029		345
Total cash, cash equivalents, restricted cash and restricted cash equivalents shown in Consolidated and Combined Statements of Cash Flows	\$	<u>267,961</u>	\$	<u>192,232</u>	\$	<u>209,572</u>

The accompanying notes are an integral part of these consolidated and combined financial statements.

## NOTE 1. BACKGROUND AND BASIS OF PRESENTATION

### *Background*

On November 11, 2019, SunPower Corporation (“SunPower”) announced its intention to separate into two independent publicly traded companies: one comprising its solar panel cell and solar manufacturing operations and supply to resellers and commercial and residential end customers outside of the United States of America and Canada (the “Domestic Territory”), which will conduct business as Maxeon Solar Technologies, Pte. Ltd. (the “Company,” “Maxeon,” “we,” “us,” and “our”), a company incorporated under the Laws of Singapore and a wholly owned subsidiary of SunPower, and one comprising its solar panel manufacturing operations, equipment supply, and sales of energy solutions and services in the Domestic Territory, including direct sales of turn-key engineering, procurement and construction services, sales to its third-party dealer network, sales of energy under power purchase agreements, storage and services solutions, cash sales and long-term leases directly to end customers which will continue as SunPower.

On August 26, 2020 (the “Distribution Date”), SunPower completed the previously announced Spin-off (the “Spin-off”) of Maxeon. The Spin-off was completed by way of a pro rata distribution of all of the then-issued and outstanding ordinary shares, of Maxeon (the “Maxeon shares”) to holders of record of SunPower’s common stock (the “Distribution”) as of the close of business on August 17, 2020. As a result of the Distribution of the Maxeon shares, on the Distribution Date, Maxeon became an independent, public company under the name Maxeon Solar Technologies, Ltd. and the Maxeon shares started trading on the NASDAQ Global Select Market under the symbol “MAXN.”

In connection with the Spin-off, Maxeon and SunPower entered into a number of agreements providing for the framework of the relationship between the two companies following the Spin-off. On November 8, 2019, we entered into the Separation and Distribution Agreement with SunPower which sets forth our agreements with SunPower regarding the principal actions to be taken in connection with the separation and distribution. Immediately after the Distribution and pursuant to the terms of the November 8, 2019 Investment Agreement (the “Investment Agreement”), Maxeon and TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.), a PRC joint stock limited company (“TZE”), completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZE SG”) and an affiliate of TZE, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZE Investment”), representing approximately 29.5% of the outstanding Maxeon shares after giving effect to the Spin-off and the TZE Investment. Following the TZE Investment, TotalEnergies Solar INTL SAS (“TotalEnergies Solar”), TotalEnergies Gaz Electricité Holdings France SAS, (“TotalEnergies Gaz”, with TotalEnergies Solar, each an affiliate of TotalEnergies SE (TotalEnergies SE) and collectively “TotalEnergies”) held approximately a 36.4% beneficial ownership of Maxeon’s ordinary shares.

In connection with the TZE Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZE SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of Total and TZE SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZE SG to buy, sell or vote their Maxeon shares. At the closing of the TZE Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZE SG, granting each of the shareholders certain registration rights with regard to their Maxeon shares.

In April 2021, pursuant to a stock purchase agreement, dated April 13, 2021, with an affiliate of TZE, the Company sold to TZE 1,870,000 ordinary shares at a price of \$18.00 per share, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the “TZE Private Placement”). As of January 1, 2023, TotalEnergies’s and TZE SG’s ownership of the Maxeon outstanding shares was approximately 24.4% and 24.0%, respectively.

### *Liquidity*

As of January 1, 2023, we had unrestricted cash and cash equivalents of \$227.4 million, restricted cash of \$40.5 million and short-term securities representing a 4-months time deposit of \$76.0 million. We believe that our current cash and cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations over the next 12 months. We expect that we will address our working capital requirements and fund our committed and uncommitted capital expenditures through our current cash and cash equivalents, cash generated from operations, customer prepayments, available funds to the extent available to us under our existing debt facility and additional debt or equity financing to the extent we are able to raise such funding on acceptable terms.

We expect our long-term cash requirements to be largely driven by capital expenditures and working capital requirements necessary to improve our profitability and business growth. The dynamic nature of the markets we operate in, the volatility in the capital markets, the current status of our business, rising inflation and interest rates, supply chain challenges, as well as the worldwide uncertainty created by the war in Ukraine and the potential for impacts as a result of any new outbreaks of COVID-19 or other health crises on our business operations make it difficult to quantify with certainty our long-term capital requirements and our ability to fully meet our long-term liquidity needs. Our long-term liquidity needs would be further negatively impacted if the macro conditions set forth above worsen or last a sustained period of time.

The Company will continue to pursue opportunities to seek additional funding, which may include the offering of debt and equity securities, to fund future capital expenditures and to better position it for execution on its strategy and to weather the challenges facing the industry. However, the Company can make no assurance that it will be able to successfully obtain additional financing. The current economic environment and market conditions could limit our ability to raise capital on acceptable terms or at all, and lenders may be unwilling to lend funds on acceptable terms or at all in the amounts that would be required to supplement cash flows to support our funding needs. The sale of additional equity or convertible debt securities would result in dilution to our stockholders and additional debt would also result in increased expenses, collateralization and would likely impose new restrictive covenants.

In addition to pursuing financing opportunities, we continue to focus on improving our overall operating performance and liquidity by assessing and evaluating different options that may be available to us, such as selling raw materials inventory to third parties, liquidating certain investments, evaluating additional restructuring plans or strategic options and renegotiating for more favorable payment terms with customers and vendors. From time to time, we evaluate our staffing levels in response to changes in our business needs and demand for our products in order to manage costs and improve performance which may result in restructuring of our workforce and associated costs.

### *Basis of Presentation Prior to Spin-off*

Standalone financial statements have not been historically prepared for our business. These consolidated and combined financial statements of the Company have been derived (i) from the consolidated financial statements and accounting records of SunPower as if we had operated on our own prior to the Spin-off, for the periods prior to August 26, 2020 and (ii) subsequent to August 26, 2020, the consolidated financial statements of the Company and its subsidiaries with the Company as an independent public company.

Prior to the Spin-off, as there was no controlling financial interest present between or among the entities that comprise our business, we prepared the financial statements of the Company on a combined basis. Net parent investment in the Company's business is shown in lieu of equity attributable to the Company as there is no consolidated entity in which SunPower holds an equity interest. Net parent investment represents SunPower's interest in the recorded net assets of the Company. See Note 3. *Net Parent Investment and Transactions with SunPower and TotalEnergies*.

All periods presented have been accounted for in conformity with GAAP and pursuant to the regulations of the SEC.

The following paragraphs describe the significant estimates and assumptions applied by management prior to Spin-off which is included in the Consolidated and Combined Statements of Operations and Comprehensive Loss.



The Consolidated and Combined Statements of Operations and Comprehensive Loss of the Company include all sales and costs directly attributable to the Company, including costs for facilities, functions and services used by the Company. The Consolidated and Combined Statements of Operations and Comprehensive Loss also reflect allocations of general corporate expenses from SunPower including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue or headcount as relevant measures. Management of the Company and SunPower consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense we would have incurred as a standalone company for the period presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

In December 2015, SunPower issued \$425.0 million in principal amount of its 4.00% senior convertible debentures due 2023 (the “4.00% debentures due 2023”), the proceeds of which were used to finance our solar cell manufacturing facility in the Philippines which relates to our historical business. As such, interest and other costs associated with the 4.00% debentures due 2023 are reflected in the Consolidated and Combined Statements of Operations and Comprehensive Loss up to the date of Spin-off as the 4.00% debentures due 2023 are legal obligations of SunPower and were not transferred to us.

SunPower managed its global currency exposure by engaging in hedging transactions where management deems appropriate. This included derivatives not designated as hedging instruments consisting of forward and option contracts used to hedge re-measurement of foreign currency denominated monetary assets and liabilities primarily for intercompany transactions, receivables from customers, and payables to third parties. The Company’s consolidated and combined financial statements included these hedging instruments to the extent the derivative instrument was designated as a hedging instrument of a hedged item (e.g., inventory) that is included in the consolidated and combined financial statements. Any changes in fair value of the hedging instrument previously recognized in SunPower’s accumulated other comprehensive income for cash flow hedges which relates to our historical business are also included.

SunPower maintained various stock-based compensation plans at a corporate level. The Company’s employees participated in those programs and a portion of the cost of those plans was included in our consolidated and combined financial statements. SunPower also has defined benefit plans at a subsidiary level for certain employees. Where a legal entity within the Company sponsors the plan, the related financial statement amounts are included in the consolidated and combined financial statements following the single employer accounting model.

As described in Note 13. *Income Taxes*, current and deferred income taxes and related tax expense had been determined based on the standalone results of the Company by applying Accounting Standards Codification No. 740, *Income Taxes* (“ASC 740”). As a result of applying ASC 740 to the Company’s operations in each country using the separate return approach, under which current and deferred income taxes are calculated as if a separate tax return had been prepared in each tax jurisdiction. In various tax jurisdictions, SunPower and the Company’s businesses operated within the same legal entity and certain subsidiaries were part of SunPower’s tax group. This required an assumption that the subsidiaries and operations of the Company in those tax jurisdictions operated on a standalone basis and constitute separate taxable entities. Actual outcomes and results could differ from these separate tax return estimates, including those estimates and assumptions related to realization of tax benefits within SunPower’s tax groups. Uncertain tax positions represent those tax positions to which the Company is the primary obligor and are evaluated and accounted for as uncertain tax positions pursuant to ASC 740. Determining which party is the primary obligor to the taxing authority is dependent on the specific facts and circumstances of their relationship to the taxing authority.

Management believes that all allocations have been performed on a reasonable basis and reflect the services received by the Company, the cost incurred on behalf of the Company and the assets and liabilities of the Company. Although, the combined financial statements reflect management’s best estimate of all historical costs related to the Company, this may, however, not necessarily reflect what the results of operations, financial position, or cash flows

would have been had the Company been a separate entity, nor the future results of the Company as it will exist upon completion of the proposed separation.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Principles of Combination and consolidation*

The consolidated and combined financial statements includes the Company's net assets and results of operations as described above prior to Spin-off. Subsequent to Spin-off, it incorporates the financial statements, its subsidiaries and the VIEs for which the Company or a subsidiary of the Company is the primary beneficiary. All intercompany transactions and accounts within the consolidated and combined businesses of the Company have been eliminated.

### *Fiscal Periods*

The Company has a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal year 2022 is a 53-week fiscal year while fiscal year 2021 and 2020 are 52-week fiscal years. Our fiscal year 2022 ended on January 1, 2023, our fiscal year 2021 ended on January 2, 2022 and our fiscal year 2020 ended on January 3, 2021.

### *Use of Estimates*

The preparation of the consolidated and combined financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated and combined financial statements and accompanying notes. Significant estimates in these consolidated and combined financial statements include (i) revenue recognition, specifically, management's assessment of market-based pricing terms related to sales of solar modules to SunPower for periods prior to the Spin-off, the nature and timing of satisfaction of performance obligations, standalone selling price of performance obligations and variable consideration; (ii) allowances for credit losses for accounts receivable; (iii) inventory write-downs; (iv) stock-based compensation; (v) long-lived asset impairment, specifically estimates for valuation assumptions including discount rates and future cash flows, economic useful lives of property, plant and equipment, intangible assets, and investments; (vi) fair value of financial instruments; (vii) valuation of contingencies such as accrued warranty; (viii) the incremental borrowing rate used in discounting of lease liabilities; and (ix) income taxes and tax valuation allowances. Actual results could materially differ from those estimates.

Due to the macro-economic trends such as the continued effects of the COVID-19 pandemic and continued heightened geopolitical tensions, there has been continued uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require updates to our estimates and judgments or require us to revise the carrying value of our assets or liabilities as of the date of issuance of the financial statements. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

### *Lease Accounting – Arrangements with Maxeon as a lessee*

We determine if an arrangement is a lease at inception. Our operating lease agreements are primarily for real estate and are included within operating lease right-of-use ("ROU") assets and operating lease liabilities on the Consolidated Balance Sheets. Finance leased assets are included in property, plant and equipment, net and finance lease liabilities are included in short-term debt and long-term debt on the Consolidated Balance Sheets. We elected the practical expedient to combine our lease and related non-lease components for all our leases. In addition, leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate

based on the information available at commencement date in determining the present value of lease payments. ROU assets also include any lease prepayments made and exclude lease incentives. Many of our lessee agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term.

#### *Lease Accounting – Arrangements with Maxeon as a lessor*

We account for a lease arrangement in which we act as the lessor as an operating lease as it does not meet the criteria for a sales-type lease or a direct financing lease. Initial direct costs incurred in negotiating and arranging an operating lease are deferred and recognized over the lease term on the same basis as the lease income. Lease income is recognized on a straight-line basis over the lease term. We exclude from our measurement of consideration in a contract all taxes assessed by governmental authorities on lease that are both (i) imposed on and concurrent with a specific lease revenue-producing transaction and (ii) collected from a lessee.

#### *Financial instruments - Credit Losses*

Accounting Standards Codification No. 326, *Financial Instruments – Credit Losses* (“ASC 326”) requires remeasurement and recognition of expected credit losses for financial assets held. The amendment applies to entities which hold financial assets and net investments in leases that are not accounted for at fair value through net income as well as loans, debt securities, accounts receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

We recognize an allowance for credit loss at the time a receivable is recorded based on our estimate of expected credit losses and adjust this estimate over the life of the receivable as needed. An account receivable is written off against the allowance for credit loss made after all collection effort has ceased. We evaluate the aggregation and risk characteristics of a receivable pool and develop loss rates that reflect historical collections, current forecasts of future economic conditions over the time horizon we are exposed to credit risk, and payment terms or conditions that may materially affect future forecasts.

As of January 1, 2023, we reported \$54.3 million of accounts receivable, net of credit loss allowance of \$0.8 million. Based on the aging analysis as of January 1, 2023, 99.0% of our gross trade account receivable was outstanding less than 60 days. Refer to Note 6, *Balance Sheet Components* for more details on changes in allowance for credit losses. We have not seen significant changes to the recovery rate of our account receivable as a result of the COVID-19 pandemic, but we are continuing to actively monitor the impact of the COVID-19 pandemic on our expected credit losses.

#### *Advances to Suppliers*

Advances to suppliers relate to prepayments made under long-term agreements with suppliers for the procurement of polysilicon and silicon wafers that specify future quantities and pricing of polysilicon and silicon wafers to be supplied by the vendors and provide for certain consequences, such as forfeiture of advanced deposits, in the event that the Company terminates the arrangement. The credit loss allowance on our advanced prepayments to suppliers under long-term supply agreements are reviewed by management at each reporting period. We have no history of recording write-offs related to our advanced prepayments to suppliers, and given our purchase obligation to these suppliers significantly exceeds the remaining advanced prepayments balance as of January 1, 2023 and January 2, 2022, the likelihood of our suppliers terminating the existing contractual arrangements is considered to be remote. We also periodically evaluate the credit worthiness of these suppliers and have noted no material deterioration in their respective credit conditions that would call into question their abilities to continue to supply us with the quantities of polysilicon specified in our supply agreements. The typical time it takes for us to receive the delivery of raw materials under this agreement was approximately 40-50 days from the date the purchase order is submitted to the supplier. As of January 2, 2022, the advances to suppliers comprised of \$49.2 million for the supply of polysilicon and \$2.5 million for the supply of silicon wafer. The advances in connection to the polysilicon was fully applied to deliveries through January 1, 2023 where the long-term agreements ended. \$0.4 million of the

advances for the silicon wafer was applied against silicon purchased during fiscal year 2022 and as of January 1, 2023, such advances to supplier of \$2.1 million will be applied to silicon wafer purchases in fiscal year 2023.

#### *Net Parent Investment*

Net parent investment in the Consolidated and Combined Statements of Equity represents SunPower's interest in the recorded net assets of the Company, the net effect of transactions with and allocations from SunPower and the Company's accumulated deficit. See Note 3. *Net Parent Investment and Transactions with SunPower and TotalEnergies* for further information about transactions between the Company and SunPower.

#### *Fair Value of Financial Instruments*

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values due to their short-term maturities. Equity investments without readily determinable fair value are measured at cost less impairment and are adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer. Derivative financial instruments are carried at fair value based on quoted market prices for financial instruments with similar characteristics. The effective portion of derivative financial instruments is excluded from earnings and reported as a component of "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The ineffective portion of derivatives financial instruments are included in "Other, net" in the Consolidated and Combined Statements of Operations.

#### *Comprehensive Loss*

Comprehensive loss is defined as the change in equity during a period from non-owner sources. Our comprehensive loss for the period presented is comprised of (i) our net loss; (ii) foreign currency translation adjustment of our foreign subsidiaries whose assets and liabilities are translated from their respective functional currencies at exchange rates in effect at the balance sheet dates, and revenues and expenses are translated at average exchange rates prevailing during the applicable period; (iii) changes in fair value for derivatives designated as hedging instruments (see Note 12. *Derivative Financial Instruments*); and (iv) net gain (loss) on long-term pension liability adjustment.

#### *Cash Equivalents*

Highly liquid investments with original or remaining maturities of ninety days or less at the date of purchase are considered cash equivalents.

#### *Short-Term and Long-Term Investments*

We may invest in money market funds and debt securities. In general, investments with original maturities of greater than ninety days and remaining maturities of one year or less are classified as short-term investments, and investments with maturities of more than one year are classified as long-term investments. Investments with maturities beyond one year may be classified as short-term based on their highly liquid nature and because such investments represent the investment of cash that is available for current operations. Despite the long-term maturities, we have the ability and intent, if necessary, to liquidate any of these investments in order to meet our working capital needs within our normal operating cycles.

Our debt securities, classified as held-to-maturity, are Philippine government bonds that we maintain as collateral for business transactions within the Philippines.

#### *Cash in Restricted Accounts*

Cash and cash equivalents in restricted accounts comprise primarily of monies held in escrow in connection with the Company's module sales to a customer and accounts restricted for use in connection with our leases.

### *Inventories*

Inventories are accounted for on a first-in-first-out basis and are valued at the lower of cost and net realizable value. We evaluate the realizability of our inventories based on assumptions about expected demand and market conditions. Our assumption of expected demand is developed based on our analysis of bookings, sales backlog, sales pipeline, market forecast, and competitive intelligence. Our assumption of expected demand is compared to available inventory, production capacity, future polysilicon purchase commitments, available third-party inventory, and growth plans. Our factory production plans, which drive materials requirement planning, are established based on our assumptions of expected demand. We respond to reductions in expected demand by temporarily reducing manufacturing output and adjusting expected valuation assumptions as necessary. In addition, expected demand by geography has changed historically due to changes in the availability and size of government mandates and economic incentives.

We evaluate whether losses should be accrued on inventory purchase commitments that may arise from firm, non-cancellable, and unhedged commitments for the future purchase of inventory items. Such losses are measured in the same way as inventory losses, and are recognized unless determined to be recoverable through firm sales contracts or when there are other circumstances that reasonably assure continuing sales without price decline.

We evaluate the terms of our inventory purchase agreements with suppliers, including joint ventures, for the procurement of polysilicon, ingots, wafers, and solar cells and establish accruals for estimated losses on adverse purchase commitments as necessary, such as lower of cost or net realizable value adjustments, forfeiture of advanced deposits and liquidated damages. Obligations related to non-cancellable purchase orders for inventories match current and forecasted sales orders that will consume these ordered materials, and actual consumption of these ordered materials is compared to expected demand regularly. Other market conditions that could affect the realizable value of our inventories and are periodically evaluated by us include historical inventory turnover ratio, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer concentrations, and product merchantability, among other factors. If, based on assumptions about expected demand and market conditions, we determine that the cost of inventories exceeds its net realizable value or inventory is excess or obsolete, or we enter into arrangements with third parties for the sale of raw materials that do not allow us to recover our current contractually committed price for such raw materials, we record a write-down or accrual equal to the difference between the cost of inventories and the estimated net realizable value, which may be material. If actual market conditions are more favorable, we may have higher gross margins when products that have been previously written down are sold in the normal course of business (see Note 6. *Balance Sheet Components*).

### *Property, Plant and Equipment*

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets and the remaining term of the lease. Repairs and maintenance costs are expensed as incurred.

	<b>Useful Lives in Years</b>
Buildings	20 to 30
Leasehold improvements	1 to 20
Manufacturing equipment	7 to 15
Computer equipment	2 to 7
Solar power systems	30
Furniture and fixtures	3 to 5

### Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the intangible assets as follows:

	Useful Lives in Years
Patents	12
Trademarks	2 to 3
Purchased technology	1 to 7

### Long-Lived Assets

We evaluate our long-lived assets, including property, plant and equipment, and definite-lived intangible assets, for impairment whenever events or changes in circumstances arise. This evaluation includes consideration of technology obsolescence that may indicate that the carrying value of such assets may not be recoverable. The assessments require significant judgment in determining whether such events or changes have occurred. Factors considered important that could result in an impairment review include significant changes in the manner of use of a long-lived asset or in its physical condition, a significant adverse change in the business climate or economic trends that could affect the value of a long-lived asset, significant under-performance relative to expected historical or projected future operating results, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

For purposes of the impairment evaluation, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We exercise judgment in assessing such groupings and levels. We then compare the estimated future undiscounted net cash flows expected to be generated by the asset group (including the eventual disposition of the asset group at residual value) to the asset group's carrying value to determine if the asset group is recoverable. If our estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the asset group, we record an impairment loss in the amount by which the carrying value of the asset group exceeds the fair value. Fair value is generally measured based on (i) internally developed discounted cash flows for the asset group, (ii) third-party valuations, and (iii) quoted market prices, if available. If the fair value of an asset group is determined to be less than its carrying value, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. See Note 6. *Balance Sheet Components* for additional information.

### Product Warranties

We generally provide a 25-year standard warranty for the solar panels that we manufacture for defects in materials and workmanship and for greater than promised declines in power performance. Effective from January 1, 2022, this has been extended to a 40-year standard warranty for certain Maxeon line modules in certain countries. The warranty provides that we will repair or replace any defective solar panels during the warranty period. In addition, we pass through to customers long-term warranties from the original equipment manufacturers of certain system components, such as inverters. Warranties of 25 years from solar panel suppliers are standard in the solar industry, while certain system components carry warranty periods ranging from 5 to 20 years.

The warranty excludes system output shortfalls attributable to force majeure events, customer curtailment, irregular weather, and other similar factors. In the event that the system output falls below the warranted performance level during the applicable warranty period, and provided that the shortfall is not caused by a factor that is excluded from the performance warranty, the warranty provides that we will elect to either (a) repair; (b) replace; or (c) pay the customer a liquidated damage based on the computation stipulated in the warranty agreement.

We maintain reserves to cover the expected costs that could result from these warranties. Our expected costs are generally in the form of product replacement or repair. Warranty reserves are based on our best estimate of such costs and are recognized as a cost of revenue. We continuously monitor product returns for warranty failures and

maintain a reserve for the related warranty expenses based on various factors including historical warranty claims, results of accelerated lab testing, field monitoring, vendor reliability estimates, and data on industry averages for similar products. Due to the potential for variability in these underlying factors, the difference between our estimated costs and our actual costs could be material to our combined financial statements. If actual product failure rates or the frequency or severity of reported claims differ from our estimates or if there are delays in our responsiveness to outages, we may be required to revise our estimated warranty liability. Historically, warranty costs have been within our expectations (see Note 9. *Commitments and Contingencies*).

#### *Revenue Recognition*

We sell our solar panels and balance of system components primarily to dealers, project developers, system integrators and distributors, and recognize revenue at a point in time when control of such products transfers to these customers, which generally occurs upon shipment or delivery depending on the terms of the contracts with the customer. In determining the transaction price for revenue recognition, the Company evaluates whether the price is subject to refund or adjustment in determining the consideration to which the Company expects to be entitled. There are no rights of return; however, the Company may be required to pay consideration to the customer in certain instances of delayed delivery. The Company then allocates the transaction price to each distinct performance obligation based on their relative standalone selling price, when applicable. Other than standard warranty obligations, there are no significant post-shipment obligations (including installation, training or customer acceptance clauses) with any of our customers that could have an impact on revenue recognition. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less. In the case of the existence of a significant financing component, the amount of the consideration is adjusted to reflect what the cash selling price of the promised service would have been if payments had occurred as control of the service was transferred to the customer. The discount rate used in determining the significant financing component is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. Our revenue recognition policy is consistent across all geographic areas.

#### *Cost of Revenue*

Cost of revenue includes actual cost of materials, labor and manufacturing overheads incurred for revenue-producing units shipped and includes associated warranty costs and other costs.

#### *Shipping and Handling Costs*

We account for shipping and handling activities related to contracts with customers as costs to fulfill our promise to transfer goods and, accordingly, record such costs in cost of revenue.

#### *Taxes Collected from Customers and Remitted to Governmental Authorities*

We exclude from our measurement of transaction prices all taxes assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers. Accordingly, such tax amounts are not included as a component of revenue or cost of revenue.

#### *Stock-Based Compensation*

The stock-based compensation expense for the restricted stock units (“RSUs”) is based on the measurement date fair value of the award and is recognized only for those awards expected to meet the service vesting conditions on a straight-line basis over the requisite service period of the award. For performance-based stock units (“PSUs”) grants, the expense is based on the measurement date fair value of the award and is recognized over the vesting term if the performance targets are considered probable of being achieved. Stock-based compensation expense is determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. The forfeiture rate is estimated based on SunPower and the Company’s historical experience.

#### *Advertising Costs*

Advertising costs are expensed as incurred. Advertising expense totaled approximately \$4.7 million, \$3.5 million and \$2.4 million in fiscal years 2022, 2021 and 2020, respectively.

#### *Research and Development Expense*

Research and development expense consists primarily of salaries and related personnel costs, depreciation and the cost of solar cell and solar panel materials. Research and development expense is reported net of contributions under collaborative arrangements. Subsequent to the Spin-off, the Company entered into the Collaboration Agreement with SunPower to perform research and development work in SunPower’s Silicon Valley research and development labs for the development of future technology improvements and continue to improve our expected product differentiation, which has now expired. All research and development costs are expensed as incurred.

#### *Government Grants*

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to it and the grant will be received. Government grants for the purpose of giving immediate financial support to the Company with no future related costs or obligation are recognized when received. Government grants with certain operating conditions are recorded as liability when received and will be recognized in earnings when the conditions are met.

#### *Restructuring Charges*

The Company records charges associated with approved restructuring plans to reorganize our manufacturing network, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs in connection with the termination of a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. The Company records restructuring charges based on estimated employee terminations and site closure and consolidation plans. The Company accrues for severance and other employee separation costs under these actions when it was probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

#### *Translation of Foreign Currency*

The Company and certain of its subsidiaries use their respective local currency as their functional currency. Accordingly, foreign currency assets and liabilities are translated using exchange rates in effect at the end of the period. Aggregate exchange gains and losses arising from the translation of foreign assets and liabilities are included in “Accumulated other comprehensive loss” in the Consolidated Balance Sheets. Foreign subsidiaries that use the U.S. dollar as their functional currency remeasure monetary assets and liabilities using exchange rates in effect at the end of the period. Exchange gains and losses arising from the remeasurement of monetary assets and liabilities are included in “Other, net” in the Consolidated and Combined Statements of Operations. Non-monetary assets and liabilities are carried at their historical values.



We include gains or losses from foreign currency transactions in “Other, net” in the Consolidated and Combined Statements of Operations with the other hedging activities described in Note 12. *Derivative Financial Instruments*.

#### *Concentration of Credit Risk*

We are exposed to credit losses in the event of nonperformance by the counterparties to our financial and derivative instruments. Financial and derivative instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents, investments, accounts receivable, advances to suppliers, and foreign currency forward contracts. Our investment policy requires cash and cash equivalents and investments to be placed with high-quality financial institutions and to limit the amount of credit risk from any one issuer.

We perform ongoing credit evaluations of our customers’ financial condition whenever deemed necessary. We maintain an allowance for credit losses based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer creditworthiness and current economic trends. We believe that our concentration of credit risk is limited because of our large number of customers, credit quality of the customer base, small account balances for most of these customers, and customer geographic diversification. During fiscal years 2022, 2021 and 2020, we recorded revenues of \$283.3 million, \$225.9 million and \$231.2 million, or 26.7%, 28.8% and 27.4% of total revenue, respectively, representing the sale of solar modules to SunPower. The pricing term prior to the Spin-off was made at transfer prices determined based on management’s assessment of market-based pricing terms. Subsequent to the Spin-off, pricing is based on the Supply Agreement with SunPower. Except for revenue transactions with SunPower, for fiscal years 2022 and 2021, we had no customers that accounted for at least 10% of revenue. As of January 1, 2023 and January 2, 2022, SunPower accounted for 9.6% and 9.7% of our accounts receivable, respectively. Two customers individually accounted for 10% or more of accounts receivable as of January 1, 2023,

#### *Income Taxes*

The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized which depends on the ability to generate sufficient taxable income in the related jurisdiction in the future. In evaluating our ability to recover our deferred tax assets, we consider the available evidence, including the accumulated losses, timing and amount of reversal of taxable temporary differences, and our forecast future taxable income.

The Company records accruals for uncertain tax positions when the Company believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes include the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

As applicable, interest and penalties on tax contingencies are included in “Provision for income taxes” in the Consolidated and Combined Statements of Operations and such amounts were not material for the period presented. In addition, foreign exchange gains (losses) may result from estimated tax liabilities, which are expected to be settled in currencies other than the U.S. dollar.

#### *Investments in Equity Interests*

Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for under the equity method. We record our share of the results of these entities as “Equity in losses of unconsolidated investees” on the Consolidated and Combined Statements of Operations. We monitor our investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the entities and record reductions in carrying values when necessary. The fair value of privately-held investments is estimated using the best available information as of the valuation date, including current earnings trends, discounted projected future cash flows, and other company specific

information, including recent financing rounds (see Note 6. *Balance Sheet Components* and Note 7. *Fair Value Measurements*).

#### *Variable Interest Entities (“VIE”)*

We regularly evaluate our relationships and involvement with unconsolidated VIEs and our other equity and cost method investments, to determine whether we have a controlling financial interest in them or have become the primary beneficiary, thereby requiring us to consolidate their financial results into our financial statements. If we determine that we hold a variable interest, we then evaluate whether we are the primary beneficiary. If we determine that we are the primary beneficiary, we will consolidate the VIE. The determination of whether we are the primary beneficiary is based upon whether we have the power to direct the activities that most directly impact the economic performance of the VIE and whether we absorb any losses or receive any benefits that would be potentially significant to the VIE.

#### *Noncontrolling Interests*

Noncontrolling interests represents the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to us and are presented as a separate component within Equity in the Consolidated Balance Sheets. Net losses (income) attributable to the non-controlling interests are recorded within “Net losses (income) attributable to noncontrolling interests” in the Consolidated and Combined Statements of Operations.

#### *Recently Adopted Accounting Pronouncements*

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*. The amendment reduces the number of accounting models used for convertible debt instruments and convertible preferred stock, which results in fewer embedded conversion features separately recognized from the host contracts. We adopted the ASU during the first quarter of fiscal year 2022 on a modified retrospective basis. The adoption of ASU 2020-06 impacted the Green Convertible Notes (see Note 11. *Debt and Credit Sources*) which is no longer bifurcated between liability and equity components. This resulted in an increase to the carrying value of the convertible debt by \$42.1 million. Additional paid-in-capital was reduced by \$52.2 million and \$10.1 million cumulative effect of adoption was recognized to the opening balance of accumulated deficit as of January 3, 2022.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance* which required disclosures about government assistance in the notes to the financial statements. ASU 2021-10 is effective for annual periods beginning after December 15, 2021. Early adoption is permitted and the ASU can be applied prospectively or retrospectively. The Company adopted ASU 2021-10 on its annual report of fiscal year 2022 and applied its provisions prospectively. See Note 9. *Commitments and Contingencies — Government grants* for additional information.

### **NOTE 3. NET PARENT INVESTMENT AND TRANSACTIONS WITH SUNPOWER AND TOTAENERGIES**

SunPower is a majority-owned subsidiary of TotalEnergies Solar and TotalEnergies Gaz, each a subsidiary of TotalEnergies SE. Prior to the Spin-off, we were partially owned by TotalEnergies SE through its ownership of SunPower.

In connection with the Spin-off, following the TZE Investment whereby TZE SG and an affiliate of TZE, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares. TZE Investment, TotalEnergies Solar INTL SAS (“TotalEnergies Solar”), TotalEnergies Gaz Electricité Holdings France SAS, (“TotalEnergies Gaz”, with TotalEnergies Solar, each an affiliate of TotalEnergies SE and collectively “TotalEnergies”), as holders of record of SunPower’s common stock, were issued Maxeon’s shares by way of pro rata distribution.

In April 2021, pursuant to a stock purchase agreement, dated April 13, 2021, with an affiliate of TZE, the Company sold to TZE 1,870,000 ordinary shares at a price of \$18.00 per share, in a private placement exempt from

the registration requirements of the Securities Act of 1933, as amended (the “TZE Private Placement”). As of January 1, 2023, TotalEnergies’s and TZE SG’s ownership of the Maxeon outstanding shares was approximately 24.4% and 24.0%, respectively.

#### *Transactions with SunPower*

##### *Sales to SunPower*

During fiscal years 2022, 2021 and 2020, we had sales of \$283.3 million, \$225.9 million and \$231.2 million to SunPower representing the sale of solar modules to SunPower. The pricing term prior to the Spin-off was made at transfer prices determined based on management’s assessment of market-based pricing terms. Subsequent to the Spin-off, pricing is based on the supply agreement with SunPower. Sales to SunPower were recognized in line with our revenue recognition policy for sales to third-party customers, as discussed in Note 2. *Summary of Significant Accounting Policies*. As of January 1, 2023 and January 2, 2022, accounts receivable due from SunPower related to these sales amounted to \$5.4 million and \$4.0 million, respectively.

##### *Allocation of Corporate Expenses*

As discussed in Note 1. *Basis of Presentation Prior to Spin-off*, the Consolidated and Combined Statements of Operations and Comprehensive Loss include an allocation of general corporate expenses from SunPower for certain management and support functions, prior to the Spin-off. These allocations amounted to \$9.2 million in fiscal years 2020, and were reflected in sales, general, and administrative expenses. Management believes the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by us during the period presented. Allocated costs may differ from actual costs which would have been incurred if we had operated independently during the periods presented.

In December 2015, SunPower issued 4.00% debentures due 2023, the proceeds of which were used to finance our solar cell manufacturing facility in the Philippines which relates to our historical business. As such, \$11.3 million of interest expense associated with the 4.00% debentures due 2023 is reflected in the Consolidated and Combined Statements of Operations for each of the fiscal years 2020 up to date of Spin-off to reflect our historical cost of doing business. This cost may not be indicative of the actual expense that would have been incurred had we operated as an independent, public company for the period presented nor future periods.

##### *Agreements with SunPower*

In connection with the Spin-off, we also entered into certain ancillary agreements that govern the relationships between SunPower and us following the Distribution, including: a tax matters agreement, employee matters agreement, transition services agreement, back-to-back agreement, brand framework agreement, cross license agreement, collaboration agreement, and supply agreement (collectively, the “Ancillary Agreements”).

In addition, under the Separation and Distribution Agreement with SunPower, SunPower has agreed to indemnify us for certain litigation and claims to which we are a party. The liabilities related to these claims and an offsetting receivable from SunPower are reflected on our Consolidated Balance Sheets. See Note 6. *Balance Sheet Components* and Note 9. *Commitments and Contingencies - Indemnifications*.

In February 2021, we entered into an amendment to the SunPower Supply Agreement (the “Amendment to the SunPower Supply Agreement”) that updated and amended 2021 volumes and pricing. The Amendment to the SunPower Supply Agreement also brought forward the exclusivity term for the Direct Market Segment (as defined in the SunPower Supply Agreement) from August 26, 2021 to June 30, 2021 and provided for optional sales by Maxeon and purchases by SunPower of additional product types, including Performance line panels. The purchase price for each product, subject to certain adjustments, have been fixed for 2020 and 2021 based on the power output (in watts) of the relevant product. For subsequent periods, the purchase price will be set based on a formula and fixed for the covered period, subject to the same adjustments.

On February 14, 2022, we entered into the 2022/2023 Supply Agreement which terminates and replaces the Supply Agreement, pursuant to which the Company is supplying SunPower with IBC Modules for use in residential

installations in the Domestic Territory. The 2022/2023 Supply Agreement provided for a minimum product volume and fixed pricing for 2022 and 2023 to reflect the prevailing market trends at the point of the 2022/2023 Supply Agreement, based on the power output (in watts) of the IBC Module. We amended the 2022/2023 Supply Agreement on January 5, 2023 to increase minimum product volumes, update the pricing of IBC Modules for 2023 and extend exclusivity provisions that prohibit us from selling Maxeon 6 IBC Modules to anyone other than SunPower for use in the Domestic Territory until December 31, 2023. The 2022/2023 Supply Agreement continues until December 31, 2023, subject to customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party. The pricing of our modules sold to SunPower is fixed for 2022 and 2023, based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends.

The Company and SunPower entered into the 2024/2025 Supply Agreement with an effective date of December 31, 2022. Under the 2024/2025 Supply Agreement, in 2024 and 2025 the Company will supply certain volumes of Maxeon 6 IBC Modules to SunPower for use in residential installations in the Domestic Territory. The 2024/2025 Supply Agreement continues until December 31, 2025, subject to customary early termination provisions triggered by a breach of the other party (with the right to cure) and insolvency events affecting the other party. Following the entry into the 2024/2025 Supply Agreement, the pricing of our sales to SunPower contains an indexed-pricing provision for certain production commodities. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, either party may terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions.

The below table summarizes our transactions with SunPower subsequent to the Spin-off, in relation to these agreements:

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Charges from product collaboration agreement	\$ 17,035	\$ 32,887	\$ 10,846
Net (credit) charges from transition services agreement	(3,019)	5,217	6,229

We had the following balances related to transactions with SunPower as of January 1, 2023 and January 2, 2022:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Accounts receivable	\$ 5,403	\$ 3,959
Other receivables from SunPower (Note 6)	14,703	13,979
Other receivables, non-current	1,458	1,458
Accounts payable	1,910	2,315
Accrued liabilities (Note 6)	7,769	8,361

#### Net Parent Investment

Net parent investment on the Consolidated and Combined Statements of Equity represents SunPower's historical investment in the Company, the net effect of transactions with and allocations from SunPower and the Company's accumulated earnings. Prior to the Spin-off, the Company was dependent on SunPower for its working capital and financing requirements as SunPower used a centralized approach for cash management and financing of its operations. SunPower provided funding for our operating and investing activities including pooled cash managed by SunPower treasury to fund operating expenses and capital expenditures. SunPower also directly collected our receivables. These activities were reflected as a component of net parent investment, and this arrangement is not reflective of the manner in which we would operate on a stand-alone business separate from SunPower during the period presented. Accordingly, none of SunPower's cash, cash equivalents or debt at the corporate level have been

assigned to the Company in the consolidated and combined financial statements. Net parent investment represents SunPower's interest in the recorded net assets of the Company and the net parent (distribution) contribution represents the settlement as part of the Spin-off exercise. All significant transactions between the Company and SunPower have been included in the accompanying consolidated and combined financial statements. Transactions with SunPower are reflected in the accompanying Consolidated and Combined Statements of Equity as "Net parent distribution".

#### Transactions with TotalEnergies

The following related party balances and amounts are associated with transactions entered into with TotalEnergies and its affiliates:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Accounts receivable	\$ 770	\$ 821
Accounts payable	8	—
Contract liabilities, current portion	58,852	31,069
Contract liabilities, net of current portion	4,319	23,840
Refund liabilities (Note 6)	22,146	22,566

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Revenue	\$ 76,216	\$ 14,733	\$ 73,599
Interest expense incurred on the 4.00% debentures acquired by TotalEnergies <sup>(1)</sup>	—	—	2,667

<sup>(1)</sup> Represents TotalEnergies share of the 4.00% debentures issued by SunPower in December 2015. The proceeds were used to finance our solar cell manufacturing facility in the Philippines which relates to our historical business. As such, the related interest expense was reflected in the Consolidated and Combined Statements of Operations prior to Spin-off. The related obligation on the 4.00% debentures were not transferred to us as part of the Spin-off.

#### Supply Agreements

In November 2016, SunPower and TotalEnergies entered into a 4-year, up to 200 megawatts ("MW") supply agreement to support the solarization of certain TotalEnergies facilities. The agreement covers the supply of 150 MW of Maxeon 2 panels with an option to purchase up to another 50 MW of Performance line solar panels. In March 2017, SunPower received a prepayment totaling \$88.5 million. The prepayment is secured by certain of Maxeon's assets located in Mexico.

We recognize revenue for the solar panels supplied under this arrangement consistent with our revenue recognition policy for solar power components at a point in time when control of such products transfers to the customer, which generally occurs upon shipment or delivery depending on the terms of the contracts. In the second quarter of fiscal year 2017, we started to supply TotalEnergies with solar panels under the supply agreement.

In August 2020, SunPower, TotalEnergies and Maxeon signed an assignment and assumption agreement, consent and release whereby SunPower assigned its rights and obligations under the original agreements to us as part of the Spin-off and we agreed with TotalEnergies and SunPower to make certain commercial amendments to the original agreements. On February 22, 2021, TotalEnergies, Maxeon and its affiliate SunPower System Sarl entered into a Second Amended and Restated Initial Implementing Agreement (the "Amendment to the Solarization Agreement") replacing the existing agreement, for the supply to TotalEnergies, until December 31, 2025, of approximately 70 MW of PV modules (out of the 150 MW volume committed by TotalEnergies in the Total Supply Agreement). The Amendment to the Solarization Agreement also (i) updates the list of PV modules available for

ordering by TotalEnergies, (ii) amends the pricing conditions (including the price adjustment mechanism of the existing agreement) of certain of those PV modules to reflect PV market-based pricing, (iii) provides the terms for the repayment in 12 installments by Maxeon, between the first quarter of 2023 and the fourth quarter of 2025, of the difference between the prepayment and the actual price of the 150 MW initial volume as at December 31, 2025 once the remaining 70 MW of PV modules will have been fully ordered by TotalEnergies; and (iv) provides for the release of SunPower System Sarl from the Mexican pledge of its assets upon full repayment of that difference.

As a result of the Amendment to the Solarization Agreement, \$22.1 million which is expected to be repaid to TotalEnergies is reclassified from “Contract liabilities, net of current portion” to “Other long-term liabilities” on our Consolidated Balance Sheets. As of January 1, 2023 and January 2, 2022, we had nil and \$8.1 million, respectively, of “Contract liabilities, current portion”, and \$2.2 million and \$3.5 million, respectively, of “Contract liabilities, net of current portion” on our Consolidated Balance Sheets related to the aforementioned supply agreement.

In November 2021, the Company executed an order request from Danish Fields Solar LLC, a wholly-owned subsidiary of TotalEnergies SE, for the sale of Performance line modules that is governed by a framework agreement entered into between the Company and TotalEnergies Global Procurement on October 27, 2021. After granting security interests in certain assets located in Mexico, the Company received total prepayment of \$57.1 million. The delivery of the modules is expected to be completed by the third quarter of fiscal year 2023. In March 2022, the order request was amended to change the timing of the utilization of the prepayment. The Company has assessed that the contract includes a significant financing component. Accordingly, the carrying amount for such prepayment is adjusted for the discount rate at the contract inception. As of January 1, 2023, after adjusting for the significant financing component, we have \$58.8 million of such prepayment in “Contract liabilities, current portion” on our Consolidated Balance Sheets related to the aforementioned supply agreement. The interest expense on significant financing component of \$2.4 million for fiscal year 2022, has been recognized in “Interest expense, net” in the Consolidated and Combined Statements of Operation.

#### *4.00% Debentures Due 2023*

In December 2015, SunPower issued the 4.00% debentures due 2023. An aggregate principal amount of \$100.0 million of the 4.00% debentures due 2023 were acquired by TotalEnergies. The Consolidated and Combined Statements of Operations includes \$2.7 million in interest expense related to interest charges incurred on the 4.00% debentures due 2023 for fiscal year 2020. See Note 1. *Background and Basis of Presentation* for additional details related to the 4.00% debentures due 2023.

#### **NOTE 4. TCL ZHONGHUAN RENEWABLE ENERGY TECHNOLOGY CO. LTD. (FORMERLY KNOWN AS TIANJIN ZHONGHUAN SEMICONDUCTOR CO., LTD.) (“TZE”)**

##### *Transactions with TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.) (“TZE”) and its affiliates*

During fiscal year 2021, the Company sold its entire equity interest in *Hohhot Huanju New Energy Development Co. Ltd. (“Hohhot”)* to Zhonghuan Energy (Inner Mongolia) Co., Ltd, an affiliate of TZE at a consideration of RMB 21,938,086.22 (equivalent to \$3.2 million) and this was determined based on valuation of Hohhot on December 31, 2019. The Company recognized a gain of \$0.5 million from the disposal.

In March 2016, we entered into an agreement with Dongfang Electric Corporation and TZE to form Huansheng Photovoltaic (Jiangsu) Co., Ltd., a jointly owned solar cell manufacturing facility to manufacture our Performance line modules in China. In September 2021, TZE made a capital injection of RMB270.0 million (equivalent to \$41.6 million) to Huansheng JV to facilitate the capacity expansion of Huansheng JV. The Company did not make a proportionate injection based on its equity interest in Huansheng JV which resulted in a dilution of the Company’s equity ownership from 20.0% to 16.3%. Consequently, we recorded a gain of \$3.0 million related to the deemed disposal of the equity ownership, including \$0.03 million relating to the recycling of other comprehensive income to profit or loss. The gain is presented within “Other, net” in our Consolidated and Combined Statements of Operations. As at January 1, 2023, we had an equity ownership of 16.3% in the joint venture and account for the

joint venture as an equity method investment. Please refer to Note 10 *Equity Investments* for transactions with the joint venture.

In April 2021, pursuant to a stock purchase agreement dated April 13, 2021 with an affiliate of TZE, the Company sold to TZE 1,870,000 ordinary shares at a price of \$18.00 per share, in a private placement exempt from the registration requirements of the Securities Act of 1933. As of January 1, 2023, TotalEnergies's and TZE SG's ownership of the Company's outstanding common stock was approximately 24.4% and 24.0% respectively.

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd ("TZE HK"), a subsidiary of TZE for the purchase of P-Type G12 wafers which are intended to be incorporated into the Company's Performance line modules planned for manufacture in Malaysia and Mexico and sale into the United States. The Company expects TZE HK to be its primary wafer supplier for Performance line modules and deliveries commenced in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to with TZE HK for the Company to reserve specified volumes in advance. The master supply agreement also sets out a general framework and customary operational and legal terms which govern the purchases of silicon wafer from TZE by the Company and its subsidiaries, including engineering changes, supply chain management, inspection, representations and warranties and legal compliance.

In connection with the supply agreement, we made a deposit of \$2.1 million and \$2.5 million as of January 1, 2023 and January 2, 2022, respectively, to reserve specified volumes in advance for delivery up to fiscal year 2023. As of January 1, 2023, the full prepayment of \$2.1 million is recorded in "Advances to suppliers, current portion" on the Consolidated Balance Sheets. As of January 2, 2022, prepayment of \$1.8 million and \$0.7 million is recorded in "Advances to suppliers, current portion" and "Advances to suppliers, non-current portion", respectively, on the Consolidated Balance Sheets.

On August 17, 2022, the Company completed the sale of \$207.0 million in aggregate principal amount of 7.50% first lien senior secured convertible notes due 2027 ("2027 Notes") to Zhonghuan Singapore Investment and Development Pte. Ltd ("TZE SG"), a wholly owned subsidiary of TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.) ("TZE") and an existing shareholder of the Company, at a purchase price equivalent to 97% of the principal amount of the 2027 Notes.

The following related party balances and amounts summarizes transactions entered into with TZE and its affiliates, excluding transactions with Huansheng joint venture:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Advances to suppliers, current	\$ 2,137	\$ 1,828
Prepayment for purchases	12,872	6,292
Advances to suppliers, non current	—	7,000
Convertible notes (Note 11)	207,000	-

  

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021 <sup>(1)</sup>
Payments for purchases of silicon wafer	\$ 87,228	\$ 10,392	\$ 1,322
Contractual interest expense on 2027 Notes	5,822	—	-
Proceeds for sale of investment	—	—	\$ 3,222

<sup>(1)</sup> Amount for fiscal year 2020 represents transaction subsequent to Spin-off.

**NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS**

During fiscal years 2022, 2021 and 2020, we recognized revenue for sales of modules and components from contracts with customers of \$1,060.1 million, \$783.3 million and \$844.8 million, respectively. We recognize revenue for sales of modules and components at the point that control transfers to the customer, which typically occurs upon shipment or delivery to the customer, depending on the terms of the contract. Payment terms are typically between 30 and 45 days.

*Contract Assets and Liabilities*

As of January 1, 2023 and January 2, 2022, contract assets is \$0.6 million and \$1.6 million, respectively, and has been presented within “Prepaid expenses and other current assets” and “Other long-term assets”. Contract assets consist of unbilled receivables which represent revenue that has been recognized based on the satisfaction of performance obligations in advance of billing the customer based on the contractual billing terms. During fiscal year 2022 and 2021, the decrease in contract assets of \$1.0 million and \$0.2 million, respectively, was primarily due to billings of previously unbilled receivables.

Contract liabilities consist of deferred revenue and customer advances, which represent consideration received from a customer based on the contractual payment terms prior to transferring control of goods or services to the customer under the terms of a sales contract. As of January 1, 2023 and January 2, 2022, the Company has pledged certain equipment assets and inventory of \$93.1 million and \$61.4 million, respectively, to serve as collateral for the advances from customers. During fiscal years 2022, the increase in contract liabilities of \$197.9 million was primarily due to additional customer advances, partially offset by utilization of contract liabilities previously recorded due to the completion of performance obligations. During fiscal year 2021, increase in contract liabilities of \$49.2 million was primarily due to additional customer advances, partially offset by \$22.6 million expected to be repaid to TotalEnergies that was reclassified from “Contract liabilities, net of current portion” to “Other long-term liabilities” in our Consolidated Balance Sheets and utilization of contract liabilities previously recorded due to the completion of performance obligations. During fiscal years 2022 and 2021, we recognized revenue of \$14.9 million and \$15.2 million that was included in contract liabilities as of January 2, 2022 and January 3, 2021, respectively. Except for a contract with TotalEnergies (refer to Note 3. *Net Parent Investment and Transactions with SunPower and TotalEnergies*), there is no significant financing component for the contract assets and contract liabilities.

**NOTE 6. BALANCE SHEET COMPONENTS**
*Accounts Receivable, Net*

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Accounts receivable, gross <sup>(1)</sup>	\$ 55,218	\$ 40,895
Less: allowance for credit losses	(807)	(940)
Less: allowance for sales returns	(110)	(225)
Accounts receivable, net	<u>\$ 54,301</u>	<u>\$ 39,730</u>

<sup>(1)</sup> The Company maintains factoring arrangements with two separate third-party factor agencies related to our accounts receivable from customers in Europe and the United States. As a result of these factoring arrangements, title of certain accounts receivable balances was transferred to third-party vendors, and both arrangements were accounted for as a sale of financial assets given effective control over these financial assets has been surrendered. As a result, these financial assets have been excluded from our Consolidated Balance Sheets.

In connection with the factoring arrangements, we sold accounts receivable invoices amounting to \$577.9 million and \$336.7 million in fiscal years 2022 and 2021, respectively. As of January 1, 2023 and



January 2, 2022, total uncollected accounts receivable from end customers under both arrangements were \$63.6 million and \$36.7 million, respectively.

(In thousands)	Balance at Beginning of Period	Charges to Expense	Deductions	Balance at End of Period
<b>Allowance for credit losses</b>				
Year ended January 1, 2023	\$ 940	\$ (13)	\$ (120)	\$ 807
Year ended January 2, 2022	3,768	(1,973)	(855)	940
<b>Allowance for sales returns</b>				
Year ended January 1, 2023	\$ 225	\$ (115)	\$ —	\$ 110
Year ended January 2, 2022	359	(134)	—	225

#### Inventories

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Raw materials	\$ 83,350	\$ 47,894
Work-in-process	76,718	47,953
Finished goods	143,162	116,973
Inventories	<u>\$ 303,230</u>	<u>\$ 212,820</u>

As of January 1, 2023 and January 2, 2022, the Company had reserves to reflect the inventories at lower of cost and net realizable value of \$21.3 million and \$4.9 million respectively.

#### Prepaid Expenses and Other Current Assets

(In thousands)	As of	
	January 1, 2023	January 2, 2022
VAT receivables, current portion	\$ 7,320	\$ 9,063
Tax receivables	3,819	6,843
Receivables from tolling partners	14,923	5,895
Other receivables from SunPower (Note 3)	14,703	13,979
Other receivables	19,394	4,763
Deferred issuance cost	1,652	—
Restricted cash	37,974	1,661
Prepaid expenses	24,229	14,626
Derivative financial instruments (Note 12)	703	3,526
Asset held for sale <sup>(1)</sup>	1,490	—
Other prepaid expenses and other current assets	764	1,548
Prepaid expenses and other current assets	<u>\$ 126,971</u>	<u>\$ 61,904</u>

<sup>(1)</sup> As part of the May 2021 Restructuring Plan, the Company had approved to put up the building to be sold on March 2022. The Company has managed to identify a buyer and the sales is expected to be completed during fiscal year 2023.

*Intangible Assets, Net*

<b>(In thousands)</b>	<b>Gross</b>	<b>Accumulated Amortization</b>	<b>Net</b>
As of January 1, 2023			
Trademarks and purchased technology	\$ 2,305	\$ (2,014)	\$ 291
As of January 2, 2022			
Trademarks and purchased technology	\$ 2,162	\$ (1,742)	\$ 420

Aggregate amortization expense for intangible assets totaled \$0.3 million and \$0.4 million and \$5.0 million for fiscal years 2022, 2021, and 2020 respectively.

As of January 1, 2023, the estimated future amortization expense related to definite-lived intangible assets is as follows:

<b>(In thousands)</b>		
Fiscal Year		
2023		\$ 138
2024		89
2025		50
2026		11
2027		2
Thereafter		1
Total future amortization expense		\$ 291

*Property, Plant and Equipment, Net*

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Manufacturing equipment	\$ 300,089	\$ 171,217
Land and buildings	151,763	145,134
Leasehold improvements	89,215	83,293
Solar power systems	1,300	1,337
Computer equipment	39,011	39,815
Furniture and fixtures	1,378	1,360
Construction-in-process	15,786	124,494
Property, plant and equipment, gross	598,542	566,650
Less: accumulated depreciation	(218,074)	(180,020)
Property, plant and equipment, net	\$ 380,468	\$ 386,630

Aggregate depreciation expense for property, plant and equipment totaled \$56.5 million and \$41.8 million and \$42.3 million for fiscal years 2022, 2021, and 2020 respectively.

#### Other Long-term Assets

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Equity investments without readily determinable fair value (Note 10)	\$ 4,000	\$ 4,000
Equity method investments (Note 10)	3,061	11,230
Prepaid Forward (Note 11)	34,661	32,250
Prepayment for capital expenditure	7,890	34,631
Restricted cash	2,545	24,029
Other	8,261	8,937
Other long-term assets	\$ 60,418	\$ 115,077

#### Accrued Liabilities

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Employee compensation and employee benefits	\$ 25,885	\$ 18,769
Short-term warranty reserves <sup>(1)</sup>	7,082	11,457
Restructuring reserve (Note 8)	563	1,177
Accrued interest payable	13,577	6,056
Other payables to SunPower (Note 3)	7,769	8,361
VAT payables	8,418	6,687
Derivative financial instruments (Note 12)	5,318	536
Legal accruals	7,903	7,177
Taxes payable	13,575	2,296
Unrecognized tax benefits	—	3,731
Payable to factor agencies	1,172	1,073
Refund liabilities to TotalEnergies, current portion (Note 3)	7,382	—
Repurchase obligation <sup>(2)</sup>	30,508	—
Other	6,005	11,360
Accrued liabilities	\$ 135,157	\$ 78,680

<sup>(1)</sup> Included in the warranty reserve is the short-term system warranty reserve of \$0.03 million as of January 1, 2023 and January 2, 2022, relating to SunPower's business which is indemnified by SunPower under the Separation and Distribution Agreement and accordingly, the Company has recorded the corresponding receivables under "Prepaid expense and other current assets" on the Consolidated Balance Sheets.

<sup>(2)</sup> Amount relates to obligation to the suppliers who perform toll manufacturing of wafers for the Company. The Company has sold polysilicons to these suppliers and will have to repurchase back in the form of wafers.

*Other Long-term Liabilities*

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Long-term warranty reserves	\$ 26,130	\$ 23,762
Unrecognized tax benefits	16,823	9,834
Long-term security deposit payable	2,012	1,990
Long-term pension liability	1,632	2,341
Refund liabilities to TotalEnergies, net of current portion (Note 3)	14,764	22,566
Other	2,302	546
Other long-term liabilities	<u>\$ 63,663</u>	<u>\$ 61,039</u>

- <sup>(1)</sup> Included in the warranty reserve is the long-term system warranty reserve of \$4.7 million and \$3.8 million as of January 1, 2023 and January 2, 2022, respectively, relating to SunPower's business which is indemnified by SunPower under the Separation and Distribution Agreement and accordingly, the Company has recorded the corresponding receivables under "Prepaid expense and other current assets" on the Consolidated Balance Sheets.

*Accumulated Other Comprehensive Loss*

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Cumulative translation adjustment	\$ (21,695)	\$ (18,741)
Unrecognized gain on long-term pension liability adjustment	5,105	4,208
Net unrealized (loss) gain on derivative instruments	(5,518)	2,689
Accumulated other comprehensive loss	<u>\$ (22,108)</u>	<u>\$ (11,844)</u>

**NOTE 7. FAIR VALUE MEASUREMENTS**

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement (observable inputs are the preferred basis of valuation):

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1.
- Level 3—Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

We measure certain assets and liabilities at fair value on a recurring basis. There were no transfers between fair value measurement levels during the presented periods. We did not have any assets or liabilities measured at fair value on a recurring basis requiring Level 3 inputs as of January 1, 2023 or January 2, 2022.

The following table summarizes our assets and liabilities measured and recorded at fair value on a recurring basis as of January 1, 2023 and January 2, 2022:

(In thousands)	January 1, 2023		January 2, 2022	
	Total Fair Value	Level 2	Total Fair Value	Level 2
<b>Assets</b>				
Prepaid expenses and other current assets				
Derivative financial instruments (Note 12)	\$ 703	\$ 703	\$ 3,526	\$ 3,526
Other long-term assets				
Prepaid Forward	34,661	34,661	\$ 32,250	\$ 32,250
<b>Total assets</b>	<b>\$ 35,364</b>	<b>\$ 35,364</b>	<b>\$ 35,776</b>	<b>\$ 35,776</b>
<b>Liabilities</b>				
Accrued liabilities				
Derivative financial instruments (Note 12)	5,318	5,318	536	536
<b>Total liabilities</b>	<b>\$ 5,318</b>	<b>\$ 5,318</b>	<b>\$ 536</b>	<b>\$ 536</b>

#### Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

We measure certain investments and non-financial assets (including property, plant and equipment) at fair value on a non-recurring basis in periods after initial measurement in circumstances when the fair value of such asset is impaired below its recorded cost. As of January 1, 2023, in relation to the June 2022 Restructuring Plan, we have impaired a property to its fair value. The write down of property amounting to \$0.4 million is included in the cost of disposal and retirement of property, plant and equipment under the June 2022 Restructuring Plan in Note 8. There were no other material items recorded at fair value on a non-recurring basis. As of January 2, 2022, there were no material items recorded at fair value on a non-recurring basis.

#### Held-to-Maturity Debt Securities

We have 2 held-to-maturity debt securities, namely, a Philippine government bonds and a 4-month time deposit placed with Deutsche Bank AG, Singapore Branch.

The Philippine government bonds that we maintain is used as collateral for business transactions within Philippines. These bonds have various maturity dates and are classified as "Restricted short-term marketable securities" in our Consolidated Balance Sheets. As of January 1, 2023 and January 2, 2022, these bonds had a carrying value of \$1.0 million and \$1.1 million respectively.

In September 2022, we have placed a 4-month time deposit with Deutsche Bank AG, Singapore Branch. The deposit matures in January 2023, bears interest at a rate of 3.65% per annum, and is recorded in "Short-term securities" in our Consolidated Balance Sheets. The carrying value of the time deposit as of January 1, 2023 is \$76.0 million.

For both of the held-to-maturity securities, we have recorded them at amortized cost based on our ability and intent to hold the securities until maturity. We monitor for changes in circumstances and events that would affect our ability and intent to hold such securities until the recorded amortized costs are recovered. No other-than-temporary impairment loss was incurred during the period presented.

*Non-Marketable Equity Investments*

Our non-marketable equity investments are securities in privately-held companies without readily determinable market values. On January 1, 2018, we adopted ASU 2016-01 and elected to adjust the carrying value of our non-marketable equity securities to cost less impairment, adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer. As of January 1, 2023 and January 2, 2022, we had \$4.0 million in investments accounted for under the measurement alternative method.

*Equity Method Investments*

Our investments accounted for under the equity method are described in Note 10. *Equity Investments*. We monitor these investments, which are included within “Other long-term assets” in our Consolidated Balance Sheets, for impairment and record reductions in the carrying values when necessary. Circumstances that indicate an other-than-temporary decline include Level 3 measurements such as the valuation ascribed to the issuing company in subsequent financing rounds, decreases in quoted market prices, and declines in the results of operations of the issuer.

**NOTE 8. RESTRUCTURING**

*Maxeon's Restructuring Plans*

May 2021 Restructuring Plan

In fiscal year 2021, the Company adopted a restructuring plan to reduce costs and focus on improving cash flow, primarily related to the closure of a France-based manufacturing facility in Toulouse. The Company expects less than 40 employees to be affected in connection with this restructuring plan. This represents a mixture of manufacturing and non-manufacturing employees. The restructuring activities is completed in fiscal year 2022.

June 2022 Restructuring Plan

In fiscal year 2022, the Company adopted a restructuring plan to reduce costs and focus on improving cash flow, primarily related to the closure of our module factory in Porcelette, France. The Company expects less than 30 employees to be affected in connection with this restructuring plan. This represents a mixture of manufacturing and non-manufacturing employees. The restructuring activities is expected to be completed by fiscal year 2023.

The following table summarizes the period-to-date restructuring charges by plan recognized in our Consolidated and Combined Statements of Operations:

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
<b>May 2021 Restructuring Plan:</b>			
Severance and benefits	(475)	4,313	—
Cost of disposal and retirement of property, plant and equipment	60	252	—
Total May 2021 Restructuring Plan	(415)	4,565	—
<b>June 2022 Restructuring Plan:</b>			
Severance and benefits	1,981	—	—
Cost of disposal and retirement of property, plant and equipment	599	—	—
Total June 2022 Restructuring Plan	2,580	—	—
<b>Other Restructuring:</b>			
Severance and benefits	—	1,077	—
Cost of disposal and retirement of property, plant and equipment	(47)	2,440	—
Other costs <sup>(1)</sup>	—	2	—
Total Other Restructurings	(47)	3,519	—
Total restructuring charges	\$ 2,118	\$ 8,084	\$ —

<sup>(1)</sup> Other costs primarily represent associated legal and advisory services, and costs of relocating employees.

The following table summarizes the restructuring reserve movements during fiscal year 2022:

(In thousands)	January 2, 2022	(Credits) Charges	(Payments) Recovery	January 1, 2023
<b>May 2021 Restructuring Plan:</b>				
Severance and benefits	\$ 1,177	\$ (475)	\$ (660)	\$ 42
Cost of disposal and retirement of property, plant and equipment	—	60	(60)	—
Total May 2021 Restructuring Plan	1,177	(415)	(720)	42
<b>June 2022 Restructuring Plan:</b>				
Severance and benefits	—	1,981	(1,460)	521
Cost of disposal and retirement of property, plant and equipment	—	599	(599)	—
Total June 2022 Restructuring Plan	—	2,580	(2,059)	521
<b>Other Restructuring:</b>				
Cost of disposal and retirement of property, plant and equipment	—	(47)	47	—
Total Other Restructurings	—	(47)	47	—
Total restructuring charges	\$ 1,177	\$ 2,118	\$ (2,732)	\$ 563

## NOTE 9. COMMITMENTS AND CONTINGENCIES

#### Maxeon as a lessee

We lease certain facilities under non-cancellable operating leases from third parties. As of January 1, 2023 and January 2, 2022, future minimum lease payments for facilities under operating leases were \$22.5 million and \$19.2 million, respectively, to be paid over the remaining contractual terms of up to 4.6 years. The Company has the option to extend certain leases for up to 10 years. These options are included in the lease term when it is reasonably certain that the option will be exercised.

We also lease certain buildings, machinery and equipment under non-cancellable finance leases. As of January 1, 2023 and January 2, 2022, future minimum lease payments for assets under finance leases were \$2.2 million and \$0.9 million, to be paid over the remaining contractual terms of up to 4.4 years and 1.3 years, respectively. Of the \$2.2 million, \$0.6 million is included in “Short-term debt” and \$1.6 million is included in “Long-term debt” on the Consolidated Balance Sheets as of January 1, 2023.

We have disclosed quantitative information related to the lease contracts we have entered into as a lessee by aggregating the information based on the nature of the asset such that assets with similar characteristics and lease terms are shown within one single financial statement line item.

The table below presents the summarized quantitative information with regard to lease contracts we have entered into:

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
Operating lease expense	\$ 4,173	\$ 2,875
Cash paid for amounts included in the measurement of lease liabilities		
Cash paid for operating leases	3,537	3,088
Right-of-use assets obtained in exchange for lease obligations	5,639	5,029
Weighted-average remaining lease term (in years) – operating leases	4.6	5.6
Weighted-average discount rate – operating leases	6.4 %	7.1 %

The following table presents our minimum future rental payments on leases placed in service as of January 1, 2023:

(In thousands)	Operating Leases	Finance Lease
2023	\$ 4,649	\$ 662
2024	4,760	505
2025	4,504	520
2026	4,159	536
2027	2,192	183
Thereafter	2,243	—
<b>Total lease payments</b>	<b>22,507</b>	<b>2,406</b>
Less: imputed interest	(3,470)	(214)
<b>Total</b>	<b>\$ 19,037</b>	<b>\$ 2,192</b>

#### Maxeon as a lessor

We lease certain facilities under operating leases to third parties and affiliates of Total. Some of these leases include an option to extend the lease either at the option of the lessees or upon mutual written agreement of both parties.



The following table presents our minimum future rental receivables on the operating leases as of January 1, 2023:

(In thousands)	Total	Payments Due by Fiscal Year					
		2023	2024	2025	2026	2027	Thereafter
Minimum future rental receivable	\$ 4,309	\$ 2,157	\$ 2,152	\$ —	\$ —	\$ —	\$ —

#### Purchase Commitments

We purchase raw materials for inventory and manufacturing equipment from a variety of vendors. During the normal course of business, in order to manage manufacturing lead times and help assure adequate supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure goods and services based on specifications defined by us, or that establish parameters defining our requirements. In certain instances, these agreements allow us the option to cancel, reschedule or adjust our requirements based on our business needs before firm orders are placed. Consequently, purchase commitments arising from these agreements are excluded from our disclosed future obligations under non-cancellable and unconditional commitments.

We also have agreements with several suppliers, including one of our non-consolidated investees, for the procurement of ingots, and wafers, as well as certain module-level power electronics and related equipment.

Future purchase obligations under non-cancellable purchase orders and long-term supply and service agreements as of January 1, 2023 are as follows:

(In thousands)	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025 and thereafter	Total <sup>(1)</sup>
Future purchase obligations	\$ 304,515	\$ 579	\$ —	\$ 305,094

<sup>(1)</sup> Total future purchase obligations comprised of \$184.2 million related to non-cancellable purchase orders and \$120.9 million related to long-term supply and service agreements.

During fiscal year 2022, 2021 and 2020, the total amounts purchased under the unconditional purchase obligations is \$128.3 million, \$116.7 million, and \$105.7 million, respectively.

We expect that all obligations related to non-cancellable purchase orders for manufacturing equipment will be recovered through future cash flows of the solar cell manufacturing lines and solar panel assembly lines when such long-lived assets are placed in service. Factors considered important that could result in an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets, and significant negative industry or economic trends. Obligations related to non-cancellable purchase orders for inventories match current and forecasted sales orders that will consume these ordered materials and actual consumption of these ordered materials is regularly compared to expected demand. We anticipate total obligations will be recovered because the quantities required to be purchased are expected to be utilized in the manufacture and profitable sale of solar power products in the future based on our long-term operating plans. The terms of the supply agreements are reviewed regularly by us and we assess the need for any accruals for estimated losses on adverse purchase commitments, such as lower of cost or net realizable value adjustments that will not be recovered by future sales prices, forfeiture of advanced deposits and liquidated damages, as necessary.

#### Advances to Suppliers

As noted above, we have entered into agreements with various vendors, and such agreements with one of our vendors are structured as “take or pay” contracts, that specify future quantities and pricing of products to be supplied. Certain agreements also provide for penalties or forfeiture of advanced deposits in the event we terminate

the arrangements. Under certain agreements, we were required to make prepayments to the vendors over the terms of the arrangements. As of January 1, 2023 and January 2, 2022, advances to suppliers totaled \$2.1 million and \$51.8 million, respectively, of which \$2.1 million and \$51.0 million are classified as “Advances to suppliers, current portion” in our Consolidated Balance Sheets. One supplier accounted for 100% of total advances to suppliers as of January 1, 2023 and two suppliers accounted for 100% of total advances to suppliers as of January 2, 2022.

#### *Product Warranties*

The following table summarizes the product warranty activities for fiscal years 2022 and 2021:

<b>(In thousands)</b>	<b>Fiscal Year</b>	
	<b>2022</b>	<b>2021</b>
Balance at the beginning of the period	\$ 30,616	\$ 31,129
Accruals for warranties issued during the period	6,366	3,216
Settlements and adjustments during the period	(8,635)	(3,729)
Balance at the end of the period	\$ 28,347	\$ 30,616

#### *Liabilities Associated with Uncertain Tax Positions*

Total liabilities associated with uncertain tax positions were \$16.8 million and \$13.5 million as of January 1, 2023 and January 2, 2022, respectively. Out of these balance, \$16.8 million and \$9.8 million are included within “Other long-term liabilities” in our Consolidated Balance Sheets as of January 1, 2023 and January 2, 2022, respectively as they are not expected to be paid within the next 12 months. Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement, if any, would be made for our liabilities associated with uncertain tax positions in Other long-term liabilities.

#### *Defined Benefit Pension Plans*

Prior to the Spin-off, SunPower maintained defined benefit pension plans for certain of our employees and they continue to be part of these pension plans after the Spin-off and the maintenance of such defined benefit pension plans has been transferred to the Company. Benefits under these plans are generally based on an employee’s age, years of service and compensation. Funding requirements are determined on an individual country and plan basis and are subject to local country practices and market circumstances. The funded status of the pension plans, which represents the difference between the benefit obligation and fair value of plan assets, is calculated on a plan-by-plan basis. We have elected to measure plan assets and benefit obligation using the month-end that is closest to our fiscal year-end. The benefit obligation and related funded status are determined using assumptions as of the end of each fiscal year. We recognize the overfunded or underfunded status of our pension plans as an asset or liability on our Consolidated Balance Sheets. As of January 1, 2023 and January 2, 2022, the underfunded status of our pension plans presented within “Other long-term liabilities” on our Consolidated Balance Sheets was \$1.6 million and \$2.3 million, respectively. The impact of transition assets and obligations and actuarial gains and losses are recorded within “Accumulated other comprehensive loss” and are generally amortized as a component of net periodic cost over the average remaining service period of participating employees. We recorded a gain of \$0.9 million for fiscal year 2022, a gain of \$0.8 million for fiscal year 2021 and a loss of \$0.3 million for fiscal year 2020 related to our benefit plans.

Our entity in Philippine has a tax qualified defined benefit plan covering its regular employees. Under the plan, all employees of the entity who have not reached the age of 60 are qualified and become automatically members of the plan.

The Fund is administered by a trustee bank, under a Trust Agreement, designated by the Philippines’ subsidiary acting through the Retirement Committee. The Trustee shall have administrative control over the

management of the Fund, and shall be vested with all powers, authority and discretion necessary or expedient for that purpose, in addition to any express powers conferred by the Trust Agreement. The Trustee may adopt and prescribe such rules and regulations as are necessary for the efficient administration of the Fund, provided such are not inconsistent with the Rules and Regulations of the Retirement Plan.

Under the existing regulatory framework in Philippine, it requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreement shall not be less than those provided under the law. The law does not require minimum funding of the plan.

#### *Indemnifications*

In the ordinary course of business, the Company enters into contractual arrangements under which the Company may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of the Company or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. Historically, payments made related to these indemnifications have been immaterial.

Similarly, the Company enters into contractual arrangements under which SunPower or other third parties agrees to indemnify the Company for certain litigation and claims to which we are a party. As the exposure related to these claims are directly attributable to the Company's historical operations, the Company has recognized a receivable from SunPower in the amount of \$4.6 million as of January 1, 2023, consistent with the Company's recognition and measurement principles and assumptions. The receivable balances are recorded in "Prepaid expenses and other current assets" in the Consolidated Balance Sheets.

#### *Legal Matters*

We are a party to various litigation matters and claims that arise from time to time in the ordinary course of our business. While we believe that the ultimate outcome of such matters will not have a material adverse effect on us, their outcomes are not determinable and negative outcomes may adversely affect our financial position, liquidity, or results of operations. In addition, under the Separation and Distribution Agreement entered into with SunPower in connection with the Spin-off, SunPower indemnifies us for certain litigation claims to which certain of our subsidiaries are named the defendant or party. The liabilities related to these legal claims and an offsetting receivable from SunPower are reflected on our Consolidated Balance Sheets as of January 1, 2023 and January 2, 2022. Please refer to Note 3. *Net Parent Investment and Transactions with SunPower and TotalEnergies*.

During fiscal year 2022, the Company has received a legal claim from a supplier. The Company has made a provision for the estimated amount of exposure in relation to this claim in "Accrued liabilities" on the Consolidated Balance Sheets as of January 1, 2023. The Company is not able to estimate the possible cost or liabilities in excess of the accrual.

#### *Letters of Credit and Bank Guarantees*

The Company provides standby letters of credit or other guarantee instruments to various parties as required for certain transactions initiated during the ordinary course of business, to guarantee the Company's performance in accordance with contractual or legal obligations. As of January 1, 2023, the maximum potential payment obligation that the Company could be required to make under these guarantee agreements was \$46.1 million. The contractual terms of the guarantees range from 1 month to 45 months. We have not recorded any liability in connection with these guarantee agreements beyond that required to appropriately account for the underlying transaction being guaranteed. We do not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under these guarantee agreements. Certain guarantee agreements are collateralized by restricted cash totaling to \$39.7 million which is included in "Prepaid expenses and other current assets" and "Other long-term assets" on the Consolidated Balance Sheets as of January 1, 2023.

#### *Government grant*

For the fiscal year 2022, the Company has recognized government grant of \$0.7 million. Of which, \$0.3 million and \$0.4 million is recorded in “Cost of revenue” and “Operating expenses”, respectively, on the Consolidated and Combined Statements of Operations. In connection to such government grant, the Company has not received \$0.5 million of such grant and the related receivable is included in “Prepaid expenses and other current assets” on the Consolidated Balance Sheets as of January 1, 2023. The Company has recognized the grant when there is reasonable assurance, and it is probable that the Company meets the conditions and the grant will be received.

#### NOTE 10. EQUITY INVESTMENTS

##### Equity Method Investments

###### *Huansheng Photovoltaic (Jiangsu) Co., Ltd (“Huansheng”)*

In March 2016, SunPower entered into an agreement with Dongfang Electric Corporation and TZE. to form Huansheng Photovoltaic (Jiangsu) Co., Ltd., a jointly owned solar cell manufacturing facility to manufacture our Performance line modules in China. The joint venture is based in Yixing City in Jiangsu Province, China. In March 2016, we made an initial \$9.2 million investment for a 15% equity ownership interest in the joint venture, which was accounted for under the cost method. In February 2017, we invested an additional \$9.0 million which included an investment of \$7.7 million and reinvested dividends of \$1.3 million, bringing our equity ownership to 20% of the joint venture. In February and April 2018, we invested an additional \$6.3 million and \$7.0 million (net of \$0.7 million of dividends reinvested), respectively, maintaining our equity ownership at 20% of the joint venture. In September 2021, TZE made a capital injection of RMB270.0 million (equivalent to \$41.6 million) to Huansheng JV to facilitate the capacity expansion of Huansheng JV. The Company did not make a proportionate injection based on its equity interest in Huansheng JV which resulted in a dilution of the Company's equity ownership from 20.0% to 16.3%. Consequently, we recorded a gain of \$3.0 million related to the deemed disposal of the equity ownership, including \$0.03 million relating to the recycling of other comprehensive income to profit or loss. The gain is presented within “Other, net” in our Consolidated and Combined Statements of Operations.

We have concluded that we are not the primary beneficiary of the joint venture because, although we are obligated to absorb losses and has the right to receive benefits, we alone do not have the power to direct the activities of the joint venture that most significantly impact its economic performance. We account for our investment in the joint venture using the equity method because we are able to exercise significant influence over the joint venture due to our board position. The Company is not contractually obligated to provide additional funding to the joint venture and therefore, the maximum exposure to loss is restricted to the carrying amount of the investment as disclosed on the Consolidated Balance Sheets.

For the fiscal years 2022, 2021 and 2020, the equity method investment held by the Company in Huansheng JV have met the significance criteria as defined under Rule 4-08(g) of Regulation S-X. The summarized financial information as of January 1, 2023 and January 2, 2022 and for the fiscal years ended 2022, 2021 and 2020 is as follows:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Current assets	\$ 556,744	\$ 581,048
Non-current assets	615,107	524,831
Current liabilities	444,202	323,664
Non-current liabilities	304,088	321,557
Non-controlling interest	395,173	402,526

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Revenue	\$ 1,619,358	\$ 1,018,731	\$ 419,582
Gross (loss) profit	\$ (40,099)	25,204	28,108
Loss from operations	\$ (177,283)	(27,427)	(10,013)
Net loss	\$ (159,888)	(126,338)	(13,386)
Net loss attributable to Huansheng JV	\$ (62,820)	(95,939)	(14,599)

Related-party transactions with Huansheng JV are as follows:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Accounts payable	\$ 38,452	\$ 64,498

(In thousands)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Payments made to investee for products/services	\$ 114,518	\$ 140,610	\$ 267,247

*Huaxia CPV (Inner Mongolia) Power Co., Ltd. (“CCPV”)*

In December 2012, SunPower entered into an agreement with TCL Zhonghuan Renewable Energy Technology Co. Ltd. (formerly known as Tianjin Zhonghuan Semiconductor Co., Ltd.) (“TZE”), Inner Mongolia Power Group Co. Ltd. and Hohhot Jinqiao City Development Company Co., Ltd. to form CCPV, a jointly owned entity to manufacture and deploy our low-concentration PV (“LCPV”) concentrator technology in Inner Mongolia and other regions in China. CCPV is based in Hohhot, Inner Mongolia. The establishment of the entity was subject to approval of the PRC government, which was received in the fourth quarter of fiscal year 2013. In December 2013, we made a \$16.4 million equity investment in CCPV, for a 25% equity ownership.

We have concluded that we are not the primary beneficiary of CCPV because, although we are obligated to absorb losses and have the right to receive benefits, we alone do not have the power to direct the activities of CCPV that most significantly impact its economic performance. We account for our investment in CCPV using the equity method because we are able to exercise significant influence over CCPV due to our board position. Due to changes in certain facts and circumstances, in fiscal year 2017, we impaired the entire amount of this investment.

*Equity Investments without Readily Determinable Fair Value*

*Deca Technologies, Inc.*

In September 2010, SunPower entered into an agreement to purchase preferred shares of Deca Technologies, Inc., a subsidiary of Cypress Semiconductor, that commercializes a proprietary electronic system interconnect technology. The investment was intended to monetize our intellectual property and capabilities in an adjacent field and potential co-development opportunities in the future. Pursuant to the share purchase agreement, we are entitled to certain liquidation and conversion rights of holders of such preferred shares. Concurrent with the purchase agreement, we also entered into a lease and facility service agreement and license agreement. During fiscal year 2020, in connection with an equity transaction with a third-party investor, the Company agreed to give up the liquidation and conversion rights in exchange for two transactions which increased the equity ownership to 8%, together with a cash dividend of \$2.5 million representing a return of capital. In addition, we recorded a gain of \$1.3 million related to an increase in the fair value of our investment, based on observable market transactions with the third-party investor. The gain is presented within “Other, net” on our Consolidated and Combined Statements of Operations. As of January 1, 2023 and January 2, 2022, our total equity investment in Deca Technologies, Inc. was \$4.0 million.

*Hohhot Huanju New Energy Development Co. Ltd. (“Hohhot”)*

In November 2015, SunPower entered into an agreement with Zhonghuan Energy (Inner Mongolia) Co. Ltd and another investor to form Hohhot Huanju New Energy Development Co. Ltd, a jointly owned entity to develop, construct and operate a photovoltaic station up to 300 MW. Hohhot is based in Hohhot, Inner Mongolia. In December 2017, we made a \$2.7 million equity investment in Hohhot, for a 4.6% equity ownership. During fiscal year 2020, we disposed the entire equity ownership in Hohhot to Zhonghuan Energy (Inner Mongolia) Co. Ltd at a consideration of RMB 21.9 million (equivalent to \$3.2 million), determined based on valuation of Hohhot’s net assets and we recorded a gain of \$0.5 million. This gain was presented within “Other, net” on our Consolidated and Combined Statements of Operations.

Our equity investments consist of equity method investments and equity investments without readily determinable fair value. The below table represents the Company maximum exposure to loss of the equity investments where the Company is not the primary beneficiary.

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Equity method investment	\$ 3,061	\$ 11,230
Equity investments without readily determinable fair value	4,000	4,000
<b>Total equity investments</b>	<b>\$ 7,061</b>	<b>\$ 15,230</b>

*Variable Interest Entities (“VIE”)*

A VIE is an entity that has either (i) insufficient equity to permit the entity to finance its activities without additional subordinated financial support, or (ii) equity investors who lack the characteristics of a controlling financial interest. Under ASC 810, Consolidation, an entity that holds a variable interest in a VIE and meets certain requirements would be considered to be the primary beneficiary of the VIE and is required to consolidate the VIE in its consolidated financial statements. In order to be considered the primary beneficiary of a VIE, an entity must hold a variable interest in the VIE and have both:

- The power to direct the activities that most significantly impact the economic performance of the VIE; and
- The right to receive benefits from, or the obligation to absorb losses of the VIE that could be potentially significant to the VIE.

We follow guidance on the consolidation of VIEs that requires companies to utilize a qualitative approach to determine whether it is the primary beneficiary of a VIE. The process for identifying the primary beneficiary of a VIE requires consideration of the factors that indicate a party has the power to direct activities that most significantly impact the investees' economic performance, including powers granted to the investees' governing board and, to a certain extent, a company's economic interest in the investee. We analyze our investments in VIEs and classify them as either:

- A VIE that must be consolidated because we are the primary beneficiary or the investee is not a VIE and we hold the majority voting interest with no significant participative rights available to the other partners; or
- A VIE that does not require consolidation because we are not the primary beneficiary or the investee is not a VIE and we do not hold the majority voting interest.

As part of the above analysis, if it is determined that we have the power to direct the activities that most significantly impact the investees' economic performance, we consider whether or not we have the obligation to absorb losses or rights to receive benefits of the VIE that could potentially be significant to the VIE.

### Consolidated VIE

To comply with local government laws in the Philippines, SPML Land, Inc. (“SPML Land”) was formed on July 20, 2006 to own land, buildings and equipment that is leased by SPML Land to SunPower Philippines Manufacturing Limited (“SPML”), which is a subsidiary of the Company. SPML owns 40% equity interest in SPML Land and certain SPML employees own the remaining 60% equity interest in SPML Land. Financing for the capital expenditure of SPML Land is provided by SPML.

Based on the relevant accounting guidance summarized above, we have concluded that we are the primary beneficiary as we have the power to direct the activities that significantly impact its economic performance and we have exposure to significant profits or losses, and as such, we consolidate the entity.

The aggregate carrying amounts of the total assets and total liabilities of SPML Land as of January 1, 2023 were \$21.7 million and \$4.2 million respectively and as of January 2, 2022 were \$22.4 million and \$7.7 million, respectively.

## NOTE 11. DEBT AND CREDIT SOURCES

### Green Convertible Notes

On July 17, 2020, Maxeon issued \$200.0 million aggregate principal amount of its 6.5% Green Convertible Senior Notes due 2025 (“Green Convertible Notes”), if not earlier repurchased or converted. The Green Convertible Notes are senior, unsecured obligations of Maxeon and will accrue regular interest at a rate of 6.5% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. Upon satisfaction of the relevant conditions, the Green Convertible Notes will be convertible into Maxeon shares at an initial conversion price of \$18.19 per share and an initial conversion rate of 54.9611 Maxeon shares per \$1,000 principal amount of Green Convertible Notes. The conversion rate and conversion price will be subjected to adjustment in specified circumstances. We will settle conversions by paying or delivering, as applicable, cash, Maxeon shares or a combination of cash and Maxeon shares, at our election. The Green Convertible Notes will be also redeemable, in whole or in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon’s option at any time, and from time to time, on or after July 17, 2023 and on or before the 60th scheduled trading day immediately before the maturity date, but only if the last reported sale price per ordinary share of Maxeon exceeds 130% of the conversion price for a specified period of time. In addition, the Green Convertible Notes will be redeemable, in whole and not in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon’s option in connection with certain changes in tax law. Upon the occurrence of a fundamental change (as defined in the Indenture), noteholders may require Maxeon to repurchase their Green Convertible Notes for cash. The repurchase price will be equal to the principal amount of the Green Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

Prior to the adoption of ASU 2020-06, the Green Convertible Notes was classified as a financial instrument that had both an equity and liability component. The liability component was recorded at fair value on initial recognition with the residual accounted for in equity. Subsequently, the liability portion was recorded at amortized cost. As a result of adopting ASU 2020-06, the Company made certain adjustments to its accounting for the Green Convertible Notes. The adoption of ASU 2020-06 eliminated the bifurcation of the liability and equity components of the Green Convertible Notes into a single liability instrument. As a result of the adoption, the carrying amount of the Green Convertible Notes increased by \$42.1 million to \$187.8 million as of January 3, 2022. Additional paid-in-capital was reduced by \$52.2 million and \$10.1 million cumulative effect of adoption was recognized to the opening balance of accumulated deficit as of January 3, 2022.

As at January 1, 2023 and January 2, 2022, the net carrying amount of the Green Convertible Notes was \$191.3 million and \$145.8 million respectively, recorded in “Convertible debt” on the Consolidated Balance Sheets. The fair value of the Green Convertible Notes was \$218.6 million and \$218.5 million respectively, determined using Level 2 inputs based on market prices as reported by an independent pricing source and the face value of the debt is \$200.0 million.

As of January 1, 2023 and January 2, 2022, included in the net carrying amount of the Green Convertible Notes is the unamortized debt issuance cost of \$8.7 million, to be amortized over a term of the note until 2025.

As of January 2, 2022, the net carrying amount of the equity component was \$52.2 million, recorded in “Additional paid-in capital” in the Condensed Consolidated Balance Sheets. Included in the net carrying amount of the Green Convertible Notes as of January 2, 2022 was the unamortized discount of \$45.5 million to be amortized over the term of the Green Convertible Notes until 2025, based on an effective interest rate of 15.7%. Following the adoption of ASU 2020-06, both components had been eliminated.

For fiscal year 2022 and 2021, the total interest expense arising from the convertible note that is recorded in the Consolidated and Combined Statements of Operation is \$16.4 million and \$23.7 million respectively. Included in the total interest expense are the coupon interest of \$13.0 million for both fiscal year 2022 and 2021. The amortization of debt issuance costs and debt discount is \$3.4 million and \$10.7 million for fiscal year 2022 and 2021, respectively.

As at January 1, 2023, the if-converted value of the Green Convertible Notes is below the outstanding principal amount by \$23.5 million while as at January 2, 2022, the if-converted value is below the outstanding principal amount by \$47.2 million.

### **Physical Delivery Forward**

On July 17, 2020 and in connection with the issuance of the Green Convertible Notes, the Company entered into a privately negotiated forward-starting physical delivery forward transaction (the “Physical Delivery Forward”) with Merrill Lynch International (the “Physical Delivery Forward Counterparty”), with respect to approximately \$60.0 million worth of ordinary shares (the “Physical Delivery Maxeon Shares”), pursuant to which the Physical Delivery Forward Counterparty agreed to deliver the Physical Delivery Maxeon Shares to Maxeon or a third-party trustee designated by Maxeon for no consideration at or around the maturity of the Green Convertible Notes subject to the conditions set forth in the agreements governing the Physical Delivery Forward. The Physical Delivery Forward became effective on the first day of the 15 consecutive trading days commencing on September 9, 2020 and ended on September 29, 2020 (the “Note Valuation Period”).

The Company filed a registration statement on Form F-3 with the SEC on September 2, 2020. On September 9, 2020, Maxeon filed a final prospectus supplement related to the offering of up to \$60.0 million of its ordinary shares in connection with the Physical Delivery Forward. Up to Note Valuation date on September 29, 2020, we issued and sold \$58.5 million out of the approximately \$60.0 million worth of shares in the Physical Delivery Forward, representing 3.8 million shares issued with the weighted average underwritten price of \$15.40. The related shares are excluded from both basic and diluted loss per share calculation as this is an own share lending arrangement. During the Note Valuation Period, the Physical Delivery Forward was a liability classified financial instrument that is remeasured to fair value as it represents a net cash settled provision that is akin to an obligation to repurchase the Company's stock. At the end of the Note Valuation Period, the carrying amount of the Physical Delivery Forward was \$64.1 million and a gain of \$8.5 million was recorded in Other (expense) income, net in the Consolidated and Combined Statements of Operations. The fair value of the Physical Delivery Forward was affected by the Company's share price and other factors impacting the valuation model. This was subsequently reclassified to equity after remeasurement, at the end of the Note Valuation Period, and thereafter will not be subsequently remeasured.

### **Prepaid Forward**

On July 17, 2020 and in connection with the issuance of the Green Convertible Notes, Maxeon entered into a privately negotiated forward-starting forward share purchase transaction (the “Prepaid Forward”) with Merrill Lynch International (the “Prepaid Forward Counterparty”), pursuant to which Maxeon will repurchase approximately \$40.0 million worth of ordinary shares, subject to the conditions set forth therein, including receipt of required shareholder approvals on an annual basis.

The Prepaid Forward became effective on the first day of the Note Valuation Period. The number of ordinary shares of Maxeon to be repurchased under the Prepaid Forward is determined based on the arithmetic average of the



volume-weighted average prices per ordinary share of Maxeon over the Note Valuation Period, subject to a floor price and subject under Singapore law to a limit in aggregate of no more than 20% of the total number of ordinary shares in Maxeon's capital as of the date of the annual shareholder repurchase approval (calculated together with the number of ordinary shares to be repurchased in connection with the Physical Delivery Forward), and Maxeon will prepay the purchase price for the Prepaid Forward in cash using a portion of the net proceeds from the sale of the Green Convertible Notes. Under the terms of the Prepaid Forward, the Prepaid Forward Counterparty will be obligated to deliver the number of ordinary shares of Maxeon underlying the transaction to Maxeon which is 2.5 million shares, or pay cash to the extent Maxeon fails to provide to Prepaid Forward Counterparty evidence of a valid shareholder authorization, on or shortly after the maturity date of the Green Convertible Notes, subject to the ability of the Prepaid Forward Counterparty to elect to settle all or a portion of the transaction early.

The Prepaid Forward is classified as an asset and remeasured to fair value at the end of each reporting period, with changes in fair value booked in earnings as the contract includes provisions that could require cash settlement. As of January 1, 2023 and January 2, 2022, the carrying amount of the Prepaid Forward is \$35.7 million and \$32.3 million respectively, and is recognized as "Other long-term assets" in the Consolidated Balance Sheets. The remeasurement to fair value for fiscal year 2022 and 2021 was a gain of \$3.4 million and a loss of \$34.5 million respectively, recorded as Other (expense) income, net in the Consolidated and Combined Statements of Operations. The fair value of the Prepaid Forward is affected by the Company's share price and other factors impacting the valuation model.

## 2027 Convertible Notes

On August 17, 2022, Maxeon completed its sale of \$207.0 million aggregate principal amount of 7.5% first lien senior secured convertible notes due 2027 ("2027 Notes") to TZE SG at a purchase price equivalent to 97% of the principal amount of the 2027 Notes. The 2027 Notes will accrue regular interest at a rate of 7.5% per annum, payable semi-annually in arrears on February 17 and August 17 of each year, beginning on February 17, 2023. Payment of interest will take the following forms: (a) the initial 3.5% of the total 7.5% interest payable on an interest payment date shall be paid in cash and (b) the remaining 4.0% of interest payable on such interest payment date may be paid, at the Company's election, (i) in cash, (ii) by increasing the principal amount of the outstanding 2027 Notes or by issuing additional 2027 Notes in a corresponding amount (the "PIK Notes"), in accordance with the terms and conditions of the Indenture, (iii) if subject to certain conditions, in ordinary shares of the Company (the "Shares"), and/or (iv) a combination of any two or more forms of payment as described in (i) through (iii). The payment of principal and interest are jointly and severally unconditionally guaranteed, on a senior secured basis, by certain subsidiaries of the Company.

From and after August 17, 2022 until the fifth scheduled trading day immediately preceding August 17, 2027, the holder of 2027 Notes may, at its option, convert its 2027 Notes at an initial conversion price of \$23.13 per ordinary shares and an initial conversion rate of 43.2301 ordinary shares for \$1,000 principal amount of 2027 Notes, in accordance with the terms and conditions of the indenture dated August 17, 2022 (the "Indenture"). The conversion rate and conversion price will be subjected to adjustment in specified circumstances. The Company can elect to settle the conversions by paying or delivering, as applicable, cash, ordinary shares of the Company or a combination of cash and ordinary shares of Maxeon. The 2027 Notes will be also redeemable, in whole or in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option at any time, and from time to time, on or after August 17, 2024, if the closing sale price per Share exceeds 130% of the Conversion Price then in effect on at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date of the redemption notice. In addition, the 2027 Notes will be redeemable, in whole and not in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option in connection with certain changes in tax law. Upon the occurrence of a fundamental change (as defined in the Indenture), noteholders may require Maxeon to repurchase their 2027 Notes for cash. The repurchase price will be equal to the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

As at January 1, 2023, the net carrying amount of the 2027 Notes was \$187.3 million, recorded in "Convertible debt" on the Consolidated Balance Sheets. The fair value of the 2027 Notes was \$199.5 million, determined using

Level 2 inputs based on market prices as reported by an independent pricing source and the face value of the debt is \$207.0 million. As of January 1, 2023, the unamortized debt issuance cost and debt discount is \$19.7 million. For fiscal year 2022, the total interest expense arising from the 2027 Notes that is recorded in the Consolidated and Combined Statements of Operation is \$7.1 million. As of January 1, 2023, the if-converted value of the 2027 Notes is below the outstanding principal amount by \$63.3 million.

As at January 1, 2023, the Company has pledged certain assets as collaterals for the 2027 Notes. The carrying amount of the assets pledged as collaterals is \$2,447 million (inclusive of intercompany balances not reflected on the consolidated balance sheet). The collaterals includes pledges of the shares of (or other ownership of equity interests in) certain subsidiaries and certain other material assets (including intellectual properties) to the extent the pledges are not restricted under existing regulations, law or contractual obligations.

#### **Other Debt and Credit Sources**

In June 2018, SunPower entered into a Revolving Credit agreement which entitles us to an uncommitted, on demand import and export combined financing of \$50.0 million through Standard Chartered Bank Malaysia Berhad at a 1.5% per annum over LIBOR interest rate over a maximum financing tenor of 90 days. The interest rate for the Revolving Credit agreement was updated to 1.5% per annum over SOFR interest rate over a maximum financing tenor of 90 days in August 2022. As at January 1, 2023 and January 2, 2022, the outstanding amount and face value of this outstanding debt was \$50.0 million and \$24.7 million respectively. The total amount is recorded in "Short-term debt" on the Consolidated Balance Sheets and matures in fiscal year 2023 and 2022 respectively. During the fiscal years 2022 and 2021, the Company recorded interest expense of \$1.6 million and \$0.5 million, respectively, related to this debt, which is reported as interest expense on the Consolidated and Combined Statements of Operations.

Certain of our subsidiaries had debt facilities with a syndicate of lenders entered on July 14, 2020 which were terminated and the availability period of the draw down expired in fiscal year 2021. In connection with the expiration and termination of these debt facilities, a loss on extinguishment of debt of \$5.1 million was recognized. The charge to earnings from the debt issuance cost was \$2.6 million and \$1.7 million for fiscal year 2021 and 2020 respectively, which is reported as "Interest expense" on the Consolidated and Combined Statements of Operations.

**NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS**

The following tables present information about our hedge instruments measured at fair value on a recurring basis as of January 1, 2023 and January 2, 2022 all of which utilize Level 2 inputs under the fair value hierarchy:

(In thousands)	Balance Sheet Classification	January 1, 2023	January 2, 2022
<b>Assets:</b>			
Derivatives designated as hedging instruments:			
Foreign currency forward option contracts	Prepaid expenses and other current assets	\$ 64	\$ 2,878
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	63	14
		<u>\$ 127</u>	<u>\$ 2,892</u>
Derivatives not designated as hedging instruments:			
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	\$ 576	\$ 634
		<u>\$ 703</u>	<u>\$ 3,526</u>
<b>Liabilities:</b>			
Derivatives designated as hedging instruments:			
Foreign currency forward option contracts	Accrued liabilities	\$ 213	\$ 536
Foreign currency forward exchange contracts	Accrued liabilities	5,105	—
		<u>\$ 5,318</u>	<u>\$ 536</u>

January 1, 2023			
(In thousands)	Gross Amounts	Net Amounts Presented	Gross Amounts Not Offset in the Consolidated Balance Sheet, but Have Rights to Offset
			Financial Instruments
Derivative assets	\$ 703	\$ 703	\$ 703
Derivative liabilities	5,318	5,318	5,318

January 2, 2022			
(In thousands)	Gross Amounts	Net Amounts Presented	Gross Amounts Not Offset in the Combined Balance Sheet, but Have Rights to Offset
			Financial Instruments
Derivative assets	\$ 3,526	\$ 3,526	\$ 3,526
Derivative liabilities	536	536	536

We recorded a loss of \$1.5 million, a loss of \$3.4 million, and a gain of \$3.0 million on these derivative instruments during fiscal year 2022, 2021 and 2020 respectively under “Other, net” in the Consolidated and Combined Statements of Operations.

As of January 2, 2022, there was a cumulative gain of \$2.7 million recorded in “Accumulated Other Comprehensive Loss” (“OCL”) in connection with the derivatives designated as cash flow hedges. During fiscal year 2022, we recognized an unrealized gain of \$7.3 million and reclassified \$15.5 million of gain from OCL to profit or loss, with a net loss on derivatives of \$8.2 million in the OCL. As of January 1, 2023, the cumulative loss in OCL for the derivatives was \$5.5 million.

During fiscal year 2021, we recognized an unrealized gain of \$5.8 million and reclassified \$2.6 million of gain from OCL to profit or loss, with a net gain on derivatives of \$3.2 million in the OCL.

We classify cash flows related to derivative financial instruments as operating activities in our Consolidated and Combined Statements of Cash Flows.

#### *Foreign Currency Exchange Risk*

##### *Designated Derivatives Hedging Cash Flow Exposure*

Our cash flow exposure primarily relates to anticipated third-party foreign currency revenues and expenses. We derive a portion of our revenues in foreign currencies as part of our ongoing business operations. In addition, a portion of our assets are held in foreign currencies. We enter into foreign currency option contracts and foreign currency forward exchange contracts designated as cash flow hedges to hedge certain forecasted revenue transactions denominated in Euros and Australian dollars. We also enter into foreign currency forward contracts designated as cash flow hedges to hedge certain forecasted purchase transactions denominated in Chinese Renminbi. Our foreign currency forward and option contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions that are independent of those exposures.

As of January 1, 2023 and January 2, 2022, the derivatives designated as hedging instruments for either gross external or intercompany revenue up to our net economic exposure had notional values of \$213.3 million and \$121.3 million respectively. These derivatives have a maturity of ten months or less. The effective portion of these cash flow hedges is reclassified into revenue when third-party revenue is recognized in our Consolidated and Combined Statements of Operations.

As of January 2, 2022, the derivatives designated as hedging instrument for purchases had a notional value of \$22.6 million. These derivatives had a maturity of three months or less. The effective portion of these cash flow hedges is reclassified into cost of revenue when the cost of the purchase is recognized in our Consolidated and Combined Statements of Operations.

##### *Non-Designated Derivatives Hedging Transaction Exposure*

Derivatives not designated as hedging instruments consist of forward contracts used to hedge re-measurement of foreign currency denominated monetary assets and liabilities primarily for intercompany transactions, receivables from customers, and payables to third parties. Changes in exchange rates between our subsidiaries’ functional currencies and the currencies in which these assets and liabilities are denominated can create fluctuations in our reported combined financial position, results of operations and cash flows. As of January 1, 2023, to hedge balance sheet exposure, we held foreign currency forward contracts with an aggregate notional value of \$14.9 million. These foreign currency forward contracts have maturity of three months or less. As of January 2, 2022, to hedge balance sheet exposure, we held foreign currency forward contracts with an aggregate notional value of \$53.6 million. These contracts matured in January 2022.

#### *Credit Risk*

Our option and forward contracts do not contain any credit-risk-related contingent features. We are exposed to credit losses in the event of nonperformance by the counterparties to these option and forward contracts. We enter

into derivative contracts with high-quality financial institutions and limit the amount of credit exposure to any single counterparty. In addition, we continuously evaluate the credit standing of our counterparties.

### NOTE 13. INCOMES TAXES

Prior to Spin-off, the Company's income tax expense and deferred tax balances have been calculated on a separate return basis as if the Company filed its own tax returns, although its operations have been included in SunPower's U.S. federal, state and non-U.S. tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company were a separate taxpayer and a standalone enterprise for the period presented.

#### Provision for Income Taxes

The components of current and deferred income tax expense reflected in the Consolidated and Combined Statements of Operations are as follows:

(In thousands)	Fiscal Year		
	2022	2021	2020
Provision for income taxes:			
Current tax (expense) benefits	\$ (13,239)	\$ 3,952	\$ (12,644)
Deferred tax (expense) benefit	(18,952)	(4,155)	517
Provision for income taxes	<u>\$ (32,191)</u>	<u>\$ (203)</u>	<u>\$ (12,127)</u>

The provision for income taxes differs from the amounts obtained by applying the statutory Singapore tax rate of 17% to income before taxes as shown below:

(In thousands)	Fiscal Year		
	2022	2021	2020
Statutory rate	17 %	17 %	17 %
Tax benefit at statutory rate	\$ 38,400	\$ 40,641	\$ 21,367
Foreign tax rate differential	(45,985)	(37,390)	(19,356)
Change in valuation allowance	(30,595)	(12,510)	(10,431)
Unrecognized tax benefits (expense)	3,455	7,797	(3,896)
Other	2,534	1,259	189
Provision for income taxes	<u>\$ (32,191)</u>	<u>\$ (203)</u>	<u>\$ (12,127)</u>

In the year ended January 1, 2023, the change in effective tax rates was due to an unrecognized tax benefit of \$3.5 million due to expiry of statute of limitations in other jurisdictions. There was also a significant valuation allowance recognized against our deferred tax assets which increased the tax expense. As part of the tax expense under "Other", was for Swiss capital tax, recognition of deferred tax, and payment of tax penalties in other jurisdictions. The change in the effective tax rate was also affected by the mix of the tax rates in the various jurisdictions in which the Company's entities generate taxable income.

Tax incentives include a preferential tax rate on gross income attributable to activities covered by Philippines Economic Zone Authority registrations in the Philippines. The Philippine net income attributable to all other activities will be taxed at the statutory Philippines corporate income tax rate, currently 25%. The earlier income tax holiday in the Philippines, granted for manufacturing lines, has since ended on January 1, 2020.

SunPower Malaysia Manufacturing Sdn. Bhd. enjoys a tax incentive in Malaysia where we manufacture our solar power products, subject to certain terms and conditions imposed by the Malaysia Investment Development Authority. The current tax incentive in Malaysia was granted to our former joint venture AUOSP (now a wholly owned subsidiary). The third and final five-year tranche of this incentive was granted a 70% tax exemption and will

expire on June 30, 2026. Malaysian Investment Development Authority ("MIDA") and the Company have been in discussions on additional conditions required to reinstate the full tax exemption that the Company was granted previously. We have agreed to the conditions for such reinstatement with MIDA and are waiting for formal approval from the Malaysian Government.

Maxeon Singapore received a Development and Expansion Incentive - International Headquarters Award ("DEI-IHQ") from the Singapore Economic Development Board ("EDB") with effect from January 1, 2021 and will allow qualifying activities to be taxed at a concessionary tax rate, subject to certain terms and conditions imposed by EDB. All other non-qualifying income will be taxed at the statutory Singapore corporate income tax rate of 17%.

#### *Deferred Tax Assets and Liabilities*

Long-term deferred tax assets and liabilities are presented in the Consolidated Balance Sheets as follows:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
<b>Deferred tax assets:</b>		
Net operating loss carryforward	\$ 49,183	\$ 32,486
Reserves and accruals	21,666	1,698
Fixed assets	—	905
<b>Total deferred tax assets</b>	<b>70,849</b>	<b>35,089</b>
Valuation allowance	(60,501)	(29,906)
<b>Total deferred tax assets, net of valuation allowance</b>	<b>10,348</b>	<b>5,183</b>
<b>Deferred tax liabilities:</b>		
Intangible assets and accruals	(14,913)	(1,150)
<b>Total deferred tax liabilities</b>	<b>(14,913)</b>	<b>(1,150)</b>
<b>Net deferred tax assets</b>	<b>\$ (4,565)</b>	<b>\$ 4,033</b>

The Company's deferred tax assets primarily relate to timing differences that are expected to reverse and net operating losses. The net operating losses, amounting to \$606.9 million, can be carried forward indefinitely and are available for offset against future tax liabilities.

#### *Valuation Allowance*

In determining whether it is more likely than not that deferred tax assets are recoverable, the assessment is required to be done on a jurisdiction by jurisdiction basis; we believe that sufficient uncertainty exists with regard to the realizability of these assets such that a valuation allowance is necessary. Factors considered in providing a valuation allowance include the lack of a significant history of consistent profits, the lack of consistent profitability in the solar industry, the limited capacity of carrybacks to realize these assets, and other factors. Based on the absence of sufficient positive objective evidence, we are unable to assert that it is more likely than not that we will generate sufficient taxable income to realize net deferred tax assets. Should we achieve a certain level of profitability in the future, we may be able to reverse the valuation allowance which would result in a non-cash income statement benefit of \$60.5 million.

#### *Unrecognized Tax Benefits*

Current accounting guidance contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits during fiscal years 2022 and 2021 is as follows:

(In thousands)	Fiscal Year Ended	
	January 1, 2023	January 2, 2022
Balance at beginning of period	\$ 34,695	\$ 39,506
Additions for tax positions related to the current year	10,971	1,186
Reduction of tax position relating to settlement with taxing authorities	(2,252)	(2,554)
Reductions for tax positions from prior years/statute of limitations expirations	(9,249)	(3,174)
Foreign exchange gain	(304)	(269)
Balance at end of period	\$ 33,861	\$ 34,695

The unrecognized tax benefits for fiscal years 2022 and 2021 are \$33.9 million and \$34.7 million, respectively, that if recognized, would impact our effective tax rate. Certain components of the unrecognized tax benefits are recorded against deferred tax asset balances.

We believe that events that could occur in the next 12 months and cause a change in unrecognized tax benefits include, but are not limited to, the following:

- commencement, continuation or completion of examinations of our tax returns by foreign taxing authorities; and
- expiration of statutes of limitation on our tax returns.

The calculation of unrecognized tax benefits involves dealing with uncertainties in the application of complex global tax regulations. Uncertainties include, but are not limited to, the impact of legislative, regulatory and judicial developments, transfer pricing and the application of withholding taxes. We regularly assess our tax positions in light of legislative, bilateral tax treaty, regulatory and judicial developments in the countries in which we do business. We determined that an estimate of the range of reasonably possible change in the amounts of unrecognized tax benefits within the next 12 months cannot be made.

#### *Classification of Interests and Penalties*

We accrue interest and penalties on tax contingencies which are classified as "Provision for income taxes" in our Consolidated and Combined Statements of Operations. Accrued interest and penalties as of January 1, 2023 and January 2, 2022 was \$0.9 million and \$0.4 million, respectively.

#### *Tax Years and Examination*

Tax returns are filed in each jurisdiction in which we are registered to do business. In many countries in which we file tax returns, a statute of limitations period exists. After the statute of limitations period expires, the respective tax authorities may no longer assess additional income tax for the expired period. Similarly, we are no longer eligible to file claims for refund for any tax that we may have overpaid. We have a tax examination in Switzerland relating to the tax year 2020 as of January 1, 2023.

We do not expect the examinations to result in a material assessment outside of existing reserves. If a material assessment in excess of current reserves results, the amount that the assessment exceeds current reserves will be a current period charge to earnings.

#### **NOTE 14. COMMON STOCK**

On April 14, 2021, we announced a public offering to sell, subject to market and other conditions, \$125.0 million of ordinary shares through an underwritten public offering. Maxeon also granted the underwriters an option, to purchase up to an additional \$18.7 million of ordinary shares offered in the public offering on the same terms and conditions, at a public offering price of \$18.00 per share (together with the public offering, the "Offering"). The option was exercised in full by the underwriters. 8,046,025 shares were issued during the Offering, with 59,914 shares issued to a third-party as payment for issuance cost incurred.

In addition, pursuant to a stock purchase agreement, dated April 13, 2021, with an affiliate of Tianjin Zhonghuan Semiconductor, Maxeon agreed to sell to TZE 1,870,000 ordinary shares at \$18.00 per share, in a private placement exempt from the registration requirements of the Securities Act of 1933 (the "TZE Private Placement").

The Offering and the TZE Private Placement closed in April 2021. The net proceeds were approximately \$169.7 million after giving effect to the underwriting discounts and commissions as well as other issuance costs.

#### Common Stock

##### *Voting Rights - Common Stock*

All common stockholders are entitled to one vote per share on all matters submitted to be voted on by our stockholders.

##### *Dividends - Common Stock*

All common stockholders are entitled to receive equal per share dividends when and if declared by the Board of Directors.

#### Shares Reserved for Future Issuance Under Equity Compensation Plans

We had shares of common stock reserved for future issuance as follows:

(In thousands)	As of	
	January 1, 2023	January 2, 2022
Equity compensation plans	3,166	3,363

#### NOTE 15. NET LOSS PER SHARE

We calculate basic net loss per share by dividing earnings allocated to common stockholders by the basic weighted-average number of common shares outstanding for the period. Shares issued in connection with the Physical Delivery Forward are excluded for the purpose of calculating net loss per share after its reclassification from liability to equity at the end of the Note Valuation Period as this constitutes a share lending arrangement. Diluted weighted-average shares is computed using basic weighted-average number of common shares outstanding plus any potentially dilutive securities outstanding during the period using the treasury-stock-type method and the if-converted method, except when their effect is anti-dilutive. Potentially dilutive securities include stock options, restricted stock units, and the outstanding Green Convertible Notes and 2027 Notes. The following table presents the calculation of basic and diluted net loss per share attributable to stockholders:



(In thousands, except per share data)	Fiscal Year Ended		
	January 1, 2023	January 2, 2022	January 3, 2021
Net loss:			
Net loss attributable to stockholders	(267,424)	(254,520)	(142,631)
Number of shares:			
Basic and diluted weighted-average common shares <sup>(1)</sup>	40,920	37,457	24,502
Basic and diluted net loss per share <sup>(1)</sup>	(6.54)	(6.79)	(5.82)

<sup>(1)</sup> As a result of our net loss attributable to stockholders for fiscal years 2020, 2021 and 2022, the inclusion of all potentially dilutive restricted stock units, and common shares under the Green Convertible Notes and 2027 Notes, where applicable, would be anti-dilutive. Therefore, these were excluded from the computation of the weighted-average shares for diluted net loss per share.

#### NOTE 16. STOCK-BASED COMPENSATION

Prior to the Spin-off, certain of the Company's employees participated in stock-based compensation plans sponsored by SunPower. SunPower's stock-based compensation plans include incentive compensation plans. Certain awards granted under the plans were based on SunPower's common shares and, as such, are not in the Company's Consolidated and Combined Statements of Equity. Stock-based compensation expense include expense attributable to the Company based on the awards and terms previously granted to the Company's employees and an allocation of SunPower's corporate and shared functional employee expenses.

Subsequent to the Spin-off on August 26, 2020 and in accordance with the employee matters agreement entered with SunPower, certain adjustments were made to the unvested restricted stock-based compensation awards with the intention of preserving the intrinsic value of the awards prior to the Spin-off. Unvested restricted stock unit awards and performance-contingent awards have been adjusted to provide holders with restricted stock units awards and performance-contingent awards under the Company's stock-based compensation plans.

The modification resulted in an issuance of 1.2 million shares to the employees of Maxeon in replacement of 2.1 million of unvested shares under SunPower's Plan, with no changes to other terms of the original grant. There was no incremental compensation charge in relation to the modification.

##### Equity Incentive Programs

###### *SunPower's Stock-based Incentive Plans*

During fiscal years 2020 and 2019, SunPower had two stock incentive plans applicable to our employees: (i) the Third Amended and Restated 2005 SunPower Corporation Stock Incentive Plan ("2005 Plan") and (ii) the SunPower Corporation 2015 Omnibus Incentive Plan ("2015 Plan"). The 2005 Plan was adopted by SunPower's Board of Directors in August 2005 and was approved by stockholders in November 2005. The 2015 Plan, which subsequently replaced the 2005 Plan, was adopted by SunPower's Board of Directors in February 2015, and was approved by its stockholders in June 2015. On November 13, 2018, SunPower filed post-effective amendments to registration statements associated with the 2005 Plan, among others, to deregister shares no longer required to be registered for issuance under those plans, as no new awards had been made and all options had been exercised or had expired.

The 2015 Plan allows for the grant of options, as well as grant of stock appreciation rights, restricted stock grants, restricted stock units and other equity rights. The 2015 Plan also allows for tax withholding obligations related to stock option exercises or restricted stock awards to be satisfied through the retention of shares otherwise

released upon vesting. The 2015 Plan includes an automatic annual increase mechanism equal to the lower of three percent of the outstanding shares of all classes of SunPower’s common stock measured on the last day of the immediately preceding fiscal year, 6 million shares, or such other number of shares as determined by SunPower’s Board of Directors. In fiscal year 2015, SunPower’s Board of Directors voted to reduce the stock incentive plan’s automatic increase from 3% to 2%. Under the 2015 Plan, the restricted stock grants and restricted stock units typically vest in equal installments annually over three years or four years.

The majority of shares issued are net of the minimum statutory withholding requirements that SunPower paid on behalf of our employees. During fiscal years 2020, SunPower withheld 0.1 million shares to satisfy the employees’ tax obligations, respectively. SunPower paid such withholding requirements in cash to the appropriate taxing authorities. Shares withheld are treated as common stock repurchases for accounting and disclosure purposes and reduce the number of shares outstanding upon vesting.

#### *Maxeon’s Stock-based Incentive Plans*

On August 3, 2020, the Board of Maxeon adopted 2020 Omnibus Incentive Plan (“2020 Plan”) which was approved by SunPower, the sole shareholder prior to the Spin-off, on August 4, 2020. The 2020 Plan allows for the grant of awards representing the right to acquire, or based on the value of, Maxeon’s ordinary shares (“Maxeon Shares”), and includes non-statutory share options, share appreciation rights, restricted shares, restricted share units, and cash-based incentive awards. Replacement awards may also be granted under the Plan in substitution of awards of common stock of SunPower Corporation held by certain participants whose employment will be transferred to Maxeon. The 2020 Plan includes an automatic annual increase mechanism equal to three percent of the number of outstanding Maxeon Shares of all classes of Maxeon on the last day of the immediately preceding fiscal year or by a small number determined by the Board. Under the 2020 Plan, the restricted stock units typically vest in equal installments annually over four years. Starting from fiscal year 2022, awards granted vest in equal installments annually over three years.

During fiscal year 2022, the Company has rolled out Transformation Incentive Plan (“TIP”) with a number of restricted stock units to be granted after achieving performance targets over a three-year performance period (“TIP Grant”). 50% of the TIP Grant will vest immediately upon grant and the remaining 50% will vest one year after grant. The expected award value is recorded as a liability until the determination of the number of shares to be awarded whereby such balance will be reclassified to equity. As of January 1, 2023, the related liability of \$1.7 million is recorded in “Accrued liabilities” in the “Consolidated Balance Sheets”.

The majority of shares issued are net of the minimum statutory withholding requirements that Maxeon pays on behalf our employees. During fiscal year 2022 and 2021, Maxeon withheld 32,875 and 132,337 shares to satisfy the employees’ tax obligations. Maxeon pays such withholding requirements in cash to the appropriate taxing authorities. Shares withheld are treated as common stock repurchases for accounting and disclosure purposes and reduce the number of shares outstanding upon vesting.

The following table summarizes the stock-based compensation expense by line item in the Consolidated and Combined Statements of Operations:

<b>(In thousands)</b>	<b>Fiscal Year Ended</b>		
	<b>January 1, 2023</b>	<b>January 2, 2022</b>	<b>January 3, 2021</b>
Cost of revenue	\$ 1,535	\$ 1,250	\$ 2,080
Research and development	1,513	352	1,217
Sales, general and administrative	11,532	5,629	3,953
Total stock-based compensation expense	\$ 14,580	\$ 7,231	\$ 7,250

For fiscal year 2022, 2021 and 2020, the net stock-based compensation expense capitalized to inventory \$0.2 million, nil and \$0.4 million, respectively.

The following table summarizes the non-vested restricted stock units' activities under the 2020 Plan:

(In thousands)	Restricted Stock Units	Performance Stock Units
	Shares	Shares
Outstanding as of January 2, 2022	1,069	112
Granted	1,633	259
Vested	(762)	(56)
Forfeited	(199)	(102)
Outstanding as of January 1, 2023	1,741	213

We estimate the fair value of our restricted stock awards and units at our stock price on the grant date. The weighted-average grant date fair value of restricted stock units and performance stock units granted under the 2020 Plan during fiscal year 2022, 2021 and 2020 was \$15.34, \$25.51 and \$18.70 respectively. The total fair value of restricted stock units and performance stock units vested under the 2020 Plan during fiscal year 2022, 2021 and 2020 was \$13.1 million, \$14.5 million and \$0.4 million, respectively.

As of January 1, 2023, the total unrecognized stock-based compensation related to outstanding restricted stock units and performance stock units was \$25.3 million, which we expect to recognize over a weighted-average period of 2.1 years.

#### NOTE 17. SEGMENT AND GEOGRAPHICAL INFORMATION

We determine operating segments based on how our chief operating decision maker ("CODM") manages the business, including making operating decisions, deciding how to allocate resources and evaluating operating performance. Our CODM is our Chief Executive Officer who reviews our operating results on a consolidated basis. We operate in a single operating segment and a single reportable segment based on the operating results available and evaluated regularly by our CODM to make decisions about resource allocation and assess performance. The following table summarizes the allocation of net revenue based on geography:

(In thousands)	Fiscal Year		
	2022	2021	2020
United States <sup>(1)</sup>	\$ 427,111	\$ 227,499	\$ 235,606
France	80,872	88,454	125,366
Italy	126,195	83,957	41,882
Rest of world <sup>(2)</sup>	425,935	383,369	441,982
Total revenue	\$ 1,060,113	\$ 783,279	\$ 844,836

<sup>(1)</sup> During fiscal years 2022, 2021 and 2020, we had sales of \$283.3 million, \$225.9 million and \$231.2 million, respectively, to SunPower representing the sale of solar modules to SunPower. The pricing term prior to the Spin-off was made at transfer prices determined based on management's assessment of market-based pricing terms. Subsequent to the Spin-off, pricing is based on the Supply Agreement with SunPower.

<sup>(2)</sup> Revenue included under "Rest of the world" comprise of countries that are individually less than 10% for the periods presented.

Revenues are attributed primarily based on the destination of the shipments.

The following table summarizes the allocation of net property, plant, and equipment based on geography:

<b>(In thousands)</b>	<b>As of</b>	
	<b>January 1, 2023</b>	<b>January 2, 2022</b>
Malaysia	\$ 227,656	\$ 240,711
Mexico	82,056	67,208
Philippines	60,216	69,740
Europe	3,372	6,714
Singapore	4,519	1,314
United States	2,628	933
Rest of world	21	10
Property, plant, and equipment, net, by geography	<u>\$ 380,468</u>	<u>\$ 386,630</u>

Long-lived assets are attributed based upon the country in which the asset is located or owned.

## **Description of Rights of Ordinary Shares Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)**

*This Exhibit contains a description of the rights of the holders of our ordinary shares. This description also summarizes relevant provisions of Singapore law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Singapore law and our constitution, a copy of which is incorporated by reference as Exhibit 1.1 to the Annual Report on Form 20-F, of which this Exhibit 2.7 is a part. We encourage you to read our constitution and the applicable provisions of Singapore law for additional information. Capitalized terms used but not defined herein have the meanings given to them in Maxeon’s annual report on Form 20-F for the year ended January 1, 2023.*

### **General**

Our issued and outstanding share capital consists of ordinary shares. We have 45,067,059 ordinary shares issued and outstanding as of February 24, 2023, excluding 4,440,078 ordinary shares reserved for future grants under our share incentive plans. We currently only have one class of issued ordinary shares, which have identical rights in all respects and rank equally with one another.

For the purposes of this section, references to “shareholders” mean those shareholders whose names and number of shares are entered in our register of members. Only persons who are registered in our register of members are recognized under Singapore law as our shareholders. As a result, save as provided under the Shareholders Agreement, only registered shareholders have legal standing under Singapore law to institute shareholder actions against us or otherwise seek to enforce their rights as shareholders.

### **Ordinary Shares**

Our ordinary shares have no par value as there is no concept of authorized share capital under Singapore law. All shares presently issued are fully paid and existing shareholders are not subject to any calls on shares. Although Singapore law does not recognize the concept of “non-assessability” with respect to newly-issued shares, we note that any subscriber of our ordinary shares who has fully paid up all amounts due with respect to such ordinary shares will not be subject under Singapore law to any personal liability to contribute to our assets or liabilities in such subscriber’s capacity solely as a holder of such ordinary shares. We believe this interpretation is substantively consistent with the concept of “non-assessability” under the Delaware General Corporation Law, which provides that a share of a Delaware corporation’s common stock is fully paid and non-assessable if such share has been issued for consideration having a value at least equal to the par value of such share and if the holder is not required to contribute additional amounts of capital or pay additional amounts to the corporation with respect to such share. We cannot, except in the circumstances permitted by the Singapore Companies Act 1967 (the “Singapore Companies Act”), grant any financial assistance for the acquisition or proposed acquisition of our own ordinary shares. Except as described below in “—Singapore Code on Take-Overs and Mergers”, there are no limitations in our constitution or Singapore law on the rights of shareholders not resident in Singapore to hold or vote in respect of our ordinary shares.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our ordinary shares is Computershare Trust Company, N.A..

### **Nasdaq Global Market**

Our ordinary shares are listed for quotation on The Nasdaq Global Market under the symbol “MAXN”.

### **New Shares**

Under Singapore law, new shares may be issued only with the prior approval of our shareholders in a general meeting. General approval may be sought from our shareholders in a general meeting for the issue of shares. Approval, if granted, will lapse at the earlier of:

- the conclusion of the next annual general meeting;
- the expiration of the period within which the next annual general meeting is required by law to be held (i.e., within six months of our financial year end); and

- any subsequent revocation or variation of such approval by our shareholders in a general meeting.

Subject to this and the provisions of the Singapore Companies Act, our Constitution and the Shareholders Agreement, all new shares are under the control of the Maxeon Board who may allot and issue new shares to such persons on such terms and conditions and with the rights and restrictions as they may think fit to impose.

### **Preference Shares**

Under the Singapore Companies Act, different classes of shares in a public company may be issued only if (a) the issue of the class or classes of shares is provided for in the constitution of the public company and (b) the constitution of the public company sets out in respect of each class of shares the rights attached to that class of shares. Subject to the Shareholders Agreement, our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Maxeon Board may determine from time to time, and that such shares may be issued which are, or at the option of the Company are, liable to be redeemed (on such terms and manner of redemption as determined by the Maxeon Board) provided that the terms of such preference shares are set out in the Constitution, and is approved by special resolution at a general meeting of our shareholders.

We may, subject to the Shareholders Agreement, Singapore Companies Act and the prior approval in a general meeting of our shareholders, issue preference shares which are, or at our option, subject to redemption provided that such preference shares may not be redeemed out of capital unless:

- all the directors have made a solvency statement in relation to such redemption; and
- we have lodged a copy of the solvency statement with ACRA.

Further, the shares must be fully paid-up before they are redeemed.

### **Register of Members**

Persons who are registered in our register of members will be recognized as members of the Company with the corresponding rights of members under applicable law and the Constitution. We will not, except as required by applicable law, recognize any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share. We may close our register of members for any time or times, provided that our register of members may not be closed for more than 30 days in the aggregate in any calendar year. We typically will close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

Maxeon shares listed and traded on NASDAQ, are held through The Depository Trust Company ("DTC"). Accordingly, DTC or its nominee, Cede & Co., will be the shareholder on record registered in our register of members. The holders of Maxeon shares held in book-entry interests through DTC or its nominee may become a registered shareholder by exchanging its interest in such shares for certificated ordinary shares and being registered in our register of members in respect of such shares. The procedures by which a holder of book-entry interests held through the facilities of the DTC may exchange such interests for certificated ordinary shares are determined by DTC (including the broker, bank, nominee or other institution that holds the shares within DTC) and Computershare, which will act as our transfer agent, in accordance with their internal policies and guidelines regulating the withdrawal and exchange of book-entry interests for certificated ordinary shares.

If (a) the name of any person is without sufficient cause entered in or omitted from the register of members; or (b) default is made or there is unnecessary delay in entering in the register of members the fact of any person having ceased to be a member, the person aggrieved or any member of the company or the company, may apply to the Singapore courts for rectification of the register of members. The Singapore courts may either refuse the application or order rectification of the register of members, and may direct the company to pay any damages sustained by any party to the application. The Singapore courts will not entertain any application for the rectification of a register of members in respect of an entry which was made in the register of members more than 30 years before the date of the application.

### **Transfer of Ordinary Shares**

Subject to the Shareholders Agreement, applicable securities laws in relevant jurisdictions and our Constitution, our shares are freely transferable, fully paid and are not subject to further capital calls. Shares may be transferred by a duly signed instrument of transfer in any usual or common form or in a form acceptable to our directors and any applicable stock exchange. The Maxeon Board may decline to register any transfer unless, among other things, evidence of payment of any stamp duty payable with respect to the transfer is provided together with other evidence as the directors may reasonably require to show the right of the transferor to make

the transfer and, if the instrument of transfer is executed by some other person on his or her behalf, the authority of the person to do so. We will replace lost or destroyed certificates for shares upon notice to us and upon, among other things, the applicant furnishing evidence and indemnity as the directors may require and the payment of all applicable fees.

Shareholders who hold Maxeon shares electronically in book-entry form through the facilities of the DTC and that wish to become registered shareholders must contact the broker, bank, nominee or other institution that holds their shares and complete a transfer of these shares from DTC to themselves (by transferring such shares to an account maintained by Computershare, our transfer agent and registrar) according to the procedures established by DTC, such broker, bank, nominee or other institution and Computershare.

### **Election and Re-election of Directors**

Under our Constitution, our shareholders by ordinary resolution, or the Maxeon Board, may appoint any person to be a director as an additional director or to fill a casual vacancy, provided that any person so appointed by the Maxeon Board shall hold office only until the next annual general meeting, and shall then be eligible for re-election, subject to the Shareholders Agreement. See also "Item 6.C. Board Practices".

### **Shareholders' Meetings**

We are required to hold an annual general meeting within six months after the end of each financial year. Our previous financial year ended on January 1, 2023 and subsequent financial years will end on the last day of a period of 12 months after the end of the previous financial year. The Maxeon Board may convene an extraordinary general meeting whenever they think fit and they must do so upon the written request of shareholders holding not less than one-tenth of the paid-up shares as at the date of deposit carries the right to vote at general meetings (disregarding paid-up capital held as treasury shares). In addition, two or more shareholders holding not less than one-tenth of our total number of issued shares (excluding our treasury shares) may call a meeting of our shareholders. The Singapore Companies Act requires not less than:

- 14 days' written notice to be given by us of a general meeting to pass an ordinary resolution; and
- 21 days' written notice to be given by us of a general meeting to pass a special resolution,

to every member. Our Constitution further provides that in computing the notice period, both the day on which the notice is served, or deemed to be served, and the day on which the meeting is to be held shall be excluded.

The Singapore Companies Act provides that a shareholder is entitled to attend any general meeting and speak on any resolution put before the general meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring the affirmative vote of a simple majority of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution. An ordinary resolution suffices, for example, for appointments of directors. A special resolution, requiring an affirmative vote of not less than three-fourths of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution, is necessary for certain matters under Singapore law, such as an alteration of our Constitution.

### **Voting Rights**

Voting at any meeting of shareholders is by a show of hands unless a poll is required by the rules and regulations of any applicable stock exchange or duly demanded before or on the declaration of the result of the show of hands. If voting is by a show of hands, every shareholder who is entitled to vote and who is present in person or by proxy at the meeting has one vote. On a poll, every shareholder who is present in person or by proxy or by attorney, or in the case of a corporation, by a representative, has one vote for every share held by such shareholder or which such shareholder represents. Proxies need not be shareholders.

Only those shareholders who are registered in our register of members will be entitled to vote at any meeting of shareholders. Where our shares are held through the facilities of the DTC, DTC will grant an omnibus proxy to DTC participants holding Maxeon shares in book-entry form through a broker, bank, nominee, or other institution that is a direct or indirect participant of DTC. Such shareholders will have the right to instruct their broker, bank, nominee or other institution holding these shares on how to vote such shares by completing the voting instruction form provided by the applicable broker, bank, nominee, or other institution. Whether voting is by a show of hands or by a poll, DTC's vote will be voted by the chairman of the meeting according to the results of the votes of the DTC participants (which results will reflect the instructions received from shareholders that own Maxeon shares electronically in book-entry form). In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

## **Dividends**

All of our shareholders have the right to participate in any dividends. We have no current plans to pay annual or semi-annual cash dividends. However, although we have no plan to do so, in the event that we divest a portion of, or our entire equity interest in, any of our businesses, we may distribute such cash proceeds or declare a distribution-in-kind of shares in our businesses. Under Singapore law, no dividend may be paid except out of profits. Any dividends would be limited by the amount of available distributable reserves, which, under Singapore law, will be assessed on the basis of our standalone unconsolidated accounts (which will be based upon the Singapore Financial Reporting Standards (International)). However, under Singapore law, it is possible to effect a capital reduction exercise to return cash and/or assets to our shareholders. The completion of a capital reduction exercise can be effected in several ways, including by a special resolution of shareholders and the signing of a solvency statement by the directors and pursuant to such other conditions as set out in the Singapore Companies Act or pursuant to the approval of the Singapore Courts, and we may not be successful in our attempts to obtain such approval.

Additionally, because we are a holding company, our ability to pay cash dividends, or declare a distribution-in-kind of the ordinary shares of any of our businesses, may be limited by restrictions on our ability to obtain sufficient funds through dividends from our businesses, including restrictions under the terms of the agreements governing the indebtedness of our businesses. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of the Maxeon Board and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, our overall financial condition, available distributable reserves and any other factors deemed relevant by the Maxeon Board. Generally, a final dividend is declared out of profits disclosed by the accounts presented to the annual general meeting, and requires approval of our shareholders. However, the Maxeon Board may declare interim dividends without approval of our shareholders.

## **Reserves**

The Maxeon Board may from time to time set aside out of the profits of Maxeon and reserve such sums as they think proper which, at the discretion of the Maxeon Board, shall be applicable for any purpose to which the profits of Maxeon may properly be applied and pending such application may either be employed in the business of Maxeon or be invested. The Maxeon Board may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided or, without placing the same to reserve, carry forward any profits, subject to applicable laws.

## **Bonus and Rights Issues**

In a general meeting, our shareholders may, upon the recommendation of the directors, capitalize any reserves or profits and distribute them as fully paid bonus shares to the shareholders in proportion to their shareholdings.

## **Singapore Code on Take-Overs and Mergers**

The Singapore Take-overs Code regulates, among other things, the acquisition of voting shares of Singapore-incorporated public companies with more than 50 shareholders and net tangible assets of S\$5.0 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on the person's own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on the person's own or together with parties acting in concert with such person, between 30% and 50% (both amounts inclusive) of our voting shares, and if such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council of Singapore, extend a mandatory take-over offer for all the remaining voting shares in accordance with the provisions of the Singapore Take-overs Code. Responsibility for ensuring compliance with the Singapore Take-overs Code rests with parties (including company directors) to a take-over or merger and their advisors.

Under the Singapore Take-overs Code, "parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by



any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its parent company, subsidiaries or fellow subsidiaries (together, the related companies), the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- a financial or other professional advisor, including a stockbroker, and its clients in respect of shares held by the advisor and persons controlling, controlled by or under the same control as the advisor;
- directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and such person's close relatives, related trusts, any person who is accustomed to act in accordance with such person's instructions and companies controlled by the individual, such person's close relatives, related trusts or any person who is accustomed to act in accordance with such person's instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months prior to its commencement.

Under the Singapore Take-overs Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. In the case where our company has more than one class of equity share capital, a comparable take-over offer must be made for each class of shares in accordance with the Singapore Take-overs Code and the Securities Industry Council of Singapore should be consulted in advance in such cases. In addition, an offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to enable them to make an informed decision on the offer. These legal requirements may impede or delay a take-over of our company by a third party.

The Singapore Take-overs Code generally provides that the board of directors of the offeree company should bring an offer to its shareholders in accordance with the Singapore Take-overs Code and refrain from an action which will deny the shareholders from the possibility to decide on the offer.

On January 30, 2020, the Securities Industry Council of Singapore waived application of the Singapore Take-overs Code to us, subject to certain conditions. Pursuant to the waiver, for as long as we are not listed on a securities exchange in Singapore, and except in the case of a tender offer (within the meaning of U.S. securities laws) where the Tier 1 Exemption is available and the offeror relies on the Tier 1 Exemption to avoid full compliance with the tender offer rules promulgated under the Exchange Act, the Singapore Take-overs Code shall not apply to us. In connection with receipt of the waiver, the SunPower Board submitted to the Securities Industry Council of Singapore a written confirmation to the effect that it is in the interests of SunPower shareholders who will become holders of Maxeon shares as a result of the Spin-off that a waiver of the provisions of the Singapore Take-overs Code is obtained.

#### **Liquidation or Other Return of Capital**

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares and preferential rights under law, holders of shares will be entitled to participate in any surplus assets in proportion to their shareholdings.

#### **Limitations on Rights to Hold or Vote Ordinary Shares**

Except as discussed above under “—Singapore Code on Take-overs and Mergers,” there are no limitations imposed by the laws of Singapore or by our Constitution on the right of non-resident shareholders to hold or

vote with respect to ordinary shares, nor does our Constitution discriminate against any existing or prospective shareholder as a result of such shareholder owning a substantial number of Maxeon shares.

### **Limitations of Liability and Indemnification Matters**

Pursuant to the Singapore Companies Act, any provision (whether in the constitution, a contract with the company or otherwise) that purports to exempt or indemnify the officers of a company (including directors) (to any extent) against any liability which by law would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust, of which they may be guilty in relation to the company is void. However, the Singapore Companies Act specifically provides that we are allowed to:

- purchase and maintain for any officer insurance against any liability which by law would otherwise attach to such officer in respect of any negligence, default, breach of duty or breach of trust of which such officer may be guilty in relation to us;
- indemnify any officer against liability incurred by the officer to a person other than the company, except when the indemnity is against: (a) any liability of the officer to pay: (i) a fine in criminal proceedings; or (ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or; (b) any liability incurred by the officer: (i) in defending criminal proceedings in which the officer is convicted; (ii) in defending civil proceedings brought by the company or a related company in which judgment is given against the officer; or (iii) in connection with an application for relief under Sections 76A(13) or 391 of the Singapore Companies Act in which the court refuses to grant the officer relief;
- indemnify any auditor against any liability incurred or to be incurred by such auditor in defending any proceedings (whether civil or criminal) in which judgment is given in such auditor's favor or in which such auditor is acquitted; or
- indemnify any auditor against any liability incurred or to be incurred by such auditor in connection with any application under Sections 76A(13) or 391 of the Singapore Companies Act in which relief is granted to such auditor by the court.

Our Constitution provides that, subject to the provisions of the Singapore Companies Act and any other applicable law, every director, chief executive officer, auditor, secretary or other officer of our company shall be entitled to be indemnified by our company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him or her in the execution and discharge of his or her duties or in relation thereto and in particular and without prejudice to the generality of the foregoing, no director, secretary or other officer of our company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to our company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of our company or for the insufficiency or deficiency of any security in or upon which any of the moneys of our company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen to or be incurred by our company in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.

The limitation of liability and indemnification provisions in our Constitution may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our shareholders. A shareholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

### **Shareholders' Agreement and Registration Rights Agreement**

See "Item 7.B. Related Party Transactions— Agreements with SunPower, TZE and TotalEnergies in Connection with the Spin-off." of this Form 20-F.

**Comparison of Shareholder Rights**

The information in this section has been included previously in our registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020 and has not changed since, and therefore is incorporated by reference to that registration statement.

## MASTER SUPPLY AGREEMENT

This Master Supply Agreement (this “Agreement”), dated as of February 14, 2022 (the “Effective Date”), is by and between SunPower Corporation, a corporation organized and existing under the laws of the State of Delaware, USA (“Customer”), and Maxeon Solar Technologies, Ltd., a corporation organized and existing under the laws of Singapore (“Supplier”). Customer and Supplier may also be referred to individually as a “Party” or together as the “Parties.”

### BACKGROUND

- A. Customer, directly and indirectly, designs, markets, and sells products for use by the solar industry in the Territory and provides services to solar industry customers within the Territory.
- B. Supplier, directly and indirectly, designs, manufactures, markets, distributes, and sells products to solar industry customers within and outside of the Territory.
- C. Supplier now wishes to sell, and Customer now wishes to purchase, photovoltaic power generation modules as set out and described in this Agreement, and each case subject to all of the terms and conditions as set out in this Agreement.

### AGREEMENT

In consideration of the forgoing and the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Defined Terms.** Capitalized terms used but not defined in this Agreement have the meanings given to them in the Separation Agreement. As used in this Agreement, the following terms have the meanings given to them below:

“2020 Supply Agreement” means that certain Supply Agreement by and between Supplier and Customer with the Effective Date of August 26, 2020.

“Agreement” has the meaning set forth in the Preamble.

“Anti-Corruption Laws” has the meaning set forth in Section 11(b)(iii).

“Claim” has the meaning as set out in Section 11(g).

“Confidential Information” means any information or materials that a Party (or its representatives) discloses to the other Party (or its representatives) in connection with this Agreement and designated by the disclosing Party as confidential or proprietary at the time of disclosure, and any other information or materials disclosed by a Party (or its representatives) to the other Party (or its representatives) in connection with this Agreement that should reasonably be understood to be confidential by the recipient at the time of the disclosure, including, without limitation, the Product Specifications and pricing.

“Customer” has the meaning set forth in the Preamble.

“Damages” has the meaning set forth in Section 10(b)(i).

“Delay I.D.s” has the meaning as set forth in Section 4(b).

“Disclosing Party” has the meaning set forth in Section 9(a).

“Dispute” has the meaning set forth in Section 10(a).

“Effective Date” has the meaning set forth in the Preamble.

“First Amendment to 2020 Supply Agreement” means that certain First Amendment to Supply Agreement by and between Supplier and Customer with the Effective Date of February 25, 2021.

“Force Majeure Event” has the meaning set forth in Section 11(c).

“Good Industry Practice” means using the standards, practices, methods and procedures, and exercising the degree of skill, care, diligence, prudence and foresight that would be expected to be used and observed by a skilled and experienced market leading distributor and supplier of products used in the solar industry engaged in carrying out activities the same or similar to the supply of the Products under the same or similar circumstances as those contemplated in the Agreement at the time such activities were performed. Good Industry Practices are not the optimum practices, methods, techniques, standards and acts to the exclusion of others, but rather refer to those practices, methods, techniques, standards and acts that are generally accepted or approved by a significant portion of the industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence.

“Governmental Authority” means any governmental, regulatory or administrative authority, instrumentality, board, agency, body or commission, self-regulatory organization or any court, tribunal, or judicial or arbitral body of the United States, Singapore, or any other applicable jurisdiction.

“Grace Period” means the date that is 7 calendar days after the date of delivery as set out in a Purchase Order.

“Law” means any law, statute, code, ordinance, rule, regulation, or other requirement of any Governmental Authority.

“MLPE” has the meaning set forth in Section 2(d).

“Negative Product Change” has the meaning set forth in Section 2(b).

“Party” or “Parties” has the meaning set forth in the Preamble.

“Product Collaboration Agreement” means that certain Product Collaboration Agreement, dated August 26, 2020, and entered into between Customer and Supplier in connection with the transactions contemplated by the Separation Agreement.

“Product Specifications” means the specifications, attributes, and standards as described on product datasheets attached to Exhibit A and as may be amended from time to time in accordance with Section 2(b).

“Product Warranty” has the meaning set forth in Section 7(a).

“Products” has the meaning set forth in Section 2(a).

“Receiving Party” has the meaning set forth in Section 9(a).

“Residential Market Segment” means, subject to the Segment Exclusions, all applications where solar panels are procured for use in the Territory for installation at a residence.

“Restricted Dealers” has the meaning set forth in Section 3(e).

“Sales Employee” means any employee of either Party, or an Affiliate of either Party, who: (a) has had direct contact with any of that Party’s residential or commercial third party dealers in the course of his or her employment, or who otherwise has access to confidential dealer lists and information, or (b) has had direct contact in the course of his or her employment with any of that Party’s customers in a sales role, or who otherwise has access to confidential dealer or customer lists.

“Segment Exclusions” means: (i) off-grid solar panel applications that do not use residential-scale solar panels or are not installed at a residence, such as microgrid and remote applications, (ii) portable or mobile solar panel applications of less than 170 W, including applications where solar cells are integrated into consumer products, (iii) power plant, front-of-the-meter applications where generated electricity will be sold to a utility or another off-taker that intends to resell the electricity (other than community solar applications), (iv) integrated flex solar panels, (v) solar panels of a specialty size or shape and (vi) any other unique category of solar panel that is not included in Customer’s business lines as of the Effective Date.

“Separation Agreement” means that certain Separation and Distribution Agreement by and between Customer and Supplier dated November 8, 2019.

“Supplier” has the meaning set forth in the Preamble.

“Term” has the meaning set forth in Section 8(a).

“Territory” means Canada and the United States, but excluding the following non-state territories and possessions of the United States: Puerto Rico, American Samoa, Guam, Northern Mariana Islands and U.S. Virgin Islands.

“Third Party” means any person other than Supplier, Customer and their respective Affiliates.

## 2. Purchase and Supply of Products.

(a) Products. During the Term, and subject to the other terms and conditions in this Agreement, this Agreement governs the supply and purchase of the products listed on Exhibit A (collectively, the “Products”). Subject to the terms and conditions contained in the Product Collaboration Agreement, the Parties may agree in writing to amend or supplement the list of products in Exhibit A, or to add or remove products. Except as expressly set out in this Agreement, all purchases and sales of any Product shall be on a non-exclusive basis.

(b) Product Specifications; Changes. The Product Specifications for each Product are attached to Exhibit A. Supplier must notify Customer of changes to any existing Product that materially impact (i) the performance or reliability of that Product, (ii) the compatibility of that Product with other products customarily used in conjunction with that Product, or (iii) whether or not that Product meets the requirements of any certification or other standard specified in the applicable Product Specifications, as well as changes to any key component (a component that, if changed, would impact the form, fit or function of any Product) used to manufacture any Product (any such change that materially decreases or negatively impacts the factors described in clause (i), (ii) or (iii), a “Negative Product Change”), at least six months before such changes take effect. In addition, all engineering, process and test changes must comply with the requirements of Exhibit D. Notwithstanding the foregoing, Supplier may not make a material change, including any Negative Product Change to any Product purchased pursuant to this Agreement without Customer’s prior written approval, which shall not be unreasonably withheld, conditioned or delayed.

(c) Quality Control. Supplier will use Good Industry Practice in connection with the manufacture of the Products and such other quality control standards as Supplier may elect to apply consistent with the quality control standards Supplier uses for Products it manufactures for its own account, so long as such quality control standards are in compliance with Exhibit D, applicable Law and any certification or other standard specified in the applicable Product Specifications.

(d) Module-Level Power Electronics. During the Term, Customer may order and purchase, and Supplier will supply, Products that include module-level power electronics to the extent set forth in the Product Specifications (the “MLPEs”). Supplier will provide a weekly six-month rolling forecast to Customer with respect to the anticipated consumption of MLPEs and, based on such forecasts, (i) Customer will place purchase orders to the manufacturer of all microinverters, and (ii) unless otherwise agreed by the Parties in writing, Supplier will place purchase orders to the manufacturer of all other MLPEs, including module-level shut-down devices. Each MLPE will be purchased by the Party responsible for its procurement pursuant to one or more agreements between that Party and the manufacturer of the MLPE. Following delivery of the MLPEs to Supplier, Supplier will be responsible for attaching the MLPEs to the Products before delivery to Customer. The charges and costs to Customer in connection with Supplier’s MLPE procurement (other than with respect to microinverters) and attachment, as well as a further description of the procurement process for MLPEs, are set forth in Exhibit E. Supplier warrants that it will attach the MLPEs to the Products in accordance with the manufacturer’s instructions using Good Industry Practice; however, Supplier does not provide any warranties, explicit or implicit, related to the MLPEs themselves, and expressly disclaims all such warranties, including any warranty regarding the materials used to manufacture the MLPEs, the design or workmanship of the MLPEs, whether or not the MLPEs conform to any specifications, or fitness of the MLPEs for a particular purpose. Instead, Customer will have rights against the manufacturer of any MLPE pursuant to the warranty provided by that manufacturer.

## 3. Restrictive Covenants.

(a) Non-Solicitation. As an inducement for the Parties to enter into this Agreement, and as additional consideration for the representations, warranties, covenants, and agreements herein, the Parties agree that, during the Term, neither Party will, and each will cause its Affiliates not to, directly or indirectly, solicit to hire any Sales Employee or otherwise induce any such Sales Employee to terminate his or her employment with the other Party or its Affiliates; provided, however, that nothing herein will restrict or preclude either Party or its Affiliates from making generalized solicitations for employees by use of advertisements in the media (including trade media), via the Internet, or by engaging search firms to engage in solicitations, in each case, that are not targeted or focused on employees of the other Party or its Affiliates.

(b) Non-Circumvention. During the Term, and for a period of one year following the conclusion of any exclusivity period as set out in Section 3(c) and 3(d), Supplier will not, and will cause its Affiliates not to, directly or indirectly, attempt to circumvent Customer by contacting or entering into any discussions or contractual arrangements to sell Products to residential dealers provided such dealers have purchased modules for residential use from Customer within the past six (6) calendar months of the Effective Date. Notwithstanding the foregoing: (i) Within 14 calendar days of the Effective Date, Customer will provide its list of dealers that are in existing supply arrangements with Customer; (ii) Customer will update this list every six months from the Effective Date and at the conclusion of any relevant exclusivity period, and; (iii) Supplier shall have reasonable audit rights in connection with such list.

(c) M-Series Exclusivity. In exchange for the commitments made by Customer in this Agreement, Supplier agrees that it shall not (directly or indirectly) sell M-Series Products to any third party for use within the Residential Market Segment within the Territory until December 31, 2022. In the event that Customer satisfies the conditions set forth in Exhibit B, then Supplier agrees that it shall not (directly or indirectly) sell M-Series Products to any third party for use within the Residential Market Segment within the Territory until October 13, 2023.

(d) X-Series Exclusivity. In exchange for the commitments made by Customer in this Agreement and the payment by Customer described in Exhibit B, Supplier agrees that it shall not (directly or indirectly) sell X-Series Products to any third party for use within the Residential Market Segment within the Territory until December 31, 2022.

(e) All other rights reserved. Except as expressly set forth in this Section 3, Supplier may market and sell, and Customer may purchase, any photovoltaic power generation device (including any Product) to or from any other third party.

## 4. Volume Commitments.

(a) Agreed Quarterly Volume Commitments.



(i) Subject to the terms and conditions of this Agreement, Customer agrees to purchase from Supplier, and Supplier agrees to sell and supply to Customer, the Products in the quantities as set forth in Exhibit B.

(ii) **Monthly Purchase Order Submission.** On or prior to the 5th day of each relevant month of the Term, Customer shall submit a Purchase Order specifying the Products to be delivered three months thereafter. By way of example, on or before March 5, 2022, Customer shall submit a Purchase Order to Supplier for the supply of Products to be delivered in June, 2022. After submission of such Purchase Order, within five business days Supplier shall either accept the Purchase Order or, alternatively, request changes. If any change is requested, Customer shall respond to such change request within five business days. Purchase Orders are binding when accepted by both Parties in writing. Notwithstanding any provision to the contrary, Customer shall issue Purchase Orders specifying deliveries for March through May 2022 shall be submitted to Supplier by not later than February 21, 2022.

(iii) The Parties shall work in good faith to accommodate reasonable changes requested in connection with any accepted Purchase Order. Notwithstanding the foregoing, only changes to Purchase Orders accepted in writing shall be binding.

(b) **Delays by Supplier.** In the event Supplier fails to deliver Products on the dates as set out in a Purchase Order as such dates may be amended from time to time in accordance with this Agreement, and to the extent such failure is not caused by Customer or by a Force Majeure Event, then Supplier shall pay to Customer the sum equal to **[\*\*\*]**% of the value of the late Products for each calendar day beyond the Grace Period (the "Delay LDs"). Notwithstanding any provision to the contrary:

(i) Delay LDs are Customer's sole remedy (and Supplier's sole liability) arising out of or in connection with delays to delivery of any Product hereunder;

(ii) In no event shall Delay LDs attributable to the delivery of any Product exceed the amount equal to five percent (5%) of the total price payable for such Product;

(iii) It is expressly agreed that the amounts as set out in this Section are a reasonable estimation of damages accruing to Customer in the event of delays caused by Supplier and are not penalties.

(c) **Purchase of Non-Conforming Non-Fungible Product.** The Parties agree and understand that certain Product is customized for Customer. Such Product may not conform to specifications but still has economic value. The Parties shall, on a monthly basis and in good faith, meet to discuss and agree upon the appropriate sales and pricing for such Product. Such non-conforming Product, if purchased, shall not be included within volume requirements as set out in this Agreement.

(d) **Mandatory Bin Orders.** Notwithstanding any provision to the contrary, Customer is obligated to purchase Products that cover all power bins within a Planning Family (L5) in the same proportions as production.

## 5. **Pricing and Payment.**

(a) **2022 Pricing.** For each Product delivered under this Agreement during the calendar year 2022, Customer shall pay to Supplier the pricing as set out in the corresponding table in Exhibit C.

(b) **2023 Pricing.** For each Product delivered during the calendar year 2023, Customer shall pay to Supplier the pricing as set out in Exhibit C.

(c) **Prices exclude Taxes.** Except for the payment of tariffs, import and export duties, and any anti-dumping or countervailing fees, penalties or duties, all pricing excludes (and Supplier shall not be liable for) the costs of any taxes imposed by the United States of America, the State of California, and any agency or instrumentality thereof, except as such taxes arise out of the income of any Party.

(d) **Payment Terms.** For any month in which Supplier has delivered any Product to Customer, Supplier will submit an invoice to Customer. Unless the Parties otherwise agree in writing, payment of all undisputed amounts owed pursuant to any invoice will be due either (i) in full at least three days prior to the scheduled shipment date for any volumes of Products delivered during March 2022 until such time as Maxeon is able to factor or assign invoices to a Third Party, and otherwise; (ii) within 45 calendar days after the related Products have been delivered to Customer. Notwithstanding the foregoing, in the event Customer withdraws consent to an assignment of invoice (factoring), payment must be made three days prior to the scheduled shipment date of any Products until Supplier has established a factoring relationship with a Third Party.

(e) **Payments Generally.** Unless the Parties otherwise agree in writing, all payments will be made, without setoff, by wire transfer of immediately available funds to the account designated by the payee. All payments will be made in U.S. dollars. Payments that are past due by more than seven days will bear interest from the date due at the rate of 1.5% per month, subject to the maximum rate permitted by applicable Law.

## 6. **Delivery.**

(a) **Shipping Terms.**

(i) Supplier will deliver the Products DAP (Incoterms® 2020) to Customer's warehouse in Rialto, California, USA (or such other location as the Parties may otherwise agree in writing); provided, however, that Customer will be designated as the importer of record for U.S. customs purposes and, subject to Section 11 Customer will be responsible for all import taxes, customs duties and related tariffs assessed with respect to the Products by any U.S. taxing authority. Title to, and risk of loss for, the Products will pass to Customer as soon as Supplier delivers them to Customer.

(ii) Notwithstanding the foregoing, Customer may invoice Supplier for Customer's actual out-of-pocket costs incurred with respect to import taxes and customs duties assessed with respect to the Products (together with reasonable supporting documentation) and, within 45 days after receiving such invoice, Supplier will issue Customer a credit memo equal to the invoiced amount. Customer may apply any such credit memo to amounts payable by Customer (or any of its Affiliates) to Supplier (or any of its Affiliates) under this Agreement or otherwise.

(iii) Notwithstanding the foregoing, Customer will only be responsible with respect to tariffs (and the rates thereof) that (A) are in effect on the Effective Date and (B) are not characterized as so-called anti-dumping duties or countervailing duties, and if any Law is adopted or takes effect, any interpretation of any Law is announced or modified, or any rules, regulations or guidelines (whether or not having the force of Law) are adopted or take effect, which, in the case of any of the foregoing (or combination thereof), would impose, modify or deem applicable any additional tariff or similar fee (or the rate thereof) with respect to the Products (other than any so-called anti-dumping duties or countervailing duties), and the result is to increase the costs associated therewith, then any such increased costs will be the responsibility of Supplier. Customer may invoice Supplier for any such increased costs (together with reasonable supporting documentation) and, within 45 days after receiving such invoice, Supplier will issue Customer a credit memo equal to the invoiced amount. Customer may apply any such credit memo to amounts payable by Customer (or any of its Affiliates) to Supplier (or any of its Affiliates) under this Agreement or otherwise.

(b) **Early Deliveries.** Supplier may deliver Products up to fourteen calendar days before the specified date of delivery of such Products as set out in the relevant Purchase Order.

## 7. **Product Warranties.**

(a) **Product Warranty.** Except as provided in Section 2(d) with respect to any MLPes, Supplier's warranty obligations with respect to each Product are described in the Limited Product and Power Warranty that corresponds to each Product and is attached as Exhibit D (the "Product Warranty"). Except for non-conforming non-fungible Product sold to Customer pursuant to Section 4(c), the Product Warranty shall apply to Products supplied under this Agreement and Supplier represents and warrants to Customer that the Products (i) will be new (when first delivered), (ii) will be free from defects in materials and workmanship, and (iii) when delivered shall conform to the Product Specifications. Modifications or additions to the Product Warranty or Supplier's warranty obligations will become binding only following the execution of a written amendment to this Agreement signed by both Parties. Unless the Parties otherwise agree, all claims filed in connection with any Product Warranty are subject to and governed by such Product Warranty.

(b) **DISCLAIMER.** EXCEPT FOR THE PRODUCT WARRANTY, TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, SUPPLIER HEREBY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY





IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS.

## 8. **Term and Termination.**

(a) **Term.** The term of this Agreement will commence on the Effective Date and, unless terminated earlier as provided below, will remain in effect until December 31, 2023 (the "**Term**"), unless the Parties agree in writing to extend the Term or the duration of any obligations described herein.

(b) **Termination.** This Agreement may be terminated before its scheduled expiration date, as follows:

(i) Either Party may terminate this Agreement, effective upon written notice to the other Party, if: (A) such other Party fails to observe or perform any of its obligations in this Agreement and such failure has continued for 30 or more days after such Party receives written notice from the other Party specifying the nature of the alleged breach; (B) any representation or warranty made by such other Party in this Agreement is shown to be inaccurate in any material respect; (C) such other Party voluntarily commences any proceeding or files a petition seeking liquidation, reorganization or other relief under any bankruptcy, receivership or similar Law; (D) an involuntary proceeding is commenced or petition is filed against such other Party seeking liquidation, reorganization or other relief in respect of such Party under any bankruptcy, receivership or similar Law, and such proceeding or petition is not dismissed within 60 days after first initiated; or (E) such other Party has suffered a Force Majeure Event that affects its performance of any material obligation hereunder, and such event has not been alleviated to the reasonable satisfaction of the other Party within 120 days after notice thereof has been delivered in accordance with **Section 11(c)**.

(c) **Effects of Termination.** Upon the expiration or termination of this Agreement, without further notice, duly accepted Purchase Orders for the purchase of Products that are scheduled to be shipped after the effective date of expiration or termination will be continue until completed.

(d) **Survival.** The terms of **Sections 2(d)** (with respect to the warranty for MLPES), **3(b)**, **4**, **5**, **6**, **7**, **9**, **10**, **11** and this **Section 8(d)** (each to the extent applicable after the Term), will survive the expiration or termination of this Agreement for any reason. Termination or expiration of this Agreement will not affect any rights or obligations that may have accrued to either Party prior to the effective date thereof.

## 9. **Confidentiality.**

(a) **Confidentiality.** The Party that receives any Confidential Information (the "**Receiving Party**") of the other Party (the "**Disclosing Party**") shall keep all such Confidential Information in Receiving Party's possession or reasonable control confidential and shall not disclose any such Confidential Information to any third party without the prior written consent of the Disclosing Party, other than the Receiving Party's representatives who have a business need-to-know such Confidential Information in connection with performing the Receiving Party's obligations under this Agreement. The Receiving Party shall exercise at least the same degree of care to safeguard the confidentiality of the Disclosing Party's Confidential Information as it does to safeguard its own proprietary or confidential information, but not less than a reasonable degree of care. The Receiving Party shall ensure, by instruction, contract, or otherwise with its representatives that such representatives comply with the provisions of this **Section 9(a)**. The Receiving Party shall promptly notify the Disclosing Party in the event that the Receiving Party learns of any unauthorized use or disclosure of such Confidential Information by it or its representatives, and shall promptly take all actions necessary to correct and prevent such use or disclosure.

(b) **Exclusions.** The confidentiality obligations in **Section 9(a)** shall not apply to any Confidential Information which: (i) is or becomes generally available to and known by the public (other than as a result of a non-permitted disclosure or other wrongful act directly or indirectly by the Receiving Party); (ii) is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, provided that the Receiving Party has no knowledge that such source was at the time of disclosure to the Receiving Party bound by a confidentiality agreement with, or other obligation of secrecy to, the Disclosing Party which was breached by the disclosure; (iii) has been or is hereafter independently acquired or developed by the Receiving Party without reference to such confidential information and without otherwise violating any confidentiality agreement with, or other obligation of secrecy to, the Disclosing Party; or (iv) was in the possession of the Receiving Party at the time of disclosure by the Disclosing Party without restriction as to confidentiality.

(c) **Authorized Disclosure.** Notwithstanding the foregoing, neither Receiving Party (nor their representatives, as applicable) will be precluded from disclosing Confidential Information of the Disclosing Party to the extent the Receiving Party is required to do so in response to a valid order by a Governmental Authority, or to the extent it reasonably believes, on the basis of advice from outside counsel, that it is required to disclose such Confidential Information by Law, or to the extent necessary to establish its rights under this Agreement; **provided, however**, that, in the event a Receiving Party believes it is so required to disclose another the Disclosing Party's Confidential Information, it will promptly provide written notice of such requirement so that the Disclosing Party may seek an appropriate order or other action as it deems appropriate to prevent or limit such disclosure, and the Receiving Party required to make the disclosure will use its reasonable efforts to preserve the confidentiality of the Disclosing Party's Confidential Information, including by cooperating with the Disclosing Party to obtain an appropriate order or other reliable assurance of confidential treatment. In any event, the Receiving Party required to make the disclosure may disclose only that portion of the Disclosing Party's Confidential Information that is legally required to be disclosed. Notwithstanding the foregoing, if any Party (or an Affiliate of such Party) is required to include a copy of this Agreement as an exhibit to any current or periodic report filed with the U.S. Securities and Exchange Commission, such Party (or its Affiliate) may make such filing without the prior written consent of any other Party as long as it seeks (or causes its Affiliate to seek) confidential treatment of any portions of this Agreement that, in the opinion of such filing Party, contain confidential or competitively sensitive information, regardless of whether such treatment is obtained.

## 10. **Disputes and Indemnification.**

(a) **Dispute Resolution.**

(i) The Parties will seek to settle any dispute, controversy or claim ("**Dispute**") relating to this Agreement through good faith negotiations. If the Parties fail to resolve any such Dispute through good faith negotiations within 30 calendar days after one Party notifies the other Party thereof, such Dispute will be settled through arbitration in accordance with the International Dispute Resolution Procedures of the International Centre for Dispute Resolution (ICDR). The arbitration award shall be final and binding on the Parties. The place and seat of arbitration shall be San Francisco, California, USA or such other location as the Parties may mutually agree upon. The arbitration proceedings shall be conducted in English by a panel of three arbitrators who are fluent in the English language. Each Party will have the authority to nominate one arbitrator in accordance with the ICDR rules. Following confirmation of the two Party-nominated arbitrators, the arbitrators shall select a third neutral arbitrator to serve as the presiding arbitrator.

(ii) Notwithstanding the foregoing, if either Party believes the other Party has breached its obligations in **Section 3** or **9**, then, in addition to any and all other rights and remedies available to such Party, it will be entitled to obtain from the arbitrators and from any court of competent jurisdiction interim or provisional injunctive or other equitable relief. A Party's application to a court for interim or provisional injunctive or other equitable relief will not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(b) **Mutual Indemnification.**

(i) Supplier shall indemnify, defend and hold harmless Customer, its Affiliates and its and their respective directors, officers, employees, agents and other representatives from and against any and all damages, liabilities, claims, costs, charges, judgments and expenses (including reasonable attorney's fees) (collectively "**Damages**") brought or maintained by any Third Party arising out of (A) the breach by Supplier of any representation, warranty, covenant or agreement made by Supplier in this Agreement, (B) Supplier's tortious acts or omissions, or (C) Supplier's violation of applicable Law or the requirements of any Governmental Authority.

(ii) Customer shall indemnify, defend and hold harmless Supplier, its Affiliates and its and their respective directors, officers, employees, agents and other representatives from and against any and all damages, liabilities, claims, costs, charges, judgments and expenses (including reasonable attorney's fees) (collectively "**Damages**") brought or maintained by any Third Party arising out of (1) the breach by Customer of any representation, warranty, covenant or agreement made by Customer in this Agreement, (2) Customer's tortious acts or omissions, or (3) Customer's violation of applicable Law or the requirements of any Governmental Authority.

(iii) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER PARTY TO THIS AGREEMENT WILL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ARISING FROM, OR ATTRIBUTABLE TO, THIS AGREEMENT OR THAT PARTY'S PERFORMANCE HEREUNDER, WHETHER ARISING IN CONTRACT, TORT, BY OPERATION OF LAW, OR OTHERWISE, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.



(c) Limitation of Liability. Notwithstanding any other provision of this Agreement, each Party's maximum aggregate liability to the other Party for all Damages arising out of or in connection with this Agreement, whether arising in contract, tort (including negligence whether active or passive), warranty, strict liability or otherwise shall in no event exceed the amount equal to [\*\*\*] percent of the prices attributable to all Products sold under this Agreement as set out in Exhibit B; provided, however, that the foregoing limitation of liability shall not be applicable to, and shall in no way limit, Supplier's Third Party indemnity obligations.

(d) Insurance. Supplier and Customer will maintain insurance throughout the Term with financially sound and reputable carriers in such amounts and against such risks (including general liability) and such other hazards as is customarily maintained by companies engaged in the same or similar businesses. Supplier will cause Customer and its Affiliates to be named as additional insureds, as their interests appear, on all of Supplier's general liability policies. Upon request, Supplier will furnish Customer with a certificate of insurance evidencing such insurance coverage, and such other information in reasonable detail as to the insurance so maintained. All insurance required of Supplier will be primary and non-contributory over any insurance or self-insurance program maintained by Customer. Supplier waives, and any required insurance policy must contain a waiver of, subrogation rights against Customer and its Affiliates. Supplier will not be deemed to be relieved of any liability or responsibility hereunder because of the fact that it maintains (or does not maintain) insurance.

## 11. Miscellaneous.

(a) Governing Law. This Agreement, and any Disputes arising out of or in connection with this Agreement, shall be governed by and construed in accordance with the Laws of the State of California, excluding its rules governing conflicts of Laws. The U.N. Convention on Contracts for the International Sale of Goods will not apply to this Agreement.

### (b) Compliance with Laws and Compliance Audits.

(i) Each Party agrees at all times to strictly comply with all applicable Laws, now or hereafter in effect, relating to its performance under this Agreement. Each Party further agrees to make, obtain, and maintain in force at all times during the Term, all filings, registrations, reports, licenses, permits, and authorizations required under applicable Law.

(ii) Each Party hereby acknowledges and agrees that the Products, as well as the Confidential Information, are subject to export controls under the Laws of the United States, including the Export Administration Regulations, 15 C.F.R. Parts 730-774. In the exercise of its rights, and the performance of its obligations under this Agreement, each Party agrees to strictly comply with all such export control Laws, and will not export, re-export, transfer, divert, or disclose any Products or Confidential Information, or any direct product thereof, to any destination, end-use, or end-user restricted or prohibited under export controls Laws. In addition to the foregoing, each Party acknowledges that it is bound by and will comply with Customer's export compliance policies and procedures as communicated to Supplier from time to time and has may be supplemented, amended, or updated from time to time.

(iii) Each Party agrees to strictly comply with all applicable foreign or domestic anti-corruption and anti-bribery Laws, as in effect from time to time, including, but not limited to, the United States Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010, and any Laws intended to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (collectively, "Anti-Corruption Laws"). Without limiting the generality of the foregoing, each Party agrees not to make, authorize, offer, or promise to make or give any money or any other thing of value, directly or indirectly, to any current or former government official or employee (including employees of a state-owned or controlled enterprise of public international organization), candidate for political office, or an official of a political party, or any employee, director or consultant of a non-government client or potential client, for the purpose of securing any improper or unfair advantage or obtaining or retaining business in connection with the activities contemplated hereunder. Each Party agrees to immediately notify the other of any request that it receives to take any action that might constitute, or be construed as, a violation of the Anti-Corruption Laws.

(iv) Each Party further agrees to keep and maintain accurate books and records, in sufficient detail, to demonstrate compliance with this Agreement, including all Anti-Corruption Laws. Each Party will keep such records for a period of time as determined by its normal document retention policies, but in any event not less than three years after the date of the transaction to which those records relate, or longer if required by Law. Upon at least 30 days' notice and no more frequently than once per year, each Party will (A) furnish the other Party with copies of reasonably requested books and records and (B) permit the other Party (and its representatives) to examine and audit all of such Party's books and records relating to its activities under this Agreement, in each case, only to the extent necessary for the other Party to verify such Party's compliance with this Agreement and subject to restrictions implemented in good faith to (I) ensure compliance with applicable Law, (II) preserve any applicable privilege (including the attorney-client privilege), or (III) comply with any applicable contractual confidentiality obligations; provided, however, that if a Party is in breach of any of its representations, warranties, agreements, or covenants in this Agreement (or the first Party has a reasonable basis to assert any such breach), then any such examination and audit will be permitted upon at least 24 hours' notice and, if a breach is confirmed, the costs and expenses of the examination and audit will be the responsibility of the breaching Party.

(c) Force Majeure. Notwithstanding anything to the contrary in this Agreement, neither Party will be liable for any Damage or delay suffered by the other Party due to any inability to perform any obligation hereunder, and neither Party will be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term or provision of this Agreement, when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including, without limitation, as a result of Acts of God, fire, flood, storm, earthquake, explosion, epidemic, delays in transportation, shortages of trucks or vessels, shortages of fuel, shortages of raw materials, environmental catastrophe, embargo, war, acts of war (whether war be declared or not), acts of terrorism, insurrection, riot, civil commotion, or acts, omissions or delays in acting by any governmental authority (including legislative, administrative, judicial, police or any other official governmental acts) (each, a "Force Majeure Event"). For the avoidance of doubt, delays in Supplier's receipt of MLPEs, to the extent such delays impact the ability of Supplier to timely perform MLPE attachment services, timely supply the required volumes of any Product, or timely deliver any Product, will be deemed to constitute a Force Majeure Event that affects the Supplier. In the case of any delay or failure that a Party anticipates will cause an excusable delay hereunder, such Party will inform the other Party in writing of the anticipated effect of such delay within five days of becoming aware of it, which notice must include a reasonably detailed description of the steps that the notifying Party is taking to alleviate the problem.

(d) Change in Law. Except for a change to any tariff, duty, or any anti-dumping or countervailing fee, fine or levy, in the event any Law is changed after the Effective Date within the Territory, the Parties shall meet and discuss equitable adjustments to the delivery schedule with respect to any Product and adjustments to price as applicable. In the event the Parties fail to reach a mutually agreeable adjustment to price, schedule or both, Supplier may terminate the delivery of any undelivered Products and all exclusivity obligations (if any) shall immediately terminate.

### (e) General Provisions.

(i) Customer shall permit the assignment of any invoice (in whole or in part) to a third party (factoring) and shall execute notices of consent and other documentation reasonably necessary to permit such assignment. Except as set out in this Section, neither Party has the right or power to assign any of its rights, or delegate the performance of any of its duties, under this Agreement without the prior written authorization of the other Party, which authorization will not be unreasonably withheld, conditioned or delayed.

(ii) The failure of either Party to assert any of its rights under this Agreement shall not be deemed to constitute a waiver of that Party's right thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(iii) The subject headings of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

(iv) In the event that any provision hereof is found invalid or unenforceable pursuant to a final judicial decree or decision (or arbitration award), the remainder of this Agreement will remain valid and enforceable according to its terms. In the event of such partial invalidity, the Parties shall seek in good faith to agree on replacing any such legally invalid provision with a provision that, in effect, will most nearly and fairly approach the effect of the invalid provision.

(v) This Agreement is written in English. The Parties may translate this Agreement into any other language and execute counterparts thereof as so translated but, in any and all events, the English language version of this Agreement, as executed by the Parties, will be the controlling version of this Agreement and will prevail for all purposes.

(vi) This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed and delivered will be deemed to be an original and all of which counterparts, taken together, will constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by fax or other electronic means will have the same force and effect as a manual signature delivered in person.

(vii) Except for Purchase Orders, changes to such Purchase Orders and other commercial communications, which may be sent by e-mail, fax or such other means as the Parties may agree, all notices and other communications required or permitted under this Agreement must be in writing and delivered in person or dispatched



by a nationally recognized overnight courier service to the applicable Party at the address specified for such Party in the Separation Agreement. Notices will be deemed duly given upon receipt by the receiving Party or upon such Party's refusal to accept delivery.

(viii) This Agreement, together with the Exhibits hereto and the documents delivered hereunder, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements between the Parties, whether written or oral, relating to the same subject matter, including the 2020 Supply Agreement and the First Amendment to Supply Agreement. No modification, amendments or supplements to this Agreement shall be effective for any purpose unless in writing and signed by each Party. Approvals or consents hereunder of a Party shall also be in writing.

(ix) For purposes of this Agreement, the Parties will be and remain independent contractors (and, in certain respects, active competitors), and this Agreement will not be construed as establishing a general agency, employment, partnership, joint venture, coalition, alliance or any other similar relationship between the Parties with regards to the relationship created by this Agreement. In accordance with this Agreement, neither Party will have the authority to make any statements, representations or commitments of any kind (whether express or implied) regarding the subject matter of this Agreement, or to take any action, which would be binding on any other Party or create any liability or obligation on behalf of any other Party regarding the subject matter of this Agreement, without the prior written authorization of such other Party to do so. Neither Party will have the right to direct or control the employees of any other Party. Neither Party will be liable for the debts, obligations or other liabilities of any other Party or of any of its agents, employees or contractors, including any costs for salaries, benefits or taxes.

(x) The Parties hereby acknowledge and agree that references to any supply agreement contained in the Product Collaboration Agreement or Separation Agreement shall be deemed to refer to this Agreement (as it may be further amended from time to time in accordance with the terms hereof).

*[Signature Page Follows]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective as of the Effective Date.

Customer

SUNPOWER CORPORATION

By: /S/ PETER FARICY  
Name: Peter Faricy  
Title: President and Chief Executive Officer

Supplier

MAXEON SOLAR TECHNOLOGIES, LTD.

By: /S/ JEFFREY WATERS  
Name: Jeffrey W. Waters  
Title: Chief Executive Officer





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## SunPower Reports Fourth Quarter and Fiscal Year 2021 Results

- *Fourth quarter results consistent with preliminary disclosure; achieved \$385M revenue*
- *Drove fourth quarter Residential gross margin of 25.6%, a multi-year high*
- *Residential demand remains strong with largest backlog in company history*
- *Pivotal year: Created a fast-growing, dynamic residential solar company well positioned for the future*
- *Looking ahead: New supply agreement with Maxeon provides greater degree of freedom for furthering product diversification*

**SAN JOSE, Calif., February 16, 2022** - SunPower Corp. (NASDAQ: SPWR), a leading solar technology and energy services provider, today announced financial results for its fourth quarter ended January 2, 2022 in line with the preliminary results shared last month.

As previously disclosed, SunPower took a \$27 million supplier-quality charge in fourth quarter 2021. The company is pursuing recovery of costs from the suppliers. The charges are expected to be funded with cash on hand.

Excluding the supplier-quality charge, SunPower reported fourth quarter revenue of a record \$385 million, net income of \$47 million and Adjusted EBITDA of \$19 million. Factors affecting fourth quarter Adjusted EBITDA include approximately \$6.5 million of Residential EBITDA effectively pushed into 2022 as the result of weather in California and COVID impacts. Another \$3 million was invested in sales and marketing to rapidly expand SunPower's serviceable solar market to more customers in underpenetrated areas nationally.

SunPower recently announced an agreement to sell its Commercial & Industrial Solutions (CIS) business to TotalEnergies for up to \$250 million in cash, including \$190 million payable at closing, subject to customary adjustments, and up to \$60 million in contingent payments subject to regulatory evolution. The transaction will complete SunPower's transition to a residential solar company with enhanced strategic focus on accelerating customer growth and expanding products and services to increase customer lifetime value.

"2021 was a pivotal year for SunPower as we charted a new course for the company with an enhanced focus on driving growth in the residential market, and the forward momentum continues into 2022" said Peter Faricy, CEO of SunPower. "Thanks to the strategic acquisition of Blue Raven, the sale of CIS, new executive hires, product innovation and our increased focus on lifetime customer experience, we have never been in a better position to optimize for growth in the year ahead making solar within reach for more homeowners across the nation. I am confident that our clear strategic direction will help create the industry's best experience for residential customers and deliver long-term value to our shareholders."

### **Solidified Strategic Position**

With nearly 22,500 residential bookings in the quarter, up 42% versus the prior year, SunPower's total residential install base reached 427,000 in 2021 with a growing and record-high backlog.



In addition, SunPower further enhanced its strategic position during 2021 by:

1. Acquiring Blue Raven Solar and introducing SunPower 25x25 commitments to help reach 100 million homes.
2. Launching a financial services institution, SunPower Financial™, to make renewable energy affordable for more American homeowners while enabling SunPower to lower its cost of capital.
3. Partnering with Wallbox to be the premier installer of electric vehicle (EV) charging solutions to make the switch to an electric lifestyle more convenient, affordable and sustainable.
4. Raising the bar higher for customer experience with an increased focus on monitoring issues, auditing supplier quality, and making corrections before customers even notice, where possible.
5. Expanding SunVault battery storage capabilities nationwide – including initiating the roll-out of its Virtual Power Plant (VPP) program — which customers are increasingly demanding to address the impact of power outages and rising energy prices. Ended the year with \$130 million in storage bookings run rate.

SunPower also continued to lead the new homes market including an exclusive agreement with The New Home Company to provide solar, battery storage and at-home EV chargers as standard features in its newest California community. New homes segment showed accelerated growth with 8,700 new customers in the quarter, a 50% increase from the previous year, entering 2022 with a potential homebuilder pipeline of a record-high 66,000 customers.

#### **Optimizing for Growth and Innovation**

Sunpower's goal is to enable people to power nearly every aspect of their lives — from home appliances to cars - with the sun. At the beginning of 2022, the company made a number of strategic investments and decisions that underscore this effort.

On February 14, SunPower entered into a new supply agreement with Maxeon. The new contract terms allow the company to exit from exclusivity ahead of schedule, providing the opportunity to continue offering Maxeon residential products while exploring additional panel providers. As a part of the negotiation, SunPower and Maxeon terminated their exclusivity agreement for Light Commercial Value-Added Reseller (CVAR) products. SunPower has made the decision to exit this business, reinforcing the company's strategic direction to serve the consumer market exclusively.

This week, SunPower completed an investment in OhmConnect to help the fast-growing residential VPP provider deliver homeowners a full stack solution for energy savings and management. The investment and subsequent strategic affiliation will introduce new products and services that increase financial value for SunPower's solar and storage customers and create new opportunities to deepen relationships with them while enabling more grid reliability.



## Financial Highlights

(\$ Millions, except percentages and per-share data)	4th Quarter 2021	3rd Quarter 2021	4th Quarter 2020	Fiscal Year 2021	Fiscal Year 2020
GAAP revenue	\$384.5	\$323.6	\$341.8	\$1,323.5	\$1,124.8
GAAP gross margin from continuing operations	13.3%	18.4%	22.0%	16.7%	14.9%
GAAP net income (loss) from continuing operations	\$20.2	\$(84.4)	\$412.5	\$(37.4)	\$599.4
GAAP net income (loss) from continuing operations per diluted share	\$0.11	\$(0.49)	\$2.08	\$(0.22)	\$3.11
Non-GAAP revenue <sup>1</sup>	\$384.2	\$322.0	\$337.5	\$1,312.7	\$1,102.9
Non-GAAP gross margin <sup>1</sup>	13.9%	18.9%	22.4%	17.5%	16.8%
Non-GAAP net income (loss) <sup>1</sup>	\$(12.8)	\$10.6	\$26.1	\$12.5	\$(3.7)
Non-GAAP net income (loss) from continuing operations per diluted share <sup>1</sup>	\$(0.07)	\$0.06	\$0.14	\$0.07	\$(0.02)
Adjusted EBITDA <sup>1</sup>	\$(7.6)	\$18.2	\$37.5	\$46.8	\$46.7
MW Recognized	154	121	153	527	483
Cash <sup>2</sup>	\$127.1	\$268.6	\$232.8	\$127.1	\$232.8

Information presented for fiscal year 2020 above is for continuing operations only, and excludes results of Maxeon, other than Cash.

<sup>1</sup>Information about SunPower's use of non-GAAP financial information, including a reconciliation to U.S. GAAP, is provided under "Use of Non-GAAP Financial Measures" below

<sup>2</sup>Includes cash, and cash equivalents, excluding restricted cash

## Financial Highlights

"As we enter 2022, the underlying fundamentals of our business are strong, with robust top of funnel lead generation and record-high bookings. We are also very pleased with residential gross margins that continued to come in well above 20% in the fourth quarter, reflecting strength in our sales and the trust we've built with homeowners," said Manavendra Sial, chief financial officer at SunPower.

Fourth quarter financial highlights include:

1. Accelerating growth with 17,000 customers added in the quarter, growing 31% year over year.
2. Healthy Residential gross margins at 25.6%, up 100-basis points from the last year; and,
3. Strong balance sheet at \$297 million net recourse debt including \$127 million unrestricted cash.

## Financial Outlook

On a GAAP basis, SunPower is projecting net income of \$85 million to \$105 million in 2022.





For 2022, SunPower is guiding to Adjusted EBITDA of \$90 million to \$110 million. Relative to prior color for 2022, the midpoint represents a reduction of approximately \$15 million as a result of the plan to exit the Light Commercial business and another \$20 million is primarily driven by the updated supply agreement with Maxeon as the company accelerates a shift toward a more diversified customer offering and supply chain. It assumes limited customer price increases during the transition. Residential customer volume is projected to grow by 73,000 to 80,000 customers this year, greater than 35% versus 2021, an acceleration of growth versus 28% for the prior year. Ongoing Residential Adjusted EBITDA before product and digital operating expense is projected at \$2,000 to \$2,400 per customer, based on the midpoint of projected volume.

Moving forward, SunPower is shifting toward annual guidance for these metrics, with an emphasis on EBITDA generation per customer rather than per watt. This reflects a longer-term view of value creation per customer and the broader industry shift toward the provision of multiple products and services beyond the initial solar system.

#### **Earnings Conference Call Information**

The company will host a conference call for investors this afternoon to discuss its fourth quarter and full year 2021 performance at 1:30 p.m. Pacific Time. The call will be webcast and can be accessed from SunPower's Investor Relations along with supplemental financial information at <http://investors.sunpower.com/events.cfm>.

This press release contains both GAAP and non-GAAP financial information. Non-GAAP figures are reconciled to the closest GAAP equivalent categories in the financial attachment of this press release.

#### **About SunPower**

Headquartered in California's Silicon Valley, SunPower (NASDAQ:SPWR) is a leading Distributed Generation Storage and Energy Services provider in North America. SunPower offers the only solar + storage solution designed and warranted by one company that gives customers control over electricity consumption and resiliency during power outages while providing cost savings to homeowners, businesses, governments, schools and utilities. For more information, visit [www.sunpower.com](http://www.sunpower.com)

**Forward-Looking Statements** This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding: (a) expectations regarding our future performance based on bookings, backlog, lead-generation, and pipelines in our sales channels and for our products; (b) estimated quality-related accounting charges and anticipated funding source, as well as pursuit of recovery from suppliers; (c) our expectations for expansion of our serviceable solar market and into additional markets; (d) the planned sale of our CIS business to TotalEnergies, including timing and certainty of closing; (e) our strategic plans and areas of investment and focus, both current and future, and expectations for the results thereof; (f) our expectations regarding projected growth in 2022 and beyond, our positioning for future success, and ability to deliver long-term value to our shareholders; (g) our plans and expectations our acquisitions, strategic partnerships and initiatives, including our acquisition of Blue Raven Solar and our partnerships with Wallbox, OhmConnect, and the New Home Company; (h) our expectations regarding the impact of our 25X25 initiative to help ensure historically underserved communities benefit from solar and storage; (i) our expectations for our supply relationship with Maxeon, including plans to explore offering alternative products; (j) our planned areas of focus and investment, including our future focus on the consumer market and our plans to exit the light commercial business; (k) our plans for SunPower Financial, including impact on affordability of solar, and plans for expanded eligibility; (l) our plans to enhance our customer experience and quality programs, and anticipated results thereof; (m) the anticipated future success of our products and growth initiatives, including our ability to expand into new markets and increase adoption of our financial and other products, including impacts on our business and financial results; (n) our expectations for future business performance and sales based on the strength of our fundamentals and customer relationships; (o) our expectations for industry trends and factors, and the impact thereof on our business and strategic plans; and (p) our guidance for fiscal year 2022, including GAAP net income and Adjusted EBITDA, as well as expectations for residential customer volume, Residential EBITDA before product and digital operating expense per customer, and related assumptions.





These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (1) regulatory changes and the availability of economic incentives promoting use of solar energy; (2) potential disruptions to our operations and supply chain that may result from epidemics or natural disasters, including impacts of the Covid-19 pandemic, and other factors; (3) competition in the solar and general energy industry and downward pressure on selling prices and wholesale energy pricing; (4) risks related to the introduction of new or enhanced products, including potential technical challenges, lead times, and our ability to match supply with demand while maintaining quality, sales, and support standards; (5) changes in public policy, including the imposition and applicability of tariffs; (6) our dependence on sole- or limited-source supply relationships, including our exclusive supply relationship with Maxeon Solar Technologies; (7) the success of our ongoing research and development efforts and our ability to commercialize new products and services, including products and services developed through strategic partnerships; (8) our liquidity, indebtedness, and ability to obtain additional financing for our projects and customers; and (9) challenges managing our acquisitions, joint ventures, and partnerships, including our ability to successfully manage acquired assets and supplier relationships. A detailed discussion of these factors and other risks that affect our business is included in filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online from the SEC or on the SEC Filings section of our Investor Relations website at [investors.sunpower.com](http://investors.sunpower.com). All forward-looking statements in this press release are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

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**SUNPOWER CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	January 2, 2022	January 3, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 127,130	\$ 232,765
Restricted cash and cash equivalents, current portion	4,157	5,518
Short-term investments	365,880	—
Accounts receivable, net	126,789	108,864
Contract assets	81,667	114,506
Inventories	242,993	210,582
Advances to suppliers, current portion	3,276	2,814
Project assets - plants and land, current portion	8,105	21,015
Prepaid expenses and other current assets	113,469	94,251
Total current assets	1,073,466	790,315
Restricted cash and cash equivalents, net of current portion	17,326	8,521
Property, plant and equipment, net	35,294	46,766
Operating lease right-of-use assets	59,226	54,070
Solar power systems leased, net	45,502	50,401
Goodwill	126,338	—
Other intangible assets, net	24,879	697
Other long-term assets	172,775	695,712
Total assets	\$ 1,554,806	\$ 1,646,482
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 177,055	\$ 166,066
Accrued liabilities	114,908	121,915
Operating lease liabilities, current portion	12,153	9,736
Contract liabilities, current portion	88,844	72,424
Short-term debt	112,669	97,059
Convertible debt, current portion	—	62,531
Total current liabilities	505,629	529,731
Long-term debt	380	56,447
Convertible debt, net of current portion	423,677	422,443
Operating lease liabilities, net of current portion	38,766	43,608
Contract liabilities, net of current portion	27,801	30,170
Other long-term liabilities	168,529	157,597
Total liabilities	1,164,782	1,239,996
Equity:		
Common stock	173	170
Additional paid-in capital	2,714,500	2,685,920



Accumulated deficit	(2,122,212)	(2,085,246)
Accumulated other comprehensive income (loss)	11,168	8,799
Treasury stock, at cost	(215,240)	(205,476)
Total stockholders' equity	388,389	404,167
Noncontrolling interests in subsidiaries	1,635	2,319
Total equity	390,024	406,486
Total liabilities and equity	\$ 1,554,806	\$ 1,646,482



**SUNPOWER CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
<b>Revenues:</b>					
Solar power systems, components, and other	\$ 378,782	\$ 318,607	\$ 338,507	\$ 1,302,034	\$ 1,103,823
Leasing revenue	5,750	5,029	3,303	21,459	21,006
Total revenues	384,532	323,636	341,810	1,323,493	1,124,829
<b>Cost of revenues:</b>					
Solar power systems, components, and other	329,423	260,251	264,515	1,089,831	946,164
Leasing revenue	4,057	3,735	2,144	12,055	11,538
Total cost of revenues	333,480	263,986	266,659	1,101,886	957,702
Gross profit	51,052	59,650	75,151	221,607	167,127
<b>Operating expenses:</b>					
Research and development	4,365	2,979	3,275	17,070	22,381
Sales, general, and administrative	76,610	51,169	52,510	232,253	164,703
Restructuring charges (credits)	175	(230)	(134)	4,519	2,604
(Gain) loss on sale and impairment of residential lease assets	—	—	(208)	(294)	45
(Gain) loss on business divestitures, net	—	—	124	(224)	(10,334)
Income from transition services agreement, net <sup>1</sup>	956	(468)	(4,371)	(4,255)	(6,260)
Total operating expenses	82,106	53,450	51,196	249,069	173,139
Operating income (loss)	(31,054)	6,200	23,955	(27,462)	(6,012)
<b>Other income (expense), net:</b>					
Interest income	39	83	72	288	754
Interest expense	(6,683)	(6,710)	(8,422)	(29,079)	(33,153)
Other, net	68,904	(86,074)	415,880	23,430	692,980
Other income (expense), net	62,260	(92,701)	407,530	(5,361)	660,581
<b>Income (loss) from continuing operations before income taxes and equity in earnings (losses) of unconsolidated investees</b>					
	31,206	(86,501)	431,485	(32,823)	654,569
(Provision for) benefits from income taxes	(10,212)	2,194	(18,833)	(5,219)	(57,549)
Net (loss) income from continuing operations	20,994	(84,307)	412,652	(38,042)	597,020
<b>(Loss) income from discontinued operations before income taxes and equity in earnings (losses) of unconsolidated investees</b>					
	—	—	—	—	(125,599)
Benefits from (provision for) income taxes	—	—	—	—	3,191
Equity in earnings (losses) of unconsolidated investees	—	—	—	—	(586)





Net (loss) income from discontinued operations, net of taxes	—	—	—	—	(122,994)
Net (loss) income	20,994	(84,307)	412,652	(38,042)	474,026
Net (income) loss from continuing operations attributable to noncontrolling interests	(798)	(69)	(177)	684	2,335
Net (income) loss from discontinued operations attributable to noncontrolling interests	—	—	—	—	(1,313)
Net (income) loss attributable to noncontrolling interests	(798)	(69)	(177)	684	1,022
Net (loss) income from continuing operations attributable to stockholders	20,196	(84,376)	412,475	(37,358)	599,355
Net (loss) income from discontinued operations attributable to stockholders	—	—	—	—	(124,307)
Net (loss) income attributable to stockholders	\$ 20,196	\$ (84,376)	\$ 412,475	\$ (37,358)	\$ 475,048

Net income (loss) per share attributable to stockholders - basic:					
Continuing operations	\$ 0.12	\$ (0.49)	\$ 2.42	\$ (0.22)	\$ 3.53
Discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (0.73)
Net income (loss) per share - basic	\$ 0.12	\$ (0.49)	\$ 2.42	\$ (0.22)	\$ 2.80

Net income (loss) per share attributable to stockholders - diluted:					
Continuing operations	\$ 0.11	\$ (0.49)	\$ 2.08	\$ (0.22)	\$ 3.11
Discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (0.63)
Net income (loss) per share - diluted	\$ 0.11	\$ (0.49)	\$ 2.08	\$ (0.22)	\$ 2.48

Weighted-average shares:					
Basic	173,019	172,885	170,267	172,436	169,801
Diluted	175,807	172,885	200,132	172,436	197,242



**SUNPOWER CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
<b>Cash flows from operating activities:</b>					
Net income (loss)	\$ 20,994	\$ (84,307)	\$ 412,652	\$ (38,042)	\$ 474,026
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Depreciation and amortization	4,008	1,681	2,567	11,506	48,304
Stock-based compensation	6,126	4,726	6,029	25,902	24,817
Non-cash interest expense	947	940	1,067	5,042	6,562
Equity in losses (earnings) of unconsolidated investees	—	—	—	—	586
Loss (gain) on equity investments	(68,950)	86,254	(416,455)	(21,712)	(692,100)
(Gain) loss on retirement of convertible debt	—	—	878	—	(2,182)
(Gain) loss on sale of investments	—	—	—	(1,162)	—
(Gain) loss on business divestitures, net	—	—	125	(224)	(10,334)
Deferred income taxes	9,797	(2,472)	17,602	5,688	19,241
(Gain) loss on sale and impairment of residential lease assets	—	—	209	(226)	1,024
Other, net	439	(120)	(464)	(5,670)	534
Changes in operating assets and liabilities:					
Accounts receivable	(14,099)	(1,541)	(14,067)	(18,549)	98,962
Contract assets	6,163	4,189	10,708	34,850	(12,063)
Inventories	(1,567)	(5,583)	(17,701)	(5,325)	(29,808)
Project assets	1,581	(3,488)	3,015	4,398	(8,187)
Prepaid expenses and other assets	(21,786)	(11,512)	(1,837)	(32,701)	(6,161)
Operating lease right-of-use assets	2,548	2,344	654	11,257	10,552
Advances to suppliers	225	2,597	(2,814)	(462)	13,482
Accounts payable and other accrued liabilities	39,976	(14,016)	(3,129)	(16,269)	(78,269)
Contract liabilities	13,736	5,047	17,842	10,229	(35,976)
Operating lease liabilities	(2,549)	(3,868)	(1,759)	(13,006)	(10,401)
Net cash provided by (used in) operating activities	(2,411)	(19,129)	15,122	(44,476)	(187,391)
<b>Cash flows from investing activities:</b>					
Purchases of property, plant, and equipment	(6,090)	(1,623)	(1,403)	(10,024)	(14,577)



	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
Investments in software development costs	(1,051)	(2,468)	—	(3,519)	—
Proceeds from sale of property, plant, and equipment	—	—	—	900	—
Cash paid for solar power systems	—	—	(1,134)	(635)	(6,528)
Purchases of marketable securities	—	—	—	—	(1,338)
Proceeds from maturities of marketable securities	—	—	—	—	6,588
Cash outflow upon Maxeon Solar Spin-off, net of proceeds	—	—	8,996	—	(131,136)
Cash received from sale of investments	—	—	—	1,200	—
Proceeds from business divestitures, net of de-consolidated cash	—	—	—	10,516	15,418
Proceeds from sale of equity investment	—	177,780	133,600	177,780	253,039
Cash paid for acquisitions, net of cash acquired	(124,200)	—	—	(124,200)	—
Proceeds from return of capital from equity investments	—	—	—	2,276	7,724
Net cash provided by (used in) investing activities	(131,341)	173,689	140,059	54,294	129,190
<b>Cash flows from financing activities:</b>					
Proceeds from bank loans and other debt	28,412	28,273	32,752	152,081	216,483
Repayment of bank loans and other debt	(24,385)	(52,813)	(44,607)	(180,771)	(227,677)
Proceeds from issuance of non-recourse residential and commercial financing, net of issuance costs	—	—	1,355	—	14,789
Repayment of non-recourse residential and commercial financing	—	—	(1,813)	(9,798)	(9,044)
Contributions from noncontrolling interests and redeemable noncontrolling interests attributable to residential projects	—	—	—	—	22
Distributions to noncontrolling interests and redeemable noncontrolling interests attributable to residential projects	—	—	(1,090)	—	(1,392)
Repayment of convertible debt	—	—	(239,554)	(62,757)	(334,732)
Proceeds from issuance of Maxeon Solar green convertible debt	—	—	—	—	200,000
Receipt of contingent asset of a prior business combination	—	—	—	—	2,245



	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
Settlement of contingent consideration arrangement of a prior business combination	—	—	(776)	—	(776)
Issuance of common stock to executive	—	—	—	2,998	—
Equity offering costs paid	—	—	—	—	(928)
Purchases of stock for tax withholding obligations on vested restricted stock	(2,500)	(809)	(4,387)	(9,762)	(12,842)
Net cash (used in) provided by financing activities	1,527	(25,349)	(258,120)	(108,009)	(153,852)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	—	(22)	—	200
Net increase (decrease) in cash, cash equivalents, and restricted cash	(132,225)	129,211	(102,961)	(98,191)	(211,853)
Cash, cash equivalents, and restricted cash, beginning of period	280,838	151,627	349,765	246,804	458,657
Cash, cash equivalents, and restricted cash, end of period	\$ 148,613	\$ 280,838	\$ 246,804	\$ 148,613	\$ 246,804

**Reconciliation of cash, cash equivalents, and restricted cash to the unaudited consolidated balance sheets:**

Cash and cash equivalents	\$ 127,130	\$ 268,574	\$ 232,765	\$ 127,130	\$ 232,765
Restricted cash and cash equivalents, current portion	4,157	7,438	5,518	4,157	5,518
Restricted cash and cash equivalents, net of current portion	17,326	4,826	8,521	17,326	8,521
Total cash, cash equivalents, and restricted cash	\$ 148,613	\$ 280,838	\$ 246,804	\$ 148,613	\$ 246,804

**Supplemental disclosure of cash flow information:**

Costs of solar power systems funded by liabilities	\$ —	\$ —	\$ 635	\$ —	\$ 635
Property, plant, and equipment acquisitions funded by liabilities	\$ (1,210)	\$ 1,356	\$ 866	\$ 1,320	\$ 866
Right-of-use assets obtained in exchange for lease obligations	\$ 3,671	\$ 4,429	\$ 1,008	\$ 19,628	\$ 22,794
Deconsolidation of right-of-use assets and lease obligations	\$ —	\$ —	\$ —	\$ 3,340	\$ —
Debt repaid in sale of commercial projects	\$ —	\$ —	\$ —	\$ 5,585	\$ —
Fair value of contingent consideration for business combination	\$ 11,100	\$ —	\$ —	\$ 11,100	\$ —





	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
Assumption of liabilities in connection with business divestitures	\$ —	\$ —	\$ 9,056	\$ —	\$ 9,056
Holdbacks in connection with business divestitures	\$ —	\$ —	\$ 7,199	\$ —	\$ 7,199
Costs of solar power systems sourced from existing inventory	\$ —	\$ —	\$ 1,018	\$ —	\$ 1,018
Cash paid for interest	\$ 1,555	\$ 10,168	\$ 4,117	\$ 25,289	\$ 31,704
Cash paid for income taxes	\$ 2,509	\$ 83	\$ 1,527	\$ 22,825	\$ 18,708



## Use of Non-GAAP Financial Measures

To supplement its consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"), the company uses non-GAAP measures that are adjusted for certain items from the most directly comparable GAAP measures. The specific non-GAAP measures listed below are: revenue; gross margin; net loss; net loss per diluted share; and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Management believes that each of these non-GAAP measures are useful to investors, enabling them to better assess changes in each of these key elements of the company's results of operations across different reporting periods on a consistent basis, independent of certain items as described below. Thus, each of these non-GAAP financial measures provide investors with another method to assess the company's operating results in a manner that is focused on its ongoing, core operating performance, absent the effects of these items. Management uses these non-GAAP measures internally to assess the business, its financial performance, current and historical results, as well as for strategic decision-making and forecasting future results. Many of the analysts covering the company also use these non-GAAP measures in their analysis. Given management's use of these non-GAAP measures, the company believes these measures are important to investors in understanding the company's operating results as seen through the eyes of management. These non-GAAP measures are not prepared in accordance with GAAP or intended to be a replacement for GAAP financial data; and therefore, should be reviewed together with the GAAP measures and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies.

Non-GAAP gross margin includes adjustments relating to gain/loss on sale and impairment of residential lease assets, litigation, stock-based compensation, and amortization of intangible assets, each of which is described below. In addition to the above adjustments, non-GAAP net loss and non-GAAP net loss per diluted share are adjusted for adjustments relating to mark to market gain on equity investments, gain on business divestitures, impairment of property, plant, and equipment, transaction-related costs, non-cash interest expense, restructuring charges (credits), gain on convertible debt repurchased, tax effect of these non-GAAP adjustments, each of which is described below. In addition to the above adjustments, Adjusted EBITDA includes adjustments relating to cash interest expense (net of interest income), provision for income taxes, and depreciation.

## Non-GAAP Adjustments Based on International Financial Reporting Standards ("IFRS")

The company's non-GAAP results include adjustments under IFRS that are consistent with the adjustments made in connection with the company's internal reporting process as part of its status as a consolidated subsidiary of TotalEnergies SE, our controlling shareholder and a foreign public registrant that reports under IFRS. Differences between GAAP and IFRS reflected in the company's non-GAAP results are further described below. In these situations, management believes that IFRS enables investors to better evaluate the company's performance, and assists in aligning the perspectives of the management with those of TotalEnergies SE.

- **Mark-to-market loss (gain) in equity investments:** We recognize adjustments related to the fair value of equity investments with readily determinable fair value based on the changes in the stock price of these equity investments at every reporting period. Under U.S. GAAP, mark-to-market gains and losses due to changes in stock prices for these securities are recorded in earnings while under IFRS, an election can be made to recognize such gains and losses in other comprehensive income. Such an election was made by TotalEnergies SE. Further, we elected the Fair Value Option ("FVO") for some of our equity method investments, and we adjust the carrying value of those investments based on their fair market value calculated periodically. Such option is not available under IFRS, and equity method accounting is required for those investments. We believe that excluding these adjustments on equity investments is consistent with our internal reporting process as part of its status as a consolidated subsidiary of TotalEnergies SE, and better reflects our ongoing results.



## Other Non-GAAP Adjustments

- Results of operations of Legacy business to be exited: We exclude the results of operations of our legacy businesses that we have exited from our Non-GAAP results. These are reported within our Others segment, and include our Hillsboro, Oregon facility that ceased manufacturing and revenue generation in the first quarter of 2021, as well as, results of our legacy power plant and legacy O&M businesses, where we are not doing new business and the remaining activities comprise of true-up of estimated milestones payments, settlement of certain warranty obligations on projects and other wind-down activities. As such, they are not reflective of ongoing operating results.
- (Gain) loss on sale and impairment of residential lease assets: In fiscal 2018 and 2019, in an effort to sell all the residential lease assets owned by us, we sold membership units representing a 49% membership interest in majority of its residential lease business and retained a 51% membership interest. We record an impairment charge based on the expected fair value for a portion of residential lease assets portfolio that was retained. Any charges or credits on these remaining unsold residential lease assets impairment, as well as its corresponding depreciation savings, are excluded from our non-GAAP results as they are not reflective of ongoing operating results.
- Stock-based compensation: Stock-based compensation relates primarily to our equity incentive awards. Stock-based compensation is a non-cash expense that is dependent on market forces that are difficult to predict. We believe that this adjustment for stock-based compensation provides investors with a basis to measure the company's core performance, including compared with the performance of other companies, without the period-to-period variability created by stock-based compensation.
- Litigation: We may be involved in various instances of litigation, claims and proceedings that result in payments or recoveries. We exclude gains or losses associated with such events because the gains or losses do not reflect our underlying financial results in the period incurred. We also exclude all expenses pertaining to litigation relating to businesses that discontinued as a result of spin-off of Maxeon Solar, for which we are indemnifying them. We believe that it is appropriate to exclude such charges from our non-GAAP results as they are not reflective of ongoing operating results.
- Transaction-related costs: In connection with material transactions such as acquisition or divestiture of a business, the company incurred transaction costs including legal and accounting fees. We believe that it is appropriate to exclude these costs from our non-GAAP results as they would not have otherwise been incurred as part of the business operations and therefore is not reflective of ongoing operating results.
- Amortization of intangible assets: We incur amortization of intangible assets as a result of acquisitions, which includes non-compete arrangements, patents, purchased technology, project pipeline assets, and in-process research and development, including the acquisition of Blue Raven. We believe that it is appropriate to exclude these amortization charges from our non-GAAP results as they arise from prior acquisitions and are non-recurring in nature, and are therefore not reflective of ongoing operating results.
- (Gain) loss on business divestitures, net: In the second quarter of fiscal 2021, we sold a portion of our residential lease business and certain commercial projects. We recognized a gain and a loss relating to these business divestitures, respectively. We believe that it is appropriate to exclude such gain and loss from the company's non-GAAP financial measures as it is not reflective of ongoing operating results.
- Executive transition costs: We incur non-recurring charges related to the hiring and transition of new executive officers. During fiscal 2021, we appointed a new chief executive officer, as well as other chief executives, and we are investing resources in those executive transitions, and in developing new members of management as we complete our restructuring transformation. We believe that it is appropriate to exclude these from our non-GAAP results as they are not reflective of ongoing operating results.



- Acquisition-related costs: We will incur certain costs in connection with the acquisition of Blue Raven, that are either paid as part of the transaction or will be paid shortly after, but are considered post-acquisition compensation under the applicable GAAP framework due to the nature of such items. A majority of the expense incurred in fourth quarter of fiscal 2021 represents cash paid to certain employees of Blue Raven for settlement of their pre-existing share-based payment plan, in excess of the respective fair value. Other post-combination expenses include change in fair value of contingent consideration as well as deferred post-combination employment expense payable to certain Blue Raven employees and sellers. We believe that it is appropriate to exclude these from our non-GAAP results as they are directly related to the acquisition transaction and non-recurring in nature, and are therefore not reflective of ongoing operating results.
- Business reorganization costs: In connection with the spin-off of Maxeon into an independent, publicly traded company, we incurred and expect to continue to incur, non-recurring charges on third-party legal and consulting expenses, primarily to enable in separation of shared information technology systems and applications. We believe that it is appropriate to exclude these from our non-GAAP results as it is not reflective of ongoing operating results.
- Restructuring charges (credits): We incur restructuring expenses related to reorganization plans aimed towards realigning resources consistent with the company's global strategy and improving its overall operating efficiency and cost structure. Although the company has engaged in restructuring activities in the past, each has been a discrete event based on a unique set of business objectives. We believe that it is appropriate to exclude these from our non-GAAP results as it is not reflective of ongoing operating results.
- Tax effect: This amount is used to present each of the adjustments described above on an after-tax basis in connection with the presentation of non-GAAP net income (loss) and non-GAAP net income (loss) per diluted share. Our non-GAAP tax amount is based on estimated cash tax expense and reserves. We forecast our annual cash tax liability and allocates the tax to each quarter in a manner generally consistent with its GAAP methodology. This approach is designed to enhance investors' ability to understand the impact of our tax expense on its current operations, provide improved modeling accuracy, and substantially reduce fluctuations caused by GAAP to non-GAAP adjustments, which may not reflect actual cash tax expense, or tax impact of non-recurring items.
- Adjusted EBITDA adjustments: When calculating Adjusted EBITDA, in addition to adjustments described above, we exclude the impact of the following items during the period:
  - Cash interest expense, net of interest income
  - Provision for income taxes
  - Depreciation

For more information about these non-GAAP financial measures, please see the tables captioned "Reconciliations of GAAP Measures to Non-GAAP Measures" set forth at the end of this release, which should be read together with the preceding financial statements prepared in accordance with GAAP.





**SUNPOWER CORPORATION**  
**RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES**  
(In thousands, except percentages and per share data)  
(Unaudited)

**Adjustments to Revenue:**

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
GAAP revenue	\$ 384,532	\$ 323,636	\$ 341,810	\$ 1,323,493	\$ 1,124,829
Adjustments based on IFRS:					
Legacy utility and power plant projects	\$ —	\$ —	\$ —	\$ —	\$ (207)
Other adjustments:					
Results of operations of legacy business to be exited	\$ (318)	\$ (1,677)	\$ (4,331)	\$ (10,825)	\$ (27,131)
Construction revenue on solar services contracts	\$ —	\$ —	\$ —	\$ —	\$ 5,392
Non-GAAP revenue	<u>\$ 384,214</u>	<u>\$ 321,959</u>	<u>\$ 337,479</u>	<u>\$ 1,312,668</u>	<u>\$ 1,102,883</u>

**Adjustments to Gross Profit (Loss) / Margin:**

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
GAAP gross profit from continuing operations	\$ 51,052	\$ 59,650	\$ 75,151	\$ 221,607	\$ 167,127
Adjustments based on IFRS:					
Legacy utility and power plant projects	—	—	—	—	(34)
Legacy sale-leaseback transactions	—	—	—	—	20
Other adjustments:					
Results of operations of legacy business to be exited	1,586	291	110	5,180	7,412
Construction revenue on solar service contracts	—	—	—	—	4,735
(Gain) loss on sale and impairment of residential lease assets	(275)	(249)	(485)	(1,537)	(1,860)
Stock-based compensation expense	1,183	1,029	952	4,062	2,605
Amortization of intangible assets	—	—	—	—	4,759
Restructuring (credits) charges	—	—	(12)	—	(12)
Non-GAAP gross profit	<u>\$ 53,546</u>	<u>\$ 60,721</u>	<u>\$ 75,716</u>	<u>\$ 229,312</u>	<u>\$ 184,752</u>
GAAP gross margin (%)	13.3 %	18.4 %	22.0 %	16.7 %	14.9 %
Non-GAAP gross margin (%)	13.9 %	18.9 %	22.4 %	17.5 %	16.8 %



**Adjustments to Net Income (Loss):**

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
GAAP net income (loss) from continuing operations attributable to stockholders	\$ 20,196	\$ (84,376)	\$ 412,475	\$ (37,358)	\$ 599,355
Adjustments based on IFRS:					
Legacy utility and power plant projects	—	—	—	—	(34)
Legacy sale-leaseback transactions	—	—	—	—	20
Mark-to-market (gain) loss on equity investments	(68,950)	86,254	(416,456)	(21,712)	(690,818)
Other adjustments:					
Results of operations of legacy business to be exited	2,661	938	294	11,683	9,383
Construction revenue on solar service contracts	—	—	—	—	4,735
(Gain) loss on sale and impairment of residential lease assets	(275)	(249)	(693)	(6,494)	(1,815)
Litigation	(9,311)	1,623	3,650	888	4,530
Stock-based compensation expense	6,040	4,693	6,008	25,717	19,387
Amortization of intangible assets	1,579	—	—	1,579	4,759
(Gain) loss on business divestitures, net	—	—	53	(224)	(10,476)
Transaction-related costs	1,545	1,329	175	3,229	2,033
Executive transition costs	1,254	827	—	2,583	—
Business reorganization costs	(129)	1,045	1,537	2,771	1,537
Restructuring (credits) charges	191	(154)	(146)	803	1,935
(Gain) loss on convertible debt repurchased	—	—	540	—	(2,520)
Acquisition-related costs	18,764	—	—	18,764	—
Tax effect	13,661	(1,293)	18,699	10,272	54,314
Non-GAAP net income (loss) attributable to stockholders	\$ (12,774)	\$ 10,637	\$ 26,136	\$ 12,501	\$ (3,675)



**Adjustments to Net Income (loss) per diluted share**

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
Net income (loss) per diluted share					
<b>Numerator:</b>					
GAAP net income (loss) available to common stockholders <sup>1</sup>	\$ 20,196	\$ (84,376)	\$ 412,475	\$ (37,358)	\$ 599,355
Add: Interest expense on 4.00% debenture due 2023, net of tax	—	—	3,126	—	12,499
Add: Interest expense on 0.875% debenture due 2021, net of tax	—	—	421	—	1,824
GAAP net income (loss) available to common stockholders <sup>1</sup>	\$ 20,196	\$ (84,376)	\$ 416,022	\$ (37,358)	\$ 613,678
Non-GAAP net income (loss) available to common stockholders <sup>1</sup>	\$ (12,774)	\$ 10,637	\$ 26,136	\$ 12,501	\$ (3,675)
<b>Denominator:</b>					
GAAP weighted-average shares	173,019	172,885	170,267	172,436	169,801
Effect of dilutive securities:					
Restricted stock units	2,788	—	5,217	—	318
0.875% debentures due 2021	—	—	7,581	—	10,055
4.00% debentures due 2023	—	—	17,068	—	17,068
GAAP dilutive weighted-average common shares:	175,807	172,885	200,133	172,436	197,242
Non-GAAP weighted-average shares	173,019	172,885	170,267	172,436	169,801
Effect of dilutive securities:					
Restricted stock units	—	2,680	5,216	2,680	—
4.00% debentures due 2023	—	—	17,068	—	—
Non-GAAP dilutive weighted-average common shares <sup>1</sup>	173,019	175,565	192,551	175,116	169,801
GAAP dilutive net income (loss) per share - continuing operations	\$ 0.11	\$ (0.49)	\$ 2.08	\$ (0.22)	\$ 3.11
Non-GAAP dilutive net income (loss) per share - continuing operations	\$ (0.07)	\$ 0.06	\$ 0.14	\$ 0.07	\$ (0.02)

<sup>1</sup>In accordance with the if-converted method, net loss available to common stockholders excludes interest expense related to the 0.875% and 4.00% debentures if the debentures are considered converted in the calculation of net loss per diluted share. If the conversion option for a debenture is not in the money for the relevant period, the potential conversion of the debenture under the if-converted method is excluded from the calculation of non-GAAP net loss per diluted share.



**Adjusted EBITDA:**

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	January 2, 2022	October 3, 2021	January 3, 2021	January 2, 2022	January 3, 2021
GAAP net income (loss) from continuing operations attributable to stockholders	\$ 20,196	\$ (84,376)	\$ 412,475	\$ (37,358)	\$ 599,355
Adjustments based on IFRS:					
Legacy utility and power plant projects	—	—	—	—	(34)
Legacy sale-leaseback transactions	—	—	—	—	20
Mark-to-market (gain) loss on equity investments	(68,950)	86,254	(416,456)	(21,712)	(690,818)
Other adjustments:					
Results of operations of legacy business to be exited	2,661	938	294	11,683	9,383
Construction revenue on solar service contracts	—	—	—	—	4,735
Gain on sale and impairment of residential lease assets	(275)	(249)	(693)	(6,494)	(1,815)
Litigation	(9,311)	1,623	3,650	888	4,530
Stock-based compensation expense	6,040	4,693	6,008	25,717	19,387
Amortization of intangible assets	1,579	—	—	1,579	4,759
(Gain) loss on business divestitures, net	—	—	53	(224)	(10,476)
Transaction-related costs	1,545	1,329	175	3,229	2,033
Executive transition costs	1,254	827	—	2,583	—
Business reorganization costs	(129)	1,045	1,537	2,771	1,537
Restructuring charges	191	(154)	(146)	803	1,935
(Gain) loss on convertible debt repurchased	—	—	540	—	(2,520)
Acquisition-related costs	18,764	—	—	18,764	—
Cash interest expense, net of interest income	6,582	6,543	8,348	28,566	32,435
Provision for (benefit from) income taxes	9,646	(2,194)	18,834	4,627	57,550
Depreciation	2,633	1,928	2,893	11,384	14,752
Adjusted EBITDA	\$ (7,574)	\$ 18,207	\$ 37,512	\$ 46,806	\$ 46,748





**FY 2022 GUIDANCE****(in thousands)**

Residential Customers

Residential Adjusted EBITDA/Customer<sup>1</sup>

Adjusted EBITDA

Net Income (GAAP)

**FY 2022**

73,000 - 80,000

\$2,000 - \$2,400

\$90 million - \$110 million

\$85 million - \$105 million

1. Excluding Product & Digital operating expenses for Residential only.
2. Adjusted EBITDA guidance for FY 2022 includes net adjustments that decrease GAAP net income by approximately \$5 million primarily relating to the following adjustments: stock-based compensation expense, results of operations of legacy business to be exited, (gain) loss on business divestitures, net, acquisition-related costs, interest expense, depreciation and amortization, income taxes, and other non-recurring adjustments.



























## SUPPLEMENTAL INDENTURE No. 1

SUPPLEMENTAL INDENTURE No. 1 (this “**Supplemental Indenture**”) dated as of September 30, 2022 among Maxeon Solar Technologies, Ltd. (or its successor) (the “**Company**”), Deutsche Bank Trust Company Americas, as trustee (the “**Trustee**”), and DB Trustees (Hong Kong) Limited as collateral trustee (the “**Collateral Trustee**”), under the indenture referred to below.

WHEREAS the Company (or its successor) has heretofore executed and delivered to the Trustee and the Collateral Trustee an indenture (as amended, supplemented or otherwise modified, the “**Indenture**”) dated as of August 17, 2022, providing for the issuance of the Company’s 7.50% Convertible First Lien Senior Secured Notes (the “**Notes**”), initially in an aggregate principal amount of \$207,000,000;

WHEREAS the Indenture provides that, pursuant to Section 8.02 of the Indenture, the Company and the Trustee may, subject to Sections 8.01, 8.03, 7.05 and 7.08 of the Indenture and clauses (i) to (x) of Section 8.02(A) of the Indenture, amend or supplement any provision of the Indenture with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding;

WHEREAS pursuant to an Acknowledgement Letter to a Letter of Consent, dated September 30, 2022, Zhonghuan Singapore Investment and Development Pte. Ltd., in its capacity as the Holder of \$207,000,000 principal amount of the Notes, representing 100% of the outstanding principal amount of the Notes, consents to the execution and delivery of this Supplemental Indenture and the amendments to the Indenture set forth herein; and

WHEREAS pursuant to Section 8.02 of the Indenture, the Trustee, the Collateral Trustee and the Company are authorized to execute and deliver this Supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the Trustee and the Collateral Trustee mutually covenant and agree for the equal and ratable benefit of the Holders (as defined in the Indenture) as follows:

1. **Defined Terms.** As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined. The words “herein,” “hereof” and “hereby” and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

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**2. Amendments to Schedule 1.01 of the Indenture.** Paragraphs 2 and 4 of Schedule 1.01 of the Indenture are hereby deleted in their entirety and replaced with the following paragraphs:

“2. Subject to prompt assistance from the entity holding the security interest in the applicable Collateral, as may be necessary, in accordance with the timetable in Schedule 1 of the Supplemental Indenture No. 1 dated as of September 30, 2022 among the Company, the Trustee and the Collateral trustee, Maxeon Solar Pte. Ltd. shall:

- (a) negotiate and execute local law patent security documents (the “**Local Law Patent Security Documents**”) in respect of its patents registered in the PRC, the United Kingdom, France, the European Union Intellectual Property Office (*provided*, that the Obligations to be secured by the Liens on the applicable Collateral under any Italian law patent security document in respect of patents registered in the European Union Intellectual Property Office shall not exceed US\$100,000), Australia, South Korea, Japan, Germany, Italy (*provided*, that the Obligations to be secured by the Liens on the applicable Collateral under any Italian law patent security document shall not exceed US\$100,000) and the European Patent Office (the “**Agreed IP Security Jurisdictions**”); and
- (b) contemporaneously with the execution of each Local Law Patent Security Document, provide:
  - a. any relevant constitutional documents and necessary corporate approvals with respect to entry into the respective Local Law Patent Security Documents;
  - b. any related opinions as requested by the entity holding the security interest in the applicable Collateral and/or Investor to be issued based on standard opinion practice of each Agreed IP Security Jurisdiction, appointment of agents for service of process as applicable; and
  - c. any additional documentation or deliverables as reasonably required in the respective jurisdictions.”

“4. Within 90 days of the Issue Date, Maxeon Solar Pte. Ltd. shall, subject to prompt assistance from the entity holding the security interest in the applicable Collateral, as may be necessary, take practical steps consistent with agreed market practice in the PRC, the United Kingdom, France, the European Union Intellectual Property Office, Australia (to the extent that only a centralized filing will be made), South Korea and Italy (the “**Agreed IP Perfection Jurisdictions**”) to ensure that the Liens under the Local Law Patent Security Documents in respect of its Patents registered in the Agreed IP Perfection Jurisdictions are recorded, filed and notified in the Agreed IP Perfection Jurisdictions and on all relevant registers of the Agreed IP Perfection Jurisdictions, to ensure the enforceability, validity and priority of such Liens.”

**4. Ratification of Indenture; Supplemental Indentures Part of Indenture.** Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder shall be bound hereby.

**5. Governing Law.** THIS SUPPLEMENTAL INDENTURE AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS SUPPLEMENTAL INDENTURE, IS GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.





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**6. Trustee and Collateral Trustee Make No Representation.** The Trustee and the Collateral Trustee make no representation as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

**7. Counterparts.** The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

**8. Effect of Headings.** The Section headings herein are for convenience only and shall not affect the construction thereof.

[Remainder of page intentionally left blank]



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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

**MAXEON SOLAR TECHNOLOGIES, LTD.**

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Authorized Signatory

[Signature Page to Supplemental Indenture]



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**DEUTSCHE BANK TRUST COMPANY AMERICAS,  
AS TRUSTEE, REGISTRAR, PAYING AGENT,  
CONVERSION AGENT**

By: /s/ Annie Jaghatspanyan

Name: Annie Jaghatspanyan

Title: Vice President

By: /s/ Irina Golovashchuk

Name: Irina Golovashchuk

Title: Vice President

**DB TRUSTEES (HONG KONG) LIMITED, AS  
COLLATERAL TRUSTEE**

By: /s/ Christina Nip

Name: Christina Nip

Title: Authorized Signatory

By: /s/ Mak, Ka Ho

Name: Mak, Ka Ho

Title: Authorized Signatory

[Signature Page to Supplemental Indenture]



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**Schedule 1**

1. The Local Law Patent Security Documents for the following Agreed IP Security Jurisdictions shall be agreed and executed no later than October 7, 2022:
  - a. Australia
  - b. France
  - c. South Korea
  - d. Germany
  - e. European Patent Office
  - f. Japan
  - g. United Kingdom
  
2. The Local Law Patent Security Documents for the following Agreed IP Security Jurisdictions shall be agreed and executed no later than October 20, 2022:
  - a. PRC
  - b. Italy
  - c. European Union Intellectual Property Office







## SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”) dated as of October 14, 2022 among SunPower Systems Sàrl (the “**New Guarantor**”), an indirect subsidiary of Maxeon Solar Technologies, Ltd. (or its successor) (the “**Company**”), Deutsche Bank Trust Company Americas, as trustee (the “**Trustee**”), and DB Trustees (Hong Kong) Limited as collateral trustee (the “**Collateral Trustee**”), under the indenture referred to below.

WHEREAS the Company (or its successor) has heretofore executed and delivered to the Trustee and the Collateral Trustee an indenture (as amended by the Supplemental Indenture No.1, dated September 30, 2022, by and among the Company, the Trustee and the Collateral Trustee, the “**Indenture**”) dated as of August 17, 2022, providing for the issuance of the Company’s 7.50% Convertible First Lien Senior Secured Notes (the “**Notes**”), initially in an aggregate principal amount of \$207,000,000;

WHEREAS the Indenture provides that, under certain circumstances, the New Guarantor shall execute and deliver to the Trustee and the Collateral Trustee a supplemental indenture pursuant to which the New Guarantor shall unconditionally guarantee all the obligations of the Company under the Notes and the Indenture pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 8.01 of the Indenture, the Trustee, the Collateral Trustee and the Company are authorized to execute and deliver this Supplemental Indenture without the consent of any Holder of the Notes;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company, the Trustee and the Collateral Trustee mutually covenant and agree for the equal and ratable benefit of the Holders (as defined in the Indenture) as follows:

1. **Defined Terms.** As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined. The words “herein,” “hereof” and “hereby” and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. **Agreement to Guarantee.** The New Guarantor hereby agrees, jointly and severally with all existing Guarantors (if any), to unconditionally guarantee the Obligations of the Company under the Notes and the Indenture on the terms and subject to the conditions set forth in Article 12 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Notes and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. **Notices.** All notices or other communications to the New Guarantor shall be given as provided in Section 13.01 of the Indenture.

5. **Ratification of Indenture; Supplemental Indentures Part of Indenture.** Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder shall be bound hereby.

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**6. Governing Law.** THIS SUPPLEMENTAL INDENTURE AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS SUPPLEMENTAL INDENTURE, WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

**7. Trustee and Collateral Trustee Make No Representation.** The Trustee and the Collateral Trustee make no representation as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

**8. Counterparts.** The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

**9. Effect of Headings.** The Section headings herein are for convenience only and shall not affect the construction thereof.

[Remainder of page intentionally left blank]



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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

**MAXEON SOLAR TECHNOLOGIES, LTD.**

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Authorized Signatory

**SUNPOWER SYSTEMS SÀ RL**

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Authorized Signatory

[Signature Page to Supplemental Indenture]



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**DEUTSCHE BANK TRUST COMPANY AMERICAS,  
AS TRUSTEE, REGISTRAR, PAYING AGENT,  
CONVERSION AGENT**

By: /s/ Annie Jaghatspanyan

Name: Annie Jaghatspanyan

Title: Vice President

By: /s/ Irina Golovashchuk

Name: Irina Golovashchuk

Title: Vice President

**DB TRUSTEES (HONG KONG) LIMITED, AS  
COLLATERAL TRUSTEE**

By: /s/ Christina Nip

Name: Christina Nip

Title: Authorized Signatory

By: /s/ Mak, Ka Ho

Name: Mak, Ka Ho

Title: Authorized Signatory

[Signature Page to Supplemental Indenture]







## SUPPLEMENTAL INDENTURE No.3

SUPPLEMENTAL INDENTURE No.3 (this “**Supplemental Indenture**”) dated as of October 14, 2022 among Maxeon Solar Technologies, Ltd. (or its successor) (the “**Company**”), SunPower Philippines Manufacturing Ltd. (“**SunPower Philippines**”), Deutsche Bank Trust Company Americas, as trustee (the “**Trustee**”), DB Trustees (Hong Kong) Limited, as Collateral Trustee (the “**Collateral Trustee**”) and Rizal Commercial Banking Corporation – Trust and Investments Group, as supplemental collateral trustee (the “**Supplemental Collateral Trustee**”) under the indenture referred to below.

WHEREAS the Company (or its successor) and the guarantors named therein have heretofore executed and delivered to the Trustee and the Collateral Trustee an indenture dated as of August 17, 2022 (as amended by the Supplemental Indenture No.1, dated September 30, 2022, by and among the Company, the Trustee and the Collateral Trustee and the Supplemental Indenture No.2, dated October 14, 2022, by and among the Company, the New Guarantor named therein, the Trustee and the Collateral Trustee (the “**Indenture**”), providing for the issuance of the Company’s 7.50% Convertible First Lien Senior Secured Notes (the “**Notes**”), initially in an aggregate principal amount of \$207,000,000;

WHEREAS, pursuant to Section 11.09 of the Indenture, the Company is authorized to appoint an additional institution as a separate collateral trustee or a supplemental collateral trustee by executing a supplemental indenture;

WHEREAS, pursuant to Section 11.09 of the Indenture, the Company intends to appoint the Supplemental Collateral Trustee as collateral trustee in respect of Collateral (the “**Philippine Collateral**”) governed by a Philippine law governed all-asset omnibus security agreement (the “**Philippine Security Document**”) dated on or about the date of this Supplemental Indenture between SunPower Philippines and the Supplemental Collateral Trustee;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee and the Company are authorized to execute and deliver this Supplemental Indenture without the consent of any Holder of the Notes;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, SunPower Philippines, the Trustee, the Collateral Trustee and the Supplemental Collateral Trustee mutually covenant and agree for the equal and ratable benefit of the Holders (as defined in the Indenture) as follows:

1. **Defined Terms.** As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined. The words “herein,” “hereof” and “hereby” and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. **Appointment of Supplemental Collateral Trustee.** The Company hereby appoints, and SunPower Philippines hereby acknowledges and agrees to the appointment of, the Supplemental Collateral Trustee as collateral trustee in respect of the Philippine Collateral.

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**3. Agreement to be Bound by the Indenture.** The Supplemental Collateral Trustee agrees, with respect to the Philippine Collateral:

3.1 that each and every right, power, privilege or duty expressed or intended by the Indenture or the Philippine Security Document (other than the rights arising in respect of the Parallel Debt under Section 11.04 of the Indenture) to be exercised by or vested in or conveyed to the Supplemental Collateral Trustee with respect to the Philippine Collateral shall be exercisable by and vest in the Supplemental Collateral Trustee to the extent, and only to the extent, necessary to enable the Supplemental Collateral Trustee to exercise such rights, powers and privileges with respect to the Philippine Collateral and to perform such duties with respect to the Philippine Collateral, and every covenant and obligation contained in the Philippine Security Document and necessary to the exercise or performance thereof by the Supplemental Collateral Trustee (other than covenants and obligations relating to the Parallel Debt) shall run to and be enforceable by the Supplemental Collateral Trustee as the context may require; and

3.2 that the provisions of the Indenture (and, in particular, Article 11 thereof) that refer to the Collateral Trustee shall inure to the benefit of the Supplemental Collateral Trustee and all references therein to the Collateral Trustee shall be deemed to be references to the Supplemental Collateral Trustee, in addition to the Collateral Trustee.

**4. Notices.**

4.1 All notices or other communications to the Supplemental Collateral Trustee shall be given as provided in Section 13.01 of the Indenture at the following address:

Rizal Commercial Banking Corporation  
– Trust and Investments Group  
9<sup>th</sup> Floor, Yuchengco Tower  
RCBC Plaza, 6819 Ayala Avenue  
Makati City, Philippines 0727

Attention : Mr. Ryan Roy W. Sinaon  
Telephone : 63 (02) 8894-9000 local 1278  
Email address : rwsinaon@rcbc.com

**5. Ratification of Indenture; Supplemental Indentures Part of Indenture.** Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder shall be bound hereby.

**6. Governing Law.** THIS SUPPLEMENTAL INDENTURE AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS SUPPLEMENTAL INDENTURE, WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.



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**7. Trustee, Collateral Trustee and the Supplemental Collateral Trustee Make No Representation.** The Trustee, Collateral Trustee and the Supplemental Collateral Trustee make no representation as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

**8. Counterparts.** The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

**9. Effect of Headings.** The Section headings herein are for convenience only and shall not affect the construction thereof.

[Remainder of page intentionally left blank]



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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No.3 to be duly executed as of the date first above written.

**MAXEON SOLAR TECHNOLOGIES, LTD.**

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Authorized Signatory

[Signature Page to Supplemental Indenture No.3]





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**SUNPOWER PHILIPPINES MANUFACTURING LTD.**

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Authorized Signatory

[Signature Page to Supplemental Indenture No.3]



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**DEUTSCHE BANK TRUST COMPANY AMERICAS,  
AS TRUSTEE, REGISTRAR, PAYING AGENT,  
CONVERSION AGENT**

By: /s/ Annie Jaghatspanyan

Name: Annie Jaghatspanyan

Title: Vice President

By: /s/ Irina Golovashchuk

Name: Irina Golovashchuk

Title: Vice President

**DB TRUSTEES (HONG KONG) LIMITED, AS  
COLLATERAL TRUSTEE**

By: /s/ Lau, Tung Tung Christy

Name: Lau, Tung Tung Christy

Title: Authorized Signatory

By: /s/ Melissa Chow

Name: Melissa Chow

Title: Authorized Signatory

[Signature Page to Supplemental Indenture No.3]



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**RIZAL COMMERCIAL BANKING CORPORATION –  
TRUST AND INVESTMENTS GROUP, AS  
SUPPLEMENTAL COLLATERAL TRUSTEE**

By: /s/ Ryan Roy W. Sinaon

Name: Ryan Roy W. Sinaon

Title: First Vice President

By: /s/ Joel B. Crystal

Name: Joel B. Crystal

Title: Vice President

[Signature Page to Supplemental Indenture No.3]





## FIRST AMENDMENT TO MASTER SUPPLY AGREEMENT

This FIRST AMENDMENT TO MASTER SUPPLY AGREEMENT (this “**Amendment**”) is made effective as of December 31, 2022 (the “**Amendment Effective Date**”), by and between SunPower Corporation, a corporation organized and existing under the laws of the State of Delaware, USA (“**Customer**”), and Maxeon Solar Technologies, Ltd., a corporation organized and existing under the laws of Singapore (“**Supplier**”). Customer and Supplier are each referred to herein as a “**Party**,” individually, and the “**Parties**,” collectively.

### RECITALS

A. Customer and Supplier entered into that certain Master Supply Agreement, dated February 14, 2022 (the “**Agreement**”), pursuant to which Supplier agreed to sell to Customer, and pursuant to which Customer agreed to purchase from Supplier, certain Products, as that term is defined therein.

B. The Parties now desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are agreed and stipulated, the Parties hereby agree as follows:

### AGREEMENT

#### 1. **Effect of this Amendment.**

This Amendment is executed in connection with the Agreement, and once executed by the Parties shall be deemed to be incorporated into and made a part of the Agreement as fully as if the terms of this Amendment had been set forth in the Agreement. Wherever the terms of this Amendment and the terms of the Agreement are in conflict, the terms of this Amendment shall govern and control. Terms not otherwise defined in this Amendment shall be as defined in the Agreement.

#### 2. **Amendments.**

2.1 **Exhibit A.** Exhibit A to the Agreement is hereby deleted and replaced in its entirety with “Exhibit A” attached hereto.

2.2 **Exhibit B.** Exhibit B to the Agreement is hereby deleted and replaced in its entirety with “Exhibit B” attached hereto.

2.3 **Exhibit C.** Exhibit C to the Agreement is hereby deleted and replaced in its entirety with “Exhibit C” attached hereto.

2.4 **Exhibit F.** Exhibit F to the Agreement is hereby added and attached hereto.

#### 3. **General.**

3.1 **Authorized and Binding Amendment.** Each Party represents and warrants to the other Parties that, as of the Amendment Effective Date, the execution, delivery, and performance of this Amendment has been duly authorized by all requisite action required by or on behalf of such Party, and this Amendment constitutes the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms.



3.2 Entire Agreement. This Amendment shall not be deemed to be modified, amended, rescinded or waived, in whole or in part, except by written statement signed by both Parties hereto. This Amendment constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreements, undertakings, warranties and arrangements of any nature whatsoever, whether or not in writing.

3.3 Binding Effect. This Amendment shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and permitted assigns. Except as expressly modified by this Amendment, all of the terms, conditions, covenants, representations and understandings contained in the Agreement shall remain unchanged and in full force and effect, and the same are hereby expressly ratified and confirmed by the Parties.

3.4 Severability. If at any time any provision of this Amendment is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Amendment; or the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Amendment.

3.5 Counterparts. This Amendment may be executed by original or facsimile signature in one or more counterparts, each of which will be deemed an original, but which collectively will constitute one and the same instrument.

3.6 Defined Terms. Capitalized terms used but not defined in this Amendment have the meanings given to them in the Agreement.

3.7 Governing Law and Dispute Resolution. Without waiver or amendment of the foregoing, this Amendment is expressly subject to Sections 10 and 11(a) as set out in the Agreement.

[Signature Page Follows]



IN WITNESS WHEREOF, the authorized signatories of the Parties have made this First Amendment to Master Supply Agreement effective as of the Amendment Effective Date.

**CUSTOMER:**

**SunPower Corporation,**  
a Delaware corporation

By: /S/ Peter Faricy  
Name: Peter Faricy  
Title: Chief Executive Officer

**SUPPLIER:**

**Maxeon Solar Technologies, Ltd.,**  
a Singapore corporation

By: /S/ Mark W. Babcock  
Name: Mark W. Babcock  
Title: Chief Revenue Officer and Interim CEO



- Exhibit A Products and Product Specifications
- Exhibit B Agreed Quarterly Commitments
- Exhibit C Pricing
- Exhibit F Exclusivity





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**MASTER SUPPLY AGREEMENT**

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**Maxon Solar Technologies, Ltd.**  
as Supplier

**SunPower Corporation**  
as Customer

**December 31, 2022**

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## MASTER SUPPLY AGREEMENT

This Master Supply Agreement, dated as of December 31, 2022 (the “Effective Date”), is by and between SunPower Corporation, a corporation organized and existing under the laws of the State of Delaware, USA (“Customer”), and Maxeon Solar Technologies, Ltd., a corporation organized and existing under the laws of Singapore (“Supplier”). Customer and Supplier may also be referred to individually as a “Party” or together as the “Parties.” Capitalized terms used in this Agreement and not defined herein have the meaning prescribed to them in Exhibit I.

**WHEREAS**, Customer, directly and indirectly, designs, markets and sells products for use by the solar industry in the Territory and provides services to solar industry customers within the Territory;

**WHEREAS**, Supplier, directly and indirectly, designs, manufactures, markets, distributes and sells products to solar industry customers within and outside of the Territory; and

**WHEREAS**, Supplier now wishes to sell, and Customer now wishes to purchase, photovoltaic power generation modules as set out and described in this Agreement, in each case subject to all of the terms and conditions as set out in this Agreement.

**NOW THEREFORE**, in consideration of the forgoing, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Purchase and Supply of Products.**

(a) **Products.** The supply and purchase of the products listed in Exhibit A (collectively, the “Products”) during the Supply Period are governed by this Agreement. The Parties may only amend or supplement the list of Products in Exhibit A in writing executed by both Parties. Except as expressly provided otherwise in this Agreement, all purchases and sales of any Product shall be on a non-exclusive basis.

(b) **Product Specifications: Changes.** The Product Specifications for each Product are set forth in Exhibit A. Any Product Change shall comply with the requirements of Exhibit D.

(c) **Quality Control.** Supplier shall use Good Industry Practice and quality control standards in compliance with Exhibit D, applicable Law, and any certification or standard specified in the applicable Product Specifications for manufacturing the Products.

(d) **Module-Level Power Electronics.** Customer shall manage and procure all microinverters for the Products and Supplier shall manage and procure all other module-level power electronics (the “MLPEs”) set forth in the Product Specifications, unless the Parties otherwise agree in writing. Supplier shall provide a weekly six (6) month rolling forecast to Customer of the anticipated consumption of microinverters and MLPEs and, based upon such forecasts, (i) Customer shall purchase and timely deliver the forecasted microinverters to Supplier, and (ii) Supplier shall purchase all other required MLPEs, including module-level shut-down devices. Following delivery of the MLPEs to Supplier, Supplier shall be responsible for attaching the MLPEs to the Products before delivery to Customer. The charges and costs to Customer for Supplier’s procurement and attachment of MLPE, as well as a further description of the procurement process for MLPEs, are set forth in Exhibit E. Customer



warrants that all microinverters delivered to Supplier shall be compliant with the requirements in Exhibit E. Supplier warrants that it shall attach the MLPEs to the Products in accordance with the manufacturer's instructions; however, Supplier does not provide any warranties, express or implied, related to the MLPEs, and hereby expressly disclaims all such warranties, including any warranty regarding the materials used to manufacture the MLPEs, the design or workmanship of the MLPEs, whether or not the MLPEs conform to any specifications, and fitness of the MLPEs for a particular purpose. Customer shall receive the benefit of any MLPE manufacturer warranty provided to Supplier.

2. **Volume Commitments.**

(a) **Quarterly Volume Commitments.**

(i) During the Supply Period, Customer agrees to purchase from Supplier or its Affiliates, and Supplier agrees to sell and supply to Customer or its Affiliates, the Products in the quantities set forth in Exhibit B. During the Supply Period, Supplier shall sell and make available for delivery the Products, and Customer shall take and pay for such Product, at a minimum, in the quantities set out in Section 1 of Exhibit B with respect to each calendar quarter, and at the prices set forth in and otherwise in accordance with and subject to the provisions of this Agreement

(ii) **Monthly Forecast Review.** Supplier shall provide Customer with a monthly Optimized Delivery Plan ("ODP") prior to the start of each month during the Supply Period. The ODP shall provide a minimum of 6-months forward-looking forecast of Supplier's production capacity based on the volume commitments set forth in Section 1 of Exhibit B. Customer and Supplier shall review the ODP proposal the first week of each month to address any Customer requests related to upside production or volume mix requests at the SKU level.

(iii) With respect to the Supply Period, Customer shall submit on or prior to the 1<sup>st</sup> Wednesday of each month (A) a purchase order specifying the Products to be delivered during the third (3<sup>rd</sup>) month thereafter, and (B) a three (3) month forecast for the Products commencing after such third (3<sup>rd</sup>) month. For example, Customer shall submit a purchase order and forecast to Supplier on or before October 4, 2023 for the supply of Products to be delivered in January 2024 and a forecast covering February 2024, March 2024 and April 2024. Customer and Supplier shall seek to align linear deliveries in each quarter, based on the quarterly volume commitment, such that quantities are allocated for delivery in weekly buckets throughout the quarter. Supplier shall either accept or request changes to Customer's purchase order within five (5) business days after receipt of such purchase order. Customer shall respond to any changes requested by Supplier within five (5) business days after receipt of such changes. Subject to Section 10(d)(viii), each purchase order is binding when accepted by both Parties in writing and the delivery date set forth in such binding purchase order (as may be amended in accordance with the terms of this Agreement) shall be referred to as the "PO Delivery Date." In the event the Parties are unable to agree on the quantity of Product for any purchase order within fifteen (15) business days from receipt of Customer's original purchase order, the quantity shall be deemed to be thirty-three percent (33%) of the volume commitments set out in Section 1 of Exhibit B for the relevant quarter. The Parties shall work together in good faith to accommodate reasonable changes requested for any accepted purchase order (including, but not limited to, the PO Delivery Date); however, only changes to purchase orders in writing and executed by both Parties shall be binding and the volume commitment for that quarter pursuant to which the purchase order falls within shall be adjusted accordingly.





(b) Purchase of Non-Conforming Product. The Parties agree and understand that certain Products are customized for Customer. Such Products may not conform to specifications in Exhibit A but still have economic value. Except as otherwise agreed, Customer shall purchase from Supplier all Products that are non-conforming products solely as a result of the module wattage being greater than or less than amounts specified in Exhibit A (“NC Products”). Customer shall purchase from Supplier all NC Products at a price adjusted as set forth in Section 2 of Exhibit C. Customer shall purchase from Supplier all NPB Products at a price equal to 80% of the price for such Product in accordance with Exhibit C. NC Products and NPB Products shall be included within the volume commitment set forth in Exhibit B.

(c) Mandatory Bin Orders. Notwithstanding any provision to the contrary and subject to Exhibit B, Customer is obligated to purchase Products that cover all power bins within a Planning Family (L5) in the same proportions as Supplier’s production.

3. **Pricing and Payment**.

(a) Pricing. The pricing for each Product delivered under this Agreement is set forth in Exhibit C.

(b) Prices exclude Taxes. All pricing excludes (and Supplier shall not be liable for) any taxes imposed by the United States of America, State of California, and any agency or instrumentality thereof, except for tariffs, import and export duties, any anti-dumping or countervailing fees and penalties or duties. Each Party is responsible for all taxes that arise out of the income of such Party.

(c) Payment Terms. Supplier shall submit an invoice to Customer for any month in which Supplier delivered any Product to Customer. Payment of all undisputed amounts owed pursuant to any invoice shall be due within forty-five (45) days after submission to Customer of such invoice; provided, that in the event Customer withdraws consent to an assignment of invoice (factoring), payment must be made three (3) days prior to the scheduled shipment date of any Products until Supplier has established a factoring relationship with a third party. Notwithstanding the foregoing, in the event of a Credit Change, payments for the full value of the Products (as determined pursuant to Section 3(a)) shall be made prior to delivery, unless and until Customer provides Supplier with Financial Assurance. Unless the Parties otherwise agree in writing, all payments shall be made, without setoff, by wire transfer of immediately available funds to the account designated by the payee. All payments shall be made in U.S. dollars and at the time of payment, Customer shall indicate the applicable invoices for each payment.

(d) Late Payments. Notwithstanding anything to the contrary, payments that are past due by more than seven (7) days shall bear interest from the date due at the rate of 1.5% per month, subject to the maximum rate permitted by applicable Law. In the event Customer fails to pay any undisputed amount within ten (10) business days after the due date for the relevant invoice, Supplier’s receipt of payments for the full value of the Products (as determined pursuant to Section 3(a)) shall be a condition precedent to Supplier’s obligation to fulfill any issued purchase order until such past due invoices are paid.



4. **Delivery.**

(a) **Shipping Terms.**

Supplier shall deliver the Products DDP (Incoterms® 2020) to such locations and at such prices specified in Exhibit C or such other location within the contiguous United States as the Parties may otherwise agree in writing. For a change in delivery location, Customer must provide a written request to change the delivery location at least sixty (60) days prior to the anticipated shipment. Supplier shall use commercially reasonable efforts to accommodate the change in delivery location, and will invoice Customer the prices specified in Exhibit C plus the difference in costs to deliver to the new delivery location plus ten percent.

Supplier shall be designated as the importer of record for U.S. customs purposes and, subject to Section 2(e) of Exhibit C, Supplier shall be responsible for payment of all import taxes, customs duties and related tariffs assessed with respect to the Products by any U.S. Governmental Authority. Title to, and risk of loss for, the Products shall pass to Customer as soon as Supplier delivers them to Customer.

(b) **Early Deliveries.** Supplier may deliver Products up to fourteen (14) days before the specified date of delivery set forth in the relevant purchase order for such Products.

(c) **Delays by Supplier.** Except as otherwise excused under this Agreement (including, but not limited to, a Force Majeure Event or a delay caused (directly or indirectly) by Customer), Supplier shall pay to Customer the Delay LDs, in accordance with Exhibit G, for deliveries of Product after the end of the relevant calendar month with respect to a purchase order and the Grace Period. The express remedies contained in this Section 4(c) are the sole and exclusive remedies available to Customer for any late deliveries of Product by Supplier.

5. **Product Warranties.**

(a) **Product Warranty.** Supplier's warranty obligations for each Product (except for MLPEs incorporated into the Products in accordance with Section 1(d)) are set forth in Exhibit D (the "Product Warranty"). Except for MLPEs incorporated into the Products in accordance with Section 1(d), the Product Warranty shall apply to Products supplied under this Agreement and Supplier represents and warrants to Customer that when delivered the Products were (i) new, (ii) free from defects in materials and workmanship and (iii) conform to the Product Specifications.

(b) **DISCLAIMER.** EXCEPT FOR SECTION 5(a), TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, SUPPLIER HEREBY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS.

6. **Term and Termination.**

(a) **Term.** The term of this Agreement shall commence on the Effective Date and, unless terminated earlier as provided below, shall remain in effect until December 31, 2025 (the "Term"), unless the Parties agree in writing to extend the Term or the duration of any obligations described herein.

(b) **Termination.** Either Party may terminate this Agreement, effective upon written notice to the other Party, if: (A) such other Party fails to observe or perform any of its obligations in this Agreement and such failure remains uncured for thirty (30) or more days after such Party receives written



notice from the other Party specifying the nature of the alleged breach; (B) any representation or warranty made by such other Party in this Agreement is shown to be inaccurate in any material respect; (C) such other Party voluntarily commences any proceeding or files a petition seeking liquidation, reorganization or other relief under any bankruptcy, receivership or similar Law; (D) an involuntary proceeding is commenced or petition is filed against such other Party seeking liquidation, reorganization or other relief in respect of such Party under any bankruptcy, receivership or similar Law and such proceeding or petition is not dismissed within sixty (60) days after first initiated; (E) a Party has suffered a Force Majeure Event that affects its performance of any material obligation hereunder, and such Force Majeure Event has not been alleviated to the reasonable satisfaction of such Party within one hundred and twenty (120) days after notice thereof has been delivered in accordance with Section 10(c); (F) a change in law occurs and in accordance with Exhibit C; (G) the Parties fail to reach an agreement pursuant to Section 1(d)(iv) of Exhibit C; or (H) the dissolution of either Party, except for the purpose of merger, consolidation, or reorganization where the successor expressly assumes such Party's obligations hereunder, and such dissolution and assumption does not adversely affect the ability of the successor to perform its obligations under this Agreement.

(c) Effects of Termination. Upon termination of this Agreement and without further notice, duly accepted purchase orders for the purchase of Products that are scheduled for shipment after the effective date of such termination shall continue to be in effect until completed.

(d) Survival. The terms of Articles 7, 9, 10 and Sections 1(d) (with respect to the warranty for MLPEs), 8(a), 8(b), 8(c) and this 6(d) (each to the extent applicable after the Term) shall survive the expiration or termination of this Agreement for any reason. Termination or expiration of this Agreement shall not affect any rights or obligations that may have accrued to either Party prior to the effective date thereof.

## 7. Intellectual Property and Confidentiality.

(a) Intellectual Property. Supplier and Customer shall retain ownership of all proprietary intellectual property rights owned or developed, respectively, by Supplier or Customer prior to and during the execution of this Agreement regardless of whether such intellectual property is disclosed to Supplier or Customer. Nothing in this Agreement shall result in a transfer of ownership of any Supplier or Customer intellectual property. Supplier hereby grants to Customer a limited, non-exclusive, perpetual, royalty-free and fully paid-up license, limited to the use and sale of the Products, whereby the license is transferable with the sale of the Products.

(b) Confidentiality. The Party that receives any Confidential Information (the "Receiving Party") of the other Party (the "Disclosing Party") shall keep all such Confidential Information, in Receiving Party's possession or reasonable control, confidential and shall not disclose any such Confidential Information to any third party without the prior written consent of the Disclosing Party. The Receiving Party shall exercise at least the same degree of care to safeguard the confidentiality of the Disclosing Party's Confidential Information as it does to safeguard its own proprietary or confidential information, but not less than a commercially reasonable degree of care. The Receiving Party shall promptly notify the Disclosing Party in the event that the Receiving Party learns of any unauthorized use or disclosure of such Confidential Information by it or its representatives, and shall promptly take all actions necessary to correct and prevent such use or disclosure.



(c) Authorized Disclosure. Notwithstanding the foregoing, neither Receiving Party (nor their representatives, as applicable) shall be precluded from disclosing Confidential Information of the Disclosing Party (i) to the extent the Receiving Party is required to do so in response to a valid order by a Governmental Authority, or, to the extent it reasonably believes, on the basis of advice from outside counsel, that it is required to disclose such Confidential Information by Law; provided, however, that, in the event a Receiving Party believes it is so required to disclose another the Disclosing Party's Confidential Information, it shall promptly provide written notice of such requirement, to the extent practicable, so that the Disclosing Party may seek an appropriate order or other action as it deems appropriate to prevent or limit such disclosure, and the Receiving Party required to make the disclosure shall use reasonable efforts to preserve the confidentiality of the Disclosing Party's Confidential Information, including by cooperating with the Disclosing Party to obtain an appropriate order or other reliable assurance of confidential treatment; provided, further, the Receiving Party required to make the disclosure may disclose only that portion of the Disclosing Party's Confidential Information that is legally required to be disclosed, or (ii) the Receiving Party's agents or representatives on a need-to-know basis such Confidential Information in connection with performing the Receiving Party's obligations under this Agreement; provided, however, the Receiving Party shall ensure, by instruction, contract, or otherwise with its representatives that such representatives comply with the provisions of this Section 7.

8. **Disputes and Indemnification**.

(a) Dispute Resolution.

(i) The Parties shall seek to settle any dispute, controversy or claim ("Dispute") relating to this Agreement through good faith negotiations. If the Parties fail to resolve any such Dispute through good faith negotiations within thirty (30) days after one Party notifies the other Party thereof, such Dispute shall be settled through arbitration in accordance with the International Dispute Resolution Procedures of the International Centre for Dispute Resolution (ICDR). The arbitration award shall be final and binding on the Parties. The place and seat of arbitration shall be San Francisco, California, USA or such other location as the Parties may mutually agree upon in writing. The arbitration proceedings shall be conducted in English by a panel of three arbitrators who are fluent in the English language. Each Party shall have the authority to nominate one arbitrator in accordance with the ICDR rules. Following confirmation of the two Party-nominated arbitrators, the arbitrators shall select a third neutral arbitrator to serve as the presiding arbitrator.

(ii) Notwithstanding the foregoing, if either Party believes the other Party has breached its obligations in Sections 7 or 9, then, in addition to any and all other rights and remedies available to such Party, it shall be entitled to seek from the arbitrators and from any court located in San Francisco County, California, USA interim or provisional injunctive or other equitable relief. A Party's application to a court for interim or provisional injunctive or other equitable relief shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(b) Mutual Indemnification.

(i) Supplier shall indemnify, defend and hold harmless Customer, its Affiliates and its and their respective directors, officers, employees, agents and other representatives from and against any and all damages, liabilities, claims, costs, charges, judgments and expenses (including





reasonable attorney's fees) brought or maintained by any third party arising out of (1) the breach by Supplier of any representation, warranty, covenant or agreement made by Supplier in this Agreement, (2) Supplier's tortious acts or omissions, or (3) Supplier's violation of applicable Law or the requirements of any Governmental Authority.

(ii) Customer shall indemnify, defend and hold harmless Supplier, its Affiliates and its and their respective directors, officers, employees, agents and other representatives from and against any and all damages, liabilities, claims, costs, charges, judgments and expenses (including reasonable attorney's fees) brought or maintained by any third party arising out of (1) the breach by Customer of any representation, warranty, covenant or agreement made by Customer in this Agreement, (2) Customer's tortious acts or omissions, or (3) Customer's violation of applicable Law or the requirements of any Governmental Authority.

(iii) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER PARTY TO THIS AGREEMENT SHALL BE LIABLE TO THE OTHER PARTY FOR (1) ANY SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES, OR (2) ANY LOSS OF INCOME OR PROFITS, LOST OR INCREASED PRODUCTION COSTS, SHUTDOWN OR LOSS OF PRODUCTION, LOSS OF USE, LOSS OF CONTRACT OR LOSS OF GOODWILL OR BUSINESS INTERRUPTION, ARISING FROM, OR ATTRIBUTABLE TO, THIS AGREEMENT OR THAT PARTY'S PERFORMANCE HEREUNDER, WHETHER ARISING IN CONTRACT, TORT, BY OPERATION OF LAW, OR OTHERWISE, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

(c) Limitation of Liability. Notwithstanding any other provision of this Agreement, each Party's maximum aggregate liability to the other Party for all damages arising out of or in connection with this Agreement, whether arising in contract, tort (including negligence whether active or passive), warranty, strict liability or otherwise shall in no event exceed the amount equal to one hundred percent of the prices attributable to all Products sold under this Agreement as set forth in Exhibit B; provided, however, that the foregoing limitation of liability shall not be applicable to, and shall in no way limit each Party's indemnity obligations pursuant to Section 8(b).

(d) Insurance. Supplier and Customer shall maintain insurance throughout the Term with financially sound and reputable carriers in such amounts and against such risks as set forth in Exhibit H.

## 9. Restrictive Covenants.

(a) Non-Solicitation. During the Term of this Agreement, neither Party shall, and each shall cause its Affiliates not to, directly or indirectly, solicit to hire any Sales Employee or otherwise induce any such Sales Employee to terminate his or her employment with the other Party or the other Party's Affiliates; provided, however, that nothing herein shall restrict or preclude either Party or its Affiliates from making generalized solicitations for employees by use of advertisements in the media (including trade media), via the Internet, or by engaging search firms to engage in solicitations, in each case, that are not targeted or focused on employees of the other Party or its Affiliates.

(b) Non-Circumvention. During the exclusivity period set out in Exhibit F and subject to the terms of Exhibit F, Supplier shall not, and shall cause its Affiliates not to, directly or



indirectly, attempt to circumvent Customer by contacting or entering into any discussions or contractual arrangements to sell Products to residential dealers in the Territory that have a Dealer Participation Agreement with Customer in accordance with this [Section 9\(b\)](#). During the relevant exclusivity period, (i) within fourteen (14) days from the Effective Date, Customer shall provide its list of dealers that are in existing supply arrangements with Customer; (ii) Customer shall provide an updated list of dealers every six (6) months from the Effective Date and at the conclusion of any relevant exclusivity period; and (iii) Supplier shall have reasonable audit rights in connection with such list.

(c) **M-Series Exclusivity.** Supplier shall not (directly or indirectly, including through its Affiliates) sell M-Series Products to any third party for use in the Residential Market Segment within the Territory, and Customer agrees it shall not purchase any alternative products (directly or indirectly, including through its Affiliates) above the nameplate efficiencies in [Exhibit F](#) for the use, sale, or supply, in the Residential Market Segment within the Territory, in each case, in accordance with the terms and conditions in [Exhibit F](#).

(d) **All other rights reserved.** Except as expressly set forth in this [Section 9](#), Supplier may market and sell, and Customer may purchase, any photovoltaic power generation device (including any Product) to or from any other third party.

10. **Miscellaneous.**

(a) **Governing Law.** This Agreement, and any Disputes arising out of or in connection with this Agreement, shall be governed by and construed in accordance with the Laws of the State of California, excluding its rules governing conflicts of Laws. The U.N. Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

(b) **Compliance with Laws and Compliance Audits.**

(i) Each Party agrees at all times to comply with all applicable Laws relating to its performance under this Agreement. Each Party further agrees to make, obtain and maintain in force at all times during the Term, all filings, registrations, reports, licenses, permits and authorizations required under applicable Law. Supplier agrees at all times to comply with Supplier's Code of Ethics and Business Conduct, located at: <https://corp.maxeon.com/static-files/51fd1f5a-9ffc-402a-bedb-cf35308c0af3> and Customer's Supplier Code of Conduct available at: <https://us.sunpower.com/suppliers> on the Effective Date.

(ii) Each Party hereby acknowledges and agrees that the Products, as well as the Confidential Information, are subject to export controls under the Laws of the United States, including the Export Administration Regulations, 15 C.F.R. Parts 730-774. In the exercise of its rights, and the performance of its obligations under this Agreement, each Party agrees to strictly comply with all such export control Laws, and shall not export, re-export, transfer, divert, or disclose any Products or Confidential Information, or any direct product thereof, to any destination, end-use, or end-user restricted or prohibited under export controls Laws.

(iii) Each Party agrees to strictly comply with all applicable foreign or domestic anti-corruption and anti-bribery Laws, as in effect from time to time, including, but not limited to, the United States Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010, and any Laws



intended to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (collectively, "Anti-Corruption Laws"). Without limiting the generality of the foregoing, each Party agrees not to make, authorize, offer, promise to make, or give any money or any other thing of value, directly or knowingly indirectly, to any current or former government official or employee (including employees of a state-owned or controlled enterprise of public international organization), candidate for political office, an official of a political party, or any employee, director or consultant of a non-government client or potential client, for the purpose of securing any improper or unfair advantage, or obtaining or retaining business in connection with the activities contemplated hereunder. Each Party agrees to immediately notify the other of any request that it receives to take any action that might constitute, or be construed as, a violation of the Anti-Corruption Laws.

(iv) Each Party further agrees to keep and maintain accurate books and records, in sufficient detail, to demonstrate compliance with this Agreement, including all Anti-Corruption Laws. Each Party shall keep such records in accordance with its document retention policies, but no less than three (3) years after the date of the transaction to which those records relate or longer if required by Law. Upon at least thirty (30) days' written notice and no more frequently than once per year and at least one hundred and eighty (180) days apart, each Party shall (1) furnish the other Party with copies of reasonably requested books and records and (2) permit the other Party (and its representatives) to examine and audit all of such Party's books and records relating to its activities under this Agreement to verify such Party's compliance with this Agreement, and subject to restrictions implemented in good faith to (1) ensure compliance with applicable Law, (2) preserve any applicable privilege (including attorney-client privilege), or (3) comply with any applicable contractual confidentiality obligations. The costs of such examination and audit shall be borne by the requesting Party. In the event a Party is in breach of any of its representations, warranties, or covenants in this Agreement (or a Party has a reasonable basis to assert any such breach), then any such examination and audit shall be permitted upon at least twenty-four (24) hours' written notice and, if a breach is confirmed, the costs and expenses of the examination and audit shall be the responsibility of the breaching Party.

(c) Force Majeure. Notwithstanding anything to the contrary in this Agreement, neither Party shall be liable for any damages or delay suffered by the other Party due to any inability to perform any obligation hereunder, and neither Party shall be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term or provision of this Agreement, when such failure or delay is caused by or results from a cause beyond the reasonable control of the affected Party, including, without limitation, as a result of an act of God, fire, flood, storm, earthquake, explosion, pandemic, epidemic, delays in transportation, shortages of trucks or vessels, shortages of fuel, shortages of raw materials, environmental catastrophe, embargo, war, acts of war (whether war be declared or not), acts of terrorism, insurrection, riot, civil commotion, or acts, omissions or delays in acting by any Governmental Authority (including legislative, administrative, judicial, police or any other official governmental acts) (each, a "Force Majeure Event"). For the avoidance of doubt, delays in Supplier's receipt of microinverters sourced by Customer, to the extent such delays impact the ability of Supplier to timely perform microinverter attachment services, timely supply the required volume commitments of any Product, or timely deliver any Product, shall be deemed to constitute a Force Majeure Event that affects the Supplier. The Party claiming to be affected by a Force Majeure Event shall give the other Party notice in writing of the anticipated effect of such delay within five (5) days of becoming aware of such Force Majeure Event, which notice must include a reasonably detailed



description of the steps that the notifying Party is taking to alleviate the problem and an estimated timeline for the Force Majeure Event.

(d) General Provisions.

(i) Customer shall permit the assignment of any invoice (in whole or in part) to any third party (factoring) and shall execute notices of consent and other documentation reasonably necessary to permit such assignment. Except as provided in this Section 10(d), neither Party has the right or power to assign any of its rights, or delegate the performance of any of its duties, under this Agreement without the prior written authorization of the other Party, which authorization shall not be unreasonably withheld, conditioned or delayed.

(ii) The failure of either Party to assert any of its rights under this Agreement shall not be deemed to constitute a waiver of that Party's right thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(iii) In the event a Party shall fail to make a payment due under this Agreement to the other Party, the other Party may offset such amounts against any payment due by the other Party under this Agreement.

(iv) The subject headings of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

(v) In the event that any provision hereof is found invalid or unenforceable pursuant to a final judicial decree or decision (or arbitration award), the remainder of this Agreement shall remain valid and enforceable according to its terms. In the event of such partial invalidity, the Parties shall seek in good faith to agree on replacing any such legally invalid provision with a provision that, in effect, shall most nearly and fairly approach the effect of the invalid provision.

(vi) This Agreement is written in English. The Parties may translate this Agreement into any other language and execute counterparts thereof as so translated but, in any and all events, the English language version of this Agreement, as executed by the Parties, shall be the controlling version of this Agreement and shall prevail for all purposes.

(vii) This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by fax or other electronic means shall have the same force and effect as a manual signature delivered in person.

(viii) Except for changes to purchase orders and similar commercial communications between the Parties, which may be sent by e-mail or such other means as the Parties may agree, all notices and other types of communications required or permitted under this Agreement must be in writing and delivered in person or dispatched by a nationally recognized overnight courier service to the applicable Party at the address set forth below. Notices shall be deemed duly given upon receipt by the Receiving Party or upon such Party's refusal to accept delivery.





If to SUPPLIER:

Maxeon Americas, Inc.  
1 North Street, Suite 200  
San Jose, CA 95113

Attention: Chief Revenue Officer

with a copy to:

Maxeon Solar Technologies, Ltd.  
8 Marina Blvd. #05-02  
Marina Bay Financial Centre 018981 Singapore

Attention: Chief Legal Officer

If to CUSTOMER:

SunPower Corporation  
1414 Harbour Way S., Suite 1901  
Richmond, CA 94804

Attention: Vice President, Supply Chain

with a copy to:

SunPower Corporation  
1414 Harbour Way S., Suite 1901  
Richmond, CA 94804

Attention: Chief Legal Officer

Email: [LegalNoticeSunPower@sunpower.com](mailto:LegalNoticeSunPower@sunpower.com)

(ix) This Agreement, together with the Exhibits hereto and the documents delivered hereunder, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements between the Parties, whether written or oral, relating to the same subject matter, including the Supply Agreement and the First Amendment to Supply Agreement. No modification, amendments or supplements to this Agreement shall be effective for any purpose unless in writing and signed by each Party. Approvals or consents hereunder of a Party shall also be in writing.

(x) For purposes of this Agreement, the Parties shall be and shall remain independent contractors (and, in certain respects, active competitors), and this Agreement shall not be construed as establishing a general agency, employment, partnership, joint venture, coalition, alliance or any other similar relationship between the Parties with regards to the relationship created by this Agreement. In accordance with this Agreement, neither Party shall have the authority to make any statements, representations or commitments of any kind (whether express or implied) regarding the subject matter of this Agreement, or to take any action, which would be binding on any other Party or create any liability or obligation on behalf of any other Party regarding the subject matter of this Agreement, without the prior written authorization of such other Party to do so. Neither Party shall have the right to direct or control the employees of any other Party. Neither Party shall be liable for the debts, obligations or other liabilities of any other Party or of any of its agents, employees or contractors, including any costs for salaries, benefits or taxes.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective as of the Effective Date.

Customer

**SUNPOWER CORPORATION**

By: /S/ Peter Faricy  
Name: Peter Faricy  
Title: Chief Executive Officer

Supplier

**MAXEON SOLAR TECHNOLOGIES, LTD.**

By: /S/ Mark W. Babcock  
Name: Mark W. Babcock  
Title: Chief Revenue Officer and Interim CEO

*[Signature Page to Master Supply Agreement]*





## Subsidiaries of Maxeon Solar Technologies, Ltd.

Name of Subsidiary	Country of Incorporation
Maxeon Solar Pte. Ltd	Singapore
SunPower Malaysia Manufacturing Sdn. Bhd.	Malaysia
SunPower Systems Sarl	Switzerland
SunPower Corporation Mexico, S. de R.L. de C.V.	Mexico
SunPower Corporation Australia Pty. Ltd.	Australia
Maxeon Japan KK	Japan
SunPower Philippines Manufacturing Ltd.	Cayman Islands
SunPower Netherlands B.V.	Netherlands
SunPower Italia S.r.l.	Italy
SunPower Energy Solutions France SAS	France
Maxeon Americas, Inc.	United States



# Code of Ethics and Business Conduct

(Originally adopted August 20, 2020; revised March 7, 2023)





## A MESSAGE FROM MAXEON'S CEO



At Maxeon, we give our customers and employees the power to make a positive impact on our world and the communities where we operate.

Our innovative solar technology and best-in-class sustainability practices raise the bar for the entire solar industry, as we lead the fight against climate change. And our broad global reach, combined with local expertise, make us uniquely suited to fulfill our purpose of Powering Positive Change™.

How we conduct ourselves and our business, however, is as important as the ultimate outcome. As one of our core values remind us, “*We hold ourselves to a higher standard*,” with each of us responsible for doing the right thing and operating with ethical integrity. That’s why I’m providing you with these guiding principles. It’s critical that all Maxeon team members, consultants, vendors and suppliers, and all others who represent Maxeon, take the time to read and understand our Code of Ethics and Business Conduct. It guides our behavior in everything we do.

You’ll find the answers to many of your questions in this document. If you can’t find it here, just ask your manager for guidance. You can also contact our Chief Ethics and Compliance Officer or contact the Maxeon [Compliance & Ethics Helpline](#). We’ll keep all information confidential and treat it with the utmost discretion. We do not tolerate retaliation against anyone who seeks help or reports concerns.

At Maxeon, “*We thrive together*” when we deliver value to our stakeholders without compromising our high ethical standards. I’m confident that each of us will place the same pride and integrity in our conduct as we do in our world-class solar products, each and every day.

Sincerely,

Bill Mulligan

CEO, Maxeon Solar Technologies, Ltd

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## OVERVIEW

At the core of Maxeon Solar Technologies, Ltd. (collectively with our affiliates and subsidiaries, "Maxeon") is the commitment to conduct every activity with the highest level of integrity. Maxeon has adopted this Code of Ethics and Business Conduct (our "Code") as a non-exhaustive set of rules and principles we at Maxeon live by each and every day.

Maxeon's core values are the foundation of our Code:

### ***We Push the Boundaries***

We are driven to take solar technology higher, faster and farther than ever before  
We are proud that our record-breaking solar technology empowers our customers to set records of their own

### ***We Hold Ourselves to a Higher Standard***

We believe raising the bar for the entire solar industry is essential in the fight against climate change  
We strive for the highest integrity, safety, quality and for panels as clean as the solar power they produce

### ***We Thrive Together***

Trusting our local sales and installation partners and experts around the globe keeps us a step ahead  
We empower our customers to make a positive impact on the world

## 1. OUR CODE

Our Code is a statement of Maxeon's expectations regarding personal and corporate conduct. It applies to all members of the Maxeon team, including employees, officers, directors, and Maxeon's Board of Directors, other parties who represent Maxeon as well as to our suppliers, vendors and partners. All such personnel and corporate bodies must comply with our Code and seek to avoid even the appearance of improper behavior. Employees who violate the standards in our Code may be subject to disciplinary action, including dismissal, and violations involving illegal behavior may be reported to the appropriate authorities. Third parties that fail to live up to our Code will lose the opportunity to do business with us. If you have any questions regarding our Code, you should consult with Maxeon's Chief Ethics and Compliance Officer.

It is your responsibility to understand the legal requirements surrounding your job and areas of expertise and responsibility. While our Code covers a wide range of business practices and procedures, it does not cover every issue that may arise. More specific day-to-day procedures are outlined in Maxeon's policies – you will find links to many of these policies throughout this document, or refer to <https://corp.maxeon.com/esgpolicies>

Our Code and our values should guide the decisions you make on behalf of the Company. If you are ever unsure whether a particular course of action is ethical, ask yourself:

- Is it consistent with Maxeon's core values?
- Is it legal, in accordance with international industry best standards and consistent with our Code and the Company's policies, procedures and guidelines?
- Will it harm the Company's reputation or my own?

If, after reviewing our policies and procedures and considering the questions above, you are still uncertain, discuss the issue with your supervisor or our Chief Ethics and Compliance Officer, or contact the [Compliance & Ethics Helpline](#).

## 2. OUR ETHICAL CULTURE

Our culture of integrity is informed by our core values and is cultivated by the shared set of behaviors we expect all members of the Maxeon team to demonstrate.

### **Guiding Behavior**

#### ***Maxeon employees must:***

- always tell the truth;
- understand and comply with applicable laws and Maxeon policies;
- read our Code at least once a year;

- complete trainings and certifications required by Maxeon;
- use good judgment and avoid even the appearance of improper conduct;
- seek guidance when questions arise about the right course of action to take;
- intervene to prevent others from acting if you become aware that they are contemplating violating the law or our Code; and
- raise concerns and report possible violations of the law or our Code to their supervisor, the [Compliance & Ethics Helpline](#), or through one of the other reporting channels outlined under the “Reporting Violations” section of our Code.

*Annual Compliance Training and Acknowledgment:* All Maxeon employees and contractors are required to complete annual online training on the Code and sign the accompanying Annual Acknowledgment of Support. If practicable, Maxeon employees should also attend an in-person training on the Code provided from time to time at Maxeon’s premises around the world by a member of the Legal Department. As part of the Acknowledgment, you will be asked to confirm that you are not aware of any violations of our Code.

**Maxeon employees who manage others must:**

- create and foster an environment that encourages open and candid communications;
- create and foster an environment that empowers employees to make ethical decisions;
- periodically, but no less than once a year, discuss our Code with their team to ensure that they understand their ethical and legal responsibilities;
- make sure all of their team members complete required trainings;
- monitor and correct the conduct of all employees under their supervision; and
- make a report to Maxeon’s [Compliance & Ethics Helpline](#) if an employee raises a concern constituting a possible violation of our Code, the law, or any Maxeon policy, and take all necessary steps to protect that employee from retaliation.

**In addition to individual employee accountability for creating and maintaining Maxeon’s ethical culture, Maxeon will:**

- encourage a “Speak Up” culture of open and candid communications;
- make sure that employees who make a report about a possible violation of our Code are protected from any form of retaliation; and
- diligently investigate all reports of possible violations and effectively resolve and remediate violations.

**3. COMPLY WITH THE LAW**

As a global company headquartered in the Singapore and listed on Nasdaq in the United States, Maxeon and its local subsidiaries and affiliates are responsible for complying with Singapore laws, United States laws and the local legal, regulatory, and institutional frameworks wherever it does business. This means that you must follow the laws in all countries and jurisdictions to which you conduct business on Maxeon’s behalf, as well as certain Singapore and U.S. laws.

In particular, you should be aware of the following legal areas that impact our business:

**Anti-Corruption Laws**

Maxeon has no tolerance for bribery or kickbacks of any kind. Regardless of local custom, industry practice, or pressure to close a deal, we will not compromise our standards or risk our reputation. Employees should be aware of and comply with the law and Maxeon’s Global Anti-Corruption Compliance Policy, available at <https://corp.maxeon.com/esgpolicies>.

- **Commercial Bribery:** We award contracts to suppliers based on the integrity of our suppliers as well as quality and price. It is strictly forbidden to accept money or gifts from suppliers to influence the awarding a contract. Anything received of value over US\$100 (or less, depending on the jurisdiction) must be reported under the Gifts and Entertainment Policy, available at <https://corp.maxeon.com/esgpolicies>. Furthermore, we market our products based on quality, service and price. No one is permitted to directly, or indirectly through third parties, offer or use inappropriate

gifts, excessive entertainment or anything of value as improper means to influence customers or prospective customers.

*Example:* A Purchasing Manager runs into a former employee at a local shopping mall. The former employee now works for one of Maxeon's potential suppliers currently engaged in a bidding process. The former employee offers the Purchasing Manager some cash 'off the books' if the Purchasing Manager will only provide some inside information on what other bidders are offering and help the potential supplier secure the contract. This is strictly forbidden under the Code

- **Official Bribery:** Bribing a Government official directly or indirectly is illegal in every country where we conduct business, including without limitation in Singapore under the Prevention of Corruption Act and the United States under the Foreign Corrupt Practices Act, each of which have extra-territorial jurisdiction. Bribery can result in reputational harm, significant fines and even criminal penalties against you, Maxeon's directors and officers and/or Maxeon itself. Maxeon has zero tolerance for offering or giving anything of value, directly or indirectly, to Government officials or their family members, whether directly or through intermediaries, in order to secure official Governmental action that favors Maxeon.
- **Gifts to Governmental Officials:** In many countries, it is considered common courtesy to provide token/ceremonial gifts or meals to governmental officials on certain occasions to help build relationships. While giving such gifts is disfavored in principle, in the rare cases where the situation merits making such a gift, all such gifts are required to meet the following criteria:
  - o be pre-approved in accordance with Maxeon's Global Anti-Corruption Compliance Policy;
  - o comply with the monetary limits set forth by market in Maxeon's Gifts and Entertainment Policy, available at <https://corp.maxeon.com/esgpolicies>
  - o be given openly and transparently;
  - o be properly recorded in the Company's books and records; and
  - o comply with the Singapore Prevention of Corruption Act, the US Foreign Corrupt Practices Act and any applicable local laws.

Gifts and entertainment, including meals, of any kind should be avoided with Government officials before which Maxeon has pending applications, proposals, bids or other business.

- **Import-Export & Trade Laws:** Our business operations and products touch countries all around the world, and we are accountable to laws and regulations in a number of different jurisdictions, including without limitation the United States Office of Foreign Assets Controls ("OFAC") and the European Union Consolidated Financial Sanctions List. These laws include, among other things, embargos, export controls on tools containing sensitive technologies with 'dual use' potential, anti-boycott regulations, and prohibitions on traveling to or from or doing business with a sanctioned country or sanctioned entity. These laws and regulations apply to several aspects of our business, not just the physical importation and shipment of products. For example, these laws may apply to technology transfers across borders.

*Example:* Russia was recently hit with sanctions. These included sanctions against Russian companies, Russian citizens and the Russian Central Bank. The sanctions were issued by the United States, The European Union, the United Kingdom, Singapore and elsewhere. It is critical that Maxeon and its suppliers do not do business with any of the newly sanctioned entities.

If your work involves purchasing tools and equipment from overseas, international travel, or the sale of products, technologies, or services across international borders, review the Export Management and International Trade Compliance Policy and Procedures to be sure you understand how export laws may apply to your work.

- **Money Laundering Laws:** Money laundering is the process by which individuals or entities try to hide or "launder" illegally received funds or otherwise make the source of their illicit funds look legitimate.

No Maxeon personnel should attempt to conceal or “launder” illegally received funds or make the source of any funds appear legitimate. Be alert for and report to the [Compliance & Ethics Helpline](#) any suspicious transactions or requests such as:

- large cash payments;
  - requests to accept payment from or to make payments to a third party or an affiliated entity, who is not party to a contract; or
  - requests to send funds to a country other than where the buyer or seller are located.
- **Competition Laws:** We treat our competitors fairly and adhere to all laws designed to protect competition. Fair dealing and antitrust laws protect industry competition by generally prohibiting formal or informal agreements between competitors that seek to manipulate prices or unfairly impact competitors. Always avoid taking actions that could be interpreted as an illegal agreement with competitors (or suppliers) to restrict or diminish competition. For example, you should not:
- agree with competitors to divide sales territories, assign customers;
  - exchange information (or make agreements) with competitors regarding pricing, contract terms, costs, marketing plans or other terms that are competitively significant; or
  - violate fair bidding practices or bidding quiet periods.

Examples of prohibited behaviors include price fixing, limiting production, or allocating markets or territories.

If you have questions or concerns, consult the Chief Ethics and Compliance Officer.

#### 4. ACT WITH INTEGRITY

Relationships are built on the quality of our products, the services that we provide and the fact that we serve our customers honestly and with integrity. Having integrity requires that we embrace good corporate practices and never allow personal interests to influence (or appear to influence) us when performing our duties. You should always act honestly, be transparent and avoid conflicts of interest when representing Maxeon.

##### Personal Relationships & Conflicts of Interest

All Maxeon personnel have a duty of loyalty to Maxeon to further its goals, to work on behalf of its best interests, and to avoid any apparent and actual conflicts between personal interests and those of Maxeon. You should not use your position at Maxeon to obtain favorable treatment for yourself, relatives, or others with whom you have a significant personal or financial relationship. This applies to product purchases (except for any employee purchase or friends and family purchase programs), sales, investment opportunities, hiring, promoting, selecting contractors or suppliers, or any other Maxeon business matter.

Maxeon personnel should not participate in any business decision that could benefit an individual with whom they have a close personal or financial relationship.

Additionally, personal relationships in the workplace may present an actual or perceived conflict of interest when one individual in the relationship is in a position to make or influence employment decisions regarding the other. If you find yourself in such a relationship, you must notify Human Resources so they may assist you in resolving any potential conflicts. Employees should not allow their relationships to disrupt the workplace or interfere with their work or judgment. For additional information, contact Human Resources.

Employees must disclose potential or actual conflicts of interests before taking any action that may be seen as impacting their ability to make an impartial decision in Maxeon’s best interest. Declarations should be made using Maxeon’s Conflicts of Interest Disclosure and Pre-Approval Form, which is available from “the grid” or by contacting our Chief Ethics and Compliance Officer ([GeneralCounsel@maxeon.com](mailto:GeneralCounsel@maxeon.com)).

Q&A:

*What is a conflict of interest?*

A situation in which a person has a private or personal interest that may influence, or appear to influence, his or her conduct as an employee or contractor of Maxeon.

*How do I know when a conflict of interest exists?*

It is important to keep in mind that it is the appearance of influence that triggers the conflict, not whether a particular person has been influenced in fact. If you are at all uncertain about a potential conflict of interest, seek guidance from your supervisor or the Chief Ethics and Compliance Officer.

*Can you give an example of a conflict of interest or a situation of potential divided loyalty?*

*Example 1:* Your cousin owns a business that is being considered as a potential supplier for Maxeon and you are one of the decision makers responsible for awarding the work.

*Example 2:* You work in human resources and your friend who is recently

## **Gifts & Entertainment**

Giving and receiving modest gifts or entertainment can strengthen our business relationships – provided that gifts and entertainment are appropriate for the situation, not offered to improperly influence a business decision, and consistent with Maxeon's policies. While Maxeon allows certain courtesies, entertainment, modest gifts, and occasional meals for potential and existing customers or others involved with aspects of our business, such expenses must be:

- reasonable and in alignment with our Gifts and Entertainment Policy, available at <https://corp.maxeon.com/esgpolicies>
- authorized;
- properly declared and recorded in the books and records of the Company;
- consistent with applicable law including the Singapore Prevention of Corruption Act and the US Foreign Corrupt Practices Act;
- not for the purpose of obtaining special or favored treatment; and
- a customary business gift that would not embarrass Maxeon if publicly disclosed; and
- infrequent.

Lavish or excessive gifts or entertainment are prohibited, and giving or receiving cash or cash equivalents is viewed as a bribe or kickback and is always against Maxeon policy. Extra care should be given if the recipient of the gift or entertainment is a Government official. Maxeon has set specific guidelines relating to gifts and entertainment being provided.

Q&A:

*Do I have to follow Maxeon policy with respect to gifts if I pay for them myself?*

Yes. Maxeon's policies regarding gifts and entertainment apply if the gift is given for business reasons and you are representing Maxeon, whether or not you seek reimbursement.

## **Business Opportunities**

Maxeon personnel may not take advantage of business opportunities that they learn about through their work with Maxeon or direct those opportunities to a third party unless Maxeon has already been offered and declined the opportunity.



## Outside Employment and Inventions

Full time employees must have prior written approval from their supervisor and the Human Resources Department before providing services to another for-profit business or before participating in inventions or businesses that are in the same area as your work for Maxeon. Employees must never provide services to a competitor while they are employed by Maxeon. Any employee who obtains additional outside employment, has an outside business, or is working on an invention in areas related to the work done at Maxeon must comply with the following rules.

- You may not use any time at work or any Maxeon assets for your other job, outside business, or invention. This includes using Maxeon workspace, phones, computers, Internet access, copy machines, and any other Maxeon assets or services.
- You may not use your position at Maxeon to solicit work for your outside business or other employer, to obtain favored treatment, or to pressure others to assist you in working on your invention.
- You must not participate in an outside employment activity that could have an adverse effect on your ability to perform your duties at Maxeon.
- You may not use confidential Maxeon information to benefit your other employer, outside business, or invention.

### Q&A:

*May I serve on the board of directors of an outside enterprise or organization?*

Yes, as long as you obtain the appropriate approvals. Maxeon personnel must obtain written permission from their manager and a Vice President or above of the Company, as well as the General Counsel, before accepting any board positions for non-profit or for-profit organizations. Vice Presidents and above must obtain written permission from the CEO before accepting such positions. All employees should be mindful of and continue to comply with their obligations to maintain

## Insider Trading

Trading in Maxeon securities while you are in possession of material non-public information, or providing a family member, friend, or any other person with a "tip," is illegal. You should never use inside information for personal gain. Contact Stock Administration or the Chief Ethics and Compliance Officer with any questions about your ability to buy or sell securities. For additional information, guidance and advice, read the Insider Trading Policy, available at <https://corp.maxeon.com/esgpolicies>

## Competitive Intelligence Gathering

Maxeon does not permit the unlawful use of trade secrets, and no one should attempt to improperly obtain proprietary or confidential information from competitors or any other company.

## Political Activities

We respect the right of our employees to participate individually in the political process and to support candidates and political parties of their choice if allowed under applicable law. However, Maxeon has adopted specific policies that must be followed if you plan on engaging in political activities on its behalf. If you plan to do so, please first secure approval from the Chief Ethics and Compliance Officer.

## 5. MANAGE ASSETS AND INFORMATION RESPONSIBLY

### Protecting Maxeon's Assets

Employees must always exercise good judgment in using Maxeon's assets. Personal use of Maxeon assets (such as laptops, mobile devices, printers, etc.) should be minimal, not interfere with job performance, and must comply with all laws as well as the highest standards of professionalism, decency and common sense. If you become aware of a theft or misuse of Maxeon's property, promptly report it to your supervisor.

Employees must always be diligent when using Maxeon computers, personal computing devices and otherwise accessing Maxeon applications and follow our recommendations for prevention of phishing

and other breaches of data security. If you become aware of any data breaches, promptly contact our Chief Information Officer.

For additional information, guidance and advice, read the [Acceptable Use of Information Resources and Processing of Personal Data](#) Policy.

### Maxeon's Inventory

Maxeon's inventory of cells (and their raw materials such as copper), solar panels and other products are often stored at Maxeon premises and warehouses operated by Maxeon or by a third-party. These items are the property of Maxeon and even if defective or damaged remain the property of Maxeon and may not be taken or otherwise disposed of by Maxeon Employees without proper approvals. Please route requests through Maxeon Gives program or get approvals from our legal, human resources and tax departments.

### Confidential Information

Confidential information can include a variety of materials and information regarding Maxeon's operations and plans. For example, confidential information can include product development designs, patents, trademarks, copyrights, design and manufacturing processes, programming techniques and algorithms, source code, information regarding Maxeon's financial health, salary and personnel information, and sales and marketing plans. Confidential information must be held in the strictest confidence and may not be disclosed to any third party unless the third party has signed a nondisclosure agreement approved by management. Even within Maxeon, such information should be divulged only to persons having a need to know it in order to carry out their job responsibilities. Consistent with the foregoing, you should be discreet with confidential

*Example:* After months of hard work leading to a breakthrough in functionality, a Design Engineer copies her work onto a personal external drive and takes it home in order to make sure that she retains her work, even if she later leaves Maxeon. This unauthorized use of intellectual property ("IP") is a violation of our Code.

information and not discuss it in public places.

Likewise, we respect the IP rights of others and do not tolerate the unauthorized use of anyone else's IP. Before soliciting, accepting, or using another company's IP, please seek guidance from the Chief Ethics and Compliance Officer to ensure that you have permission and that appropriate licensing documents are in place.

#### Q&A:

*I received an e-mail containing confidential pricing information from a competitor against whom we are bidding for a government contract. Can I use this information to improve our bid?*

No. If you receive confidential information under unusual circumstances, send the information back to the owner and delete all copies of it on your system. Do not share the information further.

*I believe disclosure of confidential Company information to a vendor or other third party is necessary and appropriate in connection with a potential transaction. Can I disclose the information?*

First, verify that a business need for such disclosure exists. If it does, consult with your manager as well as ensure that a non-disclosure agreement (NDA) has been executed - you should consult the Legal intranet page for NDA forms. If you still have questions, be sure to consult with the Legal Department before making any disclosure.

For additional information, guidance and advice, read our statement on the [Acceptable Use of Information Resources and Processing of Personal Data](#) and the [Trade Secrets and Confidential Information Policy](#).

## Data Privacy and Protection

Maxeon is committed to handling the personal data of our employees, customers, and others responsibly and in compliance with applicable data protection regulations around the world. We have implemented a variety of security measures to maintain the safety of this information. It is the responsibility of every employee to understand and consent to the Employee Privacy Notice, read and comply with Maxeon's Global Privacy Policy, and to understand and comply with the data protection regulations that apply to the employee's work at Maxeon.

## Records Retention

*Example:* A diligent HR Specialist saves copies of all correspondence, including all emails. In order to avoid losing emails due to automatic archiving and deletion, the HR Specialist saves work-related emails to a folder on his hard drive. The HR Specialist rarely deletes these emails. This practice likely violates Maxeon's document retention policies, and creates additional legal risk for the company.

Work product created by Maxeon personnel and information collected in furtherance of Maxeon's business are important Company assets. Accordingly, Maxeon personnel must always comply with all applicable records management policies and legal hold notices. These policies apply to all records created by Maxeon, including both hard copies and electronic files on your Maxeon computer or mobile device.

For additional information, guidance and advice, read the Records Management Policy and be certain that you understand how they may apply to your work.

## Authority to Act for Maxeon

It is your responsibility to know the limits of your authority to obligate Maxeon. Never act outside the limits of your delegated authority.

For additional information, guidance and advice, consult the Corporate Approval Policy and/or your manager.

## 6. REPRESENT YOURSELF AND THE COMPANY ACCURATELY

### Accurate Records and Reports

Accurate records are critical to meeting Maxeon's legal, financial, and management obligations. Never misstate facts, omit critical information or modify records or reports in any way to mislead others, and never assist others in doing so. We maintain books and records that are accurate, complete, and fairly stated. As such, all financial transactions must be correctly and timely recorded in compliance with Maxeon's internal controls and procedures. No unrecorded funds or assets may be created or maintained for any purpose. Creating false or misleading records is strictly prohibited and may violate a number of laws, including the US Sarbanes-Oxley Act, which may trigger both financial and criminal liability for the employee and/or Maxeon due to Maxeon's NASDAQ listing in the United States.

### Business Expenses

All Maxeon Personnel must comply with policies and procedures relating to business expenses, such as meal and travel expenses, and are obligated to submit accurate expense reimbursement requests supported by valid documentation. For additional information, guidance and advice, consult the Corporate Travel and Expense Policy.

### Communicating with our Suppliers and Customers

We treat our suppliers and customers as we would expect to be treated ourselves. This means that we treat all suppliers and customers fairly. All communications with suppliers and customers should be transparent, accurate, and free from misrepresentations. We deal with suppliers and market and service our products with candor, integrity, and honesty.

## Responsible Marketing

Maxeon complies with all legal and regulatory requirements relating to marketing of its products and services. We market our products and services accurately and will not mislead our customers through ambiguity, exaggeration, omission, or by otherwise making false or misleading statements. We will earn our customers' business on our own merit and not by disparaging our competitors or by making false claims about their products or services. All public disclosures or statements made to the media will be clear, contain verifiable facts, and be made by authorized individuals and through authorized channels. For additional information, guidance and advice, read the External Communications Policy.

### Public Speaking and Press Inquiries

Employees may not speak on behalf of Maxeon, including to the media, unless they have been authorized to do so by the Corporate Communications staff. Employees permitted to speak on Maxeon's behalf must always be truthful, accurate, and respectful in their communications.

All inquiries from the press or the financial analyst community must be referred to Corporate Communications or Investor Relations.

*Example:* A Senior Engineer is asked to give a short industry presentation during a conference on current trends in technology in the solar power industry. Before proceeding, the Senior Engineer must receive written approval in advance from the Corporate Communications staff.

For additional information, guidance and advice, read the External Communications Policy.

### Social Media

While Maxeon respects personal privacy, it is important to remember that what you do or say through social media channels may be attributed to Maxeon, even when it is not your intention. Be careful when posting opinions on the Internet and in particular social media such as Facebook and TikTok as well as chat groups on WhatsApp and Viber. Never assume that your posts or messages sent to large groups will be anonymous. Always act with integrity, honesty and fairness and never suggest that your posts are made on behalf of Maxeon unless you receive authorization prior to posting.

## 7. IMPROVE THE PLANET AND THE COMMUNITIES IN WHICH WE OPERATE

### Corporate Citizenship

Maxeon has implemented a comprehensive Environment, Social and Governance (ESG) program, a core initiative that is one of the key ways we live our values. This includes the annual issuance of a Sustainability Report, which is the product of robust reporting on a variety of metrics driven by international industry best standards.

### Environmental Stewardship

As a renewable energy company, Maxeon plays an important role in accelerating the transition to a regenerative economy. We are steadfastly committed to conducting a business that promotes a healthy, safe, clean and green environment. We strive to be in-line with best practices in product environmental stewardship. It is our goal to have our company be synonymous with positive environmental impact.

Each employee should embrace it as their goal to preserve and regenerate our environment both individually and organizationally by contributing to Maxeon's global environmental stewardship.

### Labor Practices – Human Rights and Modern Slavery

Maxeon is committed to human rights. This means that Maxeon, as well as its business partners and third-party agents, complies with labor laws everywhere it operates. Importantly, we are firmly committed to fair labor standards and prohibit slavery of all kinds (traditional and modern), human trafficking, child or forced bonded, or any other exploited labor practices, both at Maxeon and throughout our supply chain to the raw materials, including traceability measures in line with industry best practices.

For more information, see our Global Human Rights Policy, available at <https://corp.maxeon.com/esgpolicies>

#### **Conflict Minerals**

Maxeon expects its suppliers and partners to know from where their resources originate and to verify that their products are not made using materials from areas of conflict, such as the Democratic Republic of Congo or neighboring countries (Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, and the Central Africa Republic). Maxeon is committed to supply chain due diligence in line with Section 1502 of the USA Dodd Frank Act and fully supports efforts to eradicate the use of conflict minerals that may directly or indirectly finance or benefit armed groups.

For more information, see our Conflict Minerals Policy, available at <https://corp.maxeon.com/esgpolicies>

#### **Grievance Mechanism**

All stakeholders are encouraged to raise any grievances with respect to compliance with the above policies with your manager, Maxeon contact or at our Compliance & Ethics Helpline. Maxeon's Legal team, Human Resources and the Investigations Coordination Committee (when appropriate) will consider any such complaints holistically, investigate and take appropriate actions to remediate.

### **8. THRIVE TOGETHER**

We value a culture of respect and have a long-standing commitment to a work environment that respects the dignity of each individual. We encourage the free exchange of ideas among our employees and strive to create an environment where employees feel comfortable expressing their ideas and opinions. We respect everyone's perspective on how to grow our business and will be open and honest with one another. Put yourself in the shoes of a colleague who may be advocating a position or strategy different than yours. Even if you disagree, consider their alternative view and competing pressures. Do not limit yourself to thinking only about what is best for your line of business or department, but consider what is in the best interest for Maxeon overall.

#### **Workplace Safety and Health**

All Maxeon personnel are entitled to a safe, clean, and healthy working environment that complies with all relevant rules, regulations, policies and laws. To facilitate this type of environment, employees must comply with all security policies and procedures and promptly report any concerns or security threats. All jobs and processes should be planned and performed in a safe, healthy, and environmentally-sound manner.

Under no circumstances should anyone bring a weapon to work. Additionally, all business activities must be conducted with all necessary permits, approvals, and controls. Maxeon will not tolerate illegal drug use or intoxication on its premises or when employees are conducting business.

Maxeon's human resources policies are available internally on the Grid Employee Services page.

#### **Non-Discrimination**

The diversity of our employees is a tremendous asset. We base employment decisions on merit, job qualifications, performance, and other business-related criteria and will make reasonable accommodations for the known physical or mental disabilities of an otherwise qualified applicant or employee. Maxeon is committed to providing equal opportunity in all aspects of employment and will not tolerate discrimination on the basis of race, creed, color, religion, national origin, sex, disability, sexual orientation, gender identity, age, or affiliation with a political, religious, union organization, or minority group and will comply with all applicable laws.

#### **Harassment-Free Work Environment**

Maxeon will not tolerate harassment of any kind. We expect all employees to behave in a respectful and professional manner at all times and avoid engaging in a disrespectful, hostile, violent, intimidating, threatening or harassing manner towards one another. This includes sexual harassment, or harassment based on religion or ethnicity or disability or other identifiable characteristics mentioned above under non-discrimination.

## 9. ASKING QUESTIONS, RESPONDING TO CONCERNS, AND REPORTING VIOLATIONS

### Seeking Guidance

Situations that may concern a violation of ethics, laws, or our Code may not always be clear and may require difficult judgments. Anyone who is unsure about the appropriateness of an action should ask the following questions:

- Is it legal?
- Is it in line with our Code, and with Maxeon's policies and values?
- How does it appear?
- How does it feel?
- Does it reflect positively on Maxeon?

If the answer to any of these is "no" or "I don't know," you should ask for guidance in resolving the situation.

Remember, our Code cannot address every situation that Maxeon and its personnel may encounter. Accordingly, you should always seek guidance whenever you are unsure of how to proceed when you have concerns. You are encouraged to contact your immediate supervisor. However, if you are uncomfortable discussing the matter with him or her, or if the response to your query is insufficient, you should contact your local HR manager, your supervisor's supervisor (and up the reporting structure, as necessary), the Chief Ethics and Compliance Officer, or the [Compliance & Ethics Helpline](#).

### Maxeon Compliance & Ethics Helpline (also known as 'Whistleblower Hotline')

The [Compliance & Ethics Helpline](#) is available 24 hours a day, 7 days a week online or by phone to answer your questions on business conduct issues, policies, regulations and compliance with legal requirements. It also allows you to report known or potential violations of the law or our Code to Maxeon. When making a report, the more information you can provide, the easier it will be for Maxeon to investigate and appropriately respond to your report.

Reports may be made in multiple languages. An independent third party administers the Helpline, including web-based reports. Where permitted, you may report anonymously. Caller ID is never used and there will be no effort to trace your call.

The Helpline is committed to keeping your issues and identity confidential. Your information will be shared only with those who have a need to know, such as those involved in answering your questions or investigating and correcting issues you raise. If your information involves, finance, accounting, or auditing, the law may require that necessary information be shared with the Board of Directors.

For violations of accounting and audit matters in particular, please refer to the Whistleblower Policy Regarding Accounting and Auditing Matters, available at <https://corp.maxeon.com/esgpolicies>.

### Reporting Violations

You may report actual or possible violations of the law or our Code through any of the following channels:

- Maxeon's [Compliance & Ethics Helpline](#);
- Any member of Maxeon's leadership;
- Your immediate supervisor;
- The appropriate Legal Counsel for your region, the Chief Legal Officer, or any other member of the Legal Department; or
- A member of Human Resources.

**Receiving Reports of Violations:** Anyone who receives a report of an actual or possible violation of our Code must:

- forward the report to Maxeon's [Compliance & Ethics Helpline](#);
- retain the report in confidence; and
- refrain from personally investigating the report.

**Failure to Report Violations:** Failure to report a violation of the law or our Code is itself a violation of our Code and may result in disciplinary action, including possible termination of employment.

## Cooperation

Maxeon personnel are expected to cooperate fully with any Maxeon or governmental investigation of alleged violations of our Code, laws or regulations. Maxeon personnel are required to keep their knowledge and participation in any investigation confidential to help safeguard the integrity of the investigation. However, nothing in our Code precludes an employee from reporting a violation of law to a government agency, or from cooperating in any governmental investigation.

## Non-Retaliation

Maxeon will not tolerate retaliation against any employee who makes a report in good faith about a violation or possible violation of applicable law or our Code, or who participates in any investigation conducted internally or by a government enforcement agency. Employees who believe that they have been subject to retaliation should promptly report it using appropriate reporting channels listed below. This non-retaliation policy applies to:

- all complaints received by Maxeon about accounting, internal controls, or auditing matters; and
- the reporting of information about any possible violation of applicable laws or our Code that the reporter reasonably believes has occurred, is ongoing, or is about to occur.

### *Q&A:*

#### *What does non-retaliation mean?*

Anyone who in good faith reports a possible violation of our Code, or assists in the investigation of a reported violation of our Code, will be protected by Maxeon. Similarly, any person who reasonably reports any possible violation of national or local laws or regulations will be protected. This protection continues even if the report ultimately proves to be incorrect after it is investigated.

## Consequences for Violating our Code

Violating any law or our Code is a serious matter. If Maxeon determines that an employee has violated the law or our Code, that individual will be subject to disciplinary action, including possible termination of employment, loss of employment-related benefits, and, if applicable, criminal or civil proceedings. Further, Maxeon's incentive plans and programs require compliance with the law and our Code as a condition of participation and receiving an award. An employee who violates the law within the scope of his or her employment, or who commits a serious violation of our Code, is not entitled to incentive compensation, including annual or semi-annual cash bonuses, stock options, restricted stock units, or other awards, unless prohibited by law.

## Referenced and Important Maxeon Policies

<a href="#">Audit Committee Charter</a>
<a href="#">Acceptable Use Policy</a>
<a href="#">Board Diversity Statement</a>
<a href="#">Compensation Committee Charter</a>
<a href="#">Conflict Minerals Policy</a>
<a href="#">Conflict of Interest Disclosure Form</a>
<a href="#">Corporate Approval and Signature Policy</a>
<a href="#">Corporate Governance Principles</a>
<a href="#">Corporate Travel and Expense Policy</a>
<a href="#">Export Management and International Trade Compliance Policy and Procedures</a>
<a href="#">External Communication Policy</a>
<a href="#">Gifts and Entertainment</a>
<a href="#">Global Anti-Corruption Compliance Policy</a>
<a href="#">Global Anti-Corruption Compliance Policy (Chinese)</a>
<a href="#">Global Anti-Corruption Compliance Policy (French)</a>
<a href="#">Global Anti-Corruption Compliance Policy (Japanese)</a>
<a href="#">Global Anti-Corruption Compliance Policy (Malay)</a>
<a href="#">Global Anti-Corruption Compliance Policy (Spanish)</a>
<a href="#">Global Anti-Corruption Compliance Policy (Tagalog)</a>
<a href="#">Global Human Rights Policy</a>
<a href="#">Insider Trading Policy</a>
<a href="#">Insider Trading Policy (Chinese)</a>
<a href="#">Insider Trading Policy (French)</a>
<a href="#">Insider Trading Policy (Japanese)</a>
<a href="#">Insider Trading Policy (Malay)</a>
<a href="#">Insider Trading Policy (Spanish)</a>
<a href="#">Insider Trading Policy (Tagalog)</a>
<a href="#">Maxeon Data Protection and Privacy Policy</a>
<a href="#">Maxeon Solar Technologies Cookies Policy</a>
<a href="#">Nominating and Corporate Governance Committee Charter</a>
<a href="#">Records Management</a>
<a href="#">Related Party Transactions</a>



<a href="#">Supplier Sustainability Guidelines</a>
Trade Secrets and Confidential Information Policy
<a href="#">Whistleblower Policy</a>
<a href="#">Whistleblower Policy (Chinese)</a>
<a href="#">Whistleblower Policy (French)</a>
<a href="#">Whistleblower Policy (Japanese)</a>
<a href="#">Whistleblower Policy (Malay)</a>
<a href="#">Whistleblower Policy (Spanish)</a>
<a href="#">Whistleblower Policy (Tagalog)</a>

## Key Maxeon Compliance Resources and Responsibilities

Resource	Responsibility
<b>Chief Legal Officer and Chief Ethics and Compliance Officer</b> Currently: Lindsey Wiedmann	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Environment, Social and Governance (ESG)</li> <li>• Anti-Corruption</li> <li>• Sanctions</li> <li>• Conflicts of Interest</li> <li>• Modern Slavery</li> <li>• Export and International Trade</li> <li>• Corporate Approval Policy</li> <li>• Insider Trading</li> <li>• Government Incentives and Contracting</li> <li>• Compliance and Ethics Helpline</li> <li>• Whistleblower Policy</li> </ul>
<b>Deputy Chief Ethics and Compliance Officer</b> Currently: Matthew Kasdin	
<b>Chief Human Resources Officer</b> Currently: Tiffany See	<ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Diversity, Equity and Inclusion</li> </ul>
<b>Chief Information Security Officer</b> Currently: Stephen Gani	<ul style="list-style-type: none"> <li>• Company-wide information security programs</li> </ul>
<b>Vice President, Global Marketing &amp; Sales Enablement</b> Currently: Valentina Maggiore	<ul style="list-style-type: none"> <li>• Marketing and Communications</li> </ul>
<b>Legal Director, Products &amp; Technology</b> Currently: Marc Robinson	<ul style="list-style-type: none"> <li>• Data Privacy</li> </ul>
<b>Director, Internal Audit</b> Currently: Fidel Elefante	<ul style="list-style-type: none"> <li>• Sarbanes Oxley Act ("SOX") Compliance</li> <li>• Investigation Coordination Committee</li> <li>• Risk Management</li> <li>• Enterprise Risk Management</li> <li>• Audit Consulting</li> </ul>
<b>Director, EHS</b> Currently: Chin Siang Yeo	<ul style="list-style-type: none"> <li>• Environment, Health and Safety</li> </ul>









**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 No. 333-268309) of Maxeon Solar Technologies, Ltd.,
2. Registration Statement (Form F-3 No. 333-265253) of Maxeon Solar Technologies, Ltd.,
3. Registration Statement (Form F-3MEF No. 333-255263) of Maxeon Solar Technologies, Ltd.,
4. Registration Statement (Form F-3 No. 333-248564) of Maxeon Solar Technologies, Ltd., and
5. Registration Statement (Form S-8 No. 333-241709) pertaining to the 2020 Omnibus Incentive Plan of Maxeon Solar Technologies, Ltd.;

of our reports dated March 7, 2023, with respect to the consolidated and combined financial statements of Maxeon Solar Technologies, Ltd. and the effectiveness of internal control over financial reporting of Maxeon Solar Technologies, Ltd. included in this Annual Report (Form 20-F) of Maxeon Solar Technologies, Ltd. for the year ended January 1, 2023.

/s/ Ernst & Young LLP

Singapore  
March 7, 2023