

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 2, 2022

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

Maxeon 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)

8 Marina Boulevard #05-02

Marina Bay Financial Centre

Singapore 018981

(Address of principal executive office)

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(408) 240-5500

(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.

Title of each class	Name of each exchange on which registered
Ordinary Shares, no par value	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.

44,246,603 ordinary shares, excluding 3,363,291 ordinary shares reserved for future grants under our share incentive plans, as of January 2, 2022

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. Yes No

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 AND USE OF CERTAIN TERMS

We are registered with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) under the name “Maxeon Solar Technologies, Ltd.” In this annual report, “we,” “us,” “our” and “Maxeon” shall refer to Maxeon Solar Technologies, Ltd. as the context may require.

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 2021 and 2019 are 52-week fiscal years. Our fiscal year 2021 ended on January 2, 2022, our fiscal year 2020 ended on January 3, 2021 and our fiscal year 2019 ended on December 29, 2019.

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.

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*, *PV Infolink*, *PV Insights*, *Bloomberg New Energy Finance*, *IHS Markit* and *International Technology Roadmap for Photovoltaic*. 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.

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").

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 the Private Securities Litigation Reform Act of 1995, 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 including our obligations under the polysilicon supply agreement, 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 utilization and expected ramp and production timelines for the Company's Maxeon 5 and 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; (i) our first quarter and annual fiscal year 2022 guidance, including shipments, revenue, gross profit (loss), non-GAAP gross profit (loss), operating expenses, non-GAAP operating expenses, Adjusted EBITDA, capital expenditures, out-of-market polysilicon cost and expected demand recovery and market traction for Maxeon as a result of anticipated product launches; and (j) 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, and ability to obtain additional financing for our projects, customers and operations; (3) our ability to manage supply chain 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, epidemics or natural disasters, including impacts of the COVID-19 pandemic; (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; (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; (11) appropriately sizing 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 and other 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, 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.

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]

Not Applicable.

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 COVID-19 Pandemic

- The COVID-19 pandemic has had an adverse impact on our business, operations, and financial performance, as well as on the business operations and financial performance of many of our suppliers, dealers and customers.

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.
- 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.

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 Russian invasion of Ukraine in February, 2022.
- The existence of substantial indebtedness and other contractual commitments could adversely affect our business, financial condition, and results of operations, as well as our ability to meet our payment obligations under our debt or other contractual commitments.
- We may be unable to raise the funds necessary to repurchase the Green Convertible Notes for cash following a fundamental change or pursuant to a mandatory redemption, or to pay any cash amounts due upon conversion.
- 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

- Our long-term, firm commitment polysilicon supply agreements have and could further place us at a competitive disadvantage on pricing, in light also of rising inflation, have a negative impact on our liquidity, result in excess inventory and overall materially and adversely affect our results of operations and financial condition.
- 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, including due to changes in government policies such as the ‘dual control of energy consumption policy of China’ 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 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 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.
- 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 rely upon SunPower's Research and Development Team and our Research and Development team in Singapore for a significant portion of our ongoing development of our future technology.
- 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 TZS'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 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 COVID-19 Pandemic

The COVID-19 pandemic has had an adverse impact on 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 December 2019, a novel strain of coronavirus ("COVID-19") was reported, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread worldwide, including the countries in which we operate, and has resulted in authorities implementing numerous measures to try to contain the disease or slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The COVID-19 pandemic has had an adverse impact on most aspects of our business, operations and financial performance, and the impact is ongoing and will continue to evolve and affect our business. The pandemic has affected our employees and their ability to work, our ability to conduct our business operations around the globe, reduced demand for our products, disrupted our supply chains, limited the ability of some of our

customers to purchase and pay for our products, and caused us to reallocate and prioritize our planned spending among our strategic initiatives. These impacts are substantial and may make it more difficult for us to generate cash flow to meet our own obligations.

Employees. The safety and wellbeing of our employees is paramount and could also impact our ability to address the uncertainties associated with the COVID-19 pandemic. We have modified our business practices in response to the pandemic, instituting health and safety measures such as limiting employee travel, implementing social distancing and remote work measures, and cancelling physical participation in meetings, events, and conferences. Despite these efforts, such measures may not be sufficient to mitigate the risks posed by the COVID-19 pandemic to our employees, dealers, customers and suppliers. Our employees may be unable to work effectively due to sheltering-in-place arrangements, illness, quarantine, travel restrictions, lack of public transportation or other restrictions required by government authorities or that we determine are in the best interests of our employees, which may harm our operations. Over time, such remote operations may decrease the cohesiveness of our teams and our ability to maintain our culture, both of which are critical to our success. Additionally, a remote working environment may impede our ability to undertake new business projects, foster a productive working environment, and hire and retain team members. Such effects may adversely affect the productivity of our team members and overall operations, which could have a material adverse effect on our business, results of operations, financial condition, and future prospects. In addition, while we have, among other things, established enhanced cleaning procedures at our facilities that have been successful in preventing any known on-site transmissions, and protocols for responding when our employees are infected, we cannot assure these will be sufficient to continue to mitigate the risks faced by our work force or the disruptions or liability we may face as a result of any outbreaks of COVID-19. For example, during the third quarter in 2021, we closed our factory in Malaysia for certain periods in July and August 2021 for disinfection due to COVID-19, to comply with governmental regulations. We may also be affected by new or additional measures required by national, state or local governments to combat COVID-19, such as a COVID-19 vaccine mandate. Certain countries in which we operate in, such as the Philippines and Singapore, have adopted vaccine mandates requiring employees entering workplaces and/or factories to be vaccinated, which could result in an impact on our ability to retain or hire employees, and increased costs related to compliance and potential disruptions to our operations. As a result, we may experience difficulties in securing our future labor needs, constraints on our workforce and the workforce of our supply chain, which could require us to adapt our operations or suspend them indefinitely due to workforce shortages. Changes in our operations in response to COVID-19 or employee illnesses resulting from COVID-19 may also result in inefficiencies or delays, and additional costs related to business continuity initiatives, that cannot be fully mitigated through succession and business continuity planning, employees working remotely or using teleconferencing technologies. Any prolonged diversion of resources may have an adverse effect on our operations.

Adverse manufacturing and supply impacts. The COVID-19 pandemic is adversely affecting, and is expected to continue to adversely affect, our business and operations, including our manufacturing operations, bookings and sales, and may adversely affect our ability to continue to invest in all of our planned research and development and other initiatives. Over the course of 2021, different variants of COVID-19, including the Delta variant and the Omicron variant of the COVID-19 virus, has led to increased incidence of COVID-19 in China prompting stricter quarantine measures which has resulted in port closures, among other things. Given that Huansheng Photovoltaic (Jiangsu) Co., Ltd, our joint venture incorporated in China (“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. We also closed our factory in Malaysia for certain periods in July and August 2021 for disinfection due to COVID-19, to comply with governmental regulations. Although our other factories in France, Mexico and the Philippines have not been affected to the same extent, there is no assurance that future outbreaks of COVID-19 will not materially impact these operations in the future. We will continue to actively monitor the situation in each of the markets where we operate and may take further actions adapting our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by governmental authorities.

New governmental recommendations, guidance, orders and restrictions may be issued in some locations if the pandemic recurs or worsens and we may at any time be ordered by governmental authorities, or we may determine, based on our understanding of the recommendations, orders or restrictions of governmental authorities, that we have to curtail or cease business operations or activities, including manufacturing. During a prolonged reduction in

manufacturing operations or demand, the business and financial condition of our suppliers and customers may deteriorate, resulting in liquidity challenges, bankruptcies, permanent discontinuation of operations, or an inability to make timely deliveries or payments to us. Additionally, the failure of our suppliers or vendors to supply materials or equipment, or the failure of our vendors to install, repair, or replace our specialized equipment, due to the COVID-19 pandemic, related containment measures, or limitations on logistics providers' ability to operate, may delay, slowdown or shutdown our manufacturing operations or otherwise cause us to adjust our manufacturing capacity. Our suppliers and vendors may also request new or changed credit terms, which could effectively increase the prices we pay for raw materials and supplies.

Impact on strategic investments and research and development initiatives. Although we continue to invest in research and development initiatives, including for development of our Maxeon 7 technology, we cannot be certain that we will realize the anticipated value of such investments or realize the anticipated value within previously predicted time frames, in light of the economic uncertainty caused by the COVID-19 pandemic and related measures including the unavailability of our personnel and third-party partners who are engaged in the research and development activities.

Decline in demand for products. We have experienced, and expect to continue to experience, a decline in demand for our solar panels in light of the global economic slowdown caused by the COVID-19 pandemic and the associated decrease in consumer spending, which we expect will have a near-term adverse impact on our business, financial condition, results of operations, and cash flows. Additionally, the continued economic disruption caused by the COVID-19 pandemic may result in a long-term tightening of the supply of capital in global financial markets. As credit markets become more challenging, customers may be unable or unwilling to finance 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 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.

Impacts on our ability to meet our financial commitments. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flows. In light of reduced demand and general economic uncertainty related to the COVID-19 pandemic, 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 credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our debt 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, sell assets, reduce or delay capital expenditures, or seek to raise additional capital. There can be no assurance that we will be successful in any sale of assets, refinancing, restructuring, or capital raising effort.

Risks in relation to cyber-attacks. In response to the COVID-19 pandemic, the vast majority of our employees who are capable of performing their function remotely are working from home. While we have instituted security measures to minimize the likelihood and impact of a cybersecurity incident with respect to employees utilizing technological communications tools, these measures may be inadequate to prevent a cybersecurity breach because of the unprecedented number of employees continuously using these tools. Any increase in the frequency or scope of cyber-attacks during the COVID-19 pandemic, including any breaches of security in our information systems, may exacerbate the aforementioned cybersecurity risks and damage our reputation and commercial relationships.

Impact on other risks inherent in our business. The overall effect that the COVID-19 pandemic will have on our business, financial condition and results of operations will depend on future developments, including the ultimate duration and scope of the pandemic, the timing of lifting or easing of various governmental restrictions or whether such restrictions are reinstated, the impact on our suppliers, dealers and customers, and how quickly economic conditions, operations, and the demand for our products return to prior levels. The ultimate effect that the pandemic may have on our operating and financial results is not presently known to us or may present unanticipated risks that cannot be determined at this time.

We expect the COVID-19 pandemic will continue to have a material adverse effect on our business, and thus we are aggressively managing our response to the pandemic. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks identified in this “Risk Factors” section. 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 the Maxeon Business Generally

If we fail to develop and introduce new and enhanced products 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 continue to 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, we will face risks relating to new product launches and transitioning to new technologies including, among other things, the incurrence of high fixed costs, 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 planned Performance line manufacturing operations in Mexicali, Mexico and Malaysia are primarily intended to supply large-scale customers in the United States market, and to the extent we are delayed in our projected production schedule, or fail to achieve our projected production volumes, we may suffer significant liquidated damages for the volumes we have pre-sold, face additional risks resulting from our failure to meet customers’ demand and significantly impair our plans for entering the large-scale United States market 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 the global economic slowdown caused by the COVID-19 pandemic, and the associated decrease in consumer spending, resulted in a global price reduction in 2020, while fluctuating supply and demand caused by the COVID-19 pandemic and governmental policies such as the 'dual control of energy consumption policy of China', as well as increased supply chain costs, resulted in a global increase in the price of certain supply commodities during 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, including due to changes in government policies such as the 'dual control of energy consumption policy of China' 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 upon 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 Chinese 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 Maxeon 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."

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.

The United States has imposed safeguard measures on solar cells, laminates and modules imported into the United States since February 7, 2018. On February 4, 2022, these safeguard measures were 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 will be subjected to a tariff-rate quota, under which the first 5 GW of cell imports each year are exempt from tariffs; and cells

imported in excess of the 5 GW quota were made 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. A similar tariff-rate quota (“TRQ”) applied during the first four years of the measure, but allowed only 2.5 GW of cells to enter free of safeguard tariffs. The expanded TRQ and the new tariff rate of 14.75% took effect on February 7, 2022.

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; 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 tariff and will not be impacted by the outcome of the appeal. The Proclamation also directed the U.S. Trade Representative (“USTR”) to negotiate with Mexico and Canada with a view to exempting them; those negotiations have not yet produced a result. Any future imposition of tariffs on bifacial panels that would apply to our Performance line modules originating in Mexico could materially and adversely affect our business and results of operations. Solar cells and modules based on interdigitated back contact (“IBC”) technology, like our Maxeon 2, Maxeon 3, Maxeon 5, Maxeon 6 and related products, have enjoyed an exclusion from these safeguard tariffs since September 2018. For our Performance line, the imports we are currently planning to the United States are bifacial panels and excluded as a result of the recent extension and any future importation of mono-facial Performance line modules will be subject to the imposition of tariffs in the event that importation of modules from Mexico is not exempted by USTR.

On February 8, 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) alleges that PV cell and module production in Cambodia, Malaysia, Thailand, and Vietnam is circumventing the China AD/CVD Orders through minor alteration of Chinese-origin inputs including silicon wafers, and (2) asks Commerce to bring cells and modules imported from those countries within the scope of the China AD/CVD Orders. Commerce has not yet decided whether to initiate the four requested anti-circumvention probes. The allegations lodged by Auxin do not target Maxeon or Maxeon’s business model, but Auxin has asked Commerce to conduct the anti-circumvention probes on a country-wide basis. Application of the China AD/CVD Orders to our products incorporating cells fabricated in Malaysia could materially and adversely affect our business and results of operations.

Additionally, the USTR initiated an investigation under Section 301 of the Trade Act of 1974 into the government of China’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 Chinese 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.

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 planned Performance line manufacturing operations in Mexicali, Mexico and Malaysia are primarily intended to supply customers in the United States market. Changes to import tariffs 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 planned expansion capacity. In this case, the expected returns from our planned Mexicali, Mexico and Malaysian operations could be negatively affected.

In addition, our plans to expand into domestic manufacturing in the United States and potential launch of a manufacturing facility in the United States depend on several factors which are beyond our control, including the passage of enabling legislation including the Solar Energy Manufacturing for America Act and our Department of Energy Loan Guarantee Application for a three (3) GW facility which is currently in Part 2 of the process. There is no assurance that the Solar Energy Manufacturing for America Act or any other legislation will be adopted or that we will be successful in obtaining a final loan agreement from the Department of Energy (“DOE”). 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. 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. 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 Chinese 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 recently announced 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.

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 military conflict between Russia and 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 conflict 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 start of a full-scale military invasion of Ukraine by Russian troops in February of 2022. Although the length and impact of the ongoing military conflict is highly unpredictable, the continuing conflicts and recent developments 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 recent escalation of conflict between Russia and 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 conflict 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 conflict 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 events in Russia and 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.

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 due to continued supply chain disruptions as well as the general economic environment, cumulatively resulting in increased supply and logistics costs, among other implications.

Our Company has a history of operating losses. For example, for the fiscal years ended January 2, 2022 and January 3, 2021 the Company had operating losses of \$172.4 million and \$130.2 million, respectively.

In addition, during the fiscal year 2021 and continuing through the date hereof, we have seen increases in our working capital requirements due to 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. 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, transit times are 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. The solar industry is also currently facing shortages and shipping delays that can be attributed in part to the COVID-19 pandemic, governmental action in response to the pandemic, as well as the war in Ukraine. 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. The Huansheng JV has experienced similar supply chain cost increases for Performance line modules, which in certain cases have been passed along to us.

Under our polysilicon supply agreements, we have been required to make prepayments. As of January 2, 2022, and without giving effect to any potential inflationary price escalation clauses, we had an obligation to purchase \$125.8 million of polysilicon, of which we had prepaid \$49.2 million. The balance between the revised purchase commitment and the prepaid balance of \$76.6 million as of January 2, 2022 is expected to be paid in cash over a period ending December 2022. The prepayments we have made expose us to supplier credit risk and if they fail to fulfill their delivery obligations to us, we may have difficulty recovering such prepayments. In light of these supplier prepayments and in order to improve our cash flow and liquidity and fund our working capital needs, we are negotiating payment schedules with our customers to include prepayments. While we have been able to negotiate prepayments from two customers in 2022, we cannot assure you that we will be successful in negotiating prepayments from other customers. If we are unsuccessful in negotiating prepayments from our customers, or if the prepayments that we negotiate are less than we anticipate, our ability to fund working capital may be significantly reduced.

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 would result in increased expenses, collateralization and would likely impose new restrictive covenants. In addition, financing arrangements and letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us.

If we cannot generate sufficient cash flows from operations, including through prepayments from our customers, find other sources of capital to fund our operations, or meet our prepayment obligations to our suppliers, we will need to sell additional equity or debt securities, or obtain additional debt financing. If adequate funds from these or other sources are not available to us at all or on acceptable terms, our ability to fund our operations, develop and expand our manufacturing operations and distribution network, maintain our research and development efforts, meet and service our debt obligations, or otherwise respond to competitive market pressures would be significantly impaired. Our inability to do any of the foregoing could have a material and adverse effect on our business, results of operations and financial condition, and in the long-term could raise doubts about our ability to continue as a going concern.

We may be unable to obtain access to external financing necessary to make adequate capital expenditures necessary to improve our profitability 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.

We expect total capital expenditures ranging from \$85 million to \$90 million in fiscal year 2022, of which \$50.6 million was committed via the issuance of purchase orders as of January 2, 2022, mainly targeted towards the completion of manufacturing capacity for our Maxeon 6 product platform, manufacturing capacity for Performance line panels to be sold into the U.S. market, developing Maxeon 7 technology and operating a pilot line. Subject to securing additional capital through debt or equity financing, we expect to make approximately \$60 million to \$80 million of additional capital expenditures for the conversion of our manufacturing capacity in the Philippines from Maxeon 3 to Maxeon 7, starting from 2022 and continuing into 2023.

In order to expand our capacity to produce Performance line shingled module technology for use in the United States market, aimed at utility-scale power plants and large-scale commercial and industrial systems, we are expanding our Malaysia cell manufacturing facility to add up to 1.8 GW of mono Passivated Emitter and Rear Contact (“mono-PERC”) solar cells and upgrading our assembly facility in Mexico with equivalent module assembly capacity. The majority of manufacturing equipment was installed by the end of 2021, with product deliveries expected to begin in first half of 2022. We have also announced plans to deploy a multi-GW solar cell and module factory in the United States to manufacture products for both the distributed generation (“DG”) and large-scale utility 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 passage of enabling legislation including the Solar Energy Manufacturing for America Act and approval of our Department of Energy Loan Guarantee Application for a three (3) GW facility which is currently in Part 2 of the process. There is no assurance that the Solar Energy Manufacturing for America Act or any other legislation will be adopted or that we will be successful in obtaining a final loan agreement from the DOE.

While we intend to raise debt or equity financing to fund the uncommitted capital expenditures, there is no assurance that we will be able to do so in a timely manner or at all or on terms favorable to our overall financial position or liquidity. The sale of additional equity investments or convertible debt securities would result in dilution to our shareholders and may not be available on favorable terms or at all. Additional debt would result in increased expenses and collateralization and would likely impose new restrictive covenants. Our failure to secure such additional financing would affect our ability to make these planned capital expenditures in order 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 and other contractual commitments could adversely affect our business, financial condition, and results of operations, as well as our ability to meet our payment obligations under our debt or other contractual commitments.

As of January 2, 2022, we had \$225.6 million of debt outstanding, comprising mainly of \$200.0 million outstanding under the Green Convertible Notes and \$24.7 million outstanding under the SCB Agreement (as defined below). In addition, we have entered into certain contractual commitments, including “take or pay” arrangements that obligate us to purchase polysilicon in committed volumes and at historically above-market prices. Our debt and these contractual commitments 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 or other contractual commitments 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 or other contractual obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service our debt or make payments under our other contractual 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.

The phase-out of the London Interbank Offered Rate (“LIBOR”), and the replacement of LIBOR with an alternative reference rate, may adversely affect interest rates on certain of our outstanding variable rate indebtedness.

LIBOR and certain other “benchmarks” have been the subject of continuing national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. In July 2017, the United Kingdom’s Financial Conduct Authority (the “FCA”), which regulates LIBOR, publicly announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. Subsequently, in March 2021, LIBOR’s administrator announced that publication of overnight, one-month, three-month, six-month and 12-month U.S. dollar LIBOR would cease immediately following publication of such interest rates on June 30, 2023, and that publication of all other currency and tenor variants would cease immediately following publication on December 31, 2021.

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 “SCB Agreement”). As at January 2, 2022 and January 3, 2021, the outstanding amount was \$24.7 million and \$47.7 million respectively. The interest rate under the SCB Agreement is calculated based on 3-month LIBOR and, when the publication of 3-month LIBOR is discontinued, we will need to agree with Standard Chartered Bank Malaysia Berhad on a new method of calculating the interest rate under the SCB Agreement. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could adversely affect our results of operations, cash flows and liquidity. We cannot predict the effect of the 3-month LIBOR replacement benchmark rate at this time.

We may be unable to raise the funds necessary to repurchase the Green Convertible Notes 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 (as defined under “Item 5.B. Liquidity and Capital Resources”) may require us to repurchase their Green Convertible Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Green Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. Furthermore, upon conversion of any Green Convertible Notes, 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 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 when required or to pay the cash amounts due upon conversion. Our failure to repurchase or redeem Green Convertible Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the Green Convertible Notes. A default under the indenture 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 continue to benefit from a tax holiday granted by the Malaysian government, subject to certain hiring, capital spending, and manufacturing requirements. The tax holiday for the third and final five-year tranche of this tax holiday will expire on June 30, 2026 and is subject to additional conditions agreed with the Malaysian Investment Development Authority (“MIDA”). If we are ever found noncompliant with our incentives by MIDA, we could be subject to statutory tax rates and repayment of certain incentives, 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, and certain periods of our historical compliance are currently under review with PEZA. If it is found that we have not previously complied with PEZA requirements for certain periods prior to the Spin-off when we had 100% tax holiday, we could be retroactively subject to the 5% tax rate during any such periods, which could materially and adversely impact our business, financial condition and results of operations.

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

Our long-term, firm commitment polysilicon supply agreements have and could further, place us at a competitive disadvantage on pricing in light of rising inflation, have a negative impact on our liquidity, result in excess inventory and overall materially and adversely affect our results of operations and financial condition.

We are dependent on our suppliers to provide us with the raw materials needed in our manufacturing processes. Due to an industry-wide shortage of polysilicon experienced prior to 2008, SunPower entered into long-term fixed supply agreements for polysilicon with two suppliers for periods of up to 10 years to match SunPower's estimated customer demand forecasts and growth strategy, and these agreements were thereafter extended from time to time.

In connection with the Spin-off, we entered into an agreement with SunPower pursuant to which we agreed to receive SunPower's rights under the continuing long-term fixed supply agreements (including SunPower's deposits and advanced payments thereunder) and, in return, we agreed to perform all of SunPower's existing and future obligations under the agreements (including all take-or-pay obligations).

The long-term fixed supply agreements with one of the suppliers expired in the first quarter of fiscal year 2019 and the agreements with the second supplier will expire in the fourth quarter of fiscal year 2022. These agreements cannot be canceled or terminated prior to their expiration. We may negotiate with the second supplier to extend the timing of delivery and acceptance of polysilicon pursuant to the underlying contractual purchase obligations.

Pursuant to the agreements, we purchase polysilicon that the supplier delivers to third-party ingot and wafer manufacturers who sell wafers to us that we then use in the manufacturing of our solar cells.

The price of polysilicon currently available in the market has decreased significantly below what is contemplated in the agreements, and our expenditures under the long-term fixed supply agreements with the remaining supplier may negatively impact our liquidity or put us at a disadvantage relative to our competitors. Specifically, the agreements provide for fixed pricing or inflation-adjusted price escalation clauses triggered in connection with increases in labor, energy or silicon metal costs, which has prevented us from benefiting from decreased polysilicon costs and has caused us to purchase polysilicon at unfavorable pricing and payment terms relative to prices available in the market and payment terms available to our competitors. In addition, in the event that we have inventory in excess of short-term requirements of polysilicon in our manufacturing operations, in order to reduce inventory or improve working capital, we have and may continue to elect to sell such inventory in the marketplace at prices below our purchase price, thereby incurring a loss. During fiscal year 2021, we recognized charges of \$14.3 million related to losses incurred as a result of such ancillary sales to third parties of excess polysilicon procured under our long-term fixed supply agreements and we estimate that we paid \$47.2 million above the market price as we were bound by our long-term fixed supply agreements for polysilicon consumed in our manufacturing process. As of January 2, 2022, based on the average forecasted future prices of polysilicon for each quarter available in the market and without giving effect to any potential inflationary price escalation clauses, we estimated the remaining contractual commitments under these long-term fixed supply agreements for polysilicon that are above market to be approximately \$53.9 million, which we expect to incur in fiscal year 2022.

Further, because the agreements are "take or pay," we could be required to purchase polysilicon from our supplier that is currently not required in our production plan to meet current demand, resulting in additional costs.

Additionally, in the event any of our suppliers experience financial difficulties or go into bankruptcy, it could be difficult or impossible, or may require substantial time and expense, for us to recover any or all of our prepayments to those suppliers.

Any of the foregoing could materially harm our liquidity, financial condition and results of operations and could put us at a disadvantage relative to our competitors.

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, including due to changes in government policies such as the ‘dual control of energy consumption policy of China’ 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, inverters and module material. Costs for raw materials and components required for our solar products have been increasing, as a result of limited polysilicon supply, increase in commodities’ prices globally, for instance of glass, aluminum and copper, and COVID-19, which have impacted the overall supply of raw materials and components. In addition, 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 have 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 has led to drastically reduced production and significant cost increases of raw materials for the solar industry. 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 impact of this disruption is compounded by the effects of COVID-19 on supply chains generally. See “Risk Factors – Risks Related to our Operations - 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.” As a result, if we are unable to mitigate the impacts of our suppliers’ cost increases, we may be unable to manufacture our products, or our products may be available only at a higher cost or after a delay. Logistics costs for both incoming materials and our finished goods products have increased due to the combined effect of COVID-19 and the global shortage of containers capacity. For instance, we continue to experience elevated freight rates on major shipping routes that we are utilizing, higher cost of certain raw materials such as glass, aluminum, copper and silicon wafers and solar cells consumed by Huansheng JV for modules sold to us. 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 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 and capital equipment which we would require 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 in a timely manner, or to supply raw materials or components that meet our quality, quantity and cost requirements or, otherwise on commercially reasonable terms, could impair our ability to manufacture our products or could increase our cost of production. 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

could write off equipment that is removed from the manufacturing process. In addition, 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.

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 2021, SunPower accounted for 28.8% of our total revenue and 9.7% of our accounts receivable as of January 2, 2022. No other customer accounted for at least 10% of revenue and accounts receivable as of January 2, 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.

In connection with the Spin-off, we had entered into an exclusive supply agreement with SunPower (the "Supply Agreement") pursuant to which SunPower purchased, and we sold solar panels for use in residential and commercial solar applications 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"). The agreement was subsequently amended in February 2021. On February 16, 2022, we announced the entry into a new supply agreement with SunPower, effective from February 14, 2022, which terminates and replaces the Supply Agreement (the "Master Supply Agreement") pursuant to which the Company will supply SunPower with IBC Modules for use in residential installations in the Domestic Territory. The Master 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.

Under the Master Supply Agreement, SunPower is required to purchase, and we are required to supply, certain volumes of products during each calendar quarter of the term. The proceeds generated under the Master Supply Agreement constitute a material portion of our revenues and margins, and the structure of the Master Supply Agreement was negotiated based on prevailing market conditions with volumes established based on SunPower's forecasted requirements. As market conditions change prior to the end of term of the Master Supply Agreement, the performance of our obligations under the Master Supply Agreement 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 Master Supply Agreement. Under the prior Supply Agreement, the Company was unable to pass through cost increases to SunPower given the Supply

Agreement contained fixed prices established in 2020 that were not subject to market-based adjustment. The Master Supply Agreement also contains fixed pricing for 2022 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. There is no assurance that we will be able to reach an agreement on the pricing in 2023, or that the Master Supply Agreement will not be terminated. If the parties decide to terminate the Master Supply Agreement or not to extend the term of the Master Supply Agreement and subsequent to its expiration, 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 France, 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 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 current conflict 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, 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, we might be unable to meet our production targets, which could materially and adversely affect our business. Our manufacturing activities require significant management attention, significant capital expenditures and substantial engineering expenditures.

The success of our manufacturing operations 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 France, Malaysia, Mexico and the Philippines, and the facilities of our Huansheng JV in China, consistent with actions taken or recommended by governmental authorities in connection with the COVID-19 pandemic;

- 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.

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 France, 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, on March 16, 2022 the U.S. Federal Reserve approved a 0.25 percentage point interest rate increase, and anticipates to raise its benchmark interest rates throughout the year. An increase in the federal benchmark rate could 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 in 2021 and during the first quarter in 2022, and expect such pressures to continue for the remainder of 2022. 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 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, and aluminum. Under the prior Supply Agreement we were unable to pass through cost increases to SunPower given the Supply Agreement contained fixed prices established in 2020 that were not subject to market-based adjustment. Under the Master Supply Agreement, fixed pricing has been established for 2022 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. Whilst we may be able to pass on any cost increases to SunPower under the Master Supply Agreement, there is no assurance that we will be able to reach an agreement on pricing with SunPower. 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 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 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. We rely upon Huansheng for our Performance line modules and with a single supply source, 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. 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 have 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 has led to drastically reduced production and significant cost increases of raw materials for the solar industry. 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 “*Risks Related to the COVID-19 Pandemic*”. 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 Chinese local 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 France, 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 2021, 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 stricter quarantine measures which has resulted in port closures, among other things. 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. We also closed our factory in Malaysia for certain periods in July and August 2021 for disinfection due to COVID-19, to comply with governmental regulations. Although our other factories in France, Mexico and the Philippines have not been affected to the same extent, there is no assurance that future outbreaks of COVID-19 will not materially impact our manufacturing operations in the future. See “*Risks Related to the COVID-19 pandemic*”.

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 in the future (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 is anticipated to propose climate change disclosures that 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 selling products or using technology that contains the allegedly infringing intellectual property, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Parties making infringement claims may also be able to bring an action that could result in an order stopping the importation or exportation of our solar products into or from a particular jurisdiction. For example, a party could make an infringement claim before the International Trade Commission that could result in an order stopping the importation into the United States of our solar products. Any of these judgments could materially damage our business. We may have to develop non-infringing technology, and our failure in doing so or in obtaining licenses to the proprietary rights on a timely basis could have a material adverse effect on 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 international laws, rules, policies, and other obligations regarding privacy, data protection, and other matters.

We are subject to U.S. and international laws relating to the collection, use, retention, security, and transfer of customer, employee, and business partner personally identifiable information (“PII”), including the European Union’s General Data Protection Regulation (“GDPR”), which came into effect in May 2018, the California Consumer Privacy Act (“CCPA”), which came into effect on January 1, 2020 and the Personal Data Protection Act of Singapore. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries, and among the subsidiaries and other parties with which we have commercial relations. The introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. Foreign data protection, privacy, and other laws and regulations, including GDPR, can be more restrictive than those in the United States. These laws and regulations, including GDPR which can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations, including GDPR, are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, 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.

A failure by us, our suppliers, or other parties with whom we do business to comply with posted privacy policies or with other U.S. or international privacy-related or data protection laws and regulations, including GDPR and CCPA, could result in proceedings against us by governmental entities 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 which we hold or will hold 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, these trademarks in other key countries. In the foreign jurisdictions where we are unable to obtain or have not tried to obtain registrations, others may be able to sell their products using trademarks compromising or incorporating our chosen brands, which could lead to customer confusion. In addition, if there are jurisdictions where another proprietor has already established trademark rights in marks containing our chosen brands, we may face trademark disputes and may have to market our products with other trademarks or without our 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 brand outside of the U.S. and we may face risks of such products being associated with the SUNPOWER brand if any negative publicity were to be incurred to that brand in the U.S., which is not within our control.

We rely upon SunPower’s Research and Development Team and our Research and Development team in Singapore for a significant portion of our ongoing development of our future technology.

We currently rely on SunPower to perform research and development work under a Product Collaboration Agreement, with research conducted in SunPower’s Silicon Valley research and development lab. We have established a research and development facility in Singapore, which collaborates with SunPower’s Silicon Valley research and development lab on several solar cell and module research and development efforts. While we have begun developing our own research and development team in Silicon Valley, we intend for SunPower’s team to continue to perform a substantial portion of our research and development needs and failure by SunPower to devote sufficient resources to these research and development programs, or breach of the Product Collaboration Agreement, could delay the development of expected future technology improvements and decrease our expected product differentiation versus our competitors, which could have a material and adverse effect on our business, results of operations, and financial condition. In addition, recruiting and retaining qualified personnel for our research and development facility 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 research personnel could have an adverse effect on our business, financial condition and results of operations. See the Risk Factor titled “*Our success depends on the continuing contributions of our key personnel and our ability to attract and retain qualified personnel in our industry.*”

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 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.

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, personal information concerning customers, employees, and business partners, and corporate information concerning internal processes and business functions. Malicious attacks to gain access to such information affects many companies across various industries, including ours.

In certain 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, and other security measures to protect our systems and data, but these security measures cannot provide absolute security. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, target end users through phishing and other malicious techniques, and/or may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventative measures. As a result, we 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 are working from home, which may exacerbate the aforementioned cybersecurity risks. See the Risk Factor titled *“The COVID-19 pandemic has had an adverse impact on 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

We are reliant upon SunPower’s performance under various agreements entered into in connection with the Spin-off and may have indemnification and other liabilities related thereto.

We and SunPower have entered into a transition services agreement and other ancillary agreements in connection with the Spin-off pursuant to which we will provide each other, on an interim, transitional basis, various services related to finance, accounting, business technology, human resources information systems, human resources, facilities, document management and record retention, relationship and strategy management and module operations, technical and quality support. Nevertheless, our interests and those of SunPower could differ with respect to these agreements, which could negatively impact the scope, duration or effectiveness of such agreements. These services may not be sufficient to meet our needs and the terms of such services may not be equal to or better than the terms we may have received from unaffiliated third parties. If SunPower were to fail to fulfill its obligations under these agreements, we could suffer operational harm and/or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transitional agreements expire, we may not be able to operate our business effectively and this may have an adverse effect on our business, financial condition and results of operations. In addition, after our agreements with SunPower expire, we may not be able to obtain these services at as favorable prices or on as favorable terms.

In addition, if we or SunPower do not satisfactorily perform our obligations under these agreements, the non-performing party may be held liable for any resulting losses suffered by the other party. Also, during the periods of these agreements, our and SunPower’s management and employees may be required to divert their attention away from our and their respective business in order to provide services pursuant to the agreements, which could adversely affect our and their business. Any of these factors could negatively impact our businesses and operations.

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 TZS's significant ownership of our shares may adversely affect the liquidity and value of our shares.

As of January 2, 2022, TotalEnergies (as defined under "Item 4.A. History and Development of the Company") and its affiliates own approximately 24.9% of the voting power of outstanding Maxeon shares and TZS (as defined under "Item 4.A. History and Development of the Company") owns approximately 24.4% of the voting power of outstanding Maxeon shares. At their current shareholding, TotalEnergies and TZS possess significant influence and control over our affairs.

TotalEnergies and/or TZS 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 TZS own a significant percentage of our shares, the ability of our other shareholders to influence matters requiring shareholder approval will be limited. Among other things, TotalEnergies and/or TZS'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 decline.

For two years after the effective date of the Shareholders Agreement, each of TotalEnergies and TZS are required, subject to certain exceptions, to not dispose of Maxeon shares if the disposition would cause either of them to hold less than 20% of the outstanding Maxeon shares. Further, TotalEnergies is required to not dispose of any Maxeon shares during that two-year period if immediately prior to such disposal it holds fewer shares than TZS or if the disposal would cause TotalEnergies to hold fewer shares than TZS (again, subject to certain exceptions).

Notwithstanding the provisions of the Shareholders Agreement, under certain limited circumstances, each of TotalEnergies and TZS have the ability to sell a substantial number of Maxeon shares during the two-year period following the Spin-off and thereafter. If our existing significant shareholders sell substantial amounts of Maxeon shares in the market, the market price of Maxeon shares could decrease significantly. The perception in the market that our 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, on April 14, 2021, we announced the Offering of ordinary shares through an underwritten public offering. In addition, pursuant to the TZS Private Placement (as defined under “Item 4.A. History and Development of the Company”), Maxeon sold to TZS 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 will dilute the ownership interests of existing shareholders. Additionally, in connection with the Green Convertible Notes, Maxeon granted to TZS SG (as defined under “Item 4.A. History and Development of the Company”) an option to purchase an amount of Maxeon shares that would allow TZS 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 5.B. Liquidity and Capital Resources—Dilution Protection Agreements.” Any sales in the public market of the shares issuable upon such conversion could adversely affect prevailing market prices of our shares. In addition, the existence of the Green Convertible Notes may encourage short selling by market participants because the conversion of the Green Convertible 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 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 may 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 2, 2022, the market price of Maxeon shares ranged from \$11.78 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;
- 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. In addition, concerns over economic slowdown resulting from the COVID-19 pandemics have triggered a U.S. key market-wide circuit breaker for several times since March 9, 2020, leading to a historic drop 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 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.

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:

- The 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.
- The 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.
- The 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.
- The 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.
- The 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 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 March 9, 2022, the SEC proposed amendments to its rules to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by public companies, including foreign private issuers. In addition, pursuant to public notification, the Commission is scheduled to meet on March 21, 2022 to consider whether to propose amendments that would enhance and standardize registrants' climate-related disclosures for investors. Finally, NASDAQ listed companies are now required to start complying with the NASDAQ board diversity rules. We anticipate that we will incur considerable costs and expenses associated with complying with these proposed rules if they are adopted by the SEC, as well as 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 2, 2022 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 Chinese 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 TZS. 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.

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 Chinese 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 only 40 employees as of January 2, 2022, and participate in panel manufacturing operations through our Huansheng JV with TZS, and generated revenues from sales in China of \$25.5 million for the fiscal year ended January 2, 2022, which represents 3.3% 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 TZS. In addition, a portion of our sales are made in China and our revenue generated from sales in China was \$25.5 million for the fiscal year ended January 2, 2022, representing 3.3% 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 Chinese government, including at both the national and local levels, has exercised and continues to exercise substantial control over virtually every sector of the Chinese 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 and providing preferential treatment to particular industries or companies. For instance, 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 have 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 has led to drastically reduced production and significant cost increases of raw materials for the solar industry. 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. 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, implementation of laws both proposed and enacted, and consumer sentiment related to this issue could have an adverse impact on our business.

Allegations of human rights abuse and of the use of forced labor and the United States and other countries’ response to those allegations are disrupting solar supply chains and our operations could be adversely impacted. On December 23, 2021, the Uyghur Forced Labor Prevention Act, which effectively prohibits imports of any goods made either wholly or in part in Xinjiang, was signed into law. The law prohibits “the importation of goods made with forced labor” unless U.S. Customs and Border Protection 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. Other jurisdictions have also been enacting similar legislation, including a recent bill in Australia banning importation of goods produced with forced labor. Xinjiang is the source of a significant percentage of the world’s supply of polysilicon, a key component in solar cells. Although Maxeon maintains robust policies and procedures to maintain compliance with all governmental laws and regulations, and is, to its knowledge in compliance with all applicable laws, these laws may nonetheless impact Maxeon’s imports into the United States and elsewhere and have the effect of restricting the global supply of polysilicon, which can affect prices and Maxeon’s capacity to produce solar products for its customers. Allegations of forced labor may also affect consumer sentiment and tarnish the reputation of the solar industry as a whole and thereby have an adverse effect on 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. For a description of these agreements, please see “Item 7. Major Shareholders and Related Party Transactions” of Maxeon’s registration statement on Amendment No. 2 to Form 20-F (File No. 001-39368) filed with the SEC on July 31, 2020, and available at www.sec.gov.

Immediately after the Distribution and pursuant to the terms of the November 8, 2019 Investment Agreement (the “Investment Agreement”), Maxeon and Tianjin Zhonghuan Semiconductor Co., Ltd., a PRC joint stock limited company (“TZS”), completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZS SG”) and an affiliate of TZS, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZS Investment”). TZS 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 TZS Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZS SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of TotalEnergies and TZS SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZS SG to buy, sell or vote their Maxeon shares. At the closing of the TZS Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZS 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 TZS, the Company sold to TZS 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 “TZS Private Placement”). As of January 2, 2022, TotalEnergies’s and TZS SG’s ownership of the Maxeon shares was approximately 24.9% and 24.4%, respectively.

Principal Capital Expenditures

Our capital expenditures amounted to \$154.2 million, \$27.7 million and \$41.9 million during fiscal years 2021, 2020 and 2019, 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 \$85 million to \$90 million in fiscal year 2022, of which \$50.6 million was committed via the issuance of purchase orders as of January 2, 2022, mainly targeted towards the completion of manufacturing capacity for our Maxeon 6 product platform, manufacturing capacity for Performance line panels to be sold into the U.S. market, developing Maxeon 7 technology and operating a pilot line. Subject to securing additional capital through debt or equity financing, we expect to make approximately \$60 million to \$80 million of additional capital expenditures for the conversion of our manufacturing capacity in the Philippines from Maxeon 3 to Maxeon 7, starting from 2022 and continuing into 2023.

Significant Acquisitions, Dispositions and other Events

In fiscal year 2017, SunPower entered into our Huansheng JV with TZS 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 TZS—Agreements with TZS in Connection with the Huansheng JV.”

In September 2021, TZS 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 2, 2022, TZS owns a 83.7% equity stake and we own a 16.3% equity stake in Huansheng JV while TZS owns a 20% interest and we own 80% equity stake in SPSI.

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.

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 France, 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 recent estimates from Wood Mackenzie, through effective investments and projects, the solar market has achieved more than 900 GW of global installed capacity as of 2021, representing an average compound annual growth rate of 29% since 2009.

As solar technology has developed, manufacturing costs have declined and performance has improved, although there have been recent surges in manufacturing costs driven by increasing freight rates and material costs in 2021. 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, this trend is expected to continue and even accelerate, according to Bloomberg New Energy Finance (“BNEF”). By 2050, solar technology is expected to represent from 32% (gray scenario) to 36% (green scenario) of global electricity capacity, with a balanced distribution among key regions worldwide—a significant increase compared to its current penetration of approximately 11% of global capacity.

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 it is even considered as the lowest one in countries such as China, India, France or Spain by BNEF;
- 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 France, Malaysia, Mexico and the Philippines and we participate in a joint venture for panel manufacturing in China with TZS. During fiscal year 2021, 29.0% of our revenue was attributable to North America, 43.8% to EMEA, 24.7% to Asia Pacific and 2.5% to other markets. During fiscal year 2020, 27.9% of our revenue was attributable to North America, 37.0% to EMEA, 30.3% to Asia Pacific and 4.8% to other markets. During fiscal year 2019, 36.2% of our revenue was attributable to North America, 28.8% to EMEA, 31.5% to Asia Pacific and 3.5% 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 2021, 61.4% of our revenue was attributable to products in our Maxeon line and the other 38.6% was attributable to products in our Performance line. 84.4% of our revenue was attributable to DG applications and 15.6% attributable to power plant applications. During fiscal year 2020, 65.5% of our revenue was attributable to products in our Maxeon line and the other 34.5% was attributable to products in our Performance line. 68.9% of our revenue was attributable to DG applications and 31.1% attributable to power plant applications. During fiscal year 2019, approximately 65.3% of our revenue was attributable to products in our Maxeon line and the other 34.7% was attributable to products in our Performance line. 69.9% of our revenue was attributable to DG applications and approximately 30.1% 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 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 than using 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”).

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 compliment the AC version of our Maxeon line.

We have announced our initiative to manufacture our high efficiency bifacial Performance line solar panels for the United States large-scale market through conversion of our Malaysia and Mexico facilities. In May 2021, we executed an agreement to supply approximately one GW of Performance line panels for the construction of the Gemini solar plus storage power plant project located near Las Vegas, Nevada, United States. The project is being built and will be owned and operated by Primergy Solar, LLC. The agreement calls for modules to be supplied over a four-quarter period starting in the second quarter of 2022 and project completion is planned by the end of 2023. In November 2021, we also entered into an agreement to supply up to 400 MW of Performance line panels to TotalEnergies for the construction of the Danish Fields Solar power plant project located near Houston, Texas, United States. The order request, which provides for a prepayment, was amended in March 2022 to change the timing of the utilization of the prepayment. In March 2022, we entered into two module supply agreements with two wholly-owned subsidiaries of Cypress Creek Renewables. The Company will be supplying 210 MWdc of its Performance line solar panels for a utility-scale project located in Texas, as well as approximately 105 MWdc of

Performance line solar panels for a utility-scale project in Washington. Deliveries are scheduled to begin in June 2023, with the final solar panel deliveries scheduled for January 2024. Also in March 2022, we entered into an agreement to supply approximately 400MWdc of Performance line solar panels to Origis Energy Ltd for its use in utility-scale projects located in the United States, with deliveries scheduled to begin in June 2023 and end by December 2023.

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 will be tested during the first half of 2022 with selected membrane suppliers and the product availability is scheduled to begin in second half of 2022.

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 \$543 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 unique 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 490 sales and installation partners in the Asia Pacific region, over 930 in the Europe, Middle East and Africa region, and over 25 in Latin America. In North America, we have a renewable exclusive contract with SunPower 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 three 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, Maxeon 5 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 TZS, 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. Our Chief Executive Officer, Jeff Waters, has served as Chief Executive Officer of SunPower's SunPower Technologies business unit since January 2019 and has 15 years of experience as an executive in the technology industry. Our Chief Financial Officer, Kai Strohecke, is a seasoned executive with more than 25 years of experience in the global semiconductor industry, including serving for 10 years as the Chief Financial Officer of Inotera Memories, a memory semiconductor manufacturing company located in Taiwan, and most recently as Vice President Finance and Global Operations Controller for Micron Technology. Our Chief Legal Officer, Lindsey Wiedmann, was with SunPower for a decade and now leads our global legal and sustainability teams. Our Chief Operations Officer, Markus Sickmoeller, is responsible for manufacturing, quality, supply chain, cell technology deployment and environment, health and safety globally after joining SunPower in late 2015 to start the Maxeon 3 cell factory in the Philippines. Ralf Elias, our Chief Product Officer, has extensive experience in consumer-facing technologies such as mobile phones and Internet of Things and leads our "Beyond the Panel" initiative. Peter Aschenbrenner, our Chief Strategy Officer, has more than 40 years of solar industry experience, including 17 years at SunPower in various executive roles. Mark Babcock, our Chief Revenue Officer, established SunPower's DG channel business in Europe 14 years ago and has led other solar companies' DG efforts in Europe and globally in the past nine years before joining Maxeon in 2020. Tiffany See, our Chief Human Resource Officer, joined Maxeon in 2020 bringing over 20 years of experience leading innovative human resource strategy with a focus on creating inclusive cultures, organization development and building leadership capability.

Our Strategy

We are strategically positioned to deploy advanced solar technologies at scale. We draw on 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:

- *Increasing the production capacity of Maxeon 5 and 6.* The brownfield build-out of Maxeon 5 and 6, leveraging existing facilities and operational expertise combined with increased scale and simplified process, is expected to deliver a 50% reduction in capital intensity as well as reduced cell conversion cost (as compared to the Maxeon 2 technology that it is replacing).
- *Innovating Future Product Technology.* Maxeon 7, currently in development, has the potential to expand our addressable market and to achieve further process simplification and reduction in capital intensity and cell conversion cost.
- *Enhancing our access to the low-cost Asia-centric supply chain and expanding our global channels to market.* We benefit from our strategic partner TZS's knowledge of and access to the upstream supply markets and distribution channels in Asia. In addition, we leverage access to TZS's silicon wafers for our Performance line technologies.
- *Addressing the United States solar market with Performance Line.* We are expanding solar cell and module capacity in our Malaysia fab and Mexican modco to manufacture new Performance line shingled module technology for use in the United States market.
- *Expanding our manufacturing footprint in the United States.* We have announced plans to build a multi-GW solar cell and module factory in the United States to supply both the DG and utility-scale markets, contingent upon passage of key incentive legislation and us securing the necessary funding.

- *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 Maxis to bundle adjacent products together with our panel sales. We have already begun adding microinverters to certain of our panels for sale, and we intend to further expand our product portfolio in the future 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.
- *Increasing our capital efficiency with direct access to capital markets.* We seek to enhance our capital efficiency, as well as improve strategic alignment with our stakeholders through direct access to capital markets.

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 plan to add Performance line capacity to our own manufacturing facilities in Malaysia and Mexico and convert our Fab 3 manufacturing facility to fully Maxis 6 manufacturing capacity. Our Huansheng JV also plans to increase its Performance line capacity. As of January 2, 2022, we had close to 900 MW of manufacturing capacity and contractual access to over 5.3 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 2021 annual shipment volumes of 150 to 185 GW, 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 2021, total industry shipment volume mix was approximately 38% DG and 62% utility-scale according to IHS.

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 Maxis 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 Maxis panels also have the lowest degradation rate in the solar industry. While third party studies show that most conventional panels tend to degrade around 0.7% per year, Maxis panels degrade at a significantly lower rate of 0.2% per year. To translate into real results – that means a Maxis panel delivers up to 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 85% more guaranteed energy over the lifetime of the system.

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 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 solar. 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 with incremental efficiency improvements and a larger wafer, further increasing panel power. When fully ramped, we expect Maxeon technology on larger wafers to be less expensive to manufacture than Maxeon 3 technology. We have in fiscal year 2021 completed the conversion of our legacy Maxeon 2 production capacity in Fab 3 to Maxeon 5 and Maxeon 6 production capacity. This resulted in close to 500 MW of joint capacity. By the end of second quarter of fiscal year 2022, our Maxeon 5 technology will be at end of life in our Fab 3 Malaysia facility and will be fully converted to Maxeon 6 technology. This will result in over 500 MW of Maxeon 6 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 10 GW deployed across more than 60 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 more than 200 patents worldwide covering cell and panel design, 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 2, 2022. Huansheng JV currently has a capacity to produce approximately 8 GW per year of Performance line solar panels, with plans for further expansion of capacity in 2022. 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, 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 also plan to manufacture up to 1.8 GW of Performance line solar panels at our facility in Mexico, with deliveries expected in 2022. We have announced plans to build a multi-GW solar cell

and module factory in the United States to supply both the DG and utility-scale markets, contingent upon passage of key incentive legislation and us securing the necessary funding.

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.

We generally provide a 25-year product warranty for Maxeon-manufactured solar panels for defects in materials and workmanship, and recently announced a 40-year product and power warranty for Maxeon line panels in certain jurisdictions. 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 repair, replace, or reimburse for any defective solar panels during the warranty period.

Principal Markets

During fiscal year 2021, 29.0% of our revenue was attributable to North America, 43.8% to EMEA, 24.7% to Asia Pacific and 2.5% to other markets. During fiscal year 2020, 27.9% of our revenue was attributable to North America, 37.0% to EMEA, 30.3% to Asia Pacific and 4.8% to other markets. During fiscal year 2019, 36.2% of our revenue was attributable to North America, 28.8% to EMEA, 31.5% to Asia Pacific and 3.5% 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 5 and Maxeon 6 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 by 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. While we build our own research and development teams in Singapore and Silicon Valley, we currently rely 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. We have established a research and development facility in Singapore which has begun to collaborate with SunPower's Silicon Valley research and development lab on several solar cell and module research and development efforts. We expect that the combination of these two global innovation hubs 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, Malaysia and France. 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. We have in fiscal year 2021 completed the conversion of our legacy Maxeon 2 production capacity in Fab 3 to Maxeon 5 and Maxeon 6 production capacity. This resulted in close to 500 MW of joint capacity. By the end of second quarter of fiscal year 2022, our Maxeon 5 technology will be at end of life in our Fab 3 Malaysia facility and will be fully converted to Maxeon 6 technology. This will result in over 500 MW of Maxeon 6 capacity.

In order to expand our capacity to produce Performance line shingled module technology for use in the United States market, aimed at utility-scale power plants and large-scale commercial and industrial systems, we are 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. The majority of manufacturing equipment was installed by the end of 2021, with product deliveries expected to begin in first half of 2022. We have also announced plans to deploy a multi-GW solar cell and module factory in the United States to manufacture products for both the DG and large-scale utility markets, contingent upon passage of key incentive legislation and us securing the necessary funding.

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 sole sourced. 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 our Performance line solar panels from our Huansheng JV which currently has a capacity to produce approximately 8 GW of Performance line solar panels. 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, 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 polysilicon, ingots, wafers and solar cells 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. Our solar cell value chain starts with high purity silicon called polysilicon. Polysilicon is created by refining quartz or sand.

Polysilicon is 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. We purchase polysilicon that we resell to third-party ingot and wafer manufacturers who deliver wafers to us that we then use in the manufacturing of solar cells.

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 have entered into an agreement with SunPower pursuant to which we will effectively receive SunPower's rights under the continuing long-term fixed supply agreements (including SunPower's deposits and advanced payments thereunder) and, in return, we will perform all of SunPower's existing and future obligations under the agreements (including all take-or-pay obligations). Maxeon is not permitted to cancel or exit the agreements prior to their expiration. The agreements are structured as "take or pay" agreements that specify future quantities of polysilicon to be purchased by the end of fiscal year 2022 and the pricing of polysilicon required to be supplied and purchased. The agreements also provide for penalties or forfeiture of advanced deposits in the event Maxeon terminates the arrangement. Additionally, under the agreements, Maxeon had made prepayments to the suppliers.

As a result of an increase in industry-wide polysilicon manufacturing capacity and a decrease in global demand for polysilicon, polysilicon prices decreased significantly over the past decade. SunPower negotiated with the polysilicon suppliers to reduce the purchase price for a substantial amount of polysilicon supplied pursuant to those agreements. Nevertheless, the purchase prices under Maxeon's remaining long-term fixed supply agreement continue to be higher than polysilicon prices currently available in the market.

The agreements with the remaining supplier provide for fixed pricing or inflation-adjusted price escalation clauses triggered in connection with increases in labor, energy or silicon metal costs, and are expected to prevent us from benefiting from decreased polysilicon costs, and are expected to cause us to purchase polysilicon at unfavorable pricing and payment terms relative to prices available in the market and payment terms available to our competitors. In addition, in the event that we have inventory in excess of short-term requirements of polysilicon in our manufacturing operations, in order to reduce inventory or improve working capital, we may elect to sell such inventory in the marketplace at prices below our purchase price, thereby incurring a loss.

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd ("TZS HK"), a subsidiary of TZS 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 TZS HK to be its primary wafer supplier for Performance line modules and deliveries to commence in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to with TZS 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 TZS 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 TZS HK will supply us with wafers to meet our volume requirements for calendar year 2023.

As of January 2, 2022, future purchase obligations under our long-term fixed supply agreements for polysilicon and silicon wafer totaled \$240.3 million and advance payment obligations to suppliers totaled \$51.8 million, of which \$51.0 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 2021, we recognized charges of \$14.3 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 \$47.2 million above the market price of polysilicon consumed 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. As of January 2, 2022, based on the average forecasted prices of polysilicon available in the market for each quarter of fiscal year 2022, we estimated the remaining contractual commitments under these long-term fixed supply agreements for polysilicon that is above market to be approximately \$53.9 million, which we expect to incur in 2022. A hypothetical 10% increase or decrease in actual

polysilicon prices from these quarterly forecasts would cause our total loss to decrease or increase, respectively, by approximately \$7.2 million.

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 have 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. In consideration for such services, we and SunPower will each pay fees to the other for the services provided, and those fees will generally be in amounts intended to allow the party providing services to recover all of its direct and indirect costs incurred in providing those services, plus a standard markup, which is subject to 25 percentage points increase following an extension of the initial term (unless otherwise mutually agreed to by the parties). During fiscal year 2021, we and SunPower exercised the option to extend the services related to finance, accounting, business technology and legal till January 2022, and the standard markup was increased by 25 percentage points for the period extended. Subsequently in January 2022, certain finance services were further extended till June 2022 under the same mark-up as the previous extended period.

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 2, 2022, we held 922 patents and 392 pending patent applications in jurisdictions other than the United States, we held 3 pending patent application in the United States, and we licensed from SunPower 395 patents and 130 pending patent applications in 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, LG 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;
- power 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. Most recently, the 2021 UN Climate Change Conference (known as COP26) held in Glasgow, United Kingdom in October to November 2021 spurred many nations around the world to update 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. 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. Further, certain legal claims and litigation involving the Maxeon Business have been retained by SunPower after the Spin-off. 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, 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 2, 2022:

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

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 2, 2022:

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	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
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	23,000	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. As of January 2, 2022, the consolidated net book value of our property, plant and equipment was \$386.6 million.

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 environmental protection 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 customers and beyond. Our sustainability approach is grounded in our purpose of Powering Positive Change. In 2021, we achieved a number of important milestones, including joining the United Nations Global Compact, a voluntary corporate sustainability initiative and the release of our first annual sustainability report 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.

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.

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:

- a. **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.
- b. **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 acquiring 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.
- c. **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. In 2020 and 2021, we reported zero work-related fatalities and a Total Recordable Incident Rate of 0.63 and 0.81, respectively.

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.

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 and a Conflict Minerals Policy as well as our Code of Ethics and Business Conduct.

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, periodic audits of our operations are conducted. 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. The information contained on or accessible through our website does not form part of this annual report.

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 SDGs and includes our strategy, key performance indicators, achievements and historical sustainability reports, which is 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. The total net proceeds of \$176 million will be used 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. 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 allocation of \$176 million in net proceeds 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.” The Eligible Green Expenditures Progress Report is available on our website at <https://www.maxeon.com/>, under the heading “ESG and Sustainability.” We intend to publish our Eligible Green Expenditures for the period July 1, 2021 through June 30, 2022 in July 2022. Nothing on our website, including our Sustainability Report, Eligible Green Expenditures Progress Report and/or sections thereof, is deemed incorporated by reference into this Form 20-F.

4A. 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 December 29, 2019, and year-to-year comparison between fiscal year ended January 3, 2021, and December 29, 2019, 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 3, 2021 filed on April 6, 2021, which is incorporated by reference herein.

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 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.

The Consolidated and Combined Statements of Operations include all sales and costs directly attributable to the Company, including costs for facilities, functions and services used by the Company. The Combined Statements of Operations 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.

Following the Spin-off, the consolidated financial statements include the accounts of the Company and its subsidiaries. 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.

Overview

We are in the business of solar panel cell and solar manufacturing operations and supply to resellers and commercial and residential end customers. 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 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 as an independent public company.

During fiscal years 2021 and 2020, we had sales of \$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 was based on the Supply Agreement with SunPower, as amended. As of February 14, 2022, we entered into the Master Supply Agreement which terminates and replaces the Supply Agreement, pursuant to which the Company will supply SunPower with IBC Modules for use in residential installations in the Domestic Territory. The Master 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. Following the entry into the Master Supply Agreement, the pricing of our sales to SunPower will be a 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. 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. See “Item 7.B. Related Party Transactions.”

Impact of COVID-19 to our Business

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread worldwide, including the countries in which we operate, and has resulted in authorities implementing numerous measures to try to contain the disease or slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. COVID-19 has had an adverse impact on most aspects of our business, operations and financial performance, and the impact is ongoing and will likely continue to evolve and affect our business. Recently, the Delta and Omicron variants of the COVID-19 virus have led to increased incidence of COVID-19 around the world prompting stricter quarantine measures which have resulted in port closures among other things and caused further disruptions to supply chains. Given that Huansheng JV operates in China, we are subject to disruptions in our operations and supply chain due to COVID-19 related disruptions in China. Recently, we also closed our factory in Malaysia for certain periods in July and August 2021 for disinfection due to COVID-19, based on governmental regulations. Our other factories in France, Mexico and the Philippines were not affected. We will continue to actively monitor the situation and may take further actions adapting our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by governmental authorities.

Unit of Power

When referring to our solar power systems, our facilities’ manufacturing capacity and total sales, 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.

Seasonal Trends and Economic Incentives

Our business is subject to industry-specific seasonal fluctuations including changes in weather patterns and economic incentives, among others. Sales have historically reflected these seasonal trends with the largest percentage of total revenues realized during the last two quarters of a fiscal year. The installation of solar power components and related revenue may decline during cold and/or rainy winter months for the DG market.

Trends and Uncertainties

Demand

We are in the process of addressing many challenges facing our business. Our business is subject to industry-specific seasonal fluctuations including changes in weather patterns and economic incentives, among others. Sales have historically reflected these seasonal trends with the largest percentage of total revenues realized during the last two quarters of a fiscal year. The installation of solar power components and related revenue may decline during cold and/or rainy winter months.

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. The broader marketplace impacts of that extension have not yet been clarified. During the same timeframe, tariffs imposed on goods of Chinese 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. Uncertainties associated with the Section 201 and Section 301 measures prompted us to adopt a restructuring plan and implement initiatives to reduce operating expenses and cost of revenue overhead and improve cash flow.

In addition to the effects on our suppliers, customers, partners, and projects, we incurred total tariff charges of approximately nil and \$0.4 million for fiscal years 2021 and 2020, respectively.

We continue to focus on investments that we expect will offer the best opportunities for growth including our industry-leading Maxeon 5 and 6, as well as our next-generation Maxeon 7, and our Performance line cell and panel technologies.

Supply

We continue to focus on introducing our lower cost, high efficiency Performance line of solar panels to the United States market, planning to add up to 1.8 GW of Performance line capacity in 2022, with cells produced in our Fab 3 Malaysia facility, and module production in Mexico. Sales of these products will be primarily designated for the United States market. In addition, our Huansheng JV in China has expanded capacity from 5 GW in 2020 to more than 8 GW in 2021, with plans for further expansion of capacity in 2022. Maxeon maintains up to 66% off-take rights of the expanded capacity for our international markets.

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 energy management functionality into our systems, and have made investments to realize those opportunities, enabling our customers to make intelligent energy choices by addressing how they buy energy, how they use energy, and when they use it. We have added 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, Maxeon 5 and Maxeon 6 products, which utilize our latest solar cell technology, and our Performance line of solar panels, which utilize conventional cell technology. By the end of second quarter of fiscal year 2022, our Maxeon 5 technology will be at end of life in our Fab 3 Malaysia facility and will be fully converted to Maxeon 6 technology. Throughout 2022, we anticipate that we will be operating our pilot line for our new Maxeon 7 technology which, contingent on our ability to obtain financing, is set to phase out Maxeon 3 in our Fab 4 facility in the Philippines in 2023.

The supply chain within the solar industry has met many challenges since the COVID-19 global pandemic commenced. Logistics costs have increased sharply, and critical raw materials, such as polysilicon, have experienced cost surges for various reasons such as the China Energy Rationalization. The cost increases are trending with market ASPs, with mono-PERC module ASP index increasing 23% from December 2020 to December 2021 based on PV Infolink's Data dashboard.

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 our long-term supply contracts may exceed market value. For example, we purchase our polysilicon under fixed-price long-term supply agreements. When the purchase costs under these agreements significantly exceed market value they may result in inventory write-downs based on expected net realizable value. Additionally, existing arrangements from prior years have resulted in above current market pricing for our purchase of polysilicon, resulting in inventory losses that we have realized. For several years, we have elected to sell polysilicon inventory in excess of short-term needs to third parties at a loss and may enter into further similar transactions in future periods from time to time.

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 20F.

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 COVID-19 pandemic, there has been 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 2021 compared to those described below.

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

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

Prior to Spin-off, the combined financial statements include the assets and liabilities of SunPower’s subsidiaries that are attributable to our business, representing its solar cell and panel manufacturing operations and activities outside the Domestic Territory. These subsidiaries were previously included in SunPower’s SunPower Technologies Segment (“SunPower Technologies”). While also included in SunPower Technologies, the assets, liabilities and results of operations of subsidiaries related to worldwide power plant project development, project sales, and operations associated with the Hillsboro, Oregon, solar cell manufacturing facility acquired from SolarWorld Americas in 2018 (the “Oregon Operations”) are excluded from our combined financial statements as they are not core to our historical and future business, and the Oregon Operations are retained by SunPower.

The assets and liabilities included in the Consolidated Balance Sheets were measured at the carrying amounts recorded in SunPower’s consolidated financial statements. Assets and liabilities were included within our financial statements to the extent that we were the legal owner of the asset or the primary obligor of the liability. Assets and liabilities that form a component of SunPower’s business may also be recognized in our financial statements to the extent that the assets and liabilities were directly attributable to our business or were exclusively used in or created by our historical operations.

The consolidated and combined financial statements include third-party debt and the related interest expense when we were the legal obligor of the debt and when the borrowings were directly attributable to or incurred on behalf of us. SunPower’s long-term debt has not been attributed to us for the periods presented because SunPower’s borrowings are not our legal obligation. 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 were reflected in the Consolidated and Combined Statements of Operations prior to the Spin-off. As the 4.00% debentures due 2023 are legal obligations of SunPower and were not transferred to us, they are not reflected in our Consolidated Balance Sheets.

Prior to the Spin-off, SunPower managed the 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. Subsequent to the Spin-off, the Company manages such activities independently. Our 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.

Prior to the Spin-off, 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. Subsequent to the Spin-off and in accordance with the employee matters agreement entered with SunPower, certain adjustments were made to the unvested restricted stock-based compensation awards under the Company's stock-based compensation plan with the intention of preserving the intrinsic value of the awards prior to Spin-off. SunPower also had 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 were included in the consolidated and combined financial statements following the single employer accounting model. As certain of our employees continues to be part of these pension plans after the Spin-off, the maintenance of such defined benefit pension plans has been transferred to the Company.

As described in "Note 13. *Incomes Taxes*" to our consolidated and combined financial statements included elsewhere in this Form 20-F, in accordance with FASB guidance, 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.

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.

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 the customer, 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 2021 and 2020, 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.

Inventories

Inventories are accounted for on a first-in-first-out basis and are valued at the lower of cost or net realizable value. We evaluate the realizability of our inventories, including purchase commitments under fixed-price long-term supply agreements, 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 long-term 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.

Under the long-term polysilicon supply agreements for polysilicon between the Company and a supplier, pricing for purchases of polysilicon and specified quantities are set forth in the agreements. As a result of the significant declines in the prices of polysilicon available in the market due to an increase in industry-wide polysilicon manufacturing capacity, the purchase prices set forth in the agreements currently exceed market prices.

We evaluate the terms of our long-term 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. We anticipate total obligations related to long-term

supply agreements for inventories will be realized because quantities are less than our expected demand for our solar power products for the foreseeable future and because the raw materials subject to these long-term supply agreements are not subject to spoilage or other factors that would deteriorate its usability; however, if raw materials inventory balances temporarily exceed near-term demand, we may elect to sell such inventory to third parties to optimize working capital needs. In addition, because the purchase prices required by our long-term polysilicon agreements are significantly higher than current market prices for similar materials, if we are not able to profitably utilize this material in our operations or elect to sell near-term excess, we may incur additional losses. 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, the current market price of polysilicon as compared to the price in our fixed-price arrangements, 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.

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.

Product Warranties

We generally provide a 25-year and starting from January 1, 2022 for certain products, a 40-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. 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 warrantied

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*).

Stock-Based Compensation

The Company's employees have historically participated in SunPower's stock-based compensation plans. Stock-based compensation expense has been allocated to the Company based on the awards and terms previously granted to the Company's employees as well as 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. The Company issued adjusted restricted stock units ("RSUs") and performance-based stock units ("PSUs") for the unvested awards under the Company's stock-based compensation plans.

The stock-based compensation expense for the RSU 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 PSU 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.

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.

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's operations have historically been included in the tax returns filed by the respective SunPower entities of which the Company's businesses are a part. Income tax expense and other income tax related information contained in these consolidated and combined financial statements are presented on a separate return basis as if the Company filed its own 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. Current income tax liabilities related to entities which file jointly with SunPower were settled with SunPower and are relieved through Net parent investment in the Consolidated Balance Sheets and the Net parent (distribution) contribution in the Consolidated and Combined Statements of Cash Flows.

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.

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.

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

Research and development expense consists primarily of salaries and related personnel costs, depreciation and impairment of 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. Subsequent to the Spin-off, we entered into a Product Collaboration Agreement with SunPower to perform research and development work in SunPower's Silicon Valley research and development labs so as to develop future technology improvements and decrease our expected product differentiation. 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

There were no significant restructuring expenses recorded in fiscal year 2020. Restructuring expense of \$8.1 million in fiscal year 2021 consists of mainly costs associated with the Company's May 2021 restructuring plan to reduce costs and focus on improving cash flow, the majority of which is related to the closure of a France-based manufacturing facility. See "Note 8. Restructuring" to our consolidated and combined financial statements.

Other (Expense) Income, Net

Prior to the Spin-off, interest expense primarily related to debt under SunPower's senior convertible debentures. SunPower's long-term debt has not been attributed to us for the periods presented because SunPower's borrowings are not our legal obligation. In December 2015, SunPower issued \$425.0 million in principal amount of the 4.00% debentures due 2023, the proceeds of which were used to finance Fab 4, which relates to our business. As such, the interest and other costs associated with the 4.00% debentures due 2023 were reflected in the Consolidated and Combined Statements of Operations up to the Spin-off date to reflect our historical cost of doing business. However, as the debentures are legal obligations of SunPower which were not transferred to us, they are not reflected in our Consolidated Balance Sheets. See further discussion on the basis of presentation of the consolidated and combined financial statements under "Note 1. Background and Basis of Presentation" to our consolidated and combined financial statements.

Subsequent to the Spin-off, interest expense primarily relates to the Green Convertible Notes and other debt facilities.

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

Income Taxes

In accordance with accounting standard ASC 740, *Income Taxes*, companies are required to recognize the tax law changes in the period of enactment. The SEC staff issued SAB 118 to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. SunPower provided a reasonable estimate of the effects of the Tax Act in its financial statements in 2017. December 22, 2018 marked the end of the measurement period for purposes of SAB 118. SunPower completed its analysis based on legislative updates currently available and reported the changes to the provisional amounts previously recorded which did not impact our income tax provision. SunPower also confirmed that the Tax Act does not impact its expectations of actual cash payments for income taxes in the foreseeable future.

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 after the tax holiday expired at the end of 2019. 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. 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 (Income) 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 (income) losses attributable to the noncontrolling interests represent the portion of our net (income) 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:

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Selected Consolidated and Combined Statements of Operations Data:		
Revenue	\$ 783,279	\$ 844,836
Cost of revenue	812,293	854,617
Gross loss	(29,014)	(9,781)
Operating expenses	143,433	120,396
Operating loss	(172,447)	(130,177)
Other (expense) income, net	(66,616)	4,490
Loss before income taxes and equity in losses of unconsolidated investees	(239,063)	(125,687)
Provision for income taxes	(203)	(12,127)
Equity in losses of unconsolidated investees	(16,480)	(3,198)
Net loss	(255,746)	(141,012)
Net loss attributable to the stockholders	\$ (254,520)	\$ (142,631)

Revenue and Cost of Revenue

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Revenue	\$ 783,279	\$ 844,836
Cost of revenue	812,293	854,617
Gross loss percentage	(4)%	(1)%

During fiscal year 2021, we recognized revenue from sales of modules and components of \$783.3 million, of which \$225.9 million, or 28.8% 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 Master Supply Agreement. 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 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 Master 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. Refer to "Item 7.B. Related Party Transactions." For fiscal year 2021, except for revenue transactions with SunPower, we had no customers that accounted for at least 10% of revenue. The decrease of \$61.6 million in revenue as compared to fiscal year 2020 was primarily due to lower volume of power plant projects as we adopted a more selective profitability-

based approach in selecting projects given the highly competitive market and rising input costs, offset by steady growth in European markets and higher cells sales.

During fiscal year 2020, we recognized revenue from sales of modules and components of \$844.8 million, of which \$231.2 million, or 27.4% of total revenue, represented sales 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. For fiscal year 2020, except for revenue transactions with SunPower, we had no customers that accounted for at least 10% of revenue.

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 consumed 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 remainder of cost of revenue includes actual cost of material, labor and manufacturing overhead incurred for revenue-producing units shipped, and associated warranty costs. The decrease of \$42.3 million in cost of revenue compared to fiscal year 2020 was primarily due to lower sales volume and the net reversal of a \$5.5 million accrual for withholding tax related to purchases of inventories. Our cost of revenue for IBC and Performance line solar modules has been impacted by the increase in logistics rates all along the supply chain and the increase in the cost of certain raw materials such as glass, silicon, and aluminum, as well as module-supply from our Huansheng JV as a result of raw materials price increases.

In September 2021, pursuant to the implementation of the "dual control of energy consumption policy of China", local governments have 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 capacity dramatically or stop production altogether. See "Item 3.D. Risk Factors – Risks Related to our Operations - 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." 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 Chinese local governments. We will continue to assess the situation and take steps as necessary to lessen the impact of these measures on our business.

Cost of revenue was \$854.6 million in fiscal year 2020 and includes \$8.5 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 \$78.0 million above the market price for polysilicon, as we were bound by our long-term fixed supply agreements for polysilicon consumed 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 remainder of cost of revenue includes actual cost of material, labor and manufacturing overhead incurred for revenue-producing units shipped, and associated warranty costs.

Revenue by Geography

	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
(In thousands)		
United States	\$ 227,499	\$ 235,606
France	88,454	125,366
China	25,519	12,496
Italy	83,957	41,882
Rest of world ⁽¹⁾	357,850	429,486
Total revenue	\$ 783,279	\$ 844,836

⁽¹⁾ 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 \$227.5 million in sales attributed to the U.S. includes \$225.9 million in sales to SunPower for fiscal year 2021. The \$235.6 million in sales attributed to the U.S. includes \$231.2 million in sales to SunPower for fiscal year 2020.

Operating Expenses

Prior to the Spin-off, operating expenses included 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 for periods prior to Spin-off. 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 Maxeon and SunPower consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, us. The allocations may not, however, reflect the expense we would have incurred as a standalone company for the period presented, nor our future results upon completion of the proposed separation. Actual costs that may have been incurred if we had been a standalone company, and future costs, 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.

	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
(In thousands)		
Operating expenses:		
Research and development	\$ 46,527	\$ 34,194
Sales, general and administrative	88,822	86,202
Restructuring charges	8,084	—
Total operating expenses	\$ 143,433	\$ 120,396

Research and Development Expenses

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 comprising of compensation expense (including stock-based compensation) of \$25.7 million, expenses for leased equipment of \$5.1 million, facilities expense of \$5.2 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.”

Research and development expenses were \$34.2 million in fiscal year 2020, primarily associated with expenditures on our Maxeon 5, Maxeon 6 and Maxeon 7 cell and panel technology comprising of compensation expense (including stock-based compensation) of \$20.9 million, research and development materials of \$2.4 million, expenses for leased equipment of \$2.1 million, depreciation and amortization expense of \$2.0 million, external consulting of \$1.3 million, allocation expenses of \$1.3 million, facilities expense of \$1.1 million and equipment repair and maintenance of \$1.1 million. Included in these expenses is \$9.9 million related to the Product Collaboration Agreement with SunPower.

Sales, General and Administrative Expenses

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.

Sales, general and administrative expenses were \$86.2 million in fiscal year 2020 and comprised primarily of \$33.7 million of compensation expense (including stock-based compensation), \$15.2 million of professional fees and outside services, \$9.2 million of allocations of general corporate expenses from SunPower, including, but not limited to, executive management, finance, legal, information technology and other shared services necessary to operate as a stand-alone public company, \$6.3 million of equipment related expenses, \$5.4 million of facilities related costs including rent, utilities and maintenance, \$5.0 million of insurance expense, and \$1.5 million of depreciation expense. Included in these expenses is a net charge of \$6.2 million related to the transition services agreement with SunPower.

Restructuring charges

Restructuring expense for fiscal year 2021 was \$8.1 million. The majority of the cost relates to our May 2021 restructuring plan on the planned closure of our module factory in Toulouse, France. Restructuring expense was nil in fiscal year 2020.

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

Other (expense) income, net

	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
(In thousands)		
Other expense, net		
Interest expense, net	\$ (27,848)	\$ (31,859)
Loss on extinguishment of debt	(5,075)	—
Other, net	(33,693)	36,349
Other (expense) income, net	\$ (66,616)	\$ 4,490

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 and \$3.5 million relates to our term loans and working capital facilities that were

terminated during the year. The remaining interest expense relates to the Company's other outstanding debt arrangements.

Of the total \$31.9 million in interest expense incurred during fiscal year 2020, \$12.2 million relates to an allocation of SunPower's 4.00% debentures due 2023, \$10.4 million relates to the Green Convertible Notes due 2025, \$4.8 million relates to our term loan and working capital facilities, \$2.4 million relates to the interest fee for long-term supply contract, and \$2.0 million relates to non-cash accretion charges. 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 2021 primarily comprised of a \$34.5 million loss on the remeasurement of 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 TZS into Huansheng JV in September 2021 which diluted our equity ownership of the joint venture from 20.0% to 16.3%.

Other, net for fiscal year 2020 was primarily due to a \$38.2 million gain in fiscal year 2020 on remeasurement of the Physical Delivery Forward and Prepaid Forward associated with the Green Convertible Notes.

Income Taxes

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Provision for income taxes	\$ (203)	\$ (12,127)

The Company's income tax expense and deferred tax balances have been calculated on a separate return basis as if we filed our own tax returns, although our operations have been included in SunPower's U.S. federal, state and non-U.S. tax returns prior to the Spin-off. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the period presented.

In fiscal year 2021, our income tax expense of \$0.2 million was primarily due to the tax expense in jurisdictions that were profitable offset by a release of unrecognized tax benefits.

In fiscal year 2020, our income tax expense of \$12.1 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 2021 and 2020, our unconsolidated investee, Huansheng JV, experienced a loss for which we recorded our reportable share of \$16.5 million and \$3.2 million, respectively. The increase of \$13.3 million in equity in losses of unconsolidated investee was primarily due to higher losses incurred by Huansheng JV due to higher material cost and impairment of assets in connection with a discontinued line. This was partially offset by a

lower share of losses by the Company from 20.0% to 16.3%, diluted through a capital injection of RMB270.0 million (equivalent to \$41.6 million) by TZS into the Huansheng JV in September 2021.

Net Loss (Income) Attributable to Noncontrolling Interests

For the fiscal years 2021 and 2020, we attributed \$1.2 million of net loss and \$1.6 million of net income, respectively, to noncontrolling interests. The decrease in net income attributable to noncontrolling interests was a result of less profitable operations from our consolidated investee during fiscal year 2021.

Reconciliation of Non-GAAP Financial Measures

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

We believe that non-GAAP gross profit (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 profit (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 (credits) and fees.* We incur restructuring charges (credits) 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 (credits) 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 (credits) 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 loss (gain) 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 loss (gain) 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 loss (gain) 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.

Reconciliation of Non-GAAP Financial Measures

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Gross loss⁽¹⁾	\$ (29,014)	\$ (9,781)
Stock-based compensation	1,250	2,080
Non-GAAP Gross loss⁽¹⁾	(27,764)	(7,701)
GAAP Operating expenses	143,433	120,396
Stock-based compensation	(5,981)	(5,170)
Restructuring charges and fees	(8,084)	—
Non-GAAP Operating expenses	129,368	115,226
GAAP Net loss attributable to the stockholders⁽¹⁾	(254,520)	(142,631)
Interest expense, net	27,848	31,859
Provision for income taxes	203	12,127
Depreciation	41,827	42,332
Amortization	383	4,996
EBITDA⁽¹⁾	(184,259)	(51,317)
Impairment	5,058	—
Stock-based compensation	7,231	7,250
Restructuring charges and fees ⁽²⁾	7,156	—
Remeasurement loss (gain) on physical delivery forward and prepaid forward	34,468	(38,236)
Loss on extinguishment of debt	5,075	—
Adjusted EBITDA⁽¹⁾	(125,271)	(82,303)

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

⁽²⁾ Amount represents restructuring charges and fees related to reorganization plans, excluding accelerated depreciation amounting to \$0.9 million included in the depreciation line.

Supplementary information affecting GAAP and Non-GAAP results

(In thousands)	Financial statements item impacted	Fiscal Year Ended	
		January 2, 2022	January 3, 2021
Incremental cost of above market polysilicon ⁽¹⁾	Cost of revenue	\$ 47,188	\$ 77,950
Loss on ancillary sales of excess polysilicon ⁽²⁾	Cost of revenue	14,264	8,517
Accommodation fee associated with the long-term polysilicon supply contract ⁽³⁾	Other, net	—	5,900

⁽¹⁾ 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.

- ⁽²⁾ In order to reduce inventory and improve working capital, we have 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.
- ⁽³⁾ Relates to long-term fixed supply agreements with a polysilicon supplier which is structured as "take or pay" contract, that specify future quantities and pricing of products to be supplied. We negotiated an extension of our long-term fixed supply agreements with the supplier which resulted in a one-time accommodation fees recognized during fiscal year 2020.

5.B. LIQUIDITY AND CAPITAL RESOURCES

Current Sources of Liquidity and Capital Resources

As of January 2, 2022, we had unrestricted cash and cash equivalents of \$166.5 million as compared to \$206.7 million as of January 3, 2021.

On April 14, 2021, the Company 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. The total number of shares issued in the Offering was 8,046,025, 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 TZS, Maxeon sold to TZS 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, as amended (the "TZS Private Placement"). The Offering and the TZS 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.

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. The order requests, which provides for a prepayment, was amended in March 2022 to change the timing of the utilization of the prepayment. For a description of this agreement, please see "Item 7.B. Related Party Transactions." Subject to granting security interests in certain assets located in Mexico, the Company is expecting to receive in excess of \$50.0 million as prepayment related to the order request by 2022. The delivery of the modules is expected to be completed by the third quarter of fiscal year 2023. As of January 2, 2022, the Company has received \$42.6 million of prepayment. Refer to "Note 9. Commitments and Contingencies—Advances from Customers" within "Item 18. Financial Statements" for more details on secured assets.

As of January 3, 2021, the Company had \$125.0 million of undrawn debt facilities with a syndicate of lenders (the "Bank Facilities"). In connection with obtaining the lenders' consent to move forward with the Offering in April 2021, Maxeon agreed to renegotiate the terms of the Bank Facilities before it would be permitted to draw down on those facilities. Maxeon terminated the \$50.0 million working capital facility and the two term loan facilities totaling \$75.0 million in September 2021 and November 2021, respectively, in each case without penalty and with payment of all outstanding fees. As of February 15, 2022, the lenders executed a deed of release for the global collateral package and the final release of the collateral is pending release by the local authorities.

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. 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 2, 2022 and January 3, 2021, the outstanding amount was \$24.7 million and \$47.7 million respectively.

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 for \$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.

Dilution Protection Agreements

In connection with the Green Convertible Notes, Maxeon granted to TZS SG an option to purchase an amount of Maxeon shares that would allow TZS 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. In connection with the Physical Delivery Forward, Maxeon also entered into an agreement with TZS SG under which Maxeon agreed, at the option of TZS SG, to issue to TZS SG (or its designee) for no consideration, Maxeon shares in an amount necessary to allow TZS SG to maintain its percentage ownership of outstanding Maxeon shares after giving effect to the delivery of Maxeon shares in connection with the Physical Delivery Forward. Maxeon granted to Total the right to execute a similar agreement with respect to the number of Maxeon shares necessary to maintain its percentage ownership of outstanding Maxeon shares after giving effect to the delivery of Maxeon shares in connection with the Physical Delivery Forward. Neither Total nor TZS SG exercised their rights with respect to the Physical Delivery Forward and the agreements were terminated or expired, as applicable.

Cash Flows

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

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Net cash used in operating activities	\$ (4,866)	\$ (189,162)
Net cash used in investing activities	(154,448)	(45,492)
Net cash provided by financing activities	141,808	320,346

Operating Activities

Net cash used in operating activities in fiscal year 2021 was \$4.9 million and was primarily the result of: (i) net loss of \$255.7 million of which \$47.2 million relates to out-of-market polysilicon cost; (ii) \$43.5 million related to the increase in inventory primary due to slower shipments resulting from COVID-19; and (iii) increase in prepaid expenses and other assets of \$20.7 million.

This was primarily offset by: (i) non-cash charges of \$52.8 million related to depreciation and amortization, stock-based compensation, loss on debt extinguishment and other non-cash charges; (ii) non-cash remeasurement loss on Prepaid Forward of \$34.5 million; (iii) \$13.4 million non-cash interest expense primarily attributable to amortization of stock lending fees and accretion associated with the Green Convertible Note issued by the Company during fiscal year 2020; (iv) adjustment for non-cash equity in losses of unconsolidated investee of \$16.5 million (v) decrease in accounts receivables of \$38.3 million, primarily attributable to billing and collection cycles (vi) \$41.1 million decrease in advance payments to suppliers; (vii) \$72.5 million increase in contract liabilities arising from advance collections from customers; and (viii) increase in accounts payable and other accrued liabilities of \$41.1 million due to timing of settlement of invoices.

Net cash used in operating activities in fiscal year 2020 was \$189.2 million and was primarily the result of: (i) net loss of \$141.0 million of which \$78.0 million relates to out-of-market polysilicon cost; (ii) decrease in accounts payable and other accrued liabilities of \$143.5 million due to timing of settlement of invoices; (iii) \$61.3 million decrease in contract liabilities; and (iv) non-cash remeasurement gain on Physical Delivery Forward and Prepaid Forward of \$38.2 million.

This was primarily offset by: (i) decrease in accounts receivables of \$71.2 million (ii) non-cash charges of \$57.7 million related to depreciation and amortization, stock-based compensation and other non-cash charges; (iii) \$28.5 million decrease in advance payments to suppliers; (iv) \$25.2 million related to the decrease in inventory; and (v) \$19.9 million non-cash interest expense primarily attributable to debt financed by SunPower associated with SunPower's debenture.

Investing Activities

Net cash used in investing activities in fiscal year 2021 was \$154.4 million, which was primarily capital expenditures.

Net cash used in investing activities in fiscal year 2020 was \$45.5 million, which was primarily capital expenditures, and partially offset by proceeds from disposal of short-term investments. 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 2021 was \$141.8 million, which included \$170.3 million and \$169.7 million, being proceeds from bank loans and other debt and ordinary shares issuance, respectively. This was partially offset by repayment of debt obligation of \$193.2 million and payment for tax withholding obligations on vested stock units of \$4.2 million.

Net cash provided by financing activities in fiscal year 2020 was \$320.3 million, which included \$236.4 million, \$296.8 million and \$190.3 million, being proceeds from bank loans and other debt, ordinary shares issuance and issuance of the Green Convertible Notes, respectively. This was partially offset by (i) repayment of debt obligation of \$226.7 million; (ii) \$134.0 million of Net parent distribution and (iii) payment made for Prepaid Forward of \$40.0 million. As cash and the financing of our operations have historically been managed by SunPower, the components of Net parent distribution include cash payments by SunPower to settle our obligations. These transactions are considered to be effectively settled for cash at the time the transaction is recorded.

Material Cash Requirements

As of January 2, 2022 and January 3, 2021, our outstanding debt was \$225.6 million and \$249.4 million, respectively.

As of January 2, 2022 and January 3, 2021, we had an obligation to purchase \$125.8 million and \$242.4 million, respectively, of polysilicon material pursuant to long-term fixed supply agreements with one polysilicon supplier, without giving effect to any inflationary price escalation clauses. Of this commitment, as of January 2, 2022 and January 3, 2021, we had prepaid \$49.2 million and \$92.9 million, respectively. The balance between the revised purchase commitment and the prepaid balance of \$76.6 million as of January 2, 2022 is expected to be paid in cash over a period ending December 2022 as we purchase the contractually committed quantities specified. Our prepayments expose us to the credit risks of our supplier. If our supplier fails to fulfill its delivery obligations to us, we may have difficulty recovering such prepayments. Further, because the agreements are “take or pay,” we could be required to purchase polysilicon from our supplier that is currently not required in our production plan to meet current demand, resulting in additional costs. Prepayment obligations for our silicon supply will affect our long-term liquidity needs.

We expect total capital expenditures ranging from \$85 million to \$90 million in fiscal year 2022, of which \$50.6 million was committed via the issuance of purchase orders as of January 2, 2022, mainly targeted towards the completion of manufacturing capacity for our Maxeon 6 product platform, manufacturing capacity for Performance line panels to be sold into the U.S. market, developing Maxeon 7 technology and operating a pilot line. Subject to securing additional capital through debt or equity financing, we expect to make approximately \$60 million to \$80 million of additional capital expenditures for the conversion of our manufacturing capacity in the Philippines from Maxeon 3 to Maxeon 7, starting from 2022 and continuing into 2023. Delays in completing our manufacturing capacity expansion or technology conversions, or delays or failure to obtain the necessary debt or equity financing, may impact our liquidity.

Inflationary price increases impacting the cost of raw materials, manufacturing equipment, labor, electricity, and logistics services could 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. Similarly, delays in shipment routes could lead to more inventory in transit, which may result in delays in delivering our panels on time to customers which would in turn result in delays of receiving payment for our products.

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 expect that we will manage our working capital requirements and fund our committed capital expenditures through our current cash and cash equivalents, cash generated from operations, customer prepayments, net proceeds from our Offering in April 2021, 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.

Our uncommitted capital expenditures are expected to be funded with customer prepayments and additional capital raised through new debt or equity financings to the extent such funding is available to us and on favorable terms.

We believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations over the next 12 months. In conjunction with evaluating our ability to continue as a going concern, we have considered sensitivities that may significantly impact our evaluation, including the timing of customer prepayments and its utilization by our customers, including our strategic partners, our ability to defer or cancel uncommitted capital expenditures and the impact of events like COVID-19 that disrupt our business operations, increase our costs and diminish our profitability. See also Risk Factor *“We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations due to continued supply chain disruptions as well as the general economic environment, cumulatively resulting in increased supply and logistics costs, among other implications.”* Furthermore, we have considered various positive factors in our evaluation, including the Master Supply Agreement with SunPower which includes pricing updated to reflect current market trends, the supply agreements with our Huansheng JV which provide for extended credit periods at our discretion, our historical ability to secure customer prepayments for future module production, our ability to sell excess cells not required for our modules, our ability to increase prices with our customers in response to cost-increases, our factoring arrangements on receivables and our historical ability to work with vendors to obtain favorable payment terms, when possible.

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. Given 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 continuing impact of COVID-19 pandemic on our business operations, we currently lack the visibility to reasonably quantify our expected 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 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 and grow our business.”*

The Company will continue to pursue opportunities to seek additional funding in the near term, including the offering of debt and equity securities depending on favorable market conditions, to fund the capital expenditures for the conversion from Maxeon 3 to Maxeon 7 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 by issuing new equity or debt securities 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 investments or convertible debt securities would result in dilution to our stockholders and may not be available on favorable terms or at all. Additional debt would 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 2, 2022, total liabilities associated with uncertain tax positions 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. As of January 3, 2021, the liabilities associated with uncertain tax position was \$18.1 million, included within “Other long-term liabilities” in our Consolidated Balance Sheets. 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 39% and 21% of our total revenue in fiscal years 2021 and 2020, respectively. A 10% change in the Euro exchange rate would have impacted our revenue by approximately \$30.9 million and \$18.0 million in fiscal years 2021 and 2020, 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 2, 2022, we had designated outstanding cash flow hedge option contracts with a notional value of \$121.3 million to hedge the exposure of Euro and Australian dollar against U.S. dollar. In addition, in connection with the purchase of the silicon wafer from TZS denominated in Chinese Renminbi, we had designated outstanding cash flow hedge forward contracts with a notional value of \$22.6 million. Because we hedge some of our expected future foreign exchange exposure, if associated revenues and purchases do not materialize we could experience a reclassification of gains or losses into earnings. Such a reclassification could adversely impact our revenue, cost of 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 2, 2022 and January 3, 2021, we had outstanding forward currency contracts with aggregate notional values of \$53.6 million and \$44.8 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, investments, accounts receivable, advances to suppliers, and foreign currency forward contracts. 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 enter into agreements with a vendor that specify future quantities and pricing of polysilicon to be supplied through fiscal year 2022. As of January 2, 2022 and January 3, 2021, we have remaining advances to that polysilicon supplier totaling \$49.2 million and \$92.9 million, respectively.

We enter into foreign currency derivative contracts with high-quality financial institutions and limit the amount of credit exposure to any single counterparty. 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 2, 2022 and January 3, 2021, investments of \$11.2 million and \$25.7 million, respectively, are accounted for using the equity method. As of January 2, 2022 and January 3, 2021, 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 \$46.5 million and \$34.2 million for the fiscal years 2021 and 2020, 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 Total designees, three TZS designees, three independent directors and Maxeon’s chief executive officer.

Director	Age	Appointment Date
Jeffrey W. Waters, Chief Executive Officer	57	October 11, 2019
Kevin Kennedy, Independent Director	66	August 17, 2020
Donald Colvin, Independent Director	69	August 13, 2020
Steve Leonard, Independent Director	59	June 7, 2021
Rémi Bourgeois, TotalEnergies designee*	53	August 27, 2020
Erick Chabanne, TotalEnergies designee	57	August 27, 2020
Nikita Taldykin, TotalEnergies designee	42	October 25, 2021
SHEN Haoping, TZS designee	59	August 27, 2020
ZHANG Changxu, TZS designee	46	August 27, 2020
WANG Yan, TZS designee	37	August 27, 2020

*Rémi Bourgeois resigned from the Maxeon Board effective March 11, 2022.

Biographies

Jeffrey W. Waters, Chief Executive Officer

Jeffrey Waters is our Chief Executive Officer and, prior to the separation and Spin-off, led the SunPower Technologies business unit of SunPower since January 2019, which included its global manufacturing, research and development and SunPower Solutions group. An experienced global business, operations and sales leader, Mr. Waters joined SunPower in January 2019 from Isola, where he worked from Silicon Valley as the company's president and chief executive officer. Prior to Isola, Mr. Waters was senior vice president and general manager with Altera Corporation and also held a variety of executive positions with Texas Instruments/National Semiconductor in both the U.S. and Japan for 18 years, including in global sales. Mr. Waters holds a bachelor's degree in engineering from the University of Notre Dame, a master's degree in engineering from Santa Clara University and a Master of Business Administration from Northwestern University.

Kevin Kennedy

Kevin Kennedy serves as an independent director and Chairman of Maxeon's Board, and member of its Compensation Committee and Nominating and Corporate Governance Committee. Dr. Kennedy currently serves as CEO of a small technology startup and was previously the President and Chief Executive Officer of Avaya Inc., a leading global provider of business communications applications, systems and services. Prior to joining Avaya in January 2009, Dr. Kennedy was President and CEO of JDS Uniphase Corporation and has worked in various senior management roles in multinational telecom companies including Cisco Systems and Bell Laboratories. In 1987, Dr. Kennedy was a Congressional Fellow to the U.S. House of Representatives Committee on Science, Space and Technology. In January 2011, he was appointed to the President's National Security Telecommunications Advisory Committee by U.S. President Barack Obama. Dr. Kennedy also currently serves on the board of directors for UL Inc, KLA-Tencor Corporation and Digital Realty Trust, L.P. He holds a B.S. in engineering from Lehigh University in Pennsylvania, as well as M.S. and Ph.D. degrees in engineering from Rutgers University.

Donald Colvin

Donald Colvin serves as an independent director for Maxeon's Board, Chairman of its Audit Committee and member of its Coordination Committee and Compensation 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 the Isola Group ("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.

Steve Leonard

Steve Leonard serves as an independent director on Maxeon's Board of Directors, Chairman of its Nominating and Corporate Governance Committee and its Coordination Committee, and member of its Audit Committee. Mr. Leonard also currently serves as an independent non-executive director at Singapore Post Ltd. (SingPost), an international leader in e-commerce logistics and services, AsiaSat, a privately held Hong Kong-based satellite operator, and SC Bank Solutions (Singapore) Ltd., a digital banking joint venture between Standard Chartered Bank and NTUC Enterprise. He also serves on the advisory boards of several universities and organizations, including Cambridge Innovation Capital, a deep-tech focused venture capital firm with strong links to the University of Cambridge in England. Mr. Leonard is an international leader with more than 30 years currently serving as CEO of Singularity University. Prior to that, Mr. Leonard was the founding CEO of SGInnovate, a private limited company

wholly-owned by the Singapore Government. Prior to founding SGInnovate, Mr. Leonard served three years as the Executive Deputy Chairman of the Infocomm Development Authority (IDA), a Singapore Government statutory board under the purview of Singapore's Ministry of Communications and Information. Prior to joining Singapore Government in 2013, he held executive leadership roles in Europe and Asia for two decades with several global technology companies including EMC, Symantec and EDS.

Rémi Bourgeois

Rémi Bourgeois served as a director designated by TotalEnergies on Maxeon's Board of Directors and member of its Coordination Committee from August 27, 2020 until March 11, 2022. Mr. Bourgeois is the Vice President of Operations of Total Renewables and has responsibility for the engineering, design, construction, performance, operations and maintenance for Total Renewables' 7 GW of solar and wind projects in operation (as of December 2020). Previously, he was the Vice President of Operations for Total Solar and from 2012 to 2015, he was seconded to SunPower and was the Project Director for the largest photovoltaic facility in the United States (Solar Star, 747MWp). Mr. Bourgeois has also held various other technological and operational roles within TotalEnergies. Prior to joining TotalEnergies, he held various positions in Project Management and Tendering of conventional power plants at Alstom Power. Mr. Bourgeois has a Master's Degree in electrical engineering, with a specialization in energy systems, from Supélec.

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 2018, Mr. Taldykin has been the Vice President and General Counsel – Upstream and Corporate Services of TotalEnergies American Services, located in Houston, Texas. In this role, he sits on several management committees and boards of directors and is responsible for corporate governance and managing legal and compliance affairs for TotalEnergies' upstream affiliates in the United States. He joined TotalEnergies in 2010 and has since held several business development and legal roles. 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.

SHEN Haoping

Mr. SHEN Haoping serves as a director designated by TZS on Maxeon's Board of Directors and member of its Nominating and Corporate Governance Committee. He is the deputy Chairman and CEO of TZS. Currently, he also serves as a Board Director and Senior Vice President of TCL Technology Group Corporation. He was awarded the special allowance of the State Council and the 2015 National Model Worker. Mr. SHEN Haoping has many years of experience in the design and manufacture of semiconductor and photovoltaic mono silicon materials. He has presided over several national and provincial R&D projects, and led TZS to win the industry and government honors such as municipal science and technology progress award, China patent excellence award, national innovation-oriented enterprise and Forbes China potential enterprise. Under Mr. SHEN Haoping's leadership, TZS built a world leading photovoltaic silicon ingot and wafer R&D, manufacture and sales capacity. He also served as General

Manager and other leadership positions of Tianjin HuanOu Semiconductor Materials Technology Co., Ltd. Mr. SHEN Haoping received his Bachelor's Degree in semiconductor physics from Lanzhou University.

ZHANG Changxu

Ms. ZHANG Changxu serves as a director designated by TZS on Maxeon's Board of Directors and member of its Compensation Committee. Ms. ZHANG Changxu is currently a Board Director and the Chief Operations Officer and Chief Financial Officer of TZS and a Board Director of Huansheng Photovoltaic (Jiangsu) Co., Ltd. From 2012, she served in various leadership roles for TZS, 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 of software engineering from Tongji University and a Bachelor's Degree in business administration from Shanxi University of Finance and Economics.

WANG Yan

Mr. WANG Yan serves as a director designated by TZS on Maxeon's Board of Directors and member of its Coordination Committee. Mr. WANG Yan is the Vice President of TZS and the CEO of Huansheng Photovoltaic (Jiangsu) Co., Ltd. Between 2017 and 2018, he served as Chairman of Huanou International Silicon Material Co., Ltd., and from 2014 to 2017, he was the General Manager of Inner Mongolia Zhonghuan Photovoltaic Material Co., Ltd. Mr. WANG Yan received his Bachelor's Degree in information and electronic science from Tianjin University.

Senior Management

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

Name	Age	Title	Appointment Date
Kai Strohbecke	51	Chief Financial Officer	March 15, 2021
Lindsey Roon Wiedmann	44	Chief Legal Officer	August 21, 2020
Markus Sickmoeller	55	Chief Operations Officer	August 21, 2020
Peter Aschenbrenner	66	Chief Strategy Officer	August 21, 2020
Mark Babcock	51	Chief Revenue Officer	August 21, 2020
Tiffany See	46	Chief Human Resources Officer	August 21, 2020
Ralf Elias	51	Chief Product Officer	July 1, 2021

Biographies

Kai Strohbecke, Chief Financial Officer

Kai Strohbecke who joined Maxeon on March 15, 2021, is our Chief Financial Officer. Mr. Strohbecke most recently served as the Vice President Finance and Global Operations Controller for Micron Technology. Prior to 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 2003, Mr. Strohbecke worked in various management roles with increasing responsibility at Infineon and Siemens Semiconductor Group. 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.

Markus Sickmoeller, Chief Operations Officer

Markus Sickmoeller is our Chief Operations Officer and is responsible for manufacturing, quality, supply chain, cell technology deployment and EHS globally. He joined SunPower in late 2015 to start the Maxeon 3 cell factory in the Philippines and took more operational responsibilities in the years leading to his role as head of operations for SunPower in July 2019. Dr. Sickmoeller joined SunPower from his role as Chief Operating Officer of Silicon Line GmbH in Germany. Before that Dr. Sickmoeller held positions in operations and research and development in the semiconductor industry for more than two decades with Siemens, Infineon and Qimonda in Germany, Malaysia and Taiwan having local and global responsibilities. Dr. Sickmoeller holds a Diploma degree (Master of Science equivalent) in Electrical Engineering from the University of Braunschweig, Germany and a Doctorate Title in Optoelectronics from the University of Ulm.

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.

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 DG 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.

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 TZS, 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 of 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 2021, we paid and accrued fees and compensation of approximately \$0.4 million and granted 27,852 RSUs to our Outside Directors.

Executive Officer Compensation

Our Executive Compensation program for fiscal year 2021 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 four years; and
- Performance-based restricted stock units (“PSUs”) that generally vest over four years after achieving performance targets as determined from time-to-time.

A stock ownership guidelines policy was adopted by the Company in June of 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 2021, we paid and accrued compensation of approximately \$4.7 million and granted 120,507 RSUs and 67,607 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 Total designees, three TZS designees, three independent directors and our Chief Executive Officer. Mr. Kennedy 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 Total and TZS 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 Total and TZS 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 Total or TZS 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. Colvin (Chair), Leonard and Kennedy 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. Kennedy (Chair), Colvin, 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), Colvin, Bourgeois and Wang were members of the Coordination Committee during the year ended January 2, 2022. Rémi Bourgeois resigned from the Maxeon Board effective March 11, 2022..

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), Kennedy, Taldykin and Shen 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; and
- evaluate whether incumbent directors should be nominated for re-election to the Maxeon Board upon expiration of such directors' terms.

Certain Board Practices and Requirements

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 January 2, 2022)

Country of Principal Executive Offices	Singapore			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	10			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	9	0	0
Part II: Demographic Background				
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 expect to 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 2, 2022	January 3, 2021 (full-time equivalents)	December 29, 2019
Marketing & Sales	96	83	90
Production & Supply	3,788	4,296	4,816
Research & Development	112	96	178
General & Administrative	206	134	110
Total	4,202	4,609	5,194

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 2, 2022	January 3, 2021 (full-time equivalents)	December 29, 2019
Australia	22	15	16
Belgium	2	2	3
China	40	28	25
France	88	116	127
Germany	6	5	4
Italy	13	13	9
Japan	8	10	11
Malaysia	1,408	1,529	1,611
Mexico	1,397	1,719	2,042
Morocco	—	—	1
Netherlands	6	4	3
Philippines	1,105	1,115	1,176
Singapore	74	30	3
South Africa	10	12	—
Spain	6	2	—
Switzerland	6	5	7
United Kingdom	3	3	3
United States	8	1	153
Total	4,202	4,609	5,194

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 based on 44,592,339 Maxeon shares outstanding as of March 16, 2022.

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.

Holder	Maxeon Shares	Percentage Ownership
Jeffrey W. Waters	198,395	*
Kevin Kennedy	17,387	*
Donald Colvin	17,427	*
Steve Leonard	11,622	*
Rémi Bourgeois ⁽¹⁾	—	*
Erick Chabanne ⁽²⁾	—	*
Nikita Taldykin ⁽³⁾	—	*
SHEN Haoping ⁽⁴⁾	—	*
ZHANG Changxu ⁽⁵⁾	—	*
WANG Yan ⁽⁶⁾	—	*
Kai Strohbecke ⁽⁷⁾	2,893	*
Lindsey Roon Wiedmann ⁽⁸⁾	41,624	*
Dr. Markus Johannes Sickmoeller	48,841	*
Peter Claus Aschenbrenner	59,695	*
Mark Babcock	5,231	*
Tiffany See	8,670	*
Ralf Elias	—	*

* Less than 1%.

⁽¹⁾ Mr. Bourgeois 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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Mr. Shen is a director of TZS and may be deemed to have beneficial interests in the shares beneficially owned by TZS, but he disclaims beneficial ownership of such shares.

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

⁽⁶⁾ Mr. Wang is an executive officer of TZS and may be deemed to have beneficial interests in the shares beneficially owned by TZS, but he disclaims beneficial ownership of such shares.

⁽⁷⁾ Represents 2,893 ordinary shares issuable upon exercise of options or vesting of restricted share units held by Mr. Strohbecke within 60 days from March 16, 2022.

⁽⁸⁾ Represents (i) 40,185 ordinary shares held or beneficially owned by Ms. Wiedmann, and (ii) 1,439 ordinary shares issuable upon exercise of options or vesting of restricted share units held by Ms. Wiedmann within 60 days from March 16, 2022.

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 March 16, 2022.

Holder	Maxeon Shares	Percentage Ownership
TotalEnergies SE ⁽¹⁾	10,994,431	24.66 %
Tianjin Zhonghuan Semiconductor Co., Ltd. ⁽²⁾	10,785,692	24.19 %
Wellington Management Group LLP ⁽³⁾	4,009,983	8.99 %
Invesco Ltd. ⁽⁴⁾	2,923,980	6.55 %

⁽¹⁾ Based on the information contained in a Schedule 13D filed with the SEC on September 8, 2020 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.

⁽²⁾ Based on the information contained in a Schedule 13D filed with the SEC on April 22, 2021 by Zhonghuan Singapore Investment and Development Pte. Ltd. Zhonghuan Singapore Investment and Development Pte. Ltd. is a direct wholly owned subsidiary of Tianjin Zhonghuan Semiconductor Co., Ltd. (TZS). TZS have shared voting and dispositive power over 10,785,692 Maxeon shares.

⁽³⁾ Based on the information contained in a Schedule 13G/A filed with the SEC on February 4, 2022 by Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP, and Wellington Management Company LLP. Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP have shared voting power over 3,245,265 Maxeon shares and has shared dispositive power over 4,009,983 Maxeon shares. Wellington Management Company LLP has shared voting power of 3,184,673 Maxeon shares and shared dispositive power of 3,817,649 Maxeon shares. Wellington Management Group LLP is the parent holding company of certain holding companies and the Wellington Investment Advisers. The securities reported on the Schedule 13G/A are owned of record by clients of the Wellington Investment Advisers. Wellington Investment Advisors Holdings LLP controls directly, or indirectly through Wellington Management Global Holdings, Ltd., the Wellington Investment Advisers. Wellington Investment Advisors Holdings LLP is owned by Wellington Group Holdings LLP. Wellington Group Holdings LLP is owned by Wellington Management Group LLP.

⁽⁴⁾ Based on the information contained in a Schedule 13G/A filed with the SEC on February 10, 2022 by Invesco Ltd. Invesco Ltd. is a parent holding company to its investment advisors. Invesco Ltd. has sole voting power over 2,923,980 Maxeon shares and sole dispositive power over 2,923,980 Maxeon shares.

On April 14, 2021, the Company announced the Offering of ordinary shares through an underwritten public offering. In addition, pursuant to TZS Private Placement, Maxeon sold to TZS 1,870,000 ordinary shares at \$18.00 per share. As a result of the Offering and TZS Private Placement, the percentage ownership of TotalEnergies has decreased from 32.3% as of January 3, 2021. See "Item 5.B. Liquidity and Capital Resources – Current Sources of Liquidity and Capital Resources."

As of March 16, 2022, we believe that there are 483 record holders in the United States and no more than 40.76% of our outstanding shares are held of record by residents of the United States

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.

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, TZS and Total 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 will provide 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. In consideration for such services, we and SunPower will each pay fees to the other for the services provided, and those fees will generally be in amounts intended to allow the party providing services to recover all of its direct and indirect costs incurred in providing those services, plus a standard markup, which is subject to 25 percentage points increase following an extension of the initial term (unless otherwise mutually agreed to by the parties). During fiscal year 2021, we and SunPower exercised the option to extend the services related to finance, accounting, business technology and legal till January 2022, and the standard markup was increased by 25 percentage points for the period extended. Subsequently in January 2022, certain finance services were further extended till June 2022 under the same mark-up as the previous extended period. During fiscal years 2021 and 2020, we recorded \$2.5 million and \$0.3 million of income respectively, associated with the transition services agreement. This was offset by \$7.7 million and \$6.5 million respectively, of services provided by SunPower to us, resulting in a net increase of operating expenses of \$5.2 million and \$6.2 million, 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 Tianjin Zhonghuan Semiconductor Co., Ltd., a PRC joint stock limited company (“TZS”), Maxeon and TZS completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZS SG”) and an affiliate of TZS, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZS Investment”), representing

approximately 29.5% of the outstanding Maxeon shares after giving effect to the Spin-off and the TZS Investment. Following the TZS 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 TZS Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZS SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of Total and TZS SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZS SG to buy, sell or vote their Maxeon shares. At the closing of the TZS Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZS 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 TZS SG certain rights intended to avoid dilution of their equity position. See “Item 5.B. Liquidity and Capital Resources—Dilution Protection Agreements.”

Agreements with SunPower

Product Collaboration Agreement

Following the Spin-off, on August 26, 2020, we entered into a Product Collaboration Agreement with SunPower. The Product Collaboration Agreement which is effective through August 26, 2022, provides 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 written plans that are agreed to by the parties. These plans include agreed-upon budgets, cost allocations and resource responsibilities of the parties and will last a maximum of two years. SunPower will have the sole right to manufacture the products developed under the agreement within the 50 states of the United States, the District of Columbia and Canada (the “Collaboration Territory”). We will have the exclusive right to manufacture the products outside of the Collaboration Territory. For a period that will not be longer than two years commencing on approval of commercial-scale manufacturing of each developed product (the “Exclusivity Period”), SunPower will have the exclusive right to sell, and we will have the exclusive right to supply, each developed product in specified markets. For one year after the Exclusivity Period for each developed product, neither party will be permitted to enter into an exclusive supply relationship with a third party for the relevant developed product within those markets. In addition, after the Exclusivity Period, if either party intends to enter into a supply agreement for the developed product, the other party has a right of first offer or refusal. Any new intellectual property arising from the agreement will be owned by us, subject to a sole license to SunPower within the Collaboration Territory during the Exclusivity Period, and which will become non-exclusive after the Exclusivity Period. During fiscal years 2021 and 2020, we recorded charges of \$32.9 million and \$10.8 million respectively that we reimbursed SunPower under the product collaboration agreement.

Supply Agreement and Master 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 will purchase, and we will sell, 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.

Under the Supply Agreement, as amended, SunPower was required to purchase, and we were required to supply, minimum volumes of products during each calendar quarter of the term. The minimum volumes were established based on SunPower's forecasted requirements, but needed to meet a minimum threshold relative to the prior year's volume. The parties were subject to reciprocal penalties for failing to purchase or supply, as applicable, the minimum product volumes. The purchase price for each product, subject to certain adjustments, were fixed for 2020 and 2021 based on the power output (in watts) of the relevant product. For subsequent periods, the purchase price was to be set based on a formula and fixed for the covered period, subject to the same adjustments.

The Supply Agreement included reciprocal exclusivity provisions that, subject to certain exceptions, prohibited SunPower from purchasing the products (or competing products) from anyone other than us, and prohibited us from selling such products to anyone other than SunPower. The exclusivity provisions only related to products for the Domestic Territory. The term of the exclusivity provisions was two years for products sold into the residential market and through SunPower's dealer channel in the Domestic Territory. The exclusivity provisions did not apply to off-grid applications, certain portable or mobile small-scale applications (including applications where solar cells are integrated into consumer products), or power plant, front-of-the-meter applications where the electricity generated is sold to a utility or other reseller, and have expired for the Direct Market Segment.

Master Supply Agreement (February 2022 – Present)

As of February 14, 2022, we entered into a new Master Supply Agreement with SunPower which terminates and replaces the previous Supply Agreement. Under the Master Supply Agreement, SunPower is required to purchase, and Maxison is required to supply, specified amounts of IBC Modules for us in the Domestic Territory during each calendar quarter of the term. For the remainder of 2022, the minimum volumes are specifically enumerated for each purchased product. For 2023, SunPower may purchase certain minimum volumes based on its forecasted requirements, subject to certain limitations. Following the entry into the Master Supply Agreement, the pricing of our sales to SunPower will be a 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. 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 Master 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.

Under the Master Supply Agreement, Maxison will sell its Maxison 6 panels (marketed in the U.S. and Canada under the SunPower brand as M-series) to SunPower on an exclusive basis for the residential market in the Territory through the end of 2022, and, if certain trigger conditions are met, will extend such exclusive supply until October of 2023. Maxison also will sell its Maxison 3 panels (marketed in the U.S. and Canada under the SunPower brand as X-series) to SunPower on an exclusive basis for the residential market in the Territory through the end of 2022.

Maxison'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 Supply Agreement, Maxison 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 Master Supply Agreement also contains fixed pricing for 2022 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 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 IBC Modules to be sold under the Master 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 Maxison 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, Maxison is permitted to terminate future delivery and exclusivity obligations. The Master 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 TZS

Agreements with TZS in Connection with the Huansheng JV

In 2016 and 2017, SunPower entered into two joint ventures with TZS 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, TZS 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 2, 2022, TZS owns a 83.7% equity stake and we own a 16.3% equity stake in Huansheng JV while TZS 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 TZS and certain local partners in China. Following additional capital investment by TZS into HSNE in 2021, TZS currently owns 41.4% of HSNE directly and indirectly through its 83.7% ownership of Huansheng JV. As of January 2, 2022, through our 16.3% equity stake of Huansheng JV, our effective ownership of HSNE is 4.88%.

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 TZS (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 SPSP'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.

Silicon Wafer Master Supply Agreement

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd ("TZS HK"), a subsidiary of TZS 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 TZS HK to be its primary wafer supplier for Performance line modules and deliveries to commence in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to with TZS 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 TZS 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 TZS 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 \$2.5 million as of January 2, 2022 to reserve specified volumes in advance for delivery up to fiscal year 2023. 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.

Huaxia CPV Power Joint Venture

We are also party to a joint venture with TZS and other partners to manufacture and deploy low-concentration photovoltaic concentrator technology in Inner Mongolia and other regions in China, called Huaxia CPV Power Co. Ltd. ("Huaxia CPV"). TZS owns a 40% equity interest in Huaxia CPV, and we own a 25% equity. Huaxia CPV is no longer an active business and is in the process of being wound down.

Hohhot Huanju New Energy Development Co., Ltd.

We were a party to a joint venture with TZS 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 have disposed our equity stake in Huanju to TZS 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 Total

Total Solarization Agreement

In November 2016, SunPower and Total entered into a four-year, up to 200 MW supply agreement to support the solarization of certain Total 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 SunPower's and Maxeon's assets located in the Mexico. In August 2020, SunPower, Total 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 Total and SunPower to make certain commercial amendments to the original agreements. On February 22, 2021, Total, 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 Total, until December 31, 2025, of approximately 70 MW of PV modules (out of the above mentioned 150 MW volume committed by Total). The Amendment to the Solarization Agreement also (i) updates the list of PV modules available for ordering by Total, (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 Total; 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, subject to the provision of security in certain assets located in Mexico, the Company expects to receive in excess of \$50.0 million as prepayment related to the order request by 2022. The delivery of the modules is expected to be completed by the third quarter of fiscal year 2023. As of January 2, 2022, the Company has received \$42.6 million of prepayment. In March 2022, the order request was amended to change the timing of the utilization of the prepayment.

As of January 2, 2022, total advance payments from Total, inclusive of the order with Danish Fields Solar LLC, was \$54.9 million, of which \$31.1 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.

Other transactions

During fiscal year 2019, in connection with a co-development solar project in Japan among SunPower, Total, and an independent third party, we agreed to supply solar panels under this arrangement, with sales beginning in October 2019 and occurred through 2020.

During fiscal year 2021, we have paid \$3.1 million directly to Total in connection with obtaining solar module supply for a co-developed solar project in Chile with Total.

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 100% of the Company’s total sales during the fiscal years 2021, 2020 and 2019.

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 2, 2022. 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.

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 2, 2022 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;
- banks and other financial institutions;
- real estate investment companies and regulated investment companies;
- U.S. expatriates;
- broker-dealers;
- 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,” or other risk reduction 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 will restrict 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, TZS and Total 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.

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.

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.

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 2, 2022 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.

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 7.0%). 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 previously filed with the SEC our registration statements on Form F-3 (File No 333-248564), which was declared effective on September 8, 2020. 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. 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.

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 2, 2022.

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 2, 2022 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 2, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report of 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 2021 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 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. A copy of our code of business conduct and ethics is also available on our website at <https://www.maxeon.com/>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed by Ernst & Young LLP in United States and Ernst & Young LLP in Singapore, our independent registered public accounting firms, during the period indicated.

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Audit fees	\$ 1,677	\$ 640
Audit-related fees ⁽¹⁾	371	100
Tax fees ⁽²⁾	—	125
Others ⁽³⁾	338	2,150
	<u>\$ 2,386</u>	<u>\$ 3,015</u>

⁽¹⁾ 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."

⁽²⁾ Relates to the aggregate fees for transfer pricing advisory services.

⁽³⁾ Fees for fiscal year 2021 relates to the aggregate fees billed for the ordinary shares issuance and services with respect to the Spin-off that included the audit of the consolidated and combined financial statements for fiscal year ended January 3, 2021. Fees for fiscal year 2020 relates to the aggregate fees billed for services with respect to the Spin-off that included the audit of the combined financial statements for fiscal year ended December 29, 2019 as well as Green Convertible Notes offering and the share lending facilities, of which, \$1.2 million was billed to SunPower.

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 AUDITOR

On October 14, 2020, the board of directors approved the dismissal of Ernst & Young LLP (EY-US), the United States member firm of Ernst & Young Global Limited (EYG), as our independent registered public accounting firm, effective upon completion of their audit of the combined financial statements of Maxeon Solar Technologies, Pte. Ltd. (now known as Maxeon Solar Technologies, Ltd.) as of and for the fiscal year ended December 29, 2019 and the issuance of their report thereon. Management communicated the board of directors' decision to EY-US on October 14, 2020.

The report of EY-US on the combined financial statements of Maxeon Solar Technologies, Pte. Ltd. as of and for the fiscal year ended December 29, 2019 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainties, audit scope, or accounting principles.

During fiscal year 2019, there were no disagreements (as that term is used in Item 16F (a)(1)(iv) of Form 20-F and the related instructions to Item 16F) with EY-US on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of EY-US, would have caused EY-US to make reference to the subject matter of the disagreements in its report on the combined financial statements of Maxeon Solar Technologies, Pte. Ltd. for the fiscal year.

During fiscal year 2019 and subsequent interim period through September 2, 2020, there were no “reportable events” (as defined in Item 16F(a)(1)(v) of Form 20-F).

Contemporaneous with the filing of our Form 20-F for the year ended January 3, 2021, we provided EY-US with a copy of the foregoing disclosures and EY-US furnished us with a letter addressed to the SEC stating that it agreed with the statements made herein, each as required by applicable SEC rules. A copy of EY-US's letter previously provided on April 6, 2021 is attached hereto as Exhibit 15.3.

On October 14, 2020, the board of directors approved the engagement of Ernst & Young LLP (EY-SG), the Singapore member firm of EYG, as our independent registered public accounting firm for fiscal year ending January 3, 2021.

During fiscal year 2019 and the subsequent interim period through September 2, 2020, neither we, nor anyone on our behalf consulted with EY-SG, on behalf of us, regarding the application of accounting principles to a specified transaction (either completed or proposed), the type of audit opinion that might be rendered on our combined financial statements, or any matter that was either the subject of a disagreement (as defined in Item 16F (a)(1)(iv) of Form 20-F and the related instructions to Item 16F) or a reportable event (as described in Item 16F (a)(1)(v) of Form 20-F). The board of directors' decision was due solely to the completion of the Spin-off whereby the Company was incorporated in Singapore.

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 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:

Exhibit Number	Description
1.1	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)
2.1	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)
2.2	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)
2.3	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)
2.4	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)
2.5	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)
2.6	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)
2.7	Description of Securities registered under Section 12 of the Exchange Act
4.1	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)
4.2	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)
4.3	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)
4.4	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)

Exhibit Number	Description
4.5	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)
4.6	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)
4.7	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)
4.8	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)
4.9	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)
4.10	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)
4.11	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)
4.12	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)
4.13	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)
4.14	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)
4.15	Underwriting Agreement, dated as of April 15, 2021, by and between Maxeon Solar Technologies, Ltd., BofA Securities, Inc. and Morgan Stanley & 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)
4.16	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)
4.17	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)
4.18	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)

Exhibit Number	Description
4.19	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).
4.20	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).
4.21	Master Supply Agreement, dated as of February 14, 2022, by and between, SunPower Corporation, and Maxeon Solar Technologies, Ltd.
8.1	List of Subsidiaries
11.1	Code of Business Conduct and Ethics
12.1*	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	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
13.2**	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
15.1*	Consent of Ernst & Young LLP
15.2*	Consent of Ernst & Young LLP
15.3	Letter of Ernst & Young LLP dated April 6, 2021 (incorporated by reference to Exhibit 15.3 of our Form 20-F for the fiscal year ended January 3, 2021 (File No. 001-39368) filed with SEC on April 6, 2021).
101	Financial information from registrant formatted in Inline eXtensible Business Reporting Language (XBRL)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

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/ Jeffrey W. Waters
Name: Jeffrey W. Waters
Title: Director and Chief Executive Officer

Date: March 24, 2022

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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 2, 2022 and January 3, 2021, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for the two years in the period ended January 2, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 2, 2022 and January 3, 2021, and the results of its operations and its cash flows for each of the two years in the period ended January 2, 2022, 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 2, 2022, 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 24, 2022 expressed an unqualified opinion thereon.

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.

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 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 financial statements, the Company provides a 25-year standard warranty for its products to cover defects in materials and workmanship for periods up to 25 years as well as providing a separate system output performance warranty to customers that have subscribed to the Company's post-installation monitoring and maintenance services. The Company's warranty reserves, which totaled \$30.6 million (Short Term + Long Term Product Warranty) as of January 2, 2022, 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 specialists to assist in the evaluation of the methodology applied, including the recalculation of management's assumptions, within the Company's statistical model.

Reserve on excess and obsolete inventories

Description of the Matter

The Company's net inventories totaled \$212.8 million as of January 2, 2022, which includes \$4.9 million of inventory reserves. As explained in Note 2 to the consolidated financial statements, the Company computes inventory cost on a first-in, first-out basis, and applies judgment in determining the realizability and the valuation of inventories. Excess and obsolete inventory is written down to its estimated net realizable value if less than cost. The determination of the net realizable value associated with the eventual disposition of inventory involves significant judgments that consider several factors affected by market and economic conditions outside the Company's control. In particular, the significant assumptions applied are 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 and how factors outside of the Company's control might affect management's judgment related to the valuation of excess and obsolete inventory.

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 24, 2022

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 combined statements of operations, comprehensive loss, equity, and cash flows of Maxeon Solar Technologies, Pte. Ltd. (the Company) for the year ended December 29, 2019, and the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the results of the Company’s operations and its cash flows for the year ended December 29, 2019 in conformity with U.S. generally accepted accounting principles.

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 audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our 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 the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as the Company’s auditor from 2019 to 2020.

San Jose, California

May 11, 2020, except for Note 15, as to which the date is April 6, 2021

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 2, 2022, 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 2, 2022, 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 2, 2022 and January 3, 2021, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the two years in the period ended January 2, 2022, and the related notes and our report dated March 24, 2022 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 24, 2022

MAXEON SOLAR TECHNOLOGIES, LTD.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for shares data)

	January 2, 2022	January 3, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 166,542	\$ 206,744
Restricted short-term marketable securities	1,079	1,359
Accounts receivable, net ⁽¹⁾	39,730	76,702
Inventories	212,820	169,240
Advances to suppliers, current portion ⁽¹⁾	51,045	43,680
Prepaid expenses and other current assets ⁽¹⁾	61,904	49,470
Total current assets	\$ 533,120	\$ 547,195
Property, plant and equipment, net	386,630	246,908
Operating lease right of use assets	15,397	13,482
Intangible assets, net	420	456
Advances to suppliers, net of current portion ⁽¹⁾	716	49,228
Deferred tax assets	5,183	9,620
Other long-term assets ⁽¹⁾	115,077	113,454
Total assets	\$ 1,056,543	\$ 980,343
Liabilities and Equity		
Current liabilities		
Accounts payable ⁽¹⁾	\$ 270,475	\$ 159,184
Accrued liabilities ⁽¹⁾	78,680	77,307
Contract liabilities, current portion ⁽¹⁾	44,059	20,756
Short-term debt	25,355	48,421
Operating lease liabilities, current portion	2,467	2,464
Total current liabilities	\$ 421,036	\$ 308,132
Long-term debt	213	962
Contract liabilities, net of current portion ⁽¹⁾	58,994	33,075
Operating lease liabilities, net of current portion	13,464	12,064
Convertible debt	145,772	135,071
Deferred tax liabilities	1,150	—
Other long-term liabilities ⁽¹⁾	61,039	51,752
Total liabilities	\$ 701,668	\$ 541,056
Commitments and contingencies (Note 9)		
Equity		
Common stock, no par value (44,246,603 and 33,995,116 issued and outstanding as of January 2, 2022 and January 3, 2021, respectively)	\$ —	\$ —
Additional paid-in capital	624,261	451,474
Accumulated deficit	(262,961)	(8,441)
Accumulated other comprehensive loss	(11,844)	(10,391)
Equity attributable to the Company	349,456	432,642
Noncontrolling interests	5,419	6,645
Total equity	354,875	439,287
Total liabilities and equity	\$ 1,056,543	\$ 980,343

⁽¹⁾ We have related-party balances for transactions with 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,” “Accounts payable,” “Accrued liabilities,” “Advances to suppliers, current portion,” “Advances to suppliers, net of current portion,” “Prepaid expenses and other current assets,” “Other long-term assets,” “Contract liabilities, current portion,” “Contract liabilities, net of current portion,” “Other long-term liabilities,” and “Net parent investment” financial statement line items in our Consolidated Balance Sheets (see Note 3, Note 4, Note 6 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 OPERATIONS
(In thousands, except per share data)

	Fiscal Year Ended		
	January 2, 2022	January 3, 2021	December 29, 2019
Revenue ⁽¹⁾	\$ 783,279	\$ 844,836	\$ 1,198,301
Cost of revenue ⁽¹⁾	812,293	854,617	1,200,610
Gross loss	(29,014)	(9,781)	(2,309)
Operating expenses			
Research and development ⁽¹⁾	46,527	34,194	36,997
Sales, general and administrative ⁽¹⁾	88,822	86,202	96,857
Restructuring charges (credits)	8,084	—	(517)
Total operating expenses	143,433	120,396	133,337
Operating loss	(172,447)	(130,177)	(135,646)
Other (expense) income, net			
Interest expense ⁽¹⁾	(27,848)	(31,859)	(25,831)
Loss on extinguishment of debt	(5,075)	—	—
Other, net	(33,693)	36,349	(1,961)
Other (expense) income, net	(66,616)	4,490	(27,792)
Loss before income taxes and equity in losses of unconsolidated investees	(239,063)	(125,687)	(163,438)
Provision for income taxes	(203)	(12,127)	(10,122)
Equity in losses of unconsolidated investees	(16,480)	(3,198)	(5,342)
Net loss	(255,746)	(141,012)	(178,902)
Net loss (income) attributable to noncontrolling interests	1,226	(1,619)	(4,157)
Net loss attributable to stockholders	\$ (254,520)	\$ (142,631)	\$ (183,059)
Loss per share:			
Basic and diluted	\$ (6.79)	\$ (5.82)	\$ (8.61)
Weighted average shares used in loss per share computation:			
Basic and diluted	37,457	24,502	21,265

⁽¹⁾ We have related-party transactions with 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)

	Fiscal Year Ended		
	January 2, 2022	January 3, 2021	December 29, 2019
Net loss	\$ (255,746)	\$ (141,012)	\$ (178,902)
Components of other comprehensive loss, net of taxes			
Currency translation adjustment	(5,461)	(3,818)	(654)
Net gain (loss) in derivatives (Note 12)	3,165	782	(1,094)
Net gain (loss) on long-term pension liability adjustment	843	263	(1,862)
Total other comprehensive loss	(1,453)	(2,773)	(3,610)
Total comprehensive loss	(257,199)	(143,785)	(182,512)
Comprehensive loss (income) attributable to noncontrolling interests	1,226	(1,619)	(4,157)
Comprehensive loss attributable to stockholders	\$ (255,973)	\$ (145,404)	\$ (186,669)

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
Balance at December 30, 2018	—	\$ —	\$ —	\$ 438,209	\$ —	\$ (4,008)	\$ 434,201	\$ 1,147	\$ 435,348
Net (loss) income	—	—	—	(183,059)	—	—	(183,059)	4,157	(178,902)
Other comprehensive loss	—	—	—	—	—	(3,610)	(3,610)	—	(3,610)
Net parent contribution	—	—	—	114,687	—	—	114,687	—	114,687
Balance at December 29, 2019	—	\$ —	\$ —	\$ 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)
Balance at January 3, 2021	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

	Shares	Amount	Additional paid-in Capital	Net Parent Investment	Accumulated Deficit	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Noncontrolling Interests	Total Equity
Other comprehensive loss	—	—	—	—	—	(1,453)	(1,453)	—	(1,453)
Balance at January 2, 2022	<u>44,247</u>	<u>\$ —</u>	<u>\$ 624,261</u>	<u>\$ —</u>	<u>\$ (262,961)</u>	<u>\$ (11,844)</u>	<u>\$ 349,456</u>	<u>\$ 5,419</u>	<u>\$ 354,875</u>

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 2, 2022	January 3, 2021	December 29, 2019
Cash flows from operating activities			
Net loss	\$ (255,746)	\$ (141,012)	\$ (178,902)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	42,210	47,328	53,448
Stock-based compensation	7,231	7,250	7,135
Non-cash interest expense	13,361	19,851	23,841
Gain from dilution of interest in joint venture	(2,975)	—	—
Equity in losses of unconsolidated investees	16,480	3,198	5,342
Loss on debt extinguishment	5,075	—	—
Loss (Gain) on retirement of property, plant and equipment	2,442	(641)	—
Deferred income taxes	5,587	(1,330)	804
Gain on equity investments	—	(1,822)	—
Remeasurement loss (gain) on Physical Delivery Forward and Prepaid Forward	34,468	(38,236)	—
Other, net	(1,765)	3,078	249
Changes in operating assets and liabilities			
Accounts receivable	38,268	71,231	(77,830)
Contract assets	176	(1,806)	264
Inventories	(43,493)	25,212	28,415
Prepaid expenses and other assets	(20,705)	(5,590)	960
Operating lease right-of-use assets	2,449	2,264	2,449
Advances to suppliers	41,147	28,473	50,163
Accounts payable and other accrued liabilities	41,098	(143,462)	53,451
Contract liabilities	72,488	(61,344)	6,460
Operating lease liabilities	(2,662)	(1,804)	(2,589)
Net cash used in operating activities	(4,866)	(189,162)	(26,340)
Cash flows from investing activities			
Purchases of property, plant and equipment	(154,194)	(27,689)	(41,905)
Proceeds from disposal of short-term investments	1,318	6,572	—
Purchase of short-term investments	(1,094)	(1,340)	—
Cash paid for disposal of property, plant and equipment	(417)	—	—
Proceeds from sale of assets	—	1,283	265
Purchases of intangibles	(61)	—	(231)
Installment payment for acquisition of subsidiary	—	(30,000)	—
Proceeds from sale of unconsolidated investee	—	3,220	—

	Fiscal Year Ended		
	January 2, 2022	January 3, 2021	December 29, 2019
Proceeds from dividends and partial return of capital by an unconsolidated investee	—	2,462	—
Net cash used in investing activities	(154,448)	(45,492)	(41,871)
Cash flows from financing activities			
Proceeds from debt	170,311	236,446	253,314
Repayment of debt	(193,237)	(226,664)	(254,649)
Payment for tax withholding obligations for issuance of common stock upon vesting of restricted stock units	(4,245)	—	—
Net proceeds from issuance of convertible debt	—	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	—	(278)	—
Repayment of finance lease obligations and other debt	(705)	(651)	(1,190)
Net parent (distribution) contribution	—	(133,996)	92,409
Net cash provided by financing activities	141,808	320,346	89,884
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	166	77	381
Net (decrease) increase in cash, cash equivalents, restricted cash and restricted cash equivalents	(17,340)	85,769	22,054
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	209,572	123,803	101,749
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	\$ 192,232	\$ 209,572	\$ 123,803
Non-cash transactions			
Property, plant and equipment purchases funded by liabilities	58,562	\$ 27,736	\$ 13,377
Right-of-use assets obtained in exchange for lease obligations ⁽¹⁾	5,029	4,791	21,209
Cost from issuance of common stock paid in shares	1,078	—	—
Interest expense financed by SunPower	—	11,333	17,000
Aged supplier financing balances reclassified from accounts payable to short-term debt	—	23,933	45,352
Supplemental cash flow information			
Cash paid for interest	\$ 15,159	\$ 3,443	\$ 1,930
Cash paid for income taxes	9,584	12,486	8,109

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 2021, 2020 and 2019:

(In thousands)	January 2, 2022	January 3, 2021	December 29, 2019
Cash and cash equivalents	\$ 166,542	\$ 206,744	\$ 120,956
Restricted cash and restricted cash equivalents, current portion, included in prepaid expenses and other current assets	1,661	2,483	2,845
Restricted cash and restricted cash equivalents, net of current portion, included in other long-term assets	24,029	345	2
Total cash, cash equivalents, restricted cash and restricted cash equivalents shown in statements of cash flows	<u>\$ 192,232</u>	<u>\$ 209,572</u>	<u>\$ 123,803</u>

⁽¹⁾ Amounts for fiscal year 2019 include the transition adjustment for the adoption of ASC 842 and new Right-of-Use ("ROU") asset additions.

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 Tianjin Zhonghuan Semiconductor Co., Ltd., a PRC joint stock limited company (“TZS”), completed the previously announced transaction in which Zhonghuan Singapore Investment and Development Pte. Ltd., a Singapore private limited company (“TZS SG”) and an affiliate of TZS, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares (the “TZS Investment”), representing approximately 29.5% of the outstanding Maxeon shares after giving effect to the Spin-off and the TZS Investment. Following the TZS 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 (TotalEnergies SE formerly Total SE) and collectively “TotalEnergies”) held approximately a 36.4% beneficial ownership of Maxeon’s ordinary shares.

In connection with the TZS Investment, Maxeon, TotalEnergies Solar, TotalEnergies Gaz, and TZS SG, entered into a Shareholders Agreement relating to certain rights and obligations of each of Total and TZS SG bearing on Maxeon’s governance and the ability of TotalEnergies and TZS SG to buy, sell or vote their Maxeon shares. At the closing of the TZS Investment, Maxeon also entered into a Registration Rights Agreement with TotalEnergies and TZS 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 TZS, the Company sold to TZS 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 “TZS Private Placement”). As of January 2, 2022, TotalEnergies’s and TZS SG’s ownership of the Maxeon shares was approximately 24.9% and 24.4%, respectively.

Impact of COVID-19 to our Business

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread worldwide, including the countries in which we operate, and has resulted in authorities implementing numerous measures to try to contain the disease or slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. COVID-19 has had an adverse impact on most aspects of our business, operations and financial performance, and the impact is ongoing and will likely continue to evolve and affect our business. Recently, the Delta and Omicron variants of the COVID-19 virus have led to increased incidence of COVID-19 around the world prompting stricter quarantine measures which have resulted in port closures among other things and caused further disruptions to supply chains. Given that Huansheng JV operates in China, we are subject to disruptions in our operations and supply chain due to COVID-19 related disruptions in China. Recently, we also closed our factory in Malaysia for certain periods in July and August 2021 for disinfection due to COVID-19, based on governmental regulations. Our other factories in France, Mexico and the Philippines were not affected. We will continue to actively monitor the situation and may take further actions adapting our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by governmental authorities.

Liquidity

We expect that we will manage our working capital requirements and fund our committed capital expenditures through our current cash and cash equivalents, cash generated from operations, customer prepayments, net proceeds from our Offering in April 2021, 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.

Our uncommitted capital expenditures are expected to be funded with customer prepayments and additional capital raised through new debt or equity financings to the extent such funding is available to us and on favorable terms.

We believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations over the next 12 months. In conjunction with evaluating our ability to continue as a going concern, we have considered sensitivities that may significantly impact our evaluation, including the timing of customer prepayments and its utilization by our customers, including our strategic partners, our ability to defer or cancel uncommitted capital expenditures and the impact of events like COVID-19 that disrupt our business operations, increase our costs and diminish our profitability. Furthermore, we have considered various positive factors in our evaluation, including a new Master Supply Agreement with SunPower that was entered in February 14, 2022 which terminates and replaces the previous Supply Agreement. 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 Master Supply Agreement also contains fixed pricing for 2022 based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. We have also considered the supply agreements with our Huansheng JV which provide for extended credit periods at our discretion, our historical ability to secure customer prepayments for future module production, our ability to sell excess cells not required for our modules, our ability to increase prices with our customers in response to cost-increases, our factoring arrangements on receivables and our historical ability to work with vendors to obtain favorable payment terms, when possible.

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. Given 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 continuing impact of COVID-19 pandemic on our business operations, we currently lack the visibility to reasonably quantify our expected 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 last a sustained period of time.

The Company will continue to pursue opportunities to seek additional funding in the near term, including the offering of debt and equity securities depending on favorable market conditions, to fund the capital expenditures for the conversion from Maxeon 3 to Maxeon 7 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 by issuing new equity or debt securities 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 investments or convertible debt securities would result in dilution to our stockholders and may not be available on favorable terms or at all. Additional debt would 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 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*.

Following the Spin-off, the consolidated financial statements include the accounts of the Company and its subsidiaries. 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, they are not reflected in our Consolidated Balance Sheets.

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 2021 is a 53-week fiscal year while fiscal year 2020 and 2019 are 52-week fiscal years. Our fiscal year 2021 ended on January 2, 2022, our fiscal year 2020 ended on January 3, 2021 and our fiscal year 2019 ended on December 29, 2019.

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 COVID-19 pandemic, there has been 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 2, 2022, we reported \$39.7 million of accounts receivable, net of credit loss allowance of \$0.9 million. Based on the aging analysis as of January 2, 2022, 99.9% 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 2, 2022 and January 3, 2021, 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. Out of the \$92.9 million of advances to suppliers as of January 3, 2021, \$43.7 million was subsequently applied to polysilicon deliveries received through January 2, 2022, subsequent to an extension of the polysilicon agreement negotiated during fiscal year 2020. We had \$51.8 million of advances to suppliers as of January 2, 2022, of which we expect to apply \$49.2 million to polysilicon purchases received through the end of our fiscal year 2022 in accordance with the existing supply agreement. The remaining \$2.5 million will be applied to silicon wafer purchases in fiscal year 2022 and 2023 of \$1.8 million and \$0.7 million, respectively, in accordance with the supply agreement entered during fiscal year 2021.

Net Parent Investment

Net parent investment in the Consolidated Balance Sheets and 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 or net realizable value. We evaluate the realizability of our inventories, including purchase commitments under fixed-price long-term supply agreements, 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 long-term 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.

Under the long-term polysilicon supply agreements for polysilicon between the Company and a supplier, pricing for purchases of polysilicon and specified quantities are set forth in the agreements. As a result of the significant declines in the prices of polysilicon available in the market due to an increase in industry-wide polysilicon manufacturing capacity, the purchase prices set forth in the agreements currently exceed market prices.

We evaluate the terms of our long-term 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. We anticipate total obligations related to long-term supply agreements for inventories will be realized because quantities are less than our expected demand for our solar power products for the foreseeable future and because the raw materials subject to these long-term supply agreements are not subject to spoilage or other factors that would deteriorate its usability; however, if raw materials inventory balances temporarily exceed near-term demand, we may elect to sell such inventory to third parties to optimize working capital needs. In addition, because the purchase prices required by our long-term polysilicon agreements are significantly higher than current market prices for similar materials, if we are not able to profitably utilize this material in our operations or elect to sell near-term excess, we may incur additional losses. 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, the current market price of polysilicon as compared to the price in our fixed-price arrangements, 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.

	Useful Lives in Years
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. 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 the customer, 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 Company's employees have historically participated in SunPower's stock-based compensation plans. Stock-based compensation expense has been allocated to the Company based on the awards and terms previously granted to the Company's employees as well as 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. The Company issued adjusted restricted stock units ("RSUs") and performance-based stock units ("PSUs") for the unvested awards under the Company's stock-based compensation plans.

The stock-based compensation expense for the RSU 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 PSU 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 \$3.5 million, \$2.4 million and \$3.1 million in fiscal years 2021, 2020 and 2019, 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. All research and development costs are expensed as incurred.

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 2021, 2020 and 2019, we recorded revenues of \$225.9 million, \$231.2 million and \$426.5 million, or 28.8%, 27.4% and 35.6% 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 2021 and 2020, we had no customers that accounted for at least 10% of revenue. As of January 2, 2022 and January 3, 2021, SunPower accounted for 9.7% and 39.5% of our accounts receivable, respectively. No customers individually accounted for 10% of accounts receivable as of January 2, 2022, and three customers individually accounted for 15.1%, 11.6% and 10.6% of accounts receivable, respectively as of January 3, 2021.

We have entered into agreements with a vendor that specify future quantities and pricing of polysilicon to be supplied for the next year. The purchase prices required by these polysilicon supply agreements are significantly higher than current market prices for similar materials. Under certain agreements, we were required to make prepayments to the vendor over the terms of the arrangements.

Income Taxes

The Company's operations have historically been included in the tax returns filed by the respective SunPower entities of which the Company's businesses are a part. Income tax expense and other income tax related information contained in these consolidated and combined financial statements are presented on a separate return basis as if the Company filed its own 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. Current income tax liabilities related to entities which file jointly with SunPower were settled with SunPower and are relieved through Net parent investment in the Consolidated Balance Sheets and the Net parent (distribution) contribution in the Consolidated and Combined Statements of Cash Flows.

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.

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.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period's presentation. These reclassifications occurred within the accrued liabilities portion of "Note 6. *Balance Sheet Components*" of the "Notes to Consolidated and Combined Financial Statements". The reclassifications are immaterial and arose due to reclassification of general ledger accounts. The total balance for accrued liabilities remains unchanged. In addition,

deferred tax assets have been reclassified from “Other Long-term Assets” to the face of the Consolidated Balance Sheets.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2019-12, *Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We adopted the ASU during the first quarter of fiscal year 2021. The adoption did not have a material impact on our consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323 and Topic 815*. The amendment clarifies accounting for equity investments and non-derivative forward contracts or purchased call options under ASC 321. We adopted the ASU during the first quarter of fiscal year 2021. The adoption did not have a material impact on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) - Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. 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. ASU 2020-06 is effective no later than the first quarter of fiscal year 2022. The ASU can be applied on either a full retrospective or modified retrospective basis. The adoption of ASU 2020-06 in fiscal year 2022 is expected to impact the Green Convertible Notes (see Note 11. *Debt and Credit Sources*) which will no longer be separated between liability and equity components. This is expected to result in an increase to the carrying value of its convertible debt by \$42.1 million with an offsetting reduction in equity.

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 no later than the first quarter of fiscal year 2022. Early adoption is permitted and the ASU can be applied prospectively or retrospectively. We are currently evaluating the impacts of the provisions of ASU 2021-10 on our financial statements and disclosure.

NOTE 3. NET PARENT INVESTMENT AND TRANSACTIONS WITH SUNPOWER AND TOTALENERGIES

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 TZS investment whereby TZS SG and an affiliate of TZS, purchased from Maxeon, for \$298.0 million, 8,915,692 of Maxeon shares. TZS 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 TZS, the Company sold to TZS 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 “TZS Private Placement”). As of

January 2, 2022, TotalEnergies's and TZS SG's ownership of the Maxeon shares was approximately 24.9% and 24.4%, respectively.

Transactions with SunPower

Sales to SunPower

During fiscal years 2021, 2020 and 2019, we had sales of \$225.9 million, \$231.2 million and \$426.5 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 2, 2022 and January 3, 2021, accounts receivable due from SunPower related to these sales amounted to \$4.0 million and \$32.0 million, respectively.

Allocation of Corporate Expenses

As discussed in Note 2. *Summary of Significant Accounting Policies*, 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 and \$26.1 million fiscal years 2020 and 2019, respectively, 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 and \$17.0 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 and 2019. Since the 4.00% debentures due 2023 represent legal obligations of SunPower which were not transferred to us, they are not reflected in our Consolidated Balance Sheets in the years presented. However, the associated interest expense and the debt issuance cost amortization are reflected in our Consolidated and Combined Statements of Operations prior to the 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.

The below table summarizes our transactions with SunPower subsequent to the Spin-off, in relation to these agreements:

(In thousands)	Fiscal Year Ended			
	January 2, 2022		January 3, 2021	
Charges from product collaboration agreement	\$	32,887	\$	10,846
Net charges from transition services agreement		5,217		6,229

We had the following balances related to transactions with SunPower as of January 2, 2022 and January 3, 2021:

(In thousands)	As of			
	January 2, 2022		January 3, 2021	
Accounts receivable	\$	3,959	\$	31,967
Prepaid expenses and other current assets		13,979		9,665
Other receivables, non-current		1,458		1,458
Accounts payable		2,315		901
Accrued liabilities (Note 6)		8,361		7,942

Net Parent Investment

Net parent investment on the Consolidated Balance Sheets and 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) contribution".

Net Parent (Distribution) Contribution

The components of Net parent (distribution) contribution represented the distribution/contribution by SunPower prior to the Spin-off and it comprised of the following on the Consolidated and Combined Statements of Equity for fiscal years 2020 and 2019 were as follows:

(In thousands)	Fiscal Year Ended	
	January 3, 2021	December 29, 2019
General financing activities	\$ (22,163)	\$ 61,971
Acquisition of intellectual property	(100,000)	—
Separation cost	(25,000)	—
Excess cash	(8,996)	—
Corporate allocations	9,238	26,096
Interest expense financed and paid by SunPower	12,167	19,485
Stock-based compensation expense	5,168	7,135
Total Net parent (distribution) contribution per Consolidated and Combined Statements of Equity	\$ (129,586)	\$ 114,687

A reconciliation of Net parent (distribution) contribution in the Consolidated and Combined Statements of Equity to the corresponding amount presented on the Consolidated and Combined Statements of Cash Flows for the periods presented was as follows:

(In thousands)	Fiscal Year Ended	
	January 3, 2021	December 29, 2019
Total Net parent (distribution) contribution per Consolidated and Combined Statements of Equity	\$ (129,586)	\$ 114,687
Interest expense financed and paid by SunPower	(12,167)	(19,485)
Stock-based compensation expense	(5,168)	(7,135)
Other	12,925	4,342
Total Net parent (distribution) contribution per Consolidated and Combined Statements of Cash Flows	\$ (133,996)	\$ 92,409

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 2, 2022	January 3, 2021
Accounts receivable	\$ 821	\$ 1,273
Accounts payable ⁽¹⁾	—	3,100
Contract liabilities, current portion ⁽²⁾	31,069	9,405
Contract liabilities, net of current portion ⁽²⁾	23,840	33,066
Refund liabilities (Note 6)	22,566	—

⁽¹⁾ In connection with obtaining solar module supplies related to one solar project, we incurred charges of \$3.1 million, that was paid directly to TotalEnergies in fiscal year 2021.

⁽²⁾ Refer to Note 9. *Commitments and Contingencies—Advances from Customers*.

(In thousands)	Fiscal Year Ended		
	January 2, 2022	January 3, 2021	December 29, 2019
Revenue	\$ 14,733	\$ 73,599	\$ 33,371
Interest expense incurred on the 4.00% debentures acquired by Total ⁽¹⁾	—	2,667	4,000

⁽¹⁾ 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 Total entered into a four-year, up to 200 megawatts (“MW”) supply agreement to support the solarization of certain Total 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 Total with solar panels under the supply agreement.

In August 2020, SunPower, Total 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 Total and SunPower to make certain commercial amendments to the original agreements. On February 22, 2021, Total, 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 Total, until December 31, 2025, of approximately 70 MW of PV modules (out of the 150 MW volume committed by Total in the Total Supply Agreement). The Amendment to the Solarization Agreement also (i) updates the list of PV modules available for ordering by Total, (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 Total; 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, \$22.6 million which is expected to be repaid to Total is reclassified from “Contract liabilities, net of current portion” to “Other long-term liabilities” on our Consolidated Balance Sheets. As of January 2, 2022 and January 3, 2021, we had \$8.1 million and \$9.3 million, respectively, of “Contract liabilities, current portion”, and \$3.5 million and \$33.1 million, respectively, of “Contract liabilities, net of current portion” on our Consolidated Balance Sheets related to the aforementioned supply agreement (see Note 9. *Commitments and Contingencies*).

On January 7, 2019, SunPower and Total, each through certain affiliates, entered into an agreement whereby we agreed to sell 3.7 MW of PV modules to Total for a ground-mounted PV installation in Dubai. This agreement provided for payment from Total in the amount of approximately \$1.4 million, 10% of which was received after execution of the agreement.

On March 4, 2019, SunPower and Total, each through certain affiliates, entered into an agreement whereby we agreed to sell 10 MW of PV modules to Total for commercial rooftop PV installations in Dubai. This agreement

provided for payment from Total in the amount of approximately \$3.2 million, 10% of which was received in April 2019.

In December 2019, SunPower and Total, each through certain affiliates, entered into an agreement whereby we agreed to sell 93 MW of PV modules to Total for commercial PV modules in France. This agreement provided for payment from Total in the amount of approximately \$38.4 million, 10% of which was received in December 2019.

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. Subject to granting security interests in certain assets located in Mexico, the Company is expecting to receive in excess of \$50.0 million as prepayment related to the order request by 2022. The delivery of the modules is expected to be completed by the third quarter of fiscal year 2023. As of January 2, 2022, the Company has received \$42.6 million of 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 2, 2022, we have \$22.2 million and \$20.4 million of such prepayment in "Contract liabilities, current portion" and "Contract liabilities, net of current portion" on our Consolidated Balance Sheets. The interest expense on significant financing component of \$0.03 million for fiscal year 2021 has been recognized in "Interest expense, net" in the Consolidated and Combined Statements of Operation. In March 2022, the order request was amended to change the timing of the utilization of the prepayment.

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 Total. 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. TRANSACTIONS WITH TIANJIN ZHONGHUAN SEMICONDUCTOR CO., LTD.

Transactions with Tianjin Zhonghuan Semiconductor Co., Ltd and its affiliates

During fiscal year 2020, 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 TZS at a consideration of RMB 21,938,086.22 (equivalent to \$3.2 mil) 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 TZS. 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, TZS 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 2, 2022, 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.

On November 16, 2021, we entered into a silicon wafer master supply agreement with Zhonghuan Hong Kong Ltd ("TZS HK"), a subsidiary of TZS 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 TZS HK to be its primary wafer supplier for Performance line modules and deliveries to commence in 2022. Deposit arrangements, payment terms and pricing mechanisms will be agreed to

with TZS 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 TZS 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 \$2.5 million as of January 2, 2022 to reserve specified volumes in advance for delivery up to fiscal year 2023. 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.

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

During fiscal years 2021, 2020 and 2019, we recognized revenue for sales of modules and components from contracts with customers of \$783.3 million, \$844.8 million and \$1.2 billion, 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

Contract assets consist of unbilled receivables which represent revenue that has been recognized in advance of billing the customer and has been presented within “Prepaid expenses and other current assets” and “Other long-term assets”. During fiscal year 2021, the decrease in contract assets of \$0.2 million was primarily due to billings of previously unbilled receivables. During fiscal year 2020, the increase in contract assets of \$1.8 million was primarily due to projects revenue adjustments and shipments of products and services in advance of billings. Contract liabilities consist of deferred revenue and customer advances, which represent consideration received from a customer prior to transferring control of goods or services to the customer under the terms of a sales contract. During fiscal years 2021, the 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 Total 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 year 2020, decrease in contract liabilities of \$60.7 million was primarily due to completion of performance obligations. During fiscal years 2021 and 2020, we recognized revenue of \$15.2 million and \$56.6 million that was included in contract liabilities as of January 3, 2021 and December 29, 2019, respectively. Except for a contract with Total (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

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Accounts receivable, gross ⁽¹⁾	\$ 40,895	\$ 80,829
Less: allowance for credit losses	(940)	(3,768)
Less: allowance for sales returns	(225)	(359)
Accounts receivable, net	\$ 39,730	\$ 76,702

⁽¹⁾ In December 2018, May 2019 and March 2021, certain subsidiaries entered into 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 \$336.7 million and \$249.0 million in fiscal years 2021 and 2020, respectively. As of January 2, 2022 and January 3, 2021, total uncollected accounts receivable from end customers under both arrangements were \$36.7 million and \$34.1 million, respectively.

(In thousands)	Balance at Beginning of Period	Charges (Releases) to Expense	Deductions	Balance at End of Period
Allowance for credit losses				
Year ended January 2, 2022	\$ 3,768	\$ (1,973)	\$ (855)	\$ 940
Year ended January 3, 2021	2,767	2,548	(1,547)	3,768
Allowance for sales returns				
Year ended January 2, 2022	\$ 359	\$ (134)	\$ —	\$ 225
Year ended January 3, 2021	501	(142)	—	359

Inventories

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Raw materials	\$ 47,894	\$ 25,100
Work-in-process	47,953	61,059
Finished goods	116,973	83,081
Inventories	<u>\$ 212,820</u>	<u>\$ 169,240</u>

As of January 2, 2022 and January 3, 2021, the Company had reserves for excess or obsolete inventories of \$4.9 million and \$5.3 million respectively.

Prepaid Expenses and Other Current Assets

(In thousands)	As of	
	January 2, 2022	January 3, 2021
VAT receivables, current portion	\$ 9,063	\$ 2,971
Derivative financial instruments (Note 12)	3,526	1,997
Tax receivables	6,843	5,025
Other receivables	24,637	17,422
Deferred issuance cost (Note 11)	—	9,228
Restricted cash	1,661	2,483
Other prepaid expenses and other current assets	16,174	10,344
Prepaid expenses and other current assets	<u>\$ 61,904</u>	<u>\$ 49,470</u>

Intangible Assets, Net

(In thousands)	Gross	Accumulated Amortization	Net
As of January 2, 2022			
Trademarks and purchased technology	\$ 2,162	\$ (1,742)	\$ 420
As of January 3, 2021			
Trademarks and purchased technology	\$ 1,815	\$ (1,359)	\$ 456

Aggregate amortization expense for intangible assets totaled \$0.4 million and \$5.0 million and \$7.3 million for fiscal years 2021, 2020, and 2019 respectively.

As of January 2, 2022, the estimated future amortization expense related to definite-lived intangible assets is as follows:

(In thousands)	
Fiscal Year	
2022	\$ 254
2023	89
2024	43
2025	20
2026	11
Thereafter	3
Total future amortization expense	\$ 420

Property, Plant and Equipment, Net

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Manufacturing equipment	\$ 171,217	\$ 123,453
Land and buildings	145,134	137,975
Leasehold improvements	83,293	82,091
Solar power systems	1,337	1,382
Computer equipment	39,815	34,811
Furniture and fixtures	1,360	1,303
Construction-in-process	124,494	24,626
Property, plant and equipment, gross	566,650	405,641
Less: accumulated depreciation	(180,020)	(158,733)
Property, plant and equipment, net	\$ 386,630	\$ 246,908

Aggregate depreciation expense for property, plant and equipment totaled \$41.8 million and \$42.3 million and \$46.0 million for fiscal years 2021, 2020, and 2019 respectively.

Other Long-term Assets

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Equity investments without readily determinable fair value (Note 10)	\$ 4,000	\$ 4,000
Equity method investments (Note 10)	11,230	25,707
Prepaid Forward (Note 11)	32,250	66,718
Prepayment for capital expenditure	34,631	7,271
Restricted cash	24,029	345
Other	8,937	9,413
Other long-term assets	\$ 115,077	\$ 113,454

Accrued Liabilities

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Employee compensation and employee benefits	\$ 18,769	\$ 16,914
Short-term warranty reserves ⁽¹⁾	11,457	9,548
Restructuring reserve (Note 8)	1,177	—
Accrued interest payable	6,056	6,185
Other payables to SunPower (Note 3)	8,361	7,942
VAT payables	6,687	9,270
Derivative financial instruments (Note 12)	536	2,971
Legal accruals	7,177	3,450
Taxes payable	2,296	13,447
Unrecognized tax benefits	3,731	—
Payable to factor agencies	1,073	795
Other	11,360	6,785
Accrued liabilities	\$ 78,680	\$ 77,307

⁽¹⁾ Included in the warranty reserve is the short-term system warranty reserve of \$0.03 million and \$3.3 million as of January 2, 2022 and January 3, 2021, 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.

Other Long-term Liabilities

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Long-term warranty reserves	\$ 23,762	\$ 26,955
Unrecognized tax benefits	9,834	18,063
Long-term security deposit payable	1,990	2,148
Long-term pension liability	2,341	2,992
Refund liabilities to Total	22,566	—
Other	546	1,594
Other long-term liabilities	\$ 61,039	\$ 51,752

⁽¹⁾ Included in the warranty reserve is the long-term system warranty reserve of \$3.8 million and \$2.0 million as of January 2, 2022 and January 3, 2021, 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

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Cumulative translation adjustment	\$ (18,741)	\$ (13,280)
Unrecognized gain on long-term pension liability adjustment	4,208	3,365
Net unrealized gain (loss) on derivative instruments	2,689	(476)
Accumulated other comprehensive loss	\$ (11,844)	\$ (10,391)

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 2, 2022 or January 3, 2021.

The following table summarizes our assets and liabilities measured and recorded at fair value on a recurring basis as of January 2, 2022 and January 3, 2021:

(In thousands)	January 2, 2022		January 3, 2021	
	Total Fair Value	Level 2	Total Fair Value	Level 2
Assets				
Prepaid expenses and other current assets				
Derivative financial instruments (Note 12)	\$ 3,526	\$ 3,526	\$ 1,997	\$ 1,997
Other long-term assets				
Prepaid Forward	32,250	32,250	\$ 66,718	\$ 66,718
Total assets	\$ 35,776	\$ 35,776	\$ 68,715	\$ 68,715
Liabilities				
Accrued liabilities				
Derivative financial instruments (Note 12)	536	536	2,971	2,971
Total liabilities	\$ 536	\$ 536	\$ 2,971	\$ 2,971

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 2, 2022 and January 3, 2021, there were no material items recorded at fair value on a non-recurring basis.

Held-to-Maturity Debt Securities

Our debt securities, classified as held-to-maturity, are Philippine government bonds that we maintain as collateral for business transactions within the Philippines. These bonds have various maturity dates and are classified as “Restricted short-term marketable securities” on our Consolidated Balance Sheets. As of January 2, 2022 and January 3, 2021, these bonds had a carrying value of \$1.1 million and \$1.4 million, respectively. We record such held-to-maturity investments 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 periods 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 2, 2022 and January 3, 2021, 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

SunPower's Restructuring Plans

In connection with the Spin-off, the restructuring expenses for several restructuring plans that were initiated when we were part of SunPower were accounted for by SunPower. Accordingly, there were no related restructuring expenses incurred in the books of Maxeon for fiscal year 2020 thereon.

Maxeon's Restructuring Plans

May 2021 Restructuring Plan

During the second quarter of 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. 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. There was a charge of \$4.6 million related to this plan during fiscal year 2021. The restructuring activities is expected to be completed by first quarter of fiscal year 2022 and remaining costs to be incurred amounts to \$0.8 million.

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 2, 2022	January 3, 2021	December 29, 2019
SunPower Restructuring Plans:			
Severance and benefits	\$ —	\$ —	\$ (234)
Other costs ⁽¹⁾	—	—	(283)
Total SunPower Restructuring Plans	—	—	(517)
May 2021 Restructuring Plan:			
Severance and benefits	4,313	—	—
Impairment of assets	252	—	—
Total May 2021 Restructuring Plan	4,565	—	—
Other Restructuring:			
Severance and benefits	1,077	—	—
Impairment and accelerated depreciation of assets	2,440	—	—
Other costs ⁽¹⁾	2	—	—
Total Other Restructurings	3,519	—	—
Total restructuring charges (credits)	\$ 8,084	\$ —	\$ (517)

⁽¹⁾ 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 2021:

(In thousands)	January 3, 2021	Charges (Credits)	Recovery (Payments)	January 2, 2022
May 2021 Restructuring Plan:				
Severance and benefits	\$ —	\$ 4,313	\$ (3,136)	\$ 1,177
Impairment and accelerated depreciation of assets	—	252	(252)	—
Total May 2021 Restructuring Plan	—	4,565	(3,388)	1,177
Other Restructuring:				
Severance and benefits	—	1,077	(1,077)	—
Impairment and accelerated depreciation of assets	—	2,440	(2,440)	—
Other costs ⁽¹⁾	—	2	(2)	—
Total Other Restructurings	—	3,519	(3,519)	—
Total restructuring charges	\$ —	\$ 8,084	\$ (6,907)	\$ 1,177

⁽¹⁾ Other costs primarily represent associated legal and advisory services, and costs of relocating employees.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Maxeon as a lessee

We lease certain facilities under non-cancellable operating leases from third parties. As of January 2, 2022 and January 3, 2021, future minimum lease payments for facilities under operating leases were \$19.2 million and \$18.6 million, respectively, to be paid over the remaining contractual terms of up to 5.6 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 2, 2022 and January 3, 2021, future minimum lease payments for assets under finance leases were \$0.9 million and \$1.6 million, to be paid over the remaining contractual terms of up to 1.3 years and 2.4 years, respectively. Of the \$0.9 million, \$0.7 million is included in "Short-term debt" and \$0.2 million is included in "Long-term debt" on the Consolidated Balance Sheets as of January 2, 2022.

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 2, 2022	January 3, 2021
Operating lease expense	\$ 2,875	\$ 4,016
Cash paid for amounts included in the measurement of lease liabilities		
Cash paid for operating leases	3,088	3,556
Right-of-use assets obtained in exchange for lease obligations	5,029	4,791
Weighted-average remaining lease term (in years) – operating leases	5.6	6.2
Weighted-average discount rate – operating leases	7.1 %	8.7 %

The following table presents our minimum future rental payments on leases placed in service as of January 2, 2022:

(In thousands)	Operating Leases		Finance Lease	
2022	\$	3,427	\$	688
2023		3,442		197
2024		3,529		10
2025		3,194		—
2026		3,258		—
Thereafter		2,324		—
Total lease payments		19,174		895
Less: imputed interest		(3,243)		(4)
Total	\$	15,931	\$	891

Maxeon as a lessor

We lease certain facilities under operating leases to third parties, an affiliate of SunPower 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 2, 2022:

(In thousands)	Total	Payments Due by Fiscal Year					
		2022	2023	2024	2025	2026	Thereafter
Minimum future rental receivable	\$ 6,200	\$ 2,220	\$ 1,990	\$ 1,990	\$ —	\$ —	\$ —

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 polysilicon, ingots, and wafers, as well as certain module-level power electronics and related equipment. The agreements specify future quantities and pricing of products to be supplied by two vendors for periods of up to 2 years and provide for certain consequences, such as forfeiture of advanced deposits and liquidated damages relating to previous purchases, in the event that we terminate the arrangements or fail to satisfy our obligations under the agreements.

Future purchase obligations under non-cancellable purchase orders and long-term supply and service agreements as of January 2, 2022 are as follows:

(In thousands)	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Total ⁽¹⁾
Future purchase obligations	\$ 326,767	\$ 22,472	\$ 710	\$ 349,949

⁽¹⁾ Total future purchase obligations comprised of \$105.2 million related to non-cancellable purchase orders and \$244.7 million related to long-term supply and service agreements.

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 related to long-term supply agreements for inventories, some of which (in the case of polysilicon) are at purchase prices significantly above current market prices for similar materials available in the market, 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. Additionally, in order to reduce inventory and improve working capital, we have periodically elected to sell polysilicon inventory in the marketplace at prices below our purchase price, thereby incurring a loss. The terms of the long-term supply agreements are reviewed annually 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 2, 2022 and January 3, 2021, advances to suppliers totaled \$51.8 million and \$92.9 million, respectively, of which \$51.0 million and \$43.7 million are classified as “Advances to suppliers, current portion” in our Consolidated Balance Sheets. Two suppliers accounted for 100% of total advances to suppliers as of January 2, 2022 and one supplier accounted for 100% of total advances to suppliers as of January 3, 2021.

Advances from Customers

The estimated utilization of advances from customers included within “Contract liabilities, current portion” and “Contract liabilities, net of current portion” on our Consolidated Balance Sheets as of January 2, 2022 is as follows:

(In thousands)	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Thereafter	Total ⁽¹⁾
Estimated utilization of advances from customers	\$ 41,751	\$ 60,856	\$ —	\$ —	\$ —	102,607

⁽¹⁾ We have entered into other agreements with customers who have made advance payments for solar power products and systems. These advances will be applied as shipments of product occur. In November 2016, SunPower and Total entered into a four-year, up to 200 MW supply agreement to support the solarization of Total facilities (see Note . *Net Parent Investment and Transactions with Sunpower and TotalEnergies*); in March 2017, we received a prepayment totaling \$88.5 million. In February 2020, we entered into an amendment agreement with TotalEnergies to extend the term of the contract to December 2025. In February 2021, an amendment was made to the Solarization Agreement. Consequently \$22.6 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 2, 2022 and January 3, 2021, the advance

payment from TotalEnergies was \$11.6 million and \$42.4 million, respectively, of which \$8.1 million and \$9.3 million were classified as short-term in our Consolidated Balance Sheets, based on projected shipment dates.

As of January 2, 2022, the Company has pledged \$35.2 million equipment assets to serve as collateral for the advances from customers.

Product Warranties

The following table summarizes the product warranty activities for fiscal years 2021 and 2020:

(In thousands)	Fiscal Year	
	2021	2020
Balance at the beginning of the period	\$ 31,129	\$ 37,065
Accruals for warranties issued during the period	3,216	5,418
Settlements and adjustments during the period	(3,729)	(11,354)
Balance at the end of the period	\$ 30,616	\$ 31,129

Liabilities Associated with Uncertain Tax Positions

Total liabilities associated with uncertain tax positions were \$13.5 million and \$18.1 million as of January 2, 2022 and January 3, 2021, respectively. Out of these balance, \$9.8 million and \$18.1 million are included within "Other long-term liabilities" in our Consolidated Balance Sheets as of January 2, 2022 and January 3, 2021, 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 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 2, 2022 and January 3, 2021, the underfunded status of our pension plans presented within "Other long-term liabilities" on our Consolidated Balance Sheets was \$2.3 million and \$3.0 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 \$0.8 million for fiscal year 2021, a gain of \$0.3 million for fiscal year 2020 and a loss of \$1.9 million for fiscal year 2019 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 Philippine's 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 \$4.3 million as of January 2, 2022, 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 2, 2022 and January 3, 2021. Please refer to Note 3. *Net Parent Investment and Transactions with Sunpower and TotalEnergies*.

Subsequent to the year ended January 2, 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 2, 2022. 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 2, 2022, the maximum potential payment obligation that the Company could be required to make under these guarantee agreements was \$31.7 million. The contractual terms of the guarantees range from 10 months to 4 years. 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 of \$24.1 million which is included in "Prepaid expenses and other current assets" and "Other long-term assets" on the Consolidated Balance Sheets as of January 2, 2022.

NOTE 10. EQUITY INVESTMENTS

Our equity investments consist of equity method investments and equity investments without readily determinable fair value.

*Equity Method Investments**Huansheng Photovoltaic (Jiangsu) Co., Ltd (“Huansheng”)*

In March 2016, SunPower entered into an agreement with Dongfang Electric Corporation and TZS. 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, TZS 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 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 2, 2022 and January 3, 2021 and for the fiscal years ended 2021 and 2020 is as follows:

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Current assets	\$ 581,048	\$ 372,320
Non-current assets	524,831	300,205
Current liabilities	323,664	232,571
Non-current liabilities	321,557	126,648
Non-controlling interest	402,526	197,270

(In thousands)	Fiscal Year Ended			
	2021		2020	
Revenue	\$	1,018,731	\$	419,582
Gross profit		25,204		28,108
Loss from operations		(27,427)		(10,013)
Net loss		(126,338)		(13,386)
Net loss attributable to Huansheng JV		(95,939)		(14,599)

Related-party transactions with Huansheng JV are as follows:

(In thousands)	As of			
	January 2, 2022		January 3, 2021	
Accounts payable	\$	64,498	\$	40,420

(In thousands)	Fiscal Year Ended			
	January 2, 2022		January 3, 2021	
Payments made to investee for products/services	\$	140,610	\$	267,247

Huaxia CPV (Inner Mongolia) Power Co., Ltd. ("CCPV")

In December 2012, SunPower entered into an agreement with Tianjin Zhonghuan Semiconductor Co. Ltd., 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 Chinese 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 2, 2022 and January 3, 2021, our total equity investment in Deca Technologies, Inc. was \$4.0 million and \$4.0 million, respectively.

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.

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Equity method investment	\$ 11,230	\$ 25,707
Equity investments without readily determinable fair value	4,000	4,000
Total equity investments	\$ 15,230	\$ 29,707

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 2, 2022 were \$22.4 million and \$7.7 million respectively and as of January 3, 2021 were \$21.4 million and \$9.9 million, respectively.

NOTE 11. DEBT AND CREDIT SOURCES

Convertible debt

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 for \$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. The Green Convertible Notes is classified as a financial instrument that has both an equity and liability component. The liability component is recorded at fair value on initial recognition with the residual accounted for in equity. Subsequently, the liability portion is recorded at amortized cost.

As at January 2, 2022 and January 3, 2021, the net carrying amount of the liability component of the Green Convertible Notes was \$145.8 million and \$135.1 million respectively, recorded in “Convertible debt” on the Consolidated Balance Sheets. The carrying amount of the equity component of the Green Convertible Notes was \$52.2 million, recorded in “Additional paid-in capital” on the Consolidated Balance Sheets. The fair value of the Green Convertible Notes was \$218.5 million and \$325.1 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. Included in the net carrying amount of the Green Convertible Notes as at January 2, 2022 and January 3, 2021 respectively, is the unamortized discount of \$45.5 million and \$53.8 million, to be amortized over a term of the note until 2025, based on an effective interest rate of 15.7% and the unamortized debt issuance cost of \$8.7 million and \$11.1 million. For fiscal year 2021 and 2020, the total interest expense arising from the convertible note that is recorded in the Consolidated and Combined Statements of Operation is \$23.7 million and \$10.4 million respectively.

As at January 2, 2022, the if-converted value of the Green Convertible Notes is below the outstanding principal amount by \$47.2 million while as at January 3, 2021, the if-converted value exceeds the outstanding principal amount by \$111.9 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 Maxis Shares”), pursuant to which the Physical Delivery Forward Counterparty agreed to deliver the Physical Delivery Maxis Shares to Maxis or a third-party trustee designated by Maxis 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, Maxis 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. 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, Maxis 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 Maxis 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 Maxis to be repurchased under the Prepaid Forward is determined based on the arithmetic average of the volume-weighted average prices per ordinary share of Maxis 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 Maxis’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 Maxis 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 Maxis underlying the transaction to Maxis which is 2.5 million shares, or pay cash to the extent Maxis 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 2, 2022 and January 3, 2021, the carrying amount of the Prepaid Forward is \$32.3 million and \$66.7 million respectively, and is recognized as “Other long-term assets” in the Consolidated Balance Sheets. The remeasurement to fair value for fiscal year 2021 and 2020 was a loss of \$34.5 million and a gain of \$29.7 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.

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. As at January 2, 2022 and January 3, 2021, the outstanding amount and face value of this outstanding debt was \$24.7 million and \$47.7 million respectively. The total amount is recorded in “Short-term debt” on the Consolidated Balance Sheets and matures in fiscal year 2022 and 2021 respectively. During the fiscal years 2021 and 2020, the Company recorded interest expense of \$0.5 million and \$1.0 million, respectively, related to this debt, which is reported as interest expense on the Consolidated and Combined Statements of Operations.

On July 14, 2020, certain of our subsidiaries entered into the following debt facilities with a syndicate of lenders (the “Bank Facilities”):

- a \$55.0 million term loan facility available to SunPower Philippines Manufacturing Ltd. (the “Philippines Term Loan”), which is a subsidiary of Maxeon;
- a \$50.0 million working capital facility available to Maxeon (the “Singapore Working Capital Facility”); and
- \$20.0 million term loan facility available to Maxeon (the “Singapore Term Loan” and, together with the Philippines Term Loan, the “Term Loans”).

The Singapore Working Capital Facility, which had interest at a rate of LIBOR plus 3.75% per annum, was available to be drawn through the date falling one month prior to the Termination Date. The Term Loans were available to be drawn by the relevant borrowers for a period of twelve months after the Spin-off and would have been repayable, in equal quarterly installments over the 18-month period preceding the applicable maturity date. The Term Loans which had interest at a rate of LIBOR plus 3.90% per annum was subjected to incremental adjustment as below, provided we meet all conditions stipulated for the Term loans of:

- 0.5% per annum from July 14, 2020 to the date falling 90 days after fulfilling the initial conditions; and
- 0.75% per annum thereafter.

As of January 3, 2021, the Company recorded the related debt issuance cost of \$9.2 million, in “Prepaid expense and other current assets” on the Consolidated Balance Sheets and the Bank Facilities were undrawn. The availability period for the draw down of the Term Loans expired in August 2021 and the Company terminated the Singapore Working Capital Facility and Term Loans in September 2021 and November 2021 respectively, in each case without penalty and with payment of all outstanding fees. As of January 2, 2022, the global collateral package was in the process of being released, and as of the date of the consolidated financial statements, the lenders executed a deed of release for the global collateral package and the final release of the collateral is pending release by the local authorities.

In connection with the termination of the Bank Facilities, a loss on extinguishment of debt of \$5.1 million was recognized in fiscal year 2021. 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 2, 2022 and January 3, 2021 all of which utilize Level 2 inputs under the fair value hierarchy:

(In thousands)	Balance Sheet Classification	January 2, 2022		January 3, 2021	
Assets:					
Derivatives designated as hedging instruments:					
Foreign currency forward option contracts	Prepaid expenses and other current assets	\$ 2,878	\$	328	\$
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	14	\$	—	\$
		<u>\$ 2,892</u>		<u>\$ 328</u>	
Derivatives not designated as hedging instruments:					
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	\$ 634	\$	1,669	\$
		<u>\$ 3,526</u>		<u>\$ 1,997</u>	
Liabilities:					
Derivatives designated as hedging instruments:					
Foreign currency forward option contracts	Accrued liabilities	536		2,814	
Derivatives not designated as hedging instruments:					
Foreign currency forward exchange contracts	Accrued liabilities	\$ —	\$	157	\$
		<u>\$ 536</u>		<u>\$ 2,971</u>	

(In thousands)	January 2, 2022			Gross Amounts Not Offset in the Consolidated Balance Sheet, but Have Rights to Offset
	Gross Amounts	Net Amounts Presented	Financial Instruments	
Derivative assets	\$ 3,526	\$ 3,526	\$ 3,526	\$ 3,526
Derivative liabilities	536	536		536

January 3, 2021

(In thousands)	Gross Amounts		Net Amounts Presented		Gross Amounts Not Offset in the Combined Balance Sheet, but Have Rights to Offset
	\$	1,997	\$	1,997	Financial Instruments
Derivative assets	\$	1,997	\$	1,997	1,997
Derivative liabilities		2,971		2,971	2,971

We recorded a loss of \$3.4 million, a gain of \$3.0 million, and a loss of \$1.7 million on these derivative instruments during fiscal year 2021, 2020 and 2019 respectively under “Other, net” in the Consolidated and Combined Statements of Operations.

As of January 3, 2021, there was a cumulative loss of \$0.5 million recorded in “Accumulated Other Comprehensive Loss” (“OCL”) in connection with the derivatives designated as cash flow hedges. 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. As of January 2, 2022, the cumulative gain in OCL for the derivatives was \$2.7 million.

During fiscal year 2020, we recognized an unrealized loss of \$2.6 million and reclassified \$3.4 million of loss from OCL to profit or loss, with a net gain on derivatives of \$0.8 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 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 2, 2022 and January 3, 2021, we had designated outstanding cash flow hedge option contracts with a notional value of \$121.3 million and \$125.7 million respectively that are designated for either gross external or intercompany revenue up to our net economic exposure. These derivatives have a maturity of seven 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, we had designated outstanding cash flow hedge forward contracts with a notional value of \$22.6 million that are designated for our purchases. These derivatives have 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 2, 2022, to hedge balance sheet exposure, we held foreign currency forward contracts with an aggregate notional value of \$53.6 million. These foreign currency forward contracts have maturity of less than a month. As of January 3, 2021, to hedge balance sheet exposure, we held foreign currency forward contracts with an aggregate notional value of \$44.8 million. These contracts matured in February 2021.

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		
	2021	2020	2019
Provision for income taxes:			
Current tax benefit (expense)	\$ 3,952	\$ (12,644)	\$ (9,305)
Deferred tax (expense) benefit	(4,155)	517	(817)
Provision for income taxes	<u>\$ (203)</u>	<u>\$ (12,127)</u>	<u>\$ (10,122)</u>

The provision for income taxes differs from the amounts obtained by applying the statutory Singapore tax rate of 17% (2019: U.S. statutory tax rate of 21%) to income before taxes as shown below:

(In thousands)	Fiscal Year		
	2021	2020	2019
Statutory rate	17 %	17 %	21 %
Tax benefit at statutory rate	\$ 40,641	\$ 21,367	\$ 33,819
Foreign tax rate differential	(37,390)	(19,356)	1,116
Foreign income inclusion in the U.S.	—	—	(4,366)
Change in valuation allowance	(12,510)	(10,431)	(38,627)
Unrecognized tax benefits (expense)	7,797	(3,896)	(2,424)
Other	1,259	189	360
Provision for income taxes	<u>\$ (203)</u>	<u>\$ (12,127)</u>	<u>\$ (10,122)</u>

In the year ended January 2, 2022, the change in effective tax rates was due to unrecognized tax expense provision taken in 2020 for a tax audit which was eventually concluded in 2021. This resulted in a reversal of provision in 2021 and together with the expiry of statute of limitations in other jurisdictions, gave a unrecognized tax benefit of \$7.8 million. As part of the tax benefit under "Other", was a return to provision benefit recognized for

prior year tax filing returns in Switzerland. 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 5% 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 30%. The earlier income tax holiday in the Philippines, granted for manufacturing lines, has since ended on January 1, 2020.

Maxeon Malaysia enjoys a tax holiday 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 holiday in Malaysia was granted to our former joint venture AUOSP (now a wholly owned subsidiary). The third and final five-year tranche of the tax holiday, beginning July 1, 2021 and ending June, 30 2026, is subject to the company meeting certain conditions. The tax holiday resulted in an income tax benefit of \$10.5 million for the year ended January 2, 2022. The impact on a per share basis was a benefit of \$0.28 per share.

In 2020, Maxeon Singapore received a Development and Expansion Incentive - International Headquarters Award ("DEI-IHQ") from the Singapore Economic Development Board ("EDB"). The incentive will take 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 2, 2022	January 3, 2021
Deferred tax assets:		
Net operating loss carryforward	\$ 32,486	\$ 19,659
Reserves and accruals	1,698	7,766
Fixed assets	905	40
Total deferred tax assets	35,089	27,465
Valuation allowance	(29,906)	(16,795)
Total deferred tax assets, net of valuation allowance	5,183	10,670
Deferred tax liabilities:		
Intangible assets and accruals	(1,150)	(1,050)
Total deferred tax liabilities	(1,150)	(1,050)
Net deferred tax assets	\$ 4,033	\$ 9,620

The Company's deferred tax assets primarily relate to timing differences and net operating losses in Singapore, France, Malta, South Africa, Spain and Italy. The net operating losses, amounting to \$379.2 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. \$29.9 million of the total consolidated valuation allowance as at January 2, 2022 are for the net operating losses in Singapore, Malta, South Africa and Spain.

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 2021 and 2020 is as follows:

(In thousands)	Fiscal Year Ended	
	January 2, 2022	January 3, 2021
Balance at beginning of period	\$ 39,506	\$ 33,502
Additions for tax positions related to the current year	1,186	10,839
Reduction of tax position relating to settlement with taxing authorities	(2,554)	—
Reductions for tax positions from prior years/statute of limitations expirations	(3,174)	(5,301)
Foreign exchange (gain) loss	(269)	466
Balance at end of period	\$ 34,695	\$ 39,506

The unrecognized tax benefits for fiscal years 2021 and 2020 are \$34.7 million and \$39.5 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 as of January 2, 2022 and January 3, 2021 was \$0.4 million and \$0.6 million, respectively. There were no accrued penalties as of January 2, 2022 and January 3, 2021.

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. The following table summarizes our major tax jurisdictions and the tax years that remain subject to income tax examination by these jurisdictions as of January 2, 2022:

Tax Jurisdictions	Tax Years
Switzerland	2020
Malaysia	2013 and onward
Italy	2016 and onward

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 TZS 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 “TZS Private Placement”).

The Offering and the TZS 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. Certain of our debt agreements place restrictions on us and our subsidiaries’ ability to pay cash dividends.

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 2, 2022	January 3, 2021
Equity compensation plans	3,363	2,533

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. 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 2, 2022	January 3, 2021	December 29, 2019
Net loss:			
Net loss attributable to stockholders	(254,520)	(142,631)	(183,059)
Number of shares:			
Basic and diluted weighted-average common shares ^{(1), (2)}	37,457	24,502	21,265
Basic and diluted net loss per share ^{(1), (2)}	(6.79)	(5.82)	(8.61)

⁽¹⁾ Basic and diluted loss per share for fiscal year 2019 was calculated assuming the numbers of shares issued as part of the Spin-off to provide comparative figures to fiscal years 2020 and 2021 results.

⁽²⁾ As a result of our net loss attributable to stockholders for fiscal years 2020 and 2021, the inclusion of all potentially dilutive restricted stock units, and common shares under the Green Convertible Notes 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 and 2019, SunPower withheld 0.1 million and 0.2 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.

The majority of shares issued are net of the minimum statutory withholding requirements that Maxeon pays on behalf our employees. During fiscal year 2021 and 2020, Maxeon withheld 132,337 and 1,393 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:

(In thousands)	Fiscal Year Ended			
	January 2, 2022	January 3, 2021	December 29, 2019	
Cost of revenue	\$ 1,250	\$ 2,080	\$ 1,642	
Research and development	352	1,217	1,880	
Sales, general and administrative	5,629	3,953	3,613	
Total stock-based compensation expense	\$ 7,231	\$ 7,250	\$ 7,135	

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 3, 2021		1,158		112
Granted		437		68
Vested		(439)		(28)
Forfeited		(87)		(39)
Outstanding as of January 2, 2022		1,069		113

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 2021 was \$25.51. The total fair value of restricted stock units and performance stock units vested under the 2020 Plan during fiscal year 2021 was \$14.5 million.

As of January 2, 2022, the total unrecognized stock-based compensation related to outstanding restricted stock units and performance stock units was \$14.8 million, which we expect to recognize over a weighted-average period of 2.2 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		
	2021	2020	2019
United States ⁽¹⁾	\$ 227,499	\$ 235,606	\$ 433,293
France	88,454	125,366	138,423
China	25,519	12,496	119,010
Italy	83,957	41,882	41,126
Rest of world ⁽²⁾	357,850	429,486	466,449
Total revenue	\$ 783,279	\$ 844,836	\$ 1,198,301

⁽¹⁾ During fiscal years 2021, 2020 and 2019, we had sales of \$225.9 million, \$231.2 million and \$426.5 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.

⁽²⁾ 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:

(In thousands)	As of	
	January 2, 2022	January 3, 2021
Malaysia	\$ 240,711	\$ 139,421
Philippines	69,740	79,506
Mexico	67,208	17,792
Europe	6,714	8,896
Singapore	1,314	24
United States	933	1,266
Rest of world	10	3
Property, plant, and equipment, net, by geography	<u>\$ 386,630</u>	<u>\$ 246,908</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 2, 2022.

General

Our issued and outstanding share capital consists of ordinary shares. We have 44,592,339 ordinary shares issued and outstanding as of March 16, 2022, excluding 3,327,941 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 Companies Act (Chapter 50) of Singapore (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 2, 2022 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, TZS and Total 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 LDs” 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 in 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 0.1% 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 one hundred 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/ SunPower Corporation

Name:

Title:

Supplier

MAXEON SOLAR TECHNOLOGIES, LTD.

By: /s/ Jeffrey William Waters

Name: Jeffrey William Waters

Title: Chief Executive Officer

[Signature Page to 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 Energy Systems Singapore Pte. Ltd.	Singapore
SunPower Systems International Limited	Hong Kong
SunPower Philippines Manufacturing Ltd.	Cayman Islands
SunPower Netherlands B.V.	Netherlands
SunPower Italia S.r.l.	Italy
SunPower Energy Solutions France SAS	France
SunPower Technology Ltd.	Cayman Islands
Maxeon Americas, Inc.	United States



Code of Ethics and Business Conduct

(Originally adopted August 20, 2020; revised March 17, 2022)



At Maxeon, we give people everywhere the power to make a positive impact on our world.

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 and local expertise make us uniquely suited to fulfill our purpose: Powering Positive Change™ around the world.

How we do this, however, is as important as the ultimate outcome. As 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 the utmost ethical integrity.

That’s why I’m providing you with guiding principles for how we conduct ourselves and our business. 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 and do not tolerate retaliation against anyone who seeks help or reports concerns, and we will discipline those who engage in this behavior.

I’m confident that each of us will place the same pride and integrity in our conduct as we do in our world-class products, each and every day.

Sincerely,

CEO, Maxeon Solar Technologies, Ltd

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Appendix

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

2.1. 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:

3.1. 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 abidding 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 and will result in consequences up to termination for a Maxeon employee participating in such conduct.

- **Official Bribery:** Bribing a Government official directly or indirectly is illegal in every country where weconduct 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:
 - be pre-approved in accordance with Maxeon’s Global Anti-Corruption Compliance Policy;
 - comply with the monetary limits set forth by market in Maxeon’s Gifts and Entertainment Policy, available at <https://corp.maxeon.com/esgpolicies>
 - be given openly and transparently;
 - be properly recorded in the Company’s books and records; and
 - 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.

3.2. 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.

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.

3.3. 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.

3.4. 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.

4.1. 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 General Counsel (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 unemployed asks you if you can help get a job they are not qualified for.

4.2. Gifts & Entertainment

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.

4.3. 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.

4.4. 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.

4.5. 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>

4.6. 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.

4.7. 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

5.1. 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.

5.2. 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,

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.

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 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.

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

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.

5.3. Data Privacy and Protection

Maxeon is committed to handling the personal data of our employees, customers, and others responsibly and in compliance with applicable privacy and data protection laws 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 read and comply with Maxeon’s Global Privacy Policy and to know and comply with the data protection and privacy laws that apply to your work at Maxeon.

5.4. Records Retention

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.

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.

For additional information, guidance and advice, read the Records Management Policy and be certain that you understand how they may apply to your work.

5.5. 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

6.1. 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.

6.2. 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.

6.3. 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.

6.4. 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

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.

6.5. 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.

6.6. 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

7.1. 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.

7.2. 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.

7.3. 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.

For more information, see our Global Human Rights Policy, available at <https://corp.maxeon.com/esgpolicies>

7.4. 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.

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.

8.1. 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.

8.2. 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.

8.3. 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

9.1. 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](#).

9.2. 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>.

9.3. 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 receive 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.

9.4. 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.

9.5. 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.

9.6. 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.

Audit Committee Charter
Acceptable Use Policy
Board Diversity Statement
Compensation Committee Charter
Conflict Minerals Policy
Conflict of Interest Disclosure Form
Corporate Approval and Signature Policy
Corporate Governance Principles
Corporate Travel and Expense Policy
Export Management and International Trade Compliance Policy and Procedures
External Communication Policy
Gifts and Entertainment
Global Anti-Corruption Compliance Policy
Global Anti-Corruption Compliance Policy (Chinese)
Global Anti-Corruption Compliance Policy (French)
Global Anti-Corruption Compliance Policy (Japanese)
Global Anti-Corruption Compliance Policy (Malay)
Global Anti-Corruption Compliance Policy (Spanish)
Global Anti-Corruption Compliance Policy (Tagalog)
Global Human Rights Policy
Insider Trading Policy
Insider Trading Policy (Chinese)
Insider Trading Policy (French)
Insider Trading Policy (Japanese)
Insider Trading Policy (Malay)
Insider Trading Policy (Spanish)
Insider Trading Policy (Tagalog)
Maxeon Data Protection and Privacy Policy
Maxeon Solar Technologies Cookies Policy
Nominating and Corporate Governance Committee Charter
Records Management
Related Party Transactions

Referenced and Important Maxeon Policies
Supplier Sustainability Guidelines
Trade Secrets and Confidential Information Policy
Whistleblower Policy
Whistleblower Policy (Chinese)
Whistleblower Policy (French)
Whistleblower Policy (Japanese)

Whistleblower Policy (Malay)
Whistleblower Policy (Spanish)
Whistleblower Policy (Tagalog)

Key Maxeon Compliance Resources and Responsibilities	
Resource	Responsibility
Chief Legal Officer and Chief Ethics and Compliance Officer Currently: Lindsey Wiedmann Deputy Chief Ethics and Compliance Officer Currently: Matthew Kasdin	<ul style="list-style-type: none"> • Code of Conduct • Environment, Social and Governance (ESG) • Anti-Corruption • Sanctions • Conflicts of Interest • Modern Slavery • Export and International Trade • Corporate Approval Policy • Insider Trading • Government Incentives and Contracting • Compliance and Ethics Helpline • Whistleblower Policy
Chief Human Resources Officer Currently: Tiffany See	<ul style="list-style-type: none"> • Human Resources • Diversity, Equity and Inclusion
Chief Information Security Officer Currently: Stephen Gani	<ul style="list-style-type: none"> • Company-wide information security programs

Sr. Director Global Marketing & Sales Enablement Currently: Valentina Maggiore	<ul style="list-style-type: none"> Marketing and Communications
Legal Director, Products & Technology Currently: Marc Robinson	<ul style="list-style-type: none"> Data Privacy
Director, Internal Audit Currently: Fidel Elefante	<ul style="list-style-type: none"> Sarbanes Oxley Act ("SOX") Compliance Investigation Coordination Committee Risk Management Enterprise Risk Management Audit Consulting
Director, EHS Currently: Chin Siang Yeo	<ul style="list-style-type: none"> Environment, Health and Safety

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey W. Waters, certify that:

1. I have reviewed this Annual Report on Form 20-F of Maxeon Solar Technologies, Ltd. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 24, 2022

By: /s/ Jeffrey W. Waters
Name: Jeffrey W. Waters
Title: Director and Chief Executive Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3MEF No. 333-255263) of Maxeon Solar Technologies, Ltd.,
2. Registration Statement (Form F-3 No. 333-248564) of Maxeon Solar Technologies, Ltd., and
3. 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 24, 2022 with respect to the consolidated 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 2, 2022.

/s/ Ernst & Young LLP

Singapore

March 24, 2022

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form F-3 No. 333-248564, Form F-3MEF No. 333-255263 and Form S-8 No.333-241709) pertaining to 2020 Omnibus Incentive Plan of Maxon Solar Technologies, Ltd., of our report dated May 11, 2020 (except Note 15, as to which the date is April 6, 2021), with respect to the combined financial statements of Maxon Solar Technologies, Pte. Ltd., included in this Annual Report (Form 20-F) for the year ended January 2, 2022.

/s/ Ernst & Young LLP

San Jose, California

March 24, 2022